



International Institute for Environment and Development

**Trustees' report and accounts
for the year ended 31st March 2014**

Registered company number: 2188452

Registered charity number: 800066

Registered OSCR number: SC 039864



July 2014

Trustees' Report

Reference and administrative details of the charity, its trustees and advisers

Trustees

Maureen O'Neil (Chair) (retired 27 June 2014)

Rebeca Grynspan (Chair) (appointed 27 June 2014)

Lisa Beauvilain (re-appointed 27 June 2014)

Filippa Bergin

Somsook Boonyabancha

Alastair Da Costa (appointed 1 July 2013)

Teresa Fogelberg (retired 27 June 2014)

Laila Iskandar (retired 2 July 2013)

Alan Jenkins (Vice Chair) (retired 28 November 2013)

Frank Kirwan (Treasurer)

Anna Maembe (retired 2 July 2013)

Pancho Ndebele (retired 27 June 2014)

Lorenzo Rosenzweig

Francisco Sagasti

Ian Rushby (Vice Chair) (re-appointed 2 July 2013)

Min Tang (re-appointed 27 June 2014)

The trustees are the directors of the company under the Companies Act.

Director

Dr Camilla Toulmin

Registered office

The registered office of the company is at:
80-86 Gray's Inn Road
London, WC1X 8NH, United Kingdom

Charity Registered number: 800066

Company Registered number: 2188452

OSCR Registered number: SC 039864

Auditors

Crowe Clark Whitehill LLP
St. Bride's House
10 Salisbury Square
London
EC4Y 8EH

Solicitors

Bates, Wells and Braithwaite
LLP
2-6 Cannon Street
London
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Bankers

Barclays plc
Level 27
1 Churchill Place
London
E14 5HP

Trustees' Report (continued)

The trustees present their annual report, including the directors' report and strategic report, together with the audited consolidated accounts for the year ended 31st March 2014. This Report and the Accounts have been prepared in accordance with the Companies Act 2006, the company's articles of association and the statement of recommended practice: *Accounting and Reporting by Charities* (2005).

Structure governance and management

Charitable status

The company is registered in England and Wales as a charity (registered charity no. 800066), and in the USA as a publicly supported organisation exempt from federal income tax. The company is registered in Scotland as a charity (OSCR registration number SC 039864).

The company is registered in the UK as a company limited by guarantee (registered no. 2188452) and its activities are governed by the Memorandum and Articles of Association (dated 9.11.98).

The Memorandum of Association restricts the company's activities to those which are exclusively both charitable and educational. In addition, the Memorandum of Association allows the company to invest funds not immediately required whilst complying with the laws and restrictions governing the investment powers of charities.

In the event of winding up of the company each member undertakes to make a contribution up to a maximum of £1.

Trustee appointment

The names of the trustees are shown on the opening page.

Trustees retire by rotation; six years' service (3+3) is the maximum unless allowed exceptionally by the Board.

Trustees attend an induction programme before appointment to familiarise themselves with the operational activities and day to day management of the institute which have a bearing on the trustee roles and responsibilities.

Organisational structure

IIED's Board of Trustees meets in full twice a year, and twice a year as the Executive Committee. Any board member may attend the Executive Committee either by conference call or in person. The Executive Committee meetings focus on the company business, both the routine work of the programmes and the review of the management accounts and risk management reported by the Finance, Audit and Risk Assessment sub-committee. The Executive Committee consists of the honorary officers, the vice chair, the treasurer and such other members who may be able to attend.

The Finance, Audit and Risk Assessment sub-committee meets quarterly to review financial performance and risk management at IIED. It reports to the board and the Executive Committee. It comprises a minimum of four board members, the Director and the Chief Operating Officer. Each year, the board reviews and approves the strategy and rolling business plan. The day to day running of the institute is delegated to the Director who is supported by a Management Team and Strategy Team. IIED administrative and management decisions are the responsibility of a staff management group (Management Team) and policy and strategy are reviewed and agreed by a staff strategy group (Strategy Team). Both of these key groups are supported by ad hoc working groups.

IIED has an agreement with the trade union Unite.

Trustees' Report (continued)

Risk

The staff and board have put in place a framework for evaluating risk, which considers major, medium and low risks, under the following categories: finance, information technology, human resources, office and programmes. The major risks thus identified are prioritised and reviewed annually by the Finance, Audit and Risk Assessment sub-committee and steps are taken to mitigate those risks, as described on page 26.

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IIED is a policy and action research organisation working to promote sustainable development and improve the livelihoods of all, but especially the poor, in ways that protect the environments on which these livelihoods are built. Based in London and working on five continents, we specialise in linking local priorities to global challenges. In Africa, Asia, Latin America, the Middle East and the Pacific, we work with some of the world's most vulnerable people to ensure they have a say in the decision-making arenas that most directly affect them — from village councils to international conventions. We believe our effectiveness comes from building partnerships with local people and their organisations — this has long been central to our way of working.

Established in 1973, IIED has made important contributions to many major milestones of sustainable development, from the Brundtland Commission of 1987 and the 2002 World Summit on Sustainable Development in Johannesburg, to the annual meetings of the UN Framework Convention on Climate Change (UNFCCC), the Rio+20 summit in 2012 and ongoing discussions on the 'post-2015 agenda', which will shortly supersede the Millennium Development Goals.

Our longstanding body of research and communications work has consolidated IIED's reputation at the cutting edge of environment and development. Together with our broad-based network of partners, we aim to shape a future where people and planet can thrive.

In setting our programme each year, we take account of the Charity Commission's general guidance on public benefit. Our trustees aim to ensure that the programmes we undertake are in line with our charitable objectives and aims, promoting sustainable and equitable development for the public benefit.

2013–2014 was the final year in our five-year strategy 2009–2014, and particularly saw us finalising our plans and priorities for our 2014–2019 strategy, *Engaging for Change*.

How we make a difference: delivering 'public benefit'

Our work combines research, advice and advocacy. Like an academic institute, we often publish in peer-reviewed journals. We value our independence and our high standards of research. Almost all our reports are available free on our website. Like a consultancy company, we often provide national governments and international development agencies with advice on specific projects, policies or issues. And like an advocacy organisation, we often focus on particular issues and promote them in the public policy arena. In all we do, we focus on equitable and enduring solutions, built in collaboration with partners at the grassroots. We aim to serve the public benefit in a number of ways, including working in partnerships, researching and analysing evidence on which decisions for the public good can be taken, communicating what we do and what we produce by way of data and analysis as widely as possible, and building bridges between groups and organisations which might not otherwise come together.

Partnerships with people at all levels are crucial to our effectiveness. They let us co-generate ideas and co-produce evidence and new thinking. Partnerships create space for building trust between different interests and groups, and for key actors to learn together and work out what they think. For example, our work with urban poor organisations helps give them voice and negotiating power. This year, David Satterthwaite and Diana Mitlin's book, *Reducing Urban Poverty in the Global South*, has highlighted how urban poor organisations are fundamentally important in co-producing knowledge about urban policy. The book has had a positive reception from both academic and policymaking audiences. Similarly, we have successfully promoted the concept of 'biocultural heritage' — small-scale farmers' accrued knowledge, innovative practices and biological resources. With partners, we have raised awareness of its value in international policy on agrobiodiversity and food security at the World Conservation Congress, World Trade Organisation and at meetings of the Convention on Biological Diversity.

Trustees' Report (continued)

We work to generate and use **evidence**, because we understand the need for evidence-based decision making, and how new ideas can transform how people look at the world. New ideas open up the possibility of 'thinking and doing' differently. We particularly seek to challenge misconceptions by generating credible evidence that allows new policy responses. For example, the urban poor need access to both housing and land. Our work in [Karachi](#) and [Bangkok](#) has challenged high density urban development plans, and provided empirically grounded evidence on how to ensure that urban transformation does not exclude low- income and marginalised groups. And our political economy analysis of climate finance investments by governments and others in Rwanda, [Ethiopia](#), [Nepal](#) and [Bangladesh](#) are helping to implement priority interventions, to build climate resilience and shift to a greener economic system.

Excellent communications put IIED on the 'front foot', keeping us proactive in international fora, but also in the press and on TV, and on the web and in social media. For example, David Satterthwaite's TEDx talk in Hamburg on [how to ensure aid reaches the urban poor](#) was heard not only by the live audience but has been watched over 2400 times on YouTube. IIED also has a reputation for tight well-crafted briefing papers, knowledgeable blogs and op eds, and well argued in-depth analysis of important issues. This year two other IIED books have been in high demand: [The great African land grab? Agricultural Investments and the Global Food System](#) (Zed Books) and [Foreign investment, law and sustainable development: a handbook on agriculture and extractive industries](#) (IIED Natural Resource Issues series). And through regional lesson sharing, alliance building and innovative webinars, we are achieving a 'critical mass' of knowledge amongst a worldwide community of professionals on how to use legal tools to make public scrutiny of government and business much more effective. This year our central communications team supported the Irish government's EU presidency event at Dublin Castle, facilitating a well-received discussion between 'grassroots' and international practitioners on hunger, nutrition and climate justice, and producing a set of papers to accompany the meeting. The team, together with IIED's Sustainable Markets Group, also secured a World Bank contract for research communications for their WAVES programme (Wealth Accounting and Valuation of Ecosystem Services).

We recognise the importance of **building bridges**, both with our broad set of outside partners, and with other actors. Collaboration generates insights and synergies across sectors, levels, and methods of work. For example, our work is helping ensure that climate change actions recognise the specific challenges facing urban populations, and that environmental issues are linked to questions of food security, shifting the debate from 'grow more food' to a more balanced view that takes into account inequality, food access, quality and use. And our dialogues on green economy are opening up space for green economy initiatives to understand the importance of informal economic actors — often the source of more than 70 per cent of jobs — and the dangers for social justice and inclusion of dealing only with formal systems and powerful groups at the top end of the distribution spectrum.

Ambitious for change: looking ahead to 2019 and beyond

This year also sees us building a bridge of a different kind—from our 2009-2014 strategy focusing on problem orientated research to our new 2014-2019 [Engaging for Change](#) strategy, in which we will put more emphasis on helping drive forward the implications of that research.

We are re-affirming our goals on sustainable natural resource use, cities that work for people and planet, sustainable markets, and equitable solutions to climate change, but also setting out four new ambitious cross-institute initiatives that focus on accelerating change:

- Inclusive transitions to climate resilience and green economy
- International engagement for a sustainable planet
- Rights plus action

Trustees' Report (continued)

- Fair consumption from sustainable food systems.

Hence, in this year's Trustees' report — our last for the 2009-2014 strategy — the 'Looking forward' sections for each of our current goals will take the new strategy as their context.

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Strategic Report

Our progress, lessons learnt and looking ahead to our new strategy for 2014-2019

Our strategic approach 2009-2014

At IIED we undertake research, engagement and communication work to generate the ideas and evidence that enable us to deliver our mission. This was the final year of our five-year strategy (2009-2014), which covered seven main themes, made up of four 'principal goals' and three 'institutional priorities':

Principal goals:

1. Tackling the 'resource squeeze'
2. Demonstrating climate change policies that work for development
3. Helping build cities that work for people and planet
4. Shaping responsible markets

Institutional priorities:

1. Communicating and influence at all levels
2. Governance for sustainable development
3. Investing in institutional performance

These seven themes each had a set of objectives (see below). All themes were interlinked and required a mix of skills, approaches and people.

IIED's Strategy Team has been responsible for delivering this strategy, developing the next strategy and bridging the two. Our Management Team has responsibility for our organisational systems. Each of the more detailed objectives under each of the themes, has been led by a 'team leader'. The Strategy Team holds six-monthly meetings with team leaders throughout the institute to talk through progress in meeting individual objectives, and plans for taking these forward.

