

# **IIED into the 3<sup>rd</sup> Millennium**

## **A strategic review**

**November 2002**

**Mary Hobley and Gabor Bruszt**

### **Acknowledgements**

We would like to thank the staff of IIED for their enthusiasm and openness during this review. Most of the insight, understanding and areas for change reported here emerged from individual and collective discussion with staff. We would also like to thank all those people we contacted through face-to-face interviews, email and telephone who provided insights into how IIED is perceived and understood in the wider environment.

The views and interpretations within this report are those of the authors and do not necessarily represent those of either IIED or Sida.

## **Executive Summary**

### **Sida Review of The International Institute for Environment and Development (IIED)**

*'If IIED didn't exist, we would need to invent it'*

*'no organisation anywhere does a better job of combining analysis and getting out the thoughtful global environmental policy message to broader groups'*

#### **Introduction**

IIED was founded in 1971. Its first task was to prepare for the Stockholm environment conference which pioneered the concept of sustainable development.

A close relationship with Sweden has been maintained ever since. There have been periodic reviews of IIED's work, role and capacity, funded by Sida, of which this is the latest. The current review covers the period from 1997 (the date of the last review exercise 'Mission ReVision') to the middle of 2002. It takes into account the first Sida review in 1992, conducted by Gabor Bruszt and Lill Lundgren.

This review has been conducted through a series of structured interviews with staff, donors, peers and partners and through a questionnaire survey. There have been open and frank discussions of the issues and findings with the management and staff throughout the review.

The broad nature of the review, beyond the areas of Sida funding, its assessment of IIED's internal ways of working and its external effects, means that the learning from this review is not just restricted to the relationship between IIED and Sida but should also be of wider interest to the many other donors working with IIED.

The review is strategic. It focuses on generic issues, trends and patterns and implications for the future position and profile of the organisation and considers changes since 1997. The programme and project work of the institute has not been looked at comprehensively, although much surfaces in the interview responses.

IIED operates in the complex, multi-faceted sustainable development environment. Of necessity its response to this complexity cannot be easily compartmentalised. Its 65 staff, and its many collaborators, pursue its goals through five major modes:

1. Discipline-based research (e.g. agroecology, environmental economics)
2. Sectoral research (agriculture, biodiversity, climate, drylands, forestry etc)
3. Regional research (e.g. West African drylands, East African water systems)
4. Thematic research (e.g. governance, public-private partnerships, sustainable markets)
5. Resource focus: soils, NTFPs

The review confirms that it has highly productive and innovative staff both in terms of outputs (numbers and quality of publications) and in terms of quality of process (numbers and depth of partnerships). It has an ability to anticipate and respond to new agendas.

### **Organisational progress**

IIED has made commendable progress organisationally since the last review putting in place structures and systems that have helped to develop a sense of shared value and understanding. Decision-making has become more open and participatory with a set of new structures that engages a cross-section of staff and collaborators in thinking and planning for the future of IIED. In a sense this phase of organisational consolidation and integration between staff and programmes has helped to set the stage now for a phase of focus, prioritisation and reassessment of strategic direction.

### **Communication and information**

Communication and information has taken a higher and more structured profile within the organisation. The challenge still remains of how this is to be funded and internalised within the organisation, including developing strong systems for internal learning to ensure that the experience and understanding gained in one part of the Institute can be capitalised on widely by the whole.

### **Human resource management**

Progress in human resources issues has also been notable; in particular the opening up of career pathways for research staff and regularising key elements of good human resource management. There remain problem areas, particularly the difficulty for the Institute to continue to attract top level, international professionals to a London location and UK academic range salary (a general problem for UK based research organisation), and convincing donors to finance a greater proportion of management/admin/core time to relieve this burden on research staff.

### **Financial trends**

Financially IIED is more secure, with growing reserves, a growth rate of about 10%, diversifying sources and types of funding and financial management systems that build greater transparency. But the trend among some donors to move away from, or to limit flexible framework-type funding in favour of project tenders has important implications for IIED, reducing its ability to invest in its own intellectual capital with longer term consequences for the robustness of the overall institution. Within IIED there is a need for long term financial planning, to protect against foreseen risks. However, where donors will only make short term commitments, this is clearly a challenge. IIED therefore needs to build greater donor understanding about the institutional and development implications of this trend.

