ANNUAL REPORT 2011–2012

Impact and priorities

Shaping policy for development

Mission statement

Overseas Development Institute
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ODI is the UK's leading independent think tank on international development and humanitarian issues. Our mission is to inspire and inform policy and practice which lead to the reduction of poverty, the alleviation of suffering and the achievement of sustainable livelihoods.

We do this by locking together high-quality applied research, practical policy advice and policy-focused dissemination and debate.

We work with partners in the public and private sectors, in both developing and developed countries.

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About ODI

Who we are

We are an independent think tank with more than 170 staff, including researchers, communicators and specialist support staff. To find out more, visit our staff directory: **www.odi.org.uk/ar12-staff**

Rice farmer near Mai Sarian, Thailand © IRIN/David Longstreath

Our services

With a reputation for high-quality research and policy advice, ODI is in demand by governments, international institutions and other partners around the globe. In addition, ODI offers consultancy services that include monitoring and evaluation, mentoring, and tailored training courses, as well as expertise in communications and knowledge management.

Gail Wilson of ODI at the KStar Conference convened by the United Nations University's Institute for Water, Environment & Health in 2012 © ODI

Our impact

This report outlines many examples of the impact we have had over the past year.

Advancing knowledge: The Humanitarian Policy Group (HPG) has acted as an 'honest broker', helping to bridge the gaps between donors and humanitarian agencies on the issue of risk management (page 29).

Shaping policy: The European Development Cooperation Strengthening Programme aims, as part of the European Think-Tanks Group, to generate a new vision for European development cooperation (page 28).

Inspiring practice: The g7+ group of fragile and conflict-affected states achieved a triumph at the Busan High Level Forum on Aid Effectiveness in November 2011: an agreement on a 'New Deal' for fragile states. ODI research and technical support has played a catalytic role in this achievement, building on the strengths of a wide range of ODI programmes and teams (page 21).

Our funders

Over the past year, ODI has worked with a diverse range of funders, including foundations, non-governmental organisations, the private sector, governments, multilateral agencies and academia. These include: the Charities Aid Foundation, the Bill & Melinda Gates Foundation and the William and Flora Hewlett Foundation; Oxfam, Save the Children and WaterAid; PwC, DAI and HTSPE; AusAID, the UK Department for International Development, the Norwegian Agency for Development Cooperation and the European Commission; the World Food Programme, UNICEF and the World Bank; the London School of Economics and the World Resources Institute.

Boys crossing a field in Chittagong, Bangladesh © Majority World/Drik/Naima Perveen

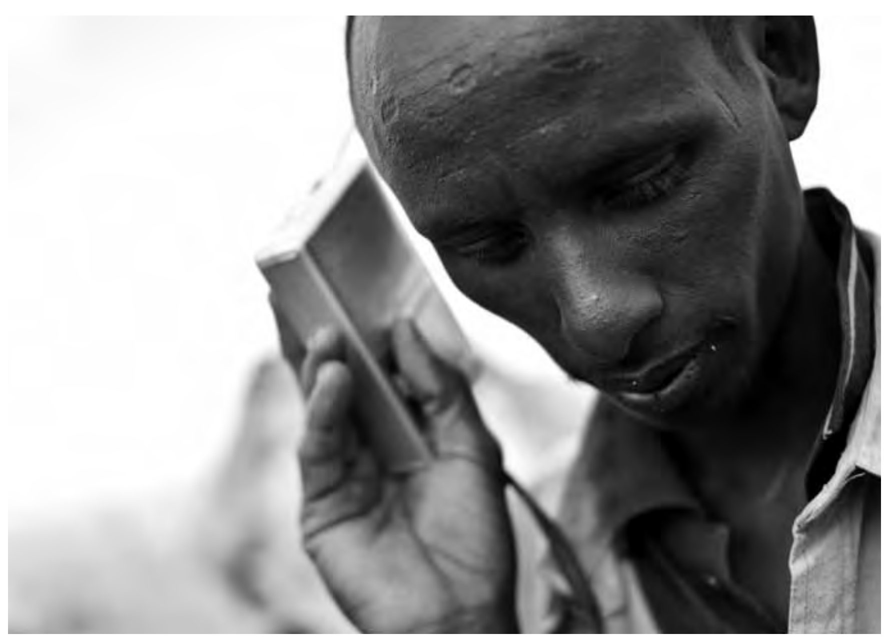
Our work

We work across a wide range of sectors that have a direct impact on the well-being of the poorest people in developing countries. We have 12 core research programmes:

- Agricultural Development and Policy (ADP)
- The Centre for Aid and Public Expenditure (CAPE)
- Climate Change, Environment and Forests (CCEF)
- Growth, Poverty and Inequality Programme (GPIP)
- Humanitarian Policy Group (HPG)
- International Economic Development Group (IEDG)
- Politics and Governance (POGO)
- Private Sector and Markets (PSM)
- Research and Policy in Development (RAPID)
- Social Development
- Social Protection
- Water Policy Programme (WPP)

In addition to these core programmes, ODI hosts important networks, including the Humanitarian Practice Network (HPN) and the Active Learning Network for Accountability and Performance in Humanitarian Action (ALNAP). We are also actively involved in a wide range of partnerships, including the European Think-Tanks Group (ETTG), the Climate and Development Knowledge Network (CDKN) and the All Party Parliamentary Group on Overseas Development (Apgood).

The ODI Fellowship Scheme has given postgraduate economists an opportunity to work in the public sectors of developing countries since 1963. As of 31 March 2012, there are 96 Fellows in post, working with the governments of more than 20 developing countries and two regional bodies. ■



Alio Idow listens to Kenya's Star FM Radio © Internews Europe

A review of the year

Alison Evans
Director of ODI

We are now all very familiar with the changing context for international development: from the impact of emerging powers and shifting geo-politics to new concentrations of poverty and insecurity in hard-to-reach places and the growing challenge of intra-country inequality.

One significant development in the past year has been the influence of events in Europe and North America on an already changing picture, with anaemic economic recovery further weakened by an increasingly febrile euro zone crisis. This has changed the whole dynamic of economic growth and has made everyone more averse to taking risks, including the UK public, who are now more sceptical about aid and development than ever before.

Yet the core challenges of development and effective humanitarian response remain. While the face of 'big D' development has indeed changed, ODI's work over the past year reminds us of the continuing need to focus on the basics if the lives of the 1.5 billion people still living in extreme poverty are to be changed radically within this generation, the next generation or, indeed, ever.

Perhaps one of the clearest illustrations of the need for this focus has been our work in South Sudan, the world's youngest country in 2012. By any measure, South Sudan faces considerable development challenges compounded by ongoing conflicts over land and resources and a worsening humanitarian situation. ODI's Humanitarian Policy Group has been at the forefront of debate about the impact of conflict on civilians in South Kordofan and Blue Nile states and the urgent need for political dialogue to reach a long-term peaceful resolution to the conflict. ODI's Budget Strengthening Initiative is working with the Government of South Sudan to build more effective, transparent and accountable budget systems to meet the aspirations of this new nation.

South Sudan is also a focus country for the Secure Livelihoods Research Consortium (SLRC) led by ODI, with the Centre for Poverty Analysis, the Feinstein International Centre and Save the Children UK as core partners. The six-year programme, working with a network of affiliates including the Afghanistan Research and Evaluation Unit and the Nepal Research Group, is generating evidence on the impact of interventions on support services, social protection and livelihoods in fragile and conflict-affected states, to produce recommendations on how to do this better.

Meanwhile, here in Europe, the euro zone crisis has been headline news, while the EU continues to be a major development and humanitarian actor, and the EC the largest single multilateral donor of official development assistance. ODI has been one of three European think thanks producing the 2012 *European Report on Development* (ERD). Timed to reach policy-makers ahead of the Rio+20 summit, the ERD outlines a strong agenda for new ways in which public- and private-sector actors can work together to transform the management of natural resources – essential for more inclusive and sustainable economic growth.

The challenge of achieving such growth is at the very heart of our work on what drives and sustains development progress, and the need to tell positive stories of change resonates with findings from our work on public attitudes towards aid and development. The lessons learned here also form part of the backdrop to a new body of work on what happens after the deadline for achievement of the Millennium Development Goals in 2015. What has worked in the past, what should a post-2015 agenda contain, and who should decide what it will look like?