Results-based management

In recent years we have set out the context, activities and milestones for work towards each goal, objective and rising priority in an annual Workbook. At the end of each financial year, we have produced a Results Report, alongside a revised Workbook for the forthcoming 12 months. These documents serve two audiences. They give staff a clear sense of our overall portfolio of activities, and show an external audience of close partners and funders how we are turning our strategy into activities that can be measured and judged.

Goals and objectives: plans, progress and priorities

1. Tackling the 'resource squeeze'

Escalating competition for natural resources continues to reshape patterns of investment, production and consumption among countries and social groups, and between cities and rural areas. Although

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resource scarcity can encourage many useful innovations, it also generates macroeconomic, equity and environmental problems that markets and governments are unable or unwilling to resolve. Poor producers too often lose access to resources, and poor consumers are unable to afford life's necessities. Ecosystems and biodiversity are under huge pressure and suffering major erosion. New solutions and fresh resolve are needed to tackle scarcity, insecurity and unsustainability. As the synergies and interconnections between the issues we work on grow, so too must our response and the solutions we seek.

Our goal has been to encourage and shape fairer, more sustainable governance of natural resources by generating the evidence, argument and leverage needed to improve institutions, policies and legal frameworks. So, in collaboration with partners, we have worked towards these objectives:

1.1 Stronger land rights for local people so as to improve their livelihoods and their ability to get a better deal from incoming investors.

1.2 Greater local control and resilience built into agricultural and food systems so as to improve livelihoods and withstand shocks and stresses from climate change, water shortages and other crises.

1.3 Securing livelihoods, justice and sustainability in flourishing forest-linked communities that are able to meet changing needs and shape key policies and institutions.

1.4 Realising the multiple values of biodiversity for local livelihoods, poverty alleviation and adaptation to climate change, and protecting its integrity more widely through mechanisms that support governance and social justice.

1.5 Water-dependent goods and services are more equitably allocated and better governed as demands increasingly compete and climate changes.

Progress

We published two books for which we have had high demand: Lorenzo Cotula's [The great African land grab? Agricultural Investments and the Global Food System](#) (Zed books) and [Foreign investment, law and sustainable development: a handbook on agriculture and extractive industries](#) (published by IIED as part of our Legal Tools for Citizen Empowerment initiative, as mentioned in last year's 'looking ahead' section).

We have also informed and participated in international policy processes on models of inclusive agricultural investments — for example at the annual World Bank Land and Poverty conference and through the African Union's Land Policy Initiative.

We launched two short guides on getting biodiversity issues into mainstream policy. The tool [Ten steps to biodiversity mainstreaming](#), which last year's Trustees' report noted as under development, was finalized and published in Arabic, French and Spanish as well as in English. We launched it at the Convention on Biological Diversity's Global Capacity workshop, where training was delivered in several languages, generating great feedback and requests for further activities to roll out the tool in francophone Africa and in the Arab states. Our briefing [The elephant in the room: sustainable use in the illegal wildlife trade debate](#) fuelled much discussion at a UK government-hosted conference on illegal wildlife trade in February 2014 and has led to our researchers developing new work in this area.

We have progressed our work on smallholder innovation for resilience, started in 2012-2013. With partners, we have raised awareness of small-scale farmers' accrued knowledge, innovative practices and biological resources, promoting the value of this '[biocultural heritage](#)' in international policy arenas on agrobiodiversity and food security, including at the World Conservation Congress, the World Trade Organisation and at meetings of the Convention on Biological Diversity. We also synthesised several years' work on agricultural research into a multimedia publication, [Voices and flavours from the Earth: visualising food sovereignty in the Andes](#).

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An independent [evaluation of the Forest Governance Learning Group](#) concluded that the group's impacts in improving forest decision making and social justice have been innovative and influential. Another independent evaluation of [The Forests Dialogue](#), in which IIED is an active partner, concluded that 57 dialogues in 27 countries since 2002 have created valued safe spaces for the forest industry, NGOs and local groups to resolve conflicts and develop practical solutions to contentious issues. And in September 2013 we launched our new [China-Africa Forest Governance Learning Platform](#). Our forestry team has also published [Improving governance of forest tenure: a practical guide](#) as part of an FAO initiative to develop capacities to improve land and resource tenure. Our work on making REDD+ inclusive — for effective private sector participation, and for gender-equality — continued. This included an influential session at the United Nations Framework Convention on Climate Change 19th Conference of the Parties (UNFCCC COP19), involving collaborators from Africa, Asia and Latin America.

The governments of Niger and Guinea have adopted recommendations from our work on improving benefit-sharing mechanisms for large-scale dams. For example, the Niger government adopted secure land tenure provisions for resettled farmers and is reviewing proposals for a local development fund for the Kandadji Dam area. And we have been working on the agricultural component established last year for the Global Water Initiative, looking at agricultural innovation systems, at knowledge sharing and studying farmers' livelihood opportunities and rice cultivation around dams in Burkina Faso, Mali and Senegal. We developed case studies on smallholders' livelihood strategies and innovations and identified policy barriers to increased productivity. We shared these with around 50 agricultural and water management policymakers, researchers and NGOs from West Africa at a [regional workshop in Burkina Faso](#). Their positive responses have helped identify some clear policy and practice targets for the coming year that will improve livelihoods for small-scale farmers by allowing them to benefit more from large scale irrigation schemes in the Sahel: of particular significance because of World Bank- led plans to develop an additional 600,000 hectares of land under irrigation by 2020.

Lessons learnt

Flexibility is crucial when working with national departments and authorities that are subject to political pressures, including influence from donors. Sometimes waiting for the right opportunity is better than seizing the wrong one. Our work with the Global Water Initiative showed us how extensive consultation helps anchor new ideas in rural reality while developing consensus between government ministries.

Independent evaluations give us either new insight and tighter focus to proceed, or they generate the evidence and confidence to conclude or terminate projects in favour of new directions. An evaluation of our publication *Participatory Learning and Action*, noted in last year's report, identified and highlighted the journal's impacts and demonstrated a job well done. But after 25 years of production it also indicated the need to develop something new and different. So this publication remains on hold until such a time when funding and a new proposal can be developed.

Our financial supporters' increasing demands for rigorous and frequent audits are a welcome force for accountability. But we need to keep working on practical systems for anticipating, conducting and learning from such audits. They can be challenging and time-consuming — and can risk jeopardising trust in some of our partnerships, as well as challenging our and partners' ability to progress our strategies.

Rethinking our strategy offers important opportunities to build cross-team work and new capacity, which is clearly desirable and needs a combination of time and opportunity. For example, water and agriculture work, biodiversity-forest links, agriculture and energy, and urban and food security links are all being taken forward.

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Looking ahead

We recognise that a focus on future catastrophe can paralyse current action — and that many predictions turn out to be misconceived. The big things that happen tend not to be the ones predicted, but are nevertheless opportunities for us to push for change. For example, it is vital to keep improving our ability to identify where, and with whom, new opportunities might arise — such as our emerging work on sustainable use as a balancing influence to current thinking on the illegal international wildlife trade. As we think about our strategy and targets, we will make a conscious effort to build stronger links between our objectives. For biodiversity, for example, this includes joint work and targets with our forestry work, relating to REDD+, natural capital and wildlife trade.

We have established multiple connections with centres of learning and training on law and natural resource investments, including through Lorenzo Cotula's appointment as Honorary Lecturer at the University of Dundee's well-known Centre for Energy Petroleum and Mining Law and Policy, which trains many developing country students who will go on to become government officials. Indeed, IIED is placed firmly at the centre of research and policy landscapes and of partnership networks for land rights, law and development, legal empowerment, agricultural investment, investment law and contracts, and this will help us drive forward our new 'Rights plus action' change initiative.

Work under our natural resources goal continues to contribute to other IIED objectives — for example our agroecology team has been working with the water team on the Global Water Initiative. We aim to integrate our work on sustainable agriculture with related IIED activities, so creating a strong foundation for the change initiative on 'Fair consumption from sustainable food systems'.

Similarly, our forest team, with its established strengths in locally controlled forestry, is well placed to contribute to our change initiative on 'Climate resilience and green economies'.

2. Demonstrating climate change policies that work for development

Limited dialogue between those most responsible for climate change and those most likely to suffer its worst consequences hampers the chances of creating fair policies. And there is growing concern that climate change impacts will derail poverty reduction programmes. In the medium term, the world must help least-developed countries address climate change impacts, adapt to changes and adopt low carbon development. And we must ensure rich countries comply with their commitments on emission cuts and funding.

IIED sees three sets of obstacles to fairer policies. The first are the wider drivers of change, including world trade policies, multi-national market interests, regional insecurity and conflict. The second relates to the politics of climate change at global-to-national scales where multi-lateral agencies and donors fail to address the concerns and priorities of poorer and less powerful countries. The third set of obstacles is in reconciling local and national interests, including the insufficient accountability by governments to their citizens, civil society's inability to drive equitable bottom-up engagement with government and the private sector, ineffective institutional frameworks, and failure to recognise and use local knowledge.

Our goal has been to help bring about an equitable and integrated global, national and local regime that addresses climate change effectively. The regime will combine ambitious, practical mitigation targets with adequate, appropriate support for adaptation by the poor in low- and middle-income countries. It will also include mechanisms for engaging business, civil society and government in delivering a climate-resilient future. Our earlier objectives 2.1 and 2.2 are now closed. With partners, we are working towards:

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2.3 Building capacity to act on the implications of climate change for equitable and climate-resilient development in the drylands.

2.4 Achieving more equitable climate change negotiations by engaging in different arenas and processes in support of vulnerable developing countries.

2.5 Supporting public policy responses in delivering climate-resilient development outcomes for the most poor.

Progress

Our work in support of the Least Developed Countries Group (LDC Group) in the UNFCCC continues to have strong success. The Convention's negotiations now recognise the LDC Group as a proactive force, and both current and previous group chairs attribute this partly to technical and legal support from IIED. The next year and a half leading up to COP 21 in Paris will help decide whether the world reaches a fair and equitable global deal that enables sustainable development by all countries. We are supporting government representatives to develop public policy for climate resilience and green economies through a 'learning by doing' approach. Feedback from government partners is very favourable and there is now a group of government staff across several African and South Asian countries producing its own briefings and assessments of experience to inform colleagues. Christina Figueras, from the UNFCCC Secretariat, emphasised the government group's value at the 8th International Conference on Community-Based Adaptation (CBA8) in Kathmandu, April 2014.

Our political economy analysis of climate finance investments by governments and others in Rwanda, [Ethiopia](#), [Nepal](#) and [Bangladesh](#) is helping to implement priority interventions, to build climate resilience and shift to a greener economic system. And we have led a consortium that has helped to set up decentralised funds in five counties across the drylands of northern Kenya, aimed at climate adaptation and resilience building. This will benefit 3.4 million people across more than a quarter of the country.

In November 2013, IIED signed an MOU with Carlos Lopez, head of the UN Economic Commission for Africa, for collaborative work on climate resilient societies and green economies. We will be exchanging staff and supporting communications capacity. Meanwhile, our [Tracking Adaptation and Measuring Development \(TAMD\)](#) initiative has expanded from four to seven countries (from Nepal, Pakistan, Mozambique, and Kenya to now include Ethiopia, Tanzania (Zanzibar) and Cambodia). Our direct engagement with government staff is providing support for emerging national frameworks aiming to assess how well climate adaptation also meets development needs.

Lessons learnt

Working with strong local partners and motivated government staff are key ingredients of success. The past year has seen the Tanzanian district government and the Kenyan county government increasingly willing to establish sustainable mechanisms that ensure communities participate in decision making over local resources. But working with and through government institutions and processes, brings other challenges, particularly the need to reconcile donor expectations on outputs and budgets with this 'slower-burn' approach.