### **Programme development**

Programme development since 1997 was also reviewed, including IIED's ability to develop new programme areas. Detailed comment is not made since we were looking for strategic level trends rather than detailed change within programmes. We do, however, provide a snapshot of the changes within programmes to show how they have evolved to respond to changing external priorities. In particular we have looked at the increasing trends for cross-cutting work between programmes and have also noted that it is difficult to increase the proportion of this type of work as long as the incentives are primarily focused to working within programmes. As ever it is a question of balance between grounding programmes in their external constituencies and ensuring they can make a larger impact by drawing together understanding beyond the programme focus.

The newly constituted Programme Strategies Group has been instrumental in fostering the integration between programmes and has embarked on a major exercise to map how programme and cross-cut activities build towards a bigger picture and to look for gaps and opportunities. IIED is developing a strategic framework that allows greater emphasis and profile on key issues and themes such as the poverty-environment interface, governance, and the private sector.

### **Private sector engagement**

The review highlights the importance of IIED's engagement with the private sector. There have been two high-profile activities – the pulp and paper project and the mining and minerals project, and several smaller activities – in tourism, textiles, the retail food industry and the forestry industry – that have illustrated the power of this form of activity for building understanding and change within key corporate sectors for sustainable development. This work is now finding a stronger voice through the new Corporate Responsibility in Environment and Development Programme (CRED). IIED has built itself a unique position, opportunity and set of experiences which need to be carefully capitalised upon in order to further develop this niche.

### **Internationalisation**

Internationalisation is another important principle and strategy for IIED that is being pursued in several different arenas including changes to the Board, the introduction of the Regional Advisory Panels (RAPs), the programme networks and the revitalisation of the RING group of policy research organisations. There has been progress but more needs to be done to integrate the different approaches to build a strategy that is coherent and will lead IIED into a truly institutionalised form of internationalisation. In addition, the need to respond to regionalisation by donors will be a priority for the work of the RAPs.

### **Governance**

IIED's governance has been an area of focus and change since the last review. Both changes in the governance of the board, building it into an active instrument for governance, and internal governance changes have been important in helping to build a more robust organisation. As ever there is more to do, but perhaps the key area of activity is developing the strategic leadership to ensure agreed vision and transparency is fully developed to enable tougher decisions to be made within a participatory process.

### **External perspectives**

The review of outsiders' perspectives was instructive, underlining two aspects of the relatively low profile of IIED as distinct from individual programmes: what IIED does and perhaps more importantly the ways in which it works. While IIED believes its strengths lie in the multiple roles and approaches it adopts, most of IIED's commentators have only a potential understanding of these roles, missing one of the most important elements of comparative advantage IIED has over its competitors.

### **IIED's vision and profile**

The review highlights the need to better articulate IIED's vision and to advance its profile particularly with respect to defining and communicating its strategic position on key issues in sustainable development. While much progress has been made in communications, as part of this process the business plan is a major instrument to be developed and used to present the institution's strategy and mechanism for internal and external dialogue.

An important message that emerges from the review is best captured in a recent comment to staff made by Jan Pronk, (the new chair of IIED):

'IIED needs to be seen as an Institute that can't be missed. There are too many meetings and institutions that are not relevant. IIED is relevant and it needs to think ahead, to anticipate'.

This theme runs through much of our observations and links to our recommendations about a careful consideration of profile and positioning of IIED. All the elements of thinking are in place. IIED now needs to continue to build on its considerable reputation and consolidate its leadership role in sustainable development.

The review has found an organisation that is significantly more robust and stable than it was five years ago. It continues to do important, highly relevant ground-breaking work in ways that build capacity in partners focused on principles and practices that deliver genuine partnership and participation.