An exciting year has seen several other new strands of work, a new set of strategic priorities to guide our work over the medium-term, and an accelerating transition in the very nature of our partnerships.

As this report shows, our engagement with the private sector is stronger than ever before, as the corporate and donor spheres edge ever closer to achieving solid development outcomes. In the past year, as in previous years, we have continued to work closely with local communities, learning from their experience of what works, and what does not, in development.

Our continuing challenge is to ensure timely, relevant, accessible ideas and policy advice, and we strive to do this on an ever-larger and more complex global stage. To meet the needs of a growing, fast-moving organisation we are investing in a new fit-for-purpose home to provide an innovative and creative environment for staff. The new building will support our 'climate-smart' aspirations and enhance our space to convene – to bring together a wider and more diverse audience for cutting-edge debates on key development and humanitarian issues. ■

William Day
Interim Chair of ODI

I am very pleased to report another year of growth at ODI. Our business has grown for the third consecutive year; we have achieved a modest surplus in line with our reserves policy and our staff grew to more than 170 people to support this success.

Our continued progress is based on ODI's response to a funding environment that is continually shifting. We have established flagship projects with multi-year funding that allow new evidence and new solutions to come to the fore, while retaining that all-important space for responsive, short-term work that can inform and influence people and processes to ensure our continued relevance in the world. This has been underpinned by new areas of investment to enhance our impact, with high-quality research seen as one part of a full think tank 'package' that also includes policy advice, cutting-edge communication and the convening of key stakeholders for debate and dialogue.

We make continuous efforts to improve the quality of our work and services. Last year the Board agreed to make two major investments in this area that will come to fruition this year; the move to new accommodation at 203 Blackfriars Road in London to enhance our convening power and give staff a more creative environment; and a refresh of the ODI brand following an independent stakeholder perception survey undertaken for us by Ipsos MORI.

We have been reviewing the work of the Board during the year and have appointed new directors to strengthen our governance arrangements in support of the Senior Management Team.

I would like to take this opportunity to thank Dr Daleep Mukarji OBE who steps down as Chair of ODI. Daleep steered the Board through a period of major organisational change and his contribution was valued very highly by all Trustees and the Senior Management Team. I would also like to wish a fond farewell to two long-standing Trustees, Dr Andrew Barnett and Professor Michael Lipton, who left the Board at the end of the year. Their wisdom and support have been invaluable to us over the years.

Finally, I am delighted to welcome Kate Jenkins and Martin Tyler to the ODI Board and Fraser Winterbottom to the Senior Management Team as Director of Strategic Operations. Kate Jenkins has wide experience of leading major strategic change in the public and private sectors in the UK and beyond. Martin Tyler is Executive Director of Operations at Asthma UK and has worked at a senior level for Amnesty International, Christian Aid and the Fairtrade Foundation. Prior to joining ODI, Fraser Winterbottom was Chief Operating Officer of the Energy Saving Trust, a social enterprise focused on energy use and carbon emissions reduction. We look forward to the new perspectives that they will bring to ODI's work.

As you will see from this year's report, they are joining an organisation that remains at the forefront of re-thinking development and humanitarian action in a changing world – one that I am confident will continue to grow and prosper in the future. ■

Our strategic priorities

Andrew Norton
Director of Research

ODI's strategic priorities are the five main areas in which we aim to make a difference. They help to focus work across ODI and with our partners in the pursuit of common goals, and they serve as a key tool to help us track the impact of that work. Developed over the past year for a full launch in 2012, our strategic priorities are already supporting our work to advance knowledge, shape policy and inspire practice.

Our five strategic priorities

1 New goals for a new era

The current, agreed global framework for development impact (the Millennium Development Goals) ends in 2015.
ODI supports the development of a new framework of goals and measures for a new development era, through reviewing evidence, developing proposals and supporting public debate.

2 Climate-compatible development

ODI is supporting effective climate-compatible development in four areas:

- improved systems for adaptation, resilience and humanitarian-response policy and planning
- effective climate finance
- strategies for competitiveness in a low-carbon global economy
- alternative models for effective natural-resource management.