We are learning what it takes to collate evidence and learn about the developmental effectiveness of investments in climate adaptation. The Tracking Adaptation and Measuring Development initiative now operates across seven countries, enabling countries to learn from one another. Others are interested in trying out the framework. Carrying out pilot applications of the framework in situations chosen with national governments is proving a good way to engage with national-level stakeholders.

In our work to support the Least Developed Countries Group we have seen the value of supporting continuity of expertise. For example, our work to help the Group identify its new Chair and host country six months before the actual handover during the 2012 UNFCCC Conference of the Parties in Doha let

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the incoming Chair shadow the outgoing Chair. This improved the continuity of work and cooperation within the Least Developed Countries Group as leadership transitioned from the Gambia to Nepal.

Looking ahead

We have confirmed the relevance of work on drylands, framed in terms of building climate resilience and equity. In the past year several donors, including DFID, the World Bank and USAID have signalled their interest in this area with major new initiatives. Despite some progress in the world's drylands, ruling national elites and powerful global economic players continue to use crisis narratives that promote large-scale land appropriation, and conversion of drylands (often under common property regimes) to alternative uses that themselves often drive environmental degradation, poverty and conflict. We will continue challenging these views and offering an alternative vision. This fits well with IIED's change initiatives on climate resilience and on international engagement for a sustainable planet.

We have also found our political economy analysis is a useful approach to understand and support evolving policy responses to climate change challenges, and we will continue to refine our focus on this.

3. Help build cities that work for people and planet

Recognition of the critical importance of urbanisation for sustainable development continues to grow. This is reflected in current debates on the post-2015 development agenda and increasingly in climate change literature, with the Inter-governmental Panel on Climate Change's (IPCC's) 5th Assessment Report providing more comprehensive coverage of urban issues. But while there is growing consensus on the fact that there can be no sustainable development without sustainable urbanisation, there is still much to learn from experiences on how to make this a reality, and one that is inclusive of low-income groups.

Our goal is to work with partners to establish better-governed, more sustainable cities in low- and middle-income nations, able to offer secure shelter, access to services, reduced vulnerability to environmental hazards and a smaller ecological footprint. So we are working towards:

- 3.1 Recognition of the environmental and social potential of urbanisation by governments and others, and more actions taken to tap this potential.
- 3.2 Higher priority given by governments and international agencies to poverty reduction in urban areas through, among other things, engagement with and support for the organisations and federations of the urban poor.
- 3.3 A better basis for designing and implementing urban climate change adaptation programmes that build resilience to current and future impacts of climate change, are pro—poor, and complement local development.
- 3.4 Policies and institutions identified that help create positive synergies between urban and rural areas, and promote sustainable flows of people, remittances, water, waste and food.

Progress

A major constraint facing local urban governments is poor knowledge on population and living conditions from which to develop realistic assessments of urban poverty to guide policies. Conversely, organisations of the urban poor have little voice or ability to tell their story to those in power. So we continue to document and support such groups' work, raising their negotiating strength. This year we published [Reducing Urban Poverty in the Global South](#), by David Satterthwaite and Diana Mitlin, the companion to [Urban Poverty in the Global South: Scale and Nature](#), released last year. The first volume focused on the nature and scale of urban poverty, while the second critically reviews a variety of

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initiatives and programmes aimed at addressing urban poverty. It highlights the fundamental contribution urban poor organisations make to co-producing knowledge about urban poverty and developing solutions with local governments. Both books are landmark publications for everyone working on the future of cities.

David Satterthwaite completed his tenure as a coordinating lead author of the chapter on urban adaptation in the IPCC 5th Assessment report. Two other staff in our Human Settlements group were contributing authors to the report. Meanwhile, our journal, *Environment and Urbanization*, published a special issue: [Towards Resilience and Transformation in Cities](#). More than 50 papers on climate change and cities have now been published in the journal, many by southern authors. To celebrate our 25th anniversary (and our 50th issue) the entire backlist was made open access for 25 days.

We have completed work that helps others learn from the urbanisation experiences of emerging economies, finalizing a book [Urban growth in emerging economies: lessons from the BRICS](#), published in April 2014 by Earthscan / Routledge. Our work in the BRICS countries (Brazil, Russia, India, China and South Africa) shows that when governments resist urbanisation, this often causes long-term problems. This topic is particularly important to the many low and middle-income nations now undergoing major urban transitions.

Our work with partners in Karachi and [Bangkok](#) has challenged high density urban development plans, and provided empirically grounded evidence on how to ensure that urban transformation does not exclude low-income and marginalised groups. A [report](#) and accompanying [film](#) on Karachi's land and housing markets, systematically assessing who controls land in the city, made a splash in the Karachi media and are being incorporated into coursework for urban planning students.

As food security becomes a growing global concern, we have documented what drives urban food insecurity. With partners we have developed new community-led mapping to identify and address the links between food insecurity and environmental hazards in informal settlements in Nairobi [using innovative and participatory methods like balloon mapping](#). This is our contribution to a wider project exploring the potential for disastrous global epidemics if viruses 'jump' from animals to humans in cities (urban zoonosis).

We are building a global network of researchers and practitioners to help rebalance food policy debates so that they take account of issues like inequality, consumption habits, access to food in cities, and how food is used, rather than putting all emphasis on increases in supply.

We continue to note the essential role of community-led initiatives at city, national and international levels in understanding and responding to urban poverty.

Lessons learnt

As our 2009-2014 strategy started, the global proportion of people living in urban areas had just reached 50 per cent. Urbanisation is now increasingly incorporated into discussions of development and cities are variously seen as: engines of economic growth; a major environmental threat through consumption that defies planetary boundaries; and the location of increasingly damaging social inequality. Internationally, there is growing recognition of urbanisation's crucial role for sustainable development. This is reflected in debates on the post-2015 development agenda and increasingly, in climate change literature, including the IPCC 5th Assessment Report.

While the importance of urbanisation is now widely acknowledged, its challenges still need a more balanced understanding that recognises the solutions being developed at the grassroots and local levels. This remains 'unfinished business': we need to keep generating the evidence to support it.

Trustees' Report (continued)

Looking ahead

It is ever more important to understand and document city life, and share our learning with policymakers. And it is increasingly essential to document how urban areas, people and enterprises interact with rural development and broader issues such as food security. Our work on rural-urban linkages has evolved to become a crucial starting point for the institute-wide change initiative on 'Fair consumption from sustainable food systems'. Indeed, the four decades of work built up by IIED's Human Settlements group make the institute one of the few policy research institutes with long-term experience, partnerships and international reputation on urban issues.

In the past year, we have begun to develop several new areas of work. One is on financing urban adaptation to climate change. We intend to use IIED's knowledge of how urban poor funds and city community funds work, and why they are valuable, to develop new frameworks for funding resilience. Another is how climate change affects morbidity and mortality in urban settings. Rather than examine the direct injuries and deaths caused by particular hazards, we aim to understand how both rapid and slow-onset events shape health and wellbeing. A further area being developed involves working alongside slum/shack dweller federations in cities to understand how climate change interacts with their many daily challenges, affecting their work and plans.

Our work on urbanisation, land contestation and density has so far engaged primarily with local actors in the cities involved, although the work is being published and disseminated more widely and is available through the <http://www.urbandensity.org/> website. It will be important to feed our insights on urban density, urbanisation, and gender into IIED's new strategy, especially within the post-2015 international development discussions.

We have developed a substantial network of respected researchers and practitioners, with whom we will continue to work collaboratively. These include a consortium of European and African research institutions working on the links between urbanisation and rural change in African countries and a consortium of UK, Kenyan and international institutions working on social and public health aspects of urban food systems. Interactions with our partners have also stimulated new areas of work. These include on food security and consumption, and the gender dimensions of urban poverty. We expect these to be important elements of IIED's 'Fair consumption from sustainable food systems' change initiative, and feed into the other three global change initiatives. Other emerging areas of interest include expanding our conceptualisation of 'rural' in rural-urban linkages, and collaborating with the Centre for International Forestry Research to expand our essentially agricultural focus on rural areas, to encompass forests.

4. Shaping responsible markets

This year has seen a continued readjustment of the international development architecture towards green growth. This has tended to focus on major investments in greenhouse gas mitigation and on contracts between big players. Social issues have been relegated to second place. Trends in aid reinforce this, favouring traditional public-private partnerships as their delivery mechanism. Yet there is increasing scepticism about the developmental value of these trends, and about how robust they are to 'planetary boundaries'. At the same time, there are useful calls for both public and private bodies to plan and report to similar triple bottom line frameworks and to think of stakeholder inclusion in less instrumental terms. Although commitments on climate change are still not followed up with commensurate action, there is much discussion about what might happen to high-carbon assets in a future world, stranded by a global cap on greenhouse gas emissions — and to stranded people whose livelihoods have been associated with those assets. The process of 'creative destruction,' necessary for a green transformation to occur, will need to address the interests of those affected by such a

Trustees' Report (continued)

transformation, alongside the risks to the entire planetary society from not achieving such a transformation.

Our goal is to support the design of markets that promote, rather than undermine, sustainable development at local and global levels by addressing issues of market structure, environmental externalities, power, access and rules of operation. So, with partners, we are working towards the following Objectives:

4.1 Business models that create value for small-scale producers. Our work emphasizes helping producers shape a 'pro-poor market' agenda, and working with individual companies and policy institutions that set the terms for business.

4.2 Promoting equitable and resilient global and local energy systems; responsible practices in the energy industries; and local access to affordable, efficient and clean energy services to deliver development benefits, especially for the poorest.

4.3 Better recognition and quantification of market failures that affect the environment, and incentive mechanisms that are designed to correct adverse social and environmental outcomes.

4.4 Identifying what determines long-term sustainable investment flows into key sectors, and promoting these factors.

4.5 Broader debate on sustainable consumption that is integrated with equity and development concerns.

4.6 Stronger capacity in developing countries for environmental economics methods, especially for climate change adaptation at community level, that are practical and influential, aiming particularly at improving adaptation decisions in agriculture and water.

Progress

This year we raised our voice again on inclusive business models and producer agency, taking clear messages to international green economy initiatives about the importance of informal economic actors and the dangers of dealing only with formal systems and powerful groups. We commissioned case studies from multiple informal sectors, and compiled these in a [synthesis paper](#), helping to shape IIED's upcoming change initiative on 'Inclusive transitions to climate resilience and green economies'.

In October 2013, we took part in the Global Green Growth Forum in Copenhagen. This high profile gathering of 200 people convenes each year to gather and share experience on how business and government can accelerate the transition to a sustainable global economy. And in November, we signed an MOU with Carlos Lopez, head of the UN Economic Commission for Africa, for collaborative work on climate resilient societies and green economies. Our meeting on Real Green Economies, held at Wilton Park in February 2014, built further on our work for the Organisation for Economic Cooperation and Development and the UN Partnership for Action on Green Economy. As an independent research group we can help partners raise and answer tough questions — notably on how to make green economy approaches work for the small, micro, and informal sectors. We also flag the central need to understand the political economy.

We don't just point out what needs to be done, we explore how to do it. Our research on [artisanal and small-scale mining](#) and on [linking worlds of small-scale producers, service providers and big business](#) across several sectors puts us in a strong position to play a global knowledge, dialogue and networking role, with a focus on policy change.

Trustees' Report (continued)

We launched a new website, [FishNet](#): an online, multi-stakeholder portal that shares positive stories, innovative solutions and hard-earned lessons on what really works to create sustainable fisheries today and into the future.