**In summary:**

**Major areas of achievement**

1. highly productive staff investing through their strong collaborative partnerships in the development of capacity, ownership of methods and process, building intellectual and human capital in the countries in which they work, working in non-extractive ways
2. major progress facilitating the 'development triad' between private sector, government and civil society
3. development of more considered and robust organisational structures and systems, providing an institutional environment for professional and personal growth
4. bringing to the policy debate thematic issues and analysis which take the agenda forward, by questioning orthodoxy and underlying assumptions which have been taken as givens in development
5. building understanding through long term programmes and influence through long-term partnerships and networks

**Major areas of risk**

1. managing the balancing process between maintaining independent intellectual effort and responding to the demands of a funding source
2. managing enthusiasm and commitment of staff with risk of over-work .
3. risks of donor disengagement from main areas of IIED work and undervaluing of IIED's ways of working, which take time, but deliver.
4. donor's demanding higher levels of outcome without the accompanying finance required

**Major recommendations for IIED**

1. Developing the business plan as the major instrument for donor engagement and financing
2. Developing strategic leadership (between the Board, Executive Director and Director of Programmes and other senior staff) to focus IIED on its areas of core competence and added value, to further develop and explain its profile, to help build more proactive and effective advocacy and targeting
3. Continue to develop proactive governance both through support for an active Board and by striking a firm balance between the requirements of participation (as a means and not an end in itself) and effective decision-making.
4. Continue to develop an internationalisation strategy that balances the different strands: programme networks, RAPs, staff diversity and opportunities for exchange, secondments, the RING, location of programmes and staff
5. Focus on demonstrating value of IIED's particular ways of working to show to donors and others the importance of these approaches to ensure effective outcomes
6. Continue to develop systems and incentives to ensure learning within IIED
7. Continue to build on and actively occupy the important private sector niche created through both high profile activities and the on-going important work within and between programmes
8. Continue to develop the work of the Communications and Information programme focusing more keenly on targeting and advocacy, within the permissible boundaries under Charity Law.

### **Major recommendations for donors**

1. Recognise the value and importance of communications and information through provision of funding and to see it as an integral part of ensuring effective research outcomes
2. Recognise and provide adequate funding for the full cycle of research development, ideas identification and development, capacity-building, implementation, effective targeting and dissemination, and reflection and learning
3. Investigate opportunity for donors to work together and finance IIED through an agreed business plan with a 5 year time horizon. This could include joint 5-yearly reviews.

### **Major recommendations specific to Sida/IIED discussions**

1. Closer mutual engagement between IIED and Sida to capitalise on knowledge and understanding to inform Sida's own internal growth and development on key areas of policy engagement
2. Continued framework funding with agreement between Sida and IIED on areas for funding, roles and expected relationships
3. Financing to support internationalisation of IIED against an agreed strategy
4. Shift in modalities of financing between Institute and programmes to ensure 50% of financing remains with the Institute to support Institute-wide research and development – ideas development, cross-cutting funds, learning
5. Recognition of need for funding to help generate surpluses for continued investment in the organisation through financing of core development projects such as human resource development and financial management
6. Exploration of possibilities of joint donor funding to IIED through an agreed business plan
7. Possible financing of proposed flagship events as part of IIED's profile development

The relationship between IIED and Sida over the years has been instrumental in developing an Institute that has been able to demonstrate leadership in key areas of environment and development. Sida financing has provided IIED with the flexibility to grow, identify and develop new cutting edge understanding about major issues. IIED's ways of working have helped to actually link poor people and their representatives to the national and international policy processes.

One key message for Sida, is the mutual need to move away from the currently passive relationship to a more actively engaged set of relationships that build on IIED's intellectual capital and feed Sida's processes. Beyond the Sida-IIED relationship there are a more generic set of issues about how IIED engages with donors. Any interaction with a donor is an opportunity to influence policy. For IIED this will be most successful and productive when it can **it** demonstrate IIED's comparative advantage and effectiveness.

### **The new framework agreement**

The new Sida framework agreement should reconsider the areas to be funded with a focus on financing new thematic areas linked to structural shifts in the way IIED organises itself. Modalities of financing between Institute and programmes should change to ensure that the Institute is able to invest in the strategic management and decision-making necessary to move IIED forward into new areas of engagement.