3 Resilience in fragile contexts

ODI is strengthening understanding of how fragile and conflict-affected societies can achieve development reliably through the strengthening of governance and social institutions.

4 Inclusive growth in a volatile world

ODI is working to develop effective responses for developing countries to global volatility and shocks, helping them to sustain growth and poverty reduction.

5 New models for action

ODI is supporting the development of new, more effective models for financing development and humanitarian action – engaging public, private and civil-society actors.

ODI and gender

Understanding the role that gender plays in diverse contexts is essential for effective, sustainable development. We aim to incorporate gender analysis and action across all of our programmes, with overall leadership from our Social Development programme. Gender issues have been central to our work over the past year on the social impacts of the global economic crisis, the future of the Millennium Development Goals, the delivery of effective social protection, and the understanding of chronic poverty. We have launched a four-year, flagship programme of work, supported by our Accountable Grant with the Policy Division at the UK Department for International Development (DFID), to enable development actors to understand better how to transform the life chances of hard-to-reach, marginalised young women and girls. In addition, our Director, Alison Evans, joined the panel of advisers for the production of the *World Development Report* for 2012 on gender equality and development.

The development of our five strategic priorities is a response to an era of unprecedented change. The need for a comprehensive understanding of the challenges of global development and the options for response has never been greater, and our strategic priorities aim to focus ODI's response. They are not intended to encompass all our work – we are continually innovating and responding to demand and a changing context. However, in every part of our work we aim to:

- ensure quality and guarantee reliability in the way we interpret evidence to develop policy solutions
- take account of the gender dimensions of development issues, and
- engage with policy processes and disseminate the results of our work to the right audiences. We do this by stimulating demand, improving evidence and building coalitions for change.

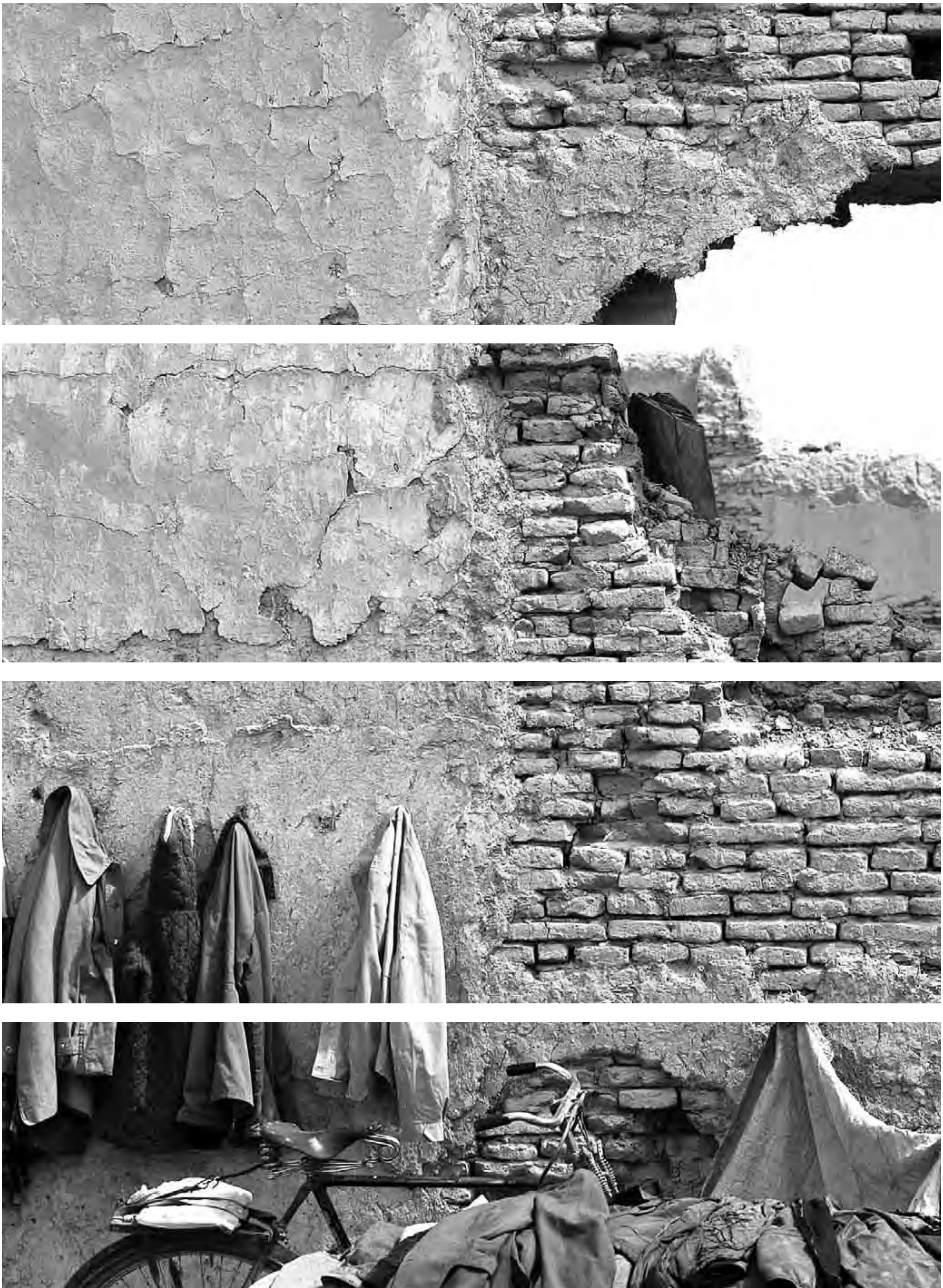
The year-long process of developing our strategic priorities has encouraged an ever-stronger focus on collaboration, results and impact. The following review of our work on these areas over the past year shows that ODI is already contributing to cutting-edge thinking, policy and practice on each priority, bringing together expertise and insights from across ODI, from core research programmes to communications. The priorities take rapidly changing development and humanitarian issues as the starting point for our work, rather than the workplans of individual research programmes. As a result, a number of our flagship projects span more than one strategic priority.