We assessed the institute's environmental economics work through an [external evaluation](#). The evaluation showed how our collaborative research on the economics of climate change has helped to inform national debates — notably on agriculture and pastoralism's contribution to the economy — and several African and Asian governments have used the stakeholder-focused cost-benefit analysis methodologies we developed. The evaluation also validated IIED's significant body of research and policy leadership in the field of economic incentive mechanisms — notably on the social impact and design of Payments for Ecosystem Services schemes (PES schemes) and REDD+ projects (Reducing Emissions from Deforestation and forest Degradation).

Our work on energy has grown in scale and influence, including action research in Nigeria and South Africa to improve poor groups' access to energy and developing work on productive energy for small-scale agriculture. Our guidance work for the oil and gas industry has improved capacity and practice in oil and gas contracting chains, free prior and informed consent, grievance mechanisms and transparency. We have emerging, large-scale research on indigenous peoples and human rights in the Russian Arctic, which can be transferred and applied to other regions.

This year we finalised the first stage of IIED's Private Sector Strategy. We established an internal group, bimonthly experience-sharing sessions with specific themes, and focused research on innovative aid-business partnerships. The next step is to further develop, articulate and communicate the strategy externally through a private sector prospectus and webpage.

Lessons learnt

Outside the institute, we have seen how almost all work done in the name of sustainable *consumption* actually diverts the 'footprint challenge' to managing sustainable *production*. Where many intergovernmental organisations are setting up supply-driven programmes to help formal national planning, we have identified the need to elicit demand-driven responses at local, informal and political levels. And while there is growing engagement between intergovernmental organisations on green economy issues we see a need for more engagement between country stakeholders — hence the value of our national dialogues and the [Green Economy Coalition](#) debate, visioning and experience-sharing.

We also appreciate how the 'right' green economy actions are context specific, depending on how far a country has progressed with integrating environment with development issues. We need to help stakeholders know what stage they are at so they can make the economic and political case for the next step. The [value of our bottom-up, demand-driven and exploratory processes are becoming better-recognised](#), but the challenge is how to make IIED's perspective available to many countries. At present we are looking to the Green Economy Coalition as a vehicle for influence.

Within IIED, our Investment Forum, like the Energy Forum, has proven to be an effective means of 'mainstreaming' issues of interest to all our research groups

We continue to face the challenge that, while our traditional donors greatly appreciate the sustainable markets work as an integral part of IIED's portfolio, they do not generally prioritise these themes. We are learning that we need to be able to make the case for them in terms of climate change, poverty or other priority budget lines. Similarly, we need to open up new funding sources to invest in sustainable markets work. So we plan to partner more with the private sector, developing a strong 'client-oriented' approach backed up by our strengths in communication, timeliness and pertinent advice.

Trustees' Report (continued)

We have also experienced the value of good partners on the ground. Collaboration with the Stakeholder Democracy Network (SDN) has transformed our impact with the Sustainable Utilisation of Nigeria's Gas and Renewable Energy Resources (SUNGAS) project. SDN has delivered concrete outputs, including energy demonstration projects and advocacy with impact. This is helping the project go beyond 'why' to focus on 'how' to make the case for promoting delivery of sustainable decentralised energy services.

Our external evaluation highlighted how environmental economics needs to play a more central role in the green economy agenda, going beyond the narrow niche of incentive mechanisms that protect environmental services to address more fundamental issues of economic transformation.

Looking ahead

IIED is now developing a strong interest in more of the cross-cutting work that the Sustainable Markets Group (SMG) has led to date: on sustainable consumption, energy portfolios, investment and private sector engagement. Our work on quality [investment](#) — in agriculture, energy, extractive industries and forestry — has been a strong influence on other IIED groups and will in part be taken up by at least two new change initiatives, on rights and green economy.

We know how informal enterprise presents policymakers and donors with many challenges. It accounts for many of the new jobs in sub-Saharan Africa and South Asia, and is especially important for women and youth. And yet the tools and initiatives for greening the economy and inclusive business have almost no intersection with the informal economy. Our most important piece of 'unfinished business' is on informality and both understanding and improving the institutions and governance of informal production and trade. This is the starting point for the Sustainable Markets Group's most focused role in IIED's next five-year strategy. There have been important insights from agrifood (the [small producer agency in the globalised market](#) programme; the [meeting small-scale farmers in their markets](#) workshop) and our work on [artisanal mining](#). Our paper [Inclusive and green? Informal economies: the forgotten voice in the transition to a green economy](#) again validates the power of cross-sectoral analysis, bringing insights from agrifood, energy, mining, forestry and human settlements. Work on the economics of marine and coastal fisheries will continue to expand, with new research projects and our new network, [Fishnet.ning.com](#).

Our three Institutional Priorities

To meet our four principal goals, we continue to develop our expertise in two key areas: communications and governance, and to invest in institutional performance — our skills, expertise and ideas.

5. Communicating and influencing at all levels

Our communications team continues to work with colleagues across the institute and beyond to build our 'impact'. We are consolidating our work around proactively targeting audiences and, alongside this, we are working to ensure the institute's communications are strategic and tuned for maximum effectiveness. We are thinking harder about how we position IIED in external debates, and how our brand demonstrates our values. A mix of tools and approaches remains vital, as does staff ability to work strongly and flexibly together on shared campaigns.

Our Priority is to become a leading institution in sustainable development communications, complementing our leading role in research. So with partners we are working towards these objectives:

Trustees' Report (continued)

5.1 A stronger shared understanding, both internally and externally, on what makes good research communications, how to develop and improve communications strategies and how effective communications underpins good governance.

5.2 An IIED website that increases engagement, influence, accessibility and visibility of our work among priority audiences.

5.3 A higher profile for environment-development links among policymakers, academics, the media, the private sector and general public achieved by supporting journalists in a broad range of media to report relevant topics more often and more accurately.

5.4 Influential and informative writing that is lucid, to the point and best adapted to the needs of targeted readerships.

5.5 Increased awareness, dissemination and impact of IIED publications among priority audiences through specific targeted outputs and marketing.

5.6 Increased readership and influence of IIED's range of distinct, ground-breaking 'flagship' publications.

Progress

This year we rolled out our refreshed organisational brand across the institute's communications outputs. Its coherent look is strengthening our profile and supporting our values of impact, fairness and collaboration in all our internal and external communications.

Particular communications successes include increasing our total social media community by 75.2 per cent, and getting 81,281 unique page views for our top ten blogs between February 2013 and February 2014 (compared with 39,306 in a similar period the year before). We also reported the annual Community Based Adaptation conference on specially created webpages, bringing comments from 203 virtual participants and generating 4,367 unique page views.

With the Sustainable Markets Group we won a US\$900,000 project tender for research communications for the World Bank WAVES programme (Wealth Accounting and Valuation of Ecosystem Services).

We became a key partner in the CGIAR/CCAFS [Climate Change Communication and Social Learning Initiative](#).

We also supported the Irish Government's EU presidency event at Dublin Castle, on hunger, nutrition and climate justice in April 2013. IIED helped organise a fantastic set of grassroots participants which, combined with our communications support, gained many plaudits.

Lessons learnt

While we have had excellent and increasing press coverage we want to adopt a strategy of 'less is more' so that our spokespeople can give presentations with greater impact attracting a higher quality press presence. IIED's new change initiatives and the freeing up of time for senior staff should make this much more possible.

Finding dedicated funds for regular periodical style publications remains a big challenge, despite readership surveys indicating these are well used and popular, and despite continued feedback from partners that they value paper over web. IIED has dedicated some of its unrestricted funding over the years to maintaining key publications, but tough decisions have become necessary (for example suspending *Participatory Learning in Action* this year) We know we must continue to find ways to share information in an accessible way for the non-internet communities with whom we work.

Trustees' Report (continued)

Overall, we are seeing an increasing need to bring print and digital work more closely together. This has been an exciting and rewarding change and we are now working in a more focused way to target external opportunities: as a team; with research groups; and with the director to ensure a more proactive and planned engagement.

Our efforts to ensure impact have highlighted the scheduling difficulties of supporting communications work across the institute and with partners. We are now reorganising and recruiting to deal with this ongoing challenge.

Looking ahead

Now the new research communications projects with the World Bank WAVES and CCAFS/CGIAR are underway, we can commit time and resources to a more formal programme of learning and sharing results on research communications for policy engagement.

The new change initiatives will enable us to really use our communications team strengths and our three new overall objectives will ensure we can help the institute deliver impact. These are:

- Ensuring all IIED outputs have clarity on key messages and desired impact.
- Ensuring all IIED outputs are targeted to specific audiences, and have a clear idea of how to engage with them most effectively.
- Ensuring our dissemination and marketing plans are well targeted and establishing strong baselines for tracking and monitoring impact.

6. Governance for sustainable development

The assumption that good governance is central to sustainable development unites IIED's diverse work. Put simply, all our programmes aim to influence governance for the better on: how, where, and who makes decisions; what gets decided; the effects of those decisions; and who gets what as a result.

IIED's governance work stands out for several reasons. It acknowledges marginalised actors, particularly the poor, and to 'marginalised' governance models — those that get little attention in governance interventions. We aim particularly to support *local* governance institutions and arrangements. And our approach rarely takes a single scale or 'plane': much of it deals with interactions, for example between traditional and legal land management systems, or by inserting local decisions and demands into national or global arenas.

Our work on governance encompasses three aspects: discrete bodies of work addressing particular contexts and audiences (including our work on environmental mainstreaming, and China); work that cuts across IIED's activities and engages staff throughout the institute (for example on local organisations or global governance); and learning lessons from across IIED's work, and also from our partnerships.

Our priority is to help secure accountable, transparent, equitable and effective governance for sustainable development at all levels, by generating evidence of processes and institutional structures that work and showing how roles, responsibilities and means of engagement can best be improved. So with partners we are working towards the following objectives:

6.1 An understanding of the important factors that underpin good governance: this is integrated into our thinking across all our principal goals.

Trustees' Report (continued)

6.2 Integration of environmental concerns in development planning (known as environmental mainstreaming) at national to local levels.

6.3 Contributing to debate on the framework for development cooperation beyond 2015, and what should follow the Millennium Development Goals (MDGs), for example a transition to global Sustainable Development Goals.

6.4 Documenting the crucial roles played by local organisations in delivering environmental goods and services, to increase recognition from other actors of their vital contributions to fairer, more sustainable practices, and help strengthen the voice of such organisations when decisions are being made at national and international levels.

6.5 (Our objective on developing a cross-IIED programme on food and agriculture has been merged with our objective 1.2 of greater control and local resilience in agriculture and food systems).

6.6 (Our objective on documenting partnerships has been completed and is closed.)

6.7 Fairer, more sustainable global development in collaboration with colleagues from China, achieved by generating evidence about how environmental issues are being addressed in different regions of China, from which others can learn, and capacity to influence engagement by Chinese actors on forestry, agriculture, business and investment choices, especially in Africa.

6.8 Documenting changing gender and generational relations and the implications for understanding poverty and sustainable development priorities.

Progress

We have helped integrate environmental issues into government plans, engaging many stakeholders through our Strategic Environmental Assessment (SEA) work in Namibia and Nepal, and an All-Africa workshop on SEA and the green economy. For example, in Namibia we supported the government by completing a rapid SEA of its Fourth National Development Plan.

We've strengthened the voice of Least Developed Countries in the post-2015 process through our support to an [Independent Expert Group](#), particularly around the design of the sustainable development goals. Through our membership of the Independent Research Forum ([IRF2015](#)), along with ten other think tanks from across the world, we are offering space in which UN negotiators engaged with the Post-2015 open working group process can think and exchange ideas. We also produced a number of targeted [articles and briefings](#) on the [Post-2015 debate](#).

We are demonstrating the effectiveness of local funds, producing a working paper on the experience gained from managing decentralised funding mechanisms. The paper draws on our work in [urban settings](#), and from our involvement with climate resilience investments in northern Kenya.