The following pages track a year of achievement on each of our strategic priorities. They show, for example, that ODI is in the vanguard of thinking and action on the post-2015 development landscape, with the deadline for the Millennium Development Goals in sight. On climate-compatible development, we review the impact of our work in an area that is truly cross-institutional, drawing on expertise from the bulk of our research programmes. We outline the breadth of our work on fragile states and societies, which makes a compelling case for an end to 'business-as-usual' approaches in countries that are anything but 'usual'. Our work on the volatility of markets illuminates the impact of northern crises on southern countries and our efforts to prepare for any future shocks. Finally, we set out a selection of new approaches to fundamental development and humanitarian concerns.

Our five priorities are underpinned by our emphasis on quality, cross-team working and communication, recognising that high-quality research is one step in a broad process to influence policy in favour of the world's poorest people. ■

"The development of our five strategic priorities is a response to an era of unprecedented change … ODI is already contributing to cutting-edge thinking, policy and practice on each priority, bringing together expertise and insights from across ODI, from core research programmes to communications."

Strategic priority 1 »



New goals for a new era

Strategic priority 1

The UN's Millennium Development Goals (MDGs) have provided unprecedented global consensus on the purpose of development action. But the MDG framework expires in 2015, and ODI is at the forefront of debate about what could – and should – come next.

The world was very different when the MDGs were adopted in 2000. The geographic distribution of poverty and global growth has shifted, the private and public sectors are engaged in development debates as never before, and policy-makers are linking development more closely to other global challenges, such as climate change and human security. Whatever framework for global action follows the MDGs, it must reflect the fast-changing world in which we now live.

ODI has already highlighted the value of common goals and a shared vision. Our *Development Progress Stories*, for example, have showcased the achievements of specific countries as they push towards the MDGs, helping to change the mood music around global development goals and targets.

We are now supporting the development of new goals by reviewing evidence, providing analysis and ideas, and spearheading public debate. Our work over the past year has spanned three key strands: the United Nations and governmental process, non-governmental organisations (NGOs) and, very importantly, the private sector – a key ingredient that was largely missing from the original MDG mix.

The UN and governmental process

Our Growth, Poverty and Inequality Programme (GPIP) is now in close touch with the UN's emerging post-2015 process, with a regular seat at the table for key consultative meetings.

The 'New Deal' for fragile states includes five new Peace- and State-building Goals (PSGs) that draw on work by ODI's Politics and Governance (POGO) team. With support from our Centre for Aid and Public Expenditure (CAPE) and other ODI programmes, the g7+ group of fragile states is gaining traction for these goals; traction that is set to intensify when the UN General Assembly discusses the New Deal in autumn 2012.

In Europe, ODI has been the only organisation to suggest a shift in the narrative of EU development cooperation: the result of work carried out by our European Development Cooperation Strengthening Programme (EDCSP) and its partners in the European Think-Tanks Group.

In addition, ODI is the only think tank invited regularly to the Japanese Government's informal post-MDGs Contact Group.

Working with, and convening, civil society

We work with Beyond 2015, an international campaign by more than 100 NGOs and academic institutions to influence the post-2015 planning process.

We have created Post2015.org and the @post2015 Twitter account: two new resources for ideas and debate on what comes after the MDGs.

With new meetings, reports or conferences on the post-MDG landscape almost every day, it is becoming increasingly difficult to keep track of what the key players on the MDGS are thinking, writing and saying. These new resources help users to sift through the mass of information, bringing together the key documents, reports and ongoing research on the post-2015 debate, with regular updates on events and briefings about the emerging agenda.

The private sector and global goals

Looking ahead, ODI sees the debate on a new post-2015 MDG framework as a unique opportunity to discuss the crucial role of the private sector. Work by our Private Sector and Markets (PSM) and GPIP teams examines how to tap into the strength of this sector to achieve development objectives.

Some donors and civil-society organisations are now recognising the benefits of collaborating with a sector that drives economic growth and job creation and provides financial flows to developing countries that are four times larger than official development

« The jackets of Afghan students who have returned to school. Kabul, Afghanistan © UN Photo/Eskinder Debebe assistance. Companies realise that delivering wider economic, social and environmental goals makes business sense, because it contributes to the long-term sustainability of their operations. Some, such as Unilever, Microsoft and Vodafone, already mention the MDGs in their corporate social responsibility (CSR) reporting. But there is, to date, no clear picture of what private-sector engagement in a post-MDG framework would look like.

GPIP is kick-starting a discussion on how the private sector could be involved in the dialogue on a post-2015 global development framework; private-sector behaviour that could be encouraged through such a framework; and incentives to embed this behaviour in the long term. Initial research has seized the attention of corporations, including Unilever and PwC, which want guidance on how to move beyond CSR to gauge – and amend – their development impact.

Looking ahead

ODI's role has been recognised by UK Prime Minister David Cameron, co-Chair of the High-Level Panel on the post-2015 development agenda. He has requested our thoughts on how key ideas for open economies and open societies – such as the rule of law, anti-corruption, transparency and accountability – can support poverty reduction as part of a post-MDG framework.

The Prime Minister summed up the post-2015 challenges in a letter to ODI, saying: 'The Millennium Development Goals helped to shape the quickest and biggest improvements in poverty reduction and infant mortality rates the world has ever seen. We will need to build on that success and consider how to address emerging challenges and lessons from the MDGs, so that a successor framework is relevant for the next generation.'

The thinking on the post-MDG framework is underway and new partnerships are being forged for its development. ODI is now accelerating its work towards the 2013 UN General Assembly, when the complex and challenging 'politics' of global goal-setting will come into play. ■

New goals for a new era: the basics

A selection of ODI programmes and partnerships working on this strategic priority

- Centre for Aid and Public Expenditure (Budget Strengthening Initiative)
- Growth, Poverty and Inequality Programme
- Humanitarian Policy Group
- Politics and Governance
- Private Sector and Markets
- Social Development

How do we know we're having an impact?

- An active debate on the merits or otherwise of a new post-2015 development framework that draws directly on ODI resources.
- An emerging post-2015 development framework that is being influenced by recommendations, evidence, public debate and analysis generated by ODI.