Our [work with China](#) continues to expand. We released a film, [Planting for Change](#), in both Chinese and English on the many innovations smallholder agriculture offers for more resilient farming systems. We took six [Chinese journalists to Kenya](#) to research stories on timber, environment, ecotourism, and the impact of China's trade and investment in Africa. Building on the Forest Governance Learning Platform, we have convened partners from Africa and Asia to help the Chinese Academy of Forestry draft guidelines on sustainable overseas trade. And our Brazil, China, Africa project is exploring the impact of investment practice on Ethiopia, Ghana, Mozambique and Zimbabwe.

We are also establishing stronger gender analysis and activity in our work on natural resources, urbanisation, food security, informal economy, and climate change. Our workshop on gender and environmental change in March 2014 is reported in our briefing paper on [building resilience to environmental change by transforming gender relations](#).

Trustees' Report (continued)

Finally, this year also saw two new land rights proposals achieve funding, from Canada's International Development Research Center for joint work with IED Afrique, and from a US Foundation. Both cover work on documenting and exploring ways to strengthen women's rights over land in different parts of Africa.

Lessons learnt

We know that taking environmental issues into 'mainstream' governance is a long process requiring constant reinvigorating and reinforcing. It is crucial to maintain a long-term relationship with countries, key government institutions and stakeholders. So we will continue working in Nepal and Southern Africa as our focal country and region respectively.

We are aware that our specific 'China objective' and China team has cut across IIED's other objectives and teams, which are organised around sectoral rather than geographic lines. The point has been to ensure that there is a coherent strategic focus to our China work, and that this builds over time towards real impacts. It is this focus we need to keep, while also working with other China-relevant projects and staff with relevant expertise across the institute.

Over the past strategy period we have started to build a reputation for our work on gender issues in development on a very small budget. However, our significant 'pulling power' (evidenced by the caliber of researchers and practitioners at our March workshop) is no compensation for lack of funds. We need to start building a firmer foundation for this work.

Looking ahead

Assessment tools such as SEA are not static: they need to evolve and be constantly adjusted and customised to context and need. So we have developed new variants — such as rapid SEA — which are genuinely cost effective and more attractive to governments and show much promise. We hope to undertake more rapid SEAs in the coming year.

Our contributions to the 'Post-2015' debate on the framework for development cooperation beyond 2015, provides a strong starting point for our new change initiative on 'International engagement for a sustainable planet'. Both IRF2015 and the Least Developed Country's Independent Expert Group have gained significant momentum in 2014 and we will need to continue and increase our support and interaction with them over the coming year. We have framed the new change initiative around influencing both the post-2015 goals and the UNFCCC's 21st Conference of the Parties (December 2015), and will need to translate this connection into a clear strategy for influence and engagement.

7. Investing in institutional performance

IIED recognises the need to invest in its institutional performance, particularly in response to an increasingly competitive funding environment, to donor requirements for a clear strategic framework with systems that demonstrate impact, and to the general reduction in unrestricted 'frame funding' over the past five years.

Some of the key successes of the 2009–14 strategy period include: an increase in non-pass through funding by nearly 50 per cent (from £11.6m in 2009 to over £16m in 2014); a similar percentage growth in staff numbers over the same period (from 71 to 103); the move to a new office in Gray's Inn Road in 2011; new management processes including a Strategy Team and Management Team; signing the Accountable Grant with DFID (providing funding of £17.7m over four years) as well as other substantial grants from the Rockefeller, Buffett and Gates Foundations; significant improvements in our systems and planning and monitoring and evaluation processes; stronger communications and partnerships

Trustees' Report (continued)

teams to support the organisation, and our consistent compliance with donor value for money assessments.

Our Priority is to build IIED's institutional capacity, continuously improve our systems so that we are fit for purpose, cohesive, consistent, resilient and efficient in meeting our mission and can deliver our goals. So we are working towards the following objectives:

(7.1) Core competence of IIED staff and partners in relevant disciplines and methodologies. (This has been integrated into other objectives and is closed.)

(7.2) Improved intelligence, resilience and adaptability within IIED, notably in horizon-scanning and keeping track of emerging problems. (This has been integrated into other objectives and is closed.)

7.3 Continual improvement of IIED's research capability and impact, through enhancing the research skills of IIED staff, working internally and with partners to develop frameworks for measuring research quality, and documenting these processes.

7.4 Clear evidence of outcomes and impacts from our activities for donors, partners, users and beneficiaries of our work; and investment in organisational learning, monitoring and evaluation, and knowledge management systems to ensure that we can meet this objective.

(7.5) Responsible operations. (This has been integrated into other objectives and is closed.)

7.6 Evaluation of all objectives within our institutional strategy for their effect on core functions, and investment of resources accordingly, so the objectives and work plans for information technology, office services, finance, partnerships and human resources are aligned to support the overall delivery of the strategy in a timely, cost-effective manner. Internal monitoring and evaluation systems will be enhanced by an 'Internal Audit' function.

(7.7) Organising, in conjunction with our framework donors, an independent evaluation of IIED's work. (This objective has been completed and closed.)

7.8 A strong set of cross-organisational systems that support the business of IIED.

Progress

This year our progress on innovation and research quality has included setting out our institutional thinking on [ethics in research](#), to complement our publication on [research excellence](#) of 2012.

Under our objective on organisational learning, evaluation and knowledge management, we have finalised our evaluation policy, which is now being used across the institute. We also instigated a one year 'Leading IIED' programme to examine leadership styles, behaviours and structures. In August 2013 we achieved ISO14001 certification in environmental management. And we have started work on migrating our project tracking to a web-based platform (the Pulse project): we have begun developing a cross-organisation system to bring together financial, contact, and 'project pipeline' information in one database. This will increase efficiency in how we manage IIED's operations.

Over the past year we developed a programme of operational development, the 'How programme' — a major investment of time and effort for IIED in 2014 and 2015 — which will complement our new institutional strategy. The programme will concentrate on three areas: improving IIED structure and skills so we deliver better outcomes from our research activity (this includes looking at the size, structure, composition and leadership of teams and groups); strengthening cross-organisational functions and systems; and recalibrating our business model of cost recovery, charge-out rates, overheads, and distribution of staff at different grades. More detail on the 'How programme' is given below.

Trustees' Report (continued)

The latest summary shows we continue to grow — we had 19 new joiners this year (up from 15 last year). Our staff turnover was 7.3 per cent, down from 12% per cent last year and still well below the sector average (22 per cent). And we support gender equality and diversity in house — as of last year 50 per cent of our managers are female (although still lower than the 64 per cent benchmark). Twenty-three per cent of employees are from an ethnic minority (up from 22 per cent last year) compared with the sector average of 12 per cent.

Lessons learnt

We recognise an ongoing demand for our internal work on research quality, particularly from our growing cohort of early-career researchers. Indeed, partners' and donors' expectations for IIED to be a leader in high-quality research mean that the institute continues to need a formal mechanism charged with this topic.

We know we need to plan and resource projects realistically, ensuring that good business reasons and vision are in balance with resources (as with innovation and research quality, for example). We have made slower progress than we would wish with our objective on organisational learning, monitoring and evaluation, and knowledge management. We have learnt that ambitious projects often need to be resourced through short term use of consultants or fixed term staff, as well as needing management attention (though steering groups) and systematic internal communication.

We recognise that we need to take a project approach to developing new business systems: one that involves stakeholders, clearly sets out users' expectations and communicates these to suppliers. So to deliver the Pulse project work we have employed a fixed term Systems Development Manager within the core services team.

Looking ahead

While IIED has grown continuously — a reflection of our success — we will need further change in order to maintain and manage the next five years' growth. We also have our ambition to deliver a new strategy, which demands that we develop more effective ways of working.

Under our objective on IIED's internal 'core services', we recognise several challenges: the need to strengthen our skills in certain areas; the tricky balance for our finance team of meeting day to day needs but also developing our systems; the need to keep our IT solutions abreast of changing technology; and the need to think carefully about resourcing the next few years with a 'people strategy'. All this learning is feeding into the 'How programme' for the next strategy, and our Business Plan for 2014-19.

We see potential to expand the mandate of the research quality objective and its team — particularly looking at how to review and assess the quality of research outputs. This aligns with other current efforts, notably with some of the outputs being measured under the DFID accountable grant log frame, and with the consolidation of the knowledge product catalogue. The research quality objective and team could also help to support initiatives for knowledge sharing among researchers that will help to clarify the change initiatives and strengthen their implementation.

Finance review

Current growth has seen expenditure increase strongly from £16.3m in 2012/13 to £19.4m in the year, an increase of 18 per cent. Payments to collaborating organisations for project work amounted to £7.7m representing 40 per cent of the overall charitable expenditure, against £5.7m in 2012/13, 35 per cent of overall charitable expenditure.

Trustees' Report (continued)

Unrestricted reserves increased marginally from £2.6m to £2.7m, after a £200,251 reduction in the Building and Capital Fund designated reserve, which tracks the value of leasehold improvements over the remaining lease period on the Gray's Inn Road site. The unrestricted reserves are the equivalent of 14 per cent of expenditure for 2013–14.

Reserves policy

During 2012, the Trustees, having carried out an impact assessment of possible adverse financial events, agreed a reserves policy to protect the organisation and its charitable programme against the risks of funding loss through income shortfalls and other unexpected financial losses. This established an appropriate target range of free reserves of between £2.2m and £2.8m. The board has endorsed a target to grow these reserves by £250,000 in 2014 and 2015. The free reserves of IIED, excluding the net value of leasehold improvements, and comprising its unrestricted reserves and group funds, stand at £1.5m (£1.3m in 2012/13) and thus fall beneath this range. The policy requires an annual review to reassess the risks, and changes in IIED's income, financial obligations and expenditure. The policy was reviewed during the year and we continue to implement plans to build IIED's reserves to achieve the target range for free reserves set out by trustees.

Investment policy

Reserves were invested in a combination of high interest cash deposits and fixed term treasury deposits during the year 2013–2014. This policy produces an acceptable rate of return whilst allowing flexibility in accessing funds.

Related Party

Some IIED Trustees are also trustees of other charities or directors/senior officers in other organisations with whom IIED works as a normal part of its research activities. Where payment is involved for such work, arm's length contracts are entered into. Payments related to these contracts are detailed in the notes to these accounts.

Plans for future periods

IIED's strategy for 2014-19 *Engaging for Change* is ambitious, anticipating continued growth in our four principal research groups and other areas, and bringing together staff across the organisation to deliver on our four new change initiatives. To support this, our Business Plan (our thinking on 'how') will be more fully developed. In addition, a number of diagnostic exercises carried out over the past couple of years have reinforced the need for IIED to strengthen its operations. Both of these elements will require the Institute to continue its steady growth over the next five years.

In order to deliver the changes proposed in our Business Plan, a 'How programme' has been initiated. It will provide a clear vision and 'direction of travel' for staff while addressing inconsistencies, reducing overlaps and exploiting available synergies, as well as prioritising business requirements. It will run over three years from April 2014 to March 2017 and will consist of interventions in three inter-linked areas where we need to shift our practice: improving IIED's structure and skills; strengthening cross-organisational functions and systems; and re-calibrating our business model of cost-recovery, charge out rates, overheads, and distribution of staff at different grades. We aim to deliver the 'How programme' through a combination of changed and reinforced structures, systems and competencies throughout the organisation.

Principal risks and uncertainties

Through development of the new strategy IIED has made good progress in addressing risks of poor strategic direction and decline in quality of ideas and innovation. Further risks of loss of good partnerships and disaster management have been mitigated.

Trustees' Report (continued)

Two emerging risks are to be addressed by the How programme: that organisational structure and operations support prove insufficient to deliver the new strategy; and secondly that we don't utilise appropriate systems for data management, communication, and financial management.

Trustees' Report (continued)

Glossary

BRICS Brazil, Russia, India, China and South Africa

CBD Convention on Biological Diversity

CCAFS Climate Change, Agriculture and Food Security of the CGIAR

CGIAR Consultative Group on International Agricultural Research

COP Conference of the Parties

DFID Department for International Development

FoFA Forum on Food and Agriculture

FLEGT Forest Law Enforcement, Governance and Trade

GEC Green Economy Coalition

HIVOS Humanistisch Instituut voor Ontwikkelingssamenwerking (the Humanist Institute for Cooperation)

IAPAL International Air Passenger Adaptation Levy

ICTs Information and Communication Technologies

IIED International Institute for Environment and Development

ILCF Investing in Locally Controlled Forestry

IPCC Intergovernmental Panel on Climate Change

IRF Independent Investment Forum

IUCN International Union for Conservation of Nature

LDCs Least Developed Countries

MDGs Millennium Development Goals

PES Payments for Ecosystem Services

REDD+ Reduced Emissions from Deforestation and Forest Degradation + social considerations

Rio+20 United Nations Conference on Sustainable Development, held in Rio, June 2012

SEA Strategic Environmental Assessment

SUNGAS Sustainable Utilisation of Nigeria's Gas and Renewable Energy Resources project

SDN Stakeholder Democracy Network

TAMD Tracking Climate Adaptation Interventions and Measuring Development

TNRF Tanzania Natural Resources Forum

UNFCCC UN Framework Convention on Climate Change

UNEP United Nations Environment Programme

UNICEF The United Nations Children's Fund

USAID US Agency for International Development

WAVES Wealth Accounting and Valuation of Ecosystems Services

WTO World Trade Organisation

Statement of Trustees responsibilities

The trustees (who are also directors of the International Institute for Environment and Development for purposes of company law) are responsible for preparing the Trustees' Report, the Strategic Report and the financial statements in accordance with applicable law and the United Kingdom Accounting Standards (United Kingdom Generally accepted Accounting Practice).

Company law requires trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and the group, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

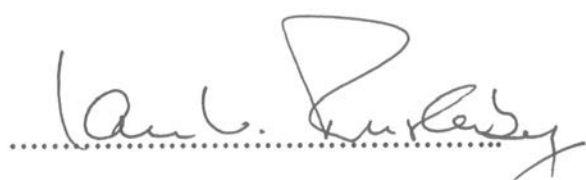
In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors is unaware; and
- the trustees have all taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

Crowe Clarke Whitehill have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act it is proposed that they be re-appointed auditors for the ensuing year.

This annual report of the trustees, under the Charities Act 2001 and Companies Act 2006, was approved by the Board of Trustees on 17 July 2014 including approving in their capacity as company directors the Strategic Report contained therein, and is signed as authorised on its behalf by:



Ian Rushby
Vice Chair

Date:

17/7/14

Independent auditor's report to the trustees and members of the International Institute for Environment and Development

We have audited the financial statements of International Institute for Environment and Development for the year ended 31st March 2014 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes numbered 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with section 44(1c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charitable company's trustees and members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Strategic Report and the Trustees' Annual Report and any other surround information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

Independent auditor's report to the trustees and members of the International Institute for Environment and Development

- give a true and fair view of the state of the charitable company's affairs as at 31st March 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Naziar Hashemi

Senior Statutory Auditor

For and on behalf of

Crowe Clark Whitehill LLP

Statutory Auditor

London

Date: 27/7/14

Crowe Clark Whitehill LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Statement of financial activities (incorporating an income and expenditure account) for the year ended 31st March 2014

	Note	Unrestricted funds	Restricted funds	IIED total 2014	IIED total 2013
		£	£	£	£
Incoming resources					
<i>Incoming resources from generated funds</i>					
Voluntary Income		652	-	652	-
Investment Income	2	11,045	3,539	14,584	24,288
		11,697	3,539	15,236	24,288
<i>Incoming resources from charitable activities</i>					
Commissioned studies and research	3	38,656	19,346,233	19,384,889	16,266,353
Other incoming resources		-	310	310	10,342
Total incoming resources		50,353	19,350,082	19,400,435	16,300,983
Resources expended					
<i>Charitable activities</i>					
Commissioned studies and research	4	139,073	19,128,830	19,267,903	16,280,639
Governance costs	5	116,937	-	116,937	98,945
Total resources expended		256,010	19,128,830	19,384,840	16,379,584
Net income/ (expenditure) for the year before transfers		(205,657)	221,252	15,595	(78,601)
Transfers between funds	11	221,252	(221,252)	-	-
Net movement in funds		15,595	-	15,595	(78,601)
Funds brought forward at 1st April 2013		2,643,259	-	2,643,259	2,721,860
Funds carried forward at 31st March 2014	11	2,658,854	-	2,658,854	2,643,259

All amounts relate to continuing operations. There are no other recognised gains and losses other than those shown above.

Balance sheet as at 31st March 2014

		IIED 2014	IIED 2013
	Note	£	£
Fixed assets			
Tangible fixed assets	7	1,348,475	1,598,049
Current assets			
Debtors	8	4,326,244	4,645,036
Cash at bank and in hand		7,496,061	5,670,597
		11,822,305	10,315,633
Liabilities			
Amounts falling due within one year	9	(1,843,607)	(1,315,916)
Deferred revenue		(8,668,319)	(7,954,507)
		(10,511,926)	(9,270,423)
Net current assets		1,310,379	1,045,210
Net assets	10	2,658,854	2,643,259
Funds			
General reserves		698,086	593,584
Designated reserves	11	1,960,768	2,049,675
Total funds	10	2,658,854	2,643,259

Approved by the Board of Trustees on:

17/7/14

and signed on its behalf by:

Ian Rushby

Ian C. Rushby

Frank Kirwan

F. X. Kirwan

Cash flow statement for the year ended 31st March 2014

	IIED 2014 £	IIED 2013 £
Net incoming resources	15,595	(78,601)
Interest received	(14,584)	(24,288)
Depreciation	350,641	324,143
Increase / (decrease) in deferred revenue	713,812	1,685,341
(Increase) / decrease in debtors	318,792	(1,611,753)
Increase / (decrease) in creditors	527,691	290,883
Net cash inflow from operating activities	1,911,946	585,725
Returns on investments		
Interest received	14,584	24,288
	1,926,530	610,013
Capital Expenditure		
Purchase of tangible fixed assets	(102,807)	(82,125)
Disposal of tangible fixed assets	1,741	28
	(101,066)	(102,807)
Increase in cash during the year	1,825,464	527,916

Analysis of changes in cash during the year

	1 April 2013 £	Change in year £	31 March 2014 £
Cash at bank and in hand	1,299,099	728,312	2,027,411
Short term deposits	4,371,498	1,097,152	5,468,650
	5,670,597	1,825,464	7,496,061

Notes to the financial statements for the year ended 31st March 2014

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards, including the Statement of Recommended Practice (SORP 2005) on Accounting and Reporting by Charities and the Companies Act 2006.

Income recognition

All incoming resources becoming available to the Institute are recognised in the Statement of Financial Activities on the basis of entitlement. In respect of unrestricted income and restricted income not tied to time-limited grants, income is recognised as soon as it is prudent and practicable to do so. In the case of performance related grant or long term contract income, income entitlement is considered to be conditional upon the delivery of a specified level of service, in accordance with FR5 and the Charities SORP. Income is therefore recognised to the extent the charity has delivered the service or activity. The time or expenditure incurred to date, as appropriate, is used as a reasonable estimate or approximation of the charity's performance and so income entitlement. Any such income not recognised in the year will be carried forward as deferred income and is included in liabilities in the balance sheet to reflect the matching of such income with future activities.

Incoming resources subject to restrictions

Grants and donations given for specific purposes are credited to a restricted fund, against which expenditure for that purpose is charged. Expenditure includes direct staff costs, other direct costs and, by agreement with the donors, an allowance for overheads calculated as a percentage of direct staff costs. The element of the overhead allowance that represents running costs which cannot be separately identified to a specific piece of work is credited to unrestricted funds in the Statement of Financial Activities.

Expenditure

All expenditure is accounted for on an accruals basis.

Resources expended on Charitable Activities comprises all expenditure directly relating to the objects of the Institute and includes the cost of supporting charitable activities and projects.

Governance costs include the costs of governance arrangements which relate to the general running of the charity as opposed to the direct management functions inherent in generating funds, service delivery and programme or project work. These activities provide the governance infrastructure which allows the charity to operate and to generate the information required for public accountability. They include the strategic planning processes that contribute to future development of the charity.

Support costs include the costs of the central office functions of finance, human resources, information technology and premises costs. The basis of the cost allocation has been explained in note 6 to the accounts.

Notes to the financial statements for the year ended 31st March 2014 (continued)

Fixed assets

Tangible assets are stated at cost less depreciation. Depreciation is provided using the straight line method over the following estimated useful lives:

Leasehold improvements: Remaining period of lease

Office furniture and equipment: 5 years

Computer hardware and software: 3 years

Assets under construction: 3 years

Additions below £500 are taken straight to the SOFA under support costs.

Leases

Rental payments under operating leases are charged against income on a straight line basis over the period of the lease.

Funds

Unrestricted funds are available to be spent on any purpose within the Institute's overall charitable objectives. Within unrestricted funds, designated funds are those set aside by the trustees to meet a specific need or fund particular activities.

2. Investment income

	2014	2013
	£	£
Bank interest	14,584	24,288

3. Commissioned studies and research

Commissioned studies and research income was received in the following areas of activity:

	2014	2013
	£	£
Natural resources	5,782,060	5,081,073
Sustainable markets	1,643,751	1,899,716
Human settlements	3,674,081	3,679,694
Climate change	5,588,493	3,132,464
Governance	113,551	135,483
Partnerships and development	1,628,587	1,513,394
Communications and publications	747,793	819,901
Core development	206,572	4,628
	19,384,899	16,266,353

Notes to the financial statements for the year ended 31st March 2014 (continued)

4. Analysis of total resources expended

	Programme costs	Payments to collaborating entities	Support costs (Note 6)	2014 total	2013 total
	£	£	£	£	£
Charitable activities					
<i>Commissioned studies and research</i>					
Natural resources	2,254,384	2,666,024	741,293	5,661,701	5,024,137
Sustainable markets	997,126	296,886	431,992	1,726,004	1,878,069
Human settlements	1,172,580	2,129,123	230,750	3,532,453	3,668,370
Climate change	2,496,095	2,582,832	412,303	5,491,230	3,065,225
Governance	103,475	-	38,463	141,938	118,803
Partnerships and development	1,100,026	35,000	460,776	1,595,802	1,495,012
Communications and publications	521,406	-	182,169	703,575	823,218
Core development	415,200	-	-	415,200	207,805
	9,060,292	7,709,865	2,497,746	19,267,903	16,280,639
Governance costs (Note 5)	-	-	116,937	116,937	98,945
	9,060,292	7,709,865	2,614,683	19,384,840	16,379,584

The classification of Grant Management and Publications have been removed in the years income and expenditure to better reflect current operations. The prior year comparatives have been reclassified accordingly.

Resources expended include operating lease rentals of £282,699 (2013 - £319,622).