Learn more

ODI on the MDGs to 2015 and beyond
www.odi.org.uk/ar12-mdgs

Development progress stories
www.developmentprogress.org

Post-2015 online forum
http://post2015.org or join the Twitter conversation: @post2015

Twins Rossy and Ryan teach at the school they founded under a highway in Jakarta, Indonesia © Majority World/Drik/Edy Susanto

> *Inequitable global economic growth, and poverty reduction measures that miss those in greatest need, have excluded too many people from the progress that has been made to date … Millions of people continue to fall further behind, even in the middle-income countries that have made the greatest strides on overall poverty, and particularly in fragile states.*"

Not just progress, but *equitable* progress

ODI is working on the need for equity in any post-2015 framework, recognising that even if all of the MDGs are met, more than one billion people – one in seven of us – will still live in poverty.

Inequitable global economic growth, and poverty reduction measures that miss those in greatest need, have excluded too many people from the progress that has been made to date. Yet social protection – the social safety net that protects people from the keenest impacts of poverty – is low on the list of priorities in many countries. Millions of people continue to fall further behind, even in the middle-income countries that have made the greatest strides on overall poverty, and particularly in fragile states.

ODI's Social Protection programme has a well-established track record of support for the design and implementation of effective social-protection policy and programming in poor countries. As a result, the programme is a key player in the new Secure Livelihoods Research Consortium (SLRC), launched in 2011 to focus on what works to support livelihoods in fragile states.

Not only is social protection often overlooked, but many of the initiatives that are underway neglect critical gender issues in their design and implementation, with little emphasis on the very different ways in which men and women experience poverty. Working with partners in eight countries across Africa, Asia, Latin America and South-East Asia, our Social Development programme has just completed a four-year review on how well social protection programmes incorporate gender issues into their day-to-day operations.

Many programmes assume that targeting women will, in itself, address gender inequality. Our research suggests that, while this is an important first step, the role of gender in social protection is more complex. It confirms that poverty is not only about income, but about social risks such as discrimination and the unequal distribution of resources and power in the home. The research finds that far from tackling such issues, social protection has often reinforced the traditional roles of women and girls, men and boys. Few programmes have harnessed the potential for a transformation of gender relations, which would, in turn, improve the impact of programmes that aim to address poverty and vulnerability.

Climate-compatible development

Strategic priority 2

Making climate action and development action work together is an urgent global challenge. Recent years have seen these two 'strands' travelling along largely separate pathways, despite the clear need for collaboration to tackle the linked challenges of climate change and poverty.

ODI focuses on climate-compatible development – development that minimises the harm caused by climate impacts while maximising the opportunities for human development presented by a low-emissions, more resilient, future.

This work spans ODI, drawing on expertise across our core research programmes to generate high-quality research, analysis, communication and debate. Working in parallel to those with expertise in the science of climate change, we aim for a coherent approach in four areas:

- **adaptation and resilience**: increasing the effectiveness of adaptation and resilience policies and actions
- **finance**: improving the delivery of climate finance to serve the needs of poor people
- **low-carbon growth**: maximising the opportunities and minimising the risks for developing countries associated with an increasingly carbon-constrained global economy
- **managing natural resources in a changing climate**: ensuring that natural-resource management (forests, energy, food and water) balances development and climate goals while protecting and benefiting the poor.

The past year has seen a major expansion of ODI's work – and impact – in these areas, with new or growing work streams on adaptive capacity, green growth, effective climate finance and low-carbon competitiveness.

Adaptation and resilience

ODI has strengthened its profile on adaptation and resilience in the past year, with new work streams and partnerships that reflect intense interest in our work.

In December 2011, for example, we published *Rethinking support for adaptive capacity to climate change* by our Humanitarian Policy Group (HPG), Climate Change, Environment and Forests programme (CCEF) and Water Policy Programme for the Africa Climate Change Resilience Alliance (ACCRA) programme. The report has captured the interest of the leading international body on the assessment of climate change: the Intergovernmental Panel on Climate Change (IPCC) has asked ODI to identify what drives success in African adaptation for its *Fifth Assessment Report*. And our work on disaster risk reduction, resilience and barriers to adaptation have all been cited heavily in the report's first draft.