5. Governance costs

	2013/14	2012/13
	£	£
Audit fees		
Statutory audit	29,395	22,040
Under (over) provision from prior year	5,514	(2,965)
Grant audit	29,969	19,475
Other services	-	5,630
Trustees meetings	52,059	54,765
	116,937	98,945

Notes to the financial statements for the year ended 31st March 2014 (continued)

6. Support costs

	2013/14	2012/13
	£	£
Premises	675,010	654,983
Finance	510,433	470,361
Director's office/ Trustees	217,607	234,462
IT services	448,406	490,709
Human resources	466,585	381,779
Systems development	102,612	115,265
Management	77,093	157,976
	2,497,746	2,505,535

Support costs are allocated to activities as follows:

Programme costs: on the basis of staff time spent on each activity

Publications: on the basis of staff time spent on each activity

Payments to partners: a % based on the size of the payment

Governance costs: on the basis of staff time

Management costs: on the basis of staff time

7. Tangible fixed assets

	Leasehold improvements	Furniture and fixtures	Office and computer equipment	Assets under construction	Total
Cost	£	£	£	£	£
At 1st April 2013	1,571,145	150,655	383,770	-	2,105,570
Additions	15,231	139	36,486	50,952	102,808
Disposals	-	-	(1,741)	-	(1,741)
At 31st March 2014	1,586,376	150,794	418,515	50,952	2,206,637
Depreciation					
At 1st April 2013	226,074	47,708	233,739	-	507,521
Charge for year	215,482	30,142	105,017	-	350,641
Disposals	0	-	-	-	-
At 31st March 2014	441,556	77,850	338,756	-	858,162
Net book value					
At 31st March 2014	1,144,820	72,944	79,759	50,952	1,348,475
At 31st March 2013	1,345,071	102,947	150,031	-	1,598,049

Assets under construction relates to investments being made to integrate our systems onto a common web based platform.

Notes to the financial statements for the year ended 31st March 2014 (continued)

8. Debtors

	2014	2013
	£	£
Less than one year		
Restricted grants receivable	908,900	1,158,007
Accrued income	3,132,711	3,316,533
Other debtors	52,587	57,384
Prepayments	232,046	113,112
Total debtors	4,326,244	4,645,036

9. Creditors: amounts falling due within one year

	2014	2013
	£	£
Trade creditors	1,251,127	548,356
Accruals	319,904	120,568
Other creditors	132,503	462,647
Social security and other taxes	140,073	184,345
	1,843,607	1,315,916

Deferred Revenue	1st April 2013	Incoming resources	Resources expended	31st March 2014
	£	£	£	£
Deferred Revenue	7,954,507	19,842,642	19,128,830	8,668,319
Deferred revenue to be released within one year				6,066,248
Deferred revenue to be released within one to five years				2,602,071

10. Analysis of net assets between funds

	General	Designated	Restricted	Total
	£	£	£	£
Tangible fixed assets	203,656	1,144,819	-	1,348,475
Debtors	32,603	-	4,293,641	4,326,244
Cash	672,907	815,949	6,007,205	7,496,061
Creditors	(211,080)		(1,632,527)	(1,843,607)
Deferred income	-	-	(8,668,319)	(8,668,319)
Net assets	698,086	1,960,768	-	2,658,854

Notes to the financial statements for the year ended 31st March 2014 (continued)

11. Unrestricted reserves

	1st April 2013	Income	Transfers	Resources expended	31st March 2014
	£	£	£	£	£
General Funds	593,584	50,353	105	54,044	698,086
Designated Funds					
Group Funds					
Natural Resources	176,404	-	73,645	(15,897)	234,152
Sustainable Markets	173,399	-	(37,564)	(81,918)	53,917
Human Settlements	92,381	-	138,054	(2,655)	227,780
Climate Change	158,611	-	67,625	(5,800)	220,436
Governance Projects	31,718	-	(18,907)	(12,811)	-
Partnerships and Development	41,865	-	(16,520)	9,382	34,727
Communications	30,226	-	14,814	(104)	44,936
Total Free Reserves	1,298,188	50,353	221,252	(55,759)	1,514,034
Building and Capital Fund	1,345,071	-	0	(200,251)	1,144,820
Total Unrestricted Reserves	2,643,259	50,353	221,252	(256,010)	2,658,854

Group Funds: The trustees have designated amounts from unrestricted funds for the development of each Group allowing sufficient funds to initiate new projects or fund posts in new areas of work. The transfers into Group designated funds represent transfers made from unrestricted funds and the balance on the recharge of time to projects

Building and Capital Fund: In the year, the trustees have designated funds representing the net book value of the improvements made to the Gray's Inn Road leasehold.

12. Employees

	2014	2013
	No.	No.
Average number of employees during the year	99	92
Number of part time employees in above	33	32
Aggregate remuneration paid to employees		
	£	£
Wages and salaries	4,391,388	4,005,335
Social security costs	486,973	445,983
Other pension costs	323,953	275,083
	5,202,314	4,726,401
Number of staff whose remuneration fell within each of the following bands		
£100,000 - £109,999	1	1
£60,000 - £69,999	18	15

Notes to the financial statements for the year ended 31st March 2014 (continued)

13. Trustees and Director

During the year no trustee received remuneration (2013: £nil). Where claimed, expenses incurred on the Institute's business were reimbursed. The total claimed during the year was £52,059 (2013: £54,765). The number of trustees claiming expenses was 13 (2013: 13).

Payments in respect of project work made to other charities and not for profit organisations, of which certain trustees were employees or trustees, were £852,321 (2013: £206,700). The full amount this year relates to Somsook Boonyabancha who is both a Trustee of IIED and Asian Coalition for Housing Rights, a not for profit organisation.

Payments were made in respect of Director's expenses incurred for the management of the charity of £15,967 during the year (2013: £12,350).

14. Pensions

No company pension scheme existed at 31st March 2014. Contributions are paid on behalf of employees to independently administered money purchase plans. The cost to the Group during the year was £323,953 (2013 - £275,082).

15. Commitments

At 31 March 2014 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	Other
	£	£
Operating leases which expire in less than one year	-	31,762
Operating leases which expire within one to five years	14,000	55,997
Operating leases which expire over five years	200,000	-

IIED had commitments on contracts to partners of £6.4m at the year-end (2013: £3.0m)

IIED holds a lease on a property in Gray's Inn Road, London WC1 with a term of 10 years terminating 31 October 2020 at an annual rental of £200,000.

IIED rent Edinburgh office premises under a lease agreement which has been extended for a period of years terminating in 2016. The annual rent is £14,000.

16. Specific donor disclosure

UK government Department for International Development: Provision of thematic analysis and advice Component Code 202384-101

The Charity accrued income and spent GB£ 4,555,039 from the UK government's Department for International Development as the first instalment of a grant for the provision of thematic analysis and advice. The project started on 1 March 2012 and runs until 1 March 2016.

Appendix A: IIED donor support 2013/14

		2014	2013
		£	£
Government and Government Agencies			
AGENCE FRANCAISE DE DEVELOPPEMENT	FRANCE	75,324	74,015
AUSTRALIAN AGENCY FOR INTERNATIONAL DEVELOPMENT	AUSTRALIA	42,684	
DEPARTMENT FOR ENVIRONMENT, FOOD AND RURAL AFFAIRS (DARWIN)	UK	319,730	286,922
DEPARTMENT FOR INTERNATIONAL DEVELOPMENT (DFID) ACCOUNTABLE GRANT	UK	4,896,165	2,494,938
DFID (OTHER)	UK	2,867,584	523,268
DFID (via HTSPE LTD)	UK	109,755	105,803
DFID (via HARWELLE INTERNATIONAL LTD)	UK	-	27,008
DEPARTMENT OF ENERGY AND CLIMATE CHANGE (DECC)	UK	43,456	65,842
FINNISH MINISTRY FOR FOREIGN AFFAIRS	FINLAND	-	73,997
IRISH AID, DEPARTMENT OF FOREIGN AFFAIRS	IRELAND	881,458	476,689
NORWEGIAN AGENCY FOR DEVELOPMENT COOPERATION (NORAD)	NORWAY	152,840	378,614
NORWEGIAN EMBASSY MOZAMBIQUE	NORWAY	530,707	262,429
ROYAL DANISH MINISTRY OF FOREIGN AFFAIRS	DENMARK	486,176	555,141
SWEDISH INTERNATIONAL DEVELOPMENT COOPERATION AGENCY (SIDA)	SWEDEN	1,425,267	1,343,217
Amounts less than £10,000		2,966	10,761
Total Government & Government Agencies		11,834,112	6,678,644
International and Multilateral Agencies			
CENTRE FOR INTERNATIONAL FORESTRY RESEARCH (CIFOR)		26,216	
EUROPEAN COMMISSION		414,652	947,187
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD)		193,377	
ORGANISATION FOR ECONOMIC CO-OPERATION DEVELOPMENT (OECD)		19,939	65,380
UNDP SOUTH AFRICA		14,090	
UNITED NATIONS ENVIRONMENT PROGRAMME (UNEP)		206,735	136,751
UNESCO		18,581	
UNITED NATIONS ECONOMIC COMMISSION FOR AFRICA		63,394	
UNITED NATIONS HUMAN SETTLEMENT / HABITAT		16,866	
UNITED NATIONS FOOD AND AGRICULTURE ORGANISATION (FAO)		7,326	61,876
UNITED NATIONS INTERNATIONAL STRATEGY FOR DISASTER RISK REDUCTION		-	24,709
UNITED NATIONS POPULATION FUND (UNFPA)		53,574	73,669
WORLD BANK GROUP		124,148	130,256
Amounts less than £10,000		1,817	11,664
Total International & Multilateral Agencies		1,160,715	1,451,492

Appendix A: IIED Donor Support 2013/14 (continued)

		2014	2013
		£	£
Foundations and NGOs			
3IE INTERNATIONAL INITIATIVE FOR IMPACT EVALUATION	UK	62,725	-
AECOM	UKRAINE	35,168	12,464
THE ASAHI GLASS FOUNDATION	JAPAN	-	15,000
AIDENVIRONMENT	NETHERLANDS	11,310	-
ARCUS FOUNDATION	USA	74,317	-
ASIA FOUNDATION	USA	-	12,815
ASIA PACIFIC NETWORK FOR GLOBAL CHANGE RESEARCH	JAPAN	22,674	-
AFRICAN WILDLIFE FOUNDATION	KENYA	6,440	12,807
BERNSTEIN FAMILY FOUNDATION	USA	10,000	-
HOWARD G BUFFETT FOUNDATION	USA	3,626,722	1,308,173
CARE INTERNATIONAL	DENMARK	16,134	-
CLIMATE CHANGE AGRICULTURE FOOD SECURITY (CCAFS)	DENMARK	-	44,091
CLIMATE AND DEVELOPMENT KNOWLEDGE NETWORK (CDKN)	UK	647,473	419,399
CEDEAO	BURKINA FASO	-	11,859
CGIAR	USA	-	34,566
CICERO	NORWAY	19,190	-
CLIMATE ANALYTICS	GERMANY	43,913	-
CLIMATE AND LAND USE ALLIANCE	USA	155,608	-
COMIC RELIEF	UK	209,737	376,760
CORDAID	NETHERLANDS	57,049	282,617
DANISH 92 GROUP-FORUM 4 S/DEVL	DENMARK	9,076	103,877
ECOSYSTEMS SERVICE FOR POVERTY ALLEVIATION (ESPA)	UK	38,292	49,609
FORD FOUNDATION	USA	262,726	-
GERMANWATCH	GERMANY	63,365	137,279
GREEN PARK CONSULTANTS	UK	-	15,471
GIZ	GERMANY	84,978	-
HIVOS	NETHERLANDS	64,151	46,347
ICMM	UK	-	15,000
INSTITUTE OF DEVELOPMENT STUDIES (IDS)	UK	14,367	10,141
INTERNATIONAL DEVELOPMENT RESEARCH CENTER (IDRC)	CANADA	50,488	11,643
ECOLOGIC INSTITUTE	GERMANY	15,298	-
INSTITUTE OF INTERNATIONAL EDUCATION	UK	16,154	-
INTERNATIONAL LIVESTOCK RESEARCH INSTITUTE	KENYA	80,837	-
INTERNEWS	FRANCE	-	2,484
INTERNATIONAL CENTRE FOR ENVIRONMENT MANAGEMENT	VIETNAM	22,481	-
INTERNATIONAL WATER MANAGEMENT INSTITUTE	SRI LANKA	16,413	-
LDN SCH OF HYGIENE AND TROPICAL MEDICINE	UK	76,316	476,031
MAVA FOUNDATION	SWITZERLAND	178,315	-
NATIONAL ENVIRONMENTAL RESEARCH COUNCIL (NERC)	UK	463	10,000
NEW ECONOMICS FOUNDATION	UK	10,000	-
NORWEGIAN INSTITUTE OF INTERNATIONAL AFFAIRS (NUPI)	NORWAY	15,889	-

Appendix A: IIED Donor Support 2013/14 (continued)

		2014	2013
		£	£
Foundations and NGOs (continued)			
OVERSEAS DEVELOPMENT INSTITUTE	UK	2,400	-
NINA POLICYMIX	NORWAY	15,473	50,160
OXFAM	UK	10,350	47,415
OXFAM NOVIB	NETHERLANDS	-	79,936
PLAN INTERNATIONAL INC	UK	2,017	9,461
PLAN INTERNATIONAL	THAILAND	16,818	-
PRACTICAL ACTION	UK	-	17,373
PYOE PIN	MYANMAR	29,230	16,980
RENEWAL ENERGY AND ENERGY EFFICIENCY	AUSTRIA	96,130	50,513
ROCKEFELLER FOUNDATION	USA	269,283	644,076
SAVE THE CHILDREN	UK	7,710	11,074
SLUM/SHACK DWELLERS INTERNATIONAL	SOUTH AFRICA	3,339	2,405
SNV NETHERLANDS DEVELOPMENT ORGANISATION	NETHERLANDS	42,209	-
THE BILL & MELINDA GATES FOUNDATION	USA	53,571	3,893,964
THE CHRISTENSEN FUND	USA	-	3,148
TANZANIA NATURAL RESOURCE FORUM	TANZANIA	9,348	49,411
TUFTS UNIVERSITY	ETHIOPIA	40,833	40,662
TVE	UK	-	29,171
US FISH AND WILDLIFE SERVICE	USA	-	30,068
UNIVERSITY COLLEGE LONDON (UCL)	UK	55,512	5,630
UNIVERSITY OF COPENHAGEN	DENMARK	15,106	29,469
UNIVERSITY OF EDINBURGH	UK	10,099	-
UNIVERSITY OF YORK	UK	75,958	-
VANGUARD CHARITABLE	USA	196,909	-
WAGENINGEN UNIVERSITY	NETHERLANDS	81,822	-
WORLDAWARE	UK	43,438	27,835
WORLD RESOURCES INSTITUTE (WRI)	USA	110,926	28,904
WORLDWIDE FUND FOR NATURE (WWF)	UK/ SWITZERLAND	-	5,000
Other amounts less than £10,000		61,660	41,954
Total Foundations and NGOs		7,268,210	8,523,042
Corporate			
Amounts less than £10,000		7,731	12,609
Total Corporate		7,731	12,609

Appendix A: IIED Donor Support 2013/14 (continued)

Summary donor support

	2014	2013
	£	£
Donors		
Government and Government Agencies	11,834,112	6,678,644
International and Multilateral Agencies	1,160,715	1,451,492
Foundations and NGOs	7,268,210	8,523,042
Corporate	7,731	12,609
Donor income received	20,270,768	16,665,787
Other income		
Miscellaneous donations less than £1,000	652	-
Interest receivable	14,584	24,288
Trade income	11,755	12,835
Royalties	-	840
Other Income	310	9,505
Sub-total	27,301	47,468
Total	20,298,069	16,713,255
Add: Income deferred from prior year	7,954,507	6,269,166
Less: Income due to prior year	(3,316,533)	(2,043,464)
Add: Income due from next year	3,132,711	3,316,533
Less: Income deferred to next year	(8,668,319)	(7,954,507)
Total Incoming Resources	19,400,435	16,300,983

Appendix B: Payments to collaborating organisations and individuals

		2014
		£
ASIAN COALITION FOR HOUSING RIGHTS	THAILAND	852,321
INTERNATIONAL UNION FOR CONSERVATION OF NATURE (IUCN)	SWITZERLAND	773,938
UNITED KINGDOM METEOROLOGICAL OFFICE	UK & CHANNEL ISLES	610,849
COMMUNITY ORGANISATION RESOURCE CENTRE (CORC)	SOUTH AFRICA	408,574
CHRISTIAN AID	UK & CHANNEL ISLES	402,230
SOCIETY FOR THE PROMOTION OF AREA RESOURCE CENTRES (SPARC)	INDIA	263,777
SLUM/SHACK DWELLERS INTERNATIONAL	SOUTH AFRICA	211,279
RESOURCE ADVOCACY PROGRAMME	KENYA	209,269
HAKIKAZI CATALYST	TANZANIA	209,009
THE UTSHANI FUND	SOUTH AFRICA	197,532
IUCN BURKINA FASO	BURKINA FASO	173,396
CENTRE FOR CHINESE AGRICULTURAL POLICY (CCAP)	CHINA	150,600
INDEPENDENT UNIVERSITY BANGLADESH	BANGLADESH	126,954
STAKEHOLDER DEMOCRACY NETWORK	NIGERIA	125,737
ASOCIACION PARA LA NATURALEZA Y EL DESARROLLO SOSTENIBLE (ANDES)	PERU	125,256
ARID LANDS DEVELOPMENT FOCUS	KENYA	124,245
UNIVERSITY OF SOUTHAMPTON	UK & CHANNEL ISLES	118,869
KENYA FORESTRY RESEARCH INSTITUTE (KEFRI)	KENYA	115,902
FUNDACAO MICAIA	MOZAMBIQUE	100,000
CARE INTERNATIONAL	UK & CHANNEL ISLES	91,863
IDS - NEPAL	NEPAL	88,935
ECHNOSERVE CONSULTING PLC	ETHIOPIA	78,578
CATHOLIC RELIEF SERVICES	GHANA	76,584
CARE INTERNATIONAL NIGER	NIGER	74,187
LOK CHETNA MANCH	INDIA	71,243
SAVE THE CHILDREN	UK & CHANNEL ISLES	67,486
INTERNATIONAL WATER MANAGEMENT INSTITUTE (IWMI)	SRI LANKA	62,162
CENTRO DE ESTUDOS DE AGRICULTUA E GESTAO DE RECURSOS NATURAIS (CEAGRE)	MOZAMBIQUE	60,719
UNIVERSITY OF EDINBURGH	UK & CHANNEL ISLES	56,271
NORWEGIAN UNIVERSITY OF LIFE SCIENCE	NORWAY	53,425
LAND RESOURCE MANAGEMENT CENTRE	GHANA	52,951
UNIVERSITY OF YORK	UK & CHANNEL ISLES	47,850
TANZANIA NATURAL RESOURCE FORUM	TANZANIA	43,465
TUFTS UNIVERSITY ETHIOPIA	USA	43,437
KENYA METEOROLOGICAL DEPARTMENT	KENYA	43,283
ADVOCATES COALITION FOR DEVELOPMENT AND ENVIRONMENT (ACODE)	UGANDA	37,418
GLOBAL ENVIRONMENTAL INSTITUTE	CHINA	36,134
BEIJING SI ZHI YI DE CONSULTING	CHINA	34,697
NATIONAL ENVIRONMENT MANAGEMENT AUTHORITY	UGANDA	34,500

Appendix B Payments to collaborating organisations and individuals (continued)

		2014
		£
YALE UNIVERSITY	USA	32,844
WORLD CONSERVATION MONITORING CENTRE	UK & CHANNEL ISLES	30,277
IED AFRIQUE	SENEGAL	30,000
MERTI INTEGRATED DEVELOPMENT PROGRAMME	KENYA	29,878
ADHI PHARMACY	KENYA	28,930
MUMINA GOLLO BONAYA	KENYA	28,350
INSTITUT DE RECHERCHES ET D'APPLICATIONS DES METHODES DE DEVELOPPEMENT (IRAM)	FRANCE	27,585
CYNTHIA AWUOR	KENYA	26,816
CHINA AGRICULTURAL UNIVERSITY	CHINA	25,895
JANE GOODHALL INSTITUTE	UGANDA	25,156
NETHERLANDS DEVELOPMENT ORGANISATION (SNV)	VIETNAM	23,972
INSTITUTE OF TROPICAL FOREST CONSERVATION (ITFC)	UGANDA	22,087
THAILAND ENVIRONMENT INSTITUTE	THAILAND	20,510
ENVIRO LEGAL DEFENCE FIRM	INDIA	20,093
BANGLADESH CENTRE FOR ADVANCED STUDIES	BANGLADESH	20,007
INTERNATIONAL INSTITUTE FOR SUSTAINABLE DEVELOPMENT (IISD)	CANADA	20,000
CENTRO TERRA VIVA	MOZAMBIQUE	19,738
ASSOCIATION MALIENNE D'EVEIL AU DEVELOPPEMENT DURABLE (AMEDD)	MALI	18,837
MAKERERE UNIVERSITY	UGANDA	18,463
UNIVERSITY OF NAIROBI	KENYA	18,278
INSTITUTE OF POLICY ANALYSIS AND RESEARCH RWANDA	RWANDA	17,700
MERTI GENERAL CONTRACTOR LTD	KENYA	17,596
INTERNEWS EUROPE	FRANCE	16,984
FAUNA & FLORA INTERNATIONAL	UGANDA	15,785
ONEWORLD SUSTAINABLE INVESTMENTS (PTY) LTD	SOUTH AFRICA	15,332
GREENPARK CONSULTANTS GPC	UK & CHANNEL ISLES	14,874
FUNDACAO AMAZONAS SUSTENTAVEL (FAS)	BRAZIL	14,839
NETWORK FOR ENVIRONMENT AND SUSTAINABLE DEVELOPMENT IN CENTRAL AFRICA (NESDA – CA)	CAMEROON	14,603
SOOMAL GROUP LTD	KENYA	14,467
INSTITUTO DE INVESTIGACAO AGRARIA DE MOCAMBIQUE (IIAM)	MOZAMBIQUE	14,000
BAU RESEARCH SYSTEMS (BAURES)	BANGLADESH	13,809
SAVE THE CHILDREN - AUSTRALIA	AUSTRALIA	13,241
FROLIN AGENCIES LTD	KENYA	12,923
SWEDISH UNIVERSITY OF AGRICULTURAL SCIENCES	SWEDEN	12,000
THE ENERGY AND RESOURCES INSTITUTE (TERI)	INDIA	11,734
NORTH GATE INVESTMENT LTD	KENYA	11,398
GROUPE D'ETUDE ET DE RECHERCHE EN SOCIOLOGIE ET DROIT APPLIQUE (GERDSA)	MALI	11,322
THE NATIONAL INSTITUTE FOR SCIENCE AND TECHNOLOGY POLICY AND STRATEGY STUDIES (NISTPASS)	VIETNAM	11,289

Appendix B Payments to collaborating organisations and individuals (continued)

		2014
		£
CIVIC RESPONSE	GHANA	10,759
GLOBAL REPORTING INITIATIVE (GRI)	NETHERLANDS	10,200
RURAL CONSULT LDA	MOZAMBIQUE	10,163
LONDON SCHOOL OF HYGIENE AND TROPICAL MEDICINE	UK & CHANNEL ISLES	10,000
Payments less than £10,000		388,667
Total payments to organisations		7,626,325
Payments to individuals		83,540
Total payments		7,709,865