ODI was a key contributor to the IPCC's Special Report *Managing the Risks of Extreme Events and Disasters for Advancing Climate Change Adaptation (SREX)*, including a summary for policy-makers launched in November 2011. ODI has since worked with the Climate and Development Knowledge Network (CDKN) to publish three reports on *Managing Climate Extremes and Disasters: Lessons from the IPCC SREX Report* covering the Asia, Africa and Latin America and Caribbean regions, highlighting the *SREX* findings for each region.

Communication and dissemination are at the heart of this initiative, with the IPCC, CDKN and the Norwegian Government working with local counterparts to support regional outreach meetings to publicise the findings. Meetings have already taken place in Addis Ababa, Bangkok, Beijing, Delhi and Havana, with more planned for Dakar and Sao Paulo.

ODI's Social Development programme has started work on the social impacts of climate change. In the past year we have reported on the impacts of climate change on children in South Africa, examining the current and potential impact on children's health, education, nutrition, safety, housing and sanitation.

Looking ahead, our focus on adaptation will prioritise work on what follows the Hyogo Framework for Action to reduce disaster losses, which expires in 2015; tools to support local governments to prepare for climate uncertainty; and the effective delivery of adaptation approaches.

« A Mongolian family taps into solar energy © UN Photo/Eskinder Debebe

This report is particularly relevant and timely ahead of the UN Rio+20 conference and in the International Year for Sustainable Energy for All. Water, energy and land are crucial resources for development and human well-being and scarcity cannot be overcome by piecemeal actions."

ANDRIS PIEBALGS, European Commissioner for Development

We are working with our partners in the CDKN to strengthen the gender content of its work on climate-compatible development in research, technical assistance, advocacy and knowledge management.

Finance

The ODI-managed *Climate Funds Update* has established itself as the leading online resource for independent information on climate finance, from the moment donors pledge funding, to the actual disbursement of that funding on the ground. In partnership with the Heinrich Böll Foundation, we published a series of *Climate Finance Fundamentals* in 2011 highlighting key trends and developments in climate finance, such as the emerging governance of the Green Climate Fund. In partnership with the World Resources Institute, we are studying how developed countries are mobilising climate finance to meet their 'fast start' commitments to provide $30 billion by 2013.

We are also building a work programme in low-income countries to see exactly how climate finance works on the ground, in partnership with the UK Department for International Development (DFID). ODI and national partners are looking at the climate finance 'journey' – from how it reaches a country to how it is used once it gets there – and what, if anything, needs to change. This builds on earlier studies for the European Commission in Bangladesh and Indonesia, and with the United Nations Development Programme (UNDP) in Nepal. Similar studies for UNDP are also underway in Cambodia, Samoa and Thailand.

Low-carbon growth

ODI is carving out an expert niche in how low-income countries could become more competitive in a carbon-constrained world. A major programme of research and country engagement is analysing the impact of climate change and its mitigation on competitiveness and sources of growth. This spans the identification of opportunities and risks and the development of tools and approaches for policy-makers, donors and the private sector.

Such thinking contributes to our evolving understanding of 'green growth', with ODI identifying potential 'triple wins' on economic growth, poverty reduction and the environment, and greater understanding of the trade-offs between these three spheres. As a result, the German Agency for International Cooperation (GIZ) has asked ODI to study opportunities for green growth in Egypt – work that is already informing dialogue between GIZ and the Egyptian Government on stimulating such growth and boosting employment in small businesses.

Our work with CDKN has influenced policy around green growth. As a CDKN partner, ODI worked with Zimbabwe's Ministry of Economic Planning and Investment Promotion to support the development of Zimbabwe's Medium Term Plan (2011–2015), launched in July 2011. The Plan includes a climate-change chapter prepared by ODI, with adaptation positioned as a key objective for the country's economic turnaround.

Managing natural resources

ODI has taken the lead in the past year on the development of the *European Report on Development* (ERD 2012), alongside the Deutsche Institut für Entwicklungspolitik and the European Centre for Development Policy Management. This major report on behalf of the European Commission aims to show how politicians can confront the growing scarcity of natural resources to make the leap towards inclusive and sustainable growth.

ODI research for the report has examined key questions. How can we feed more than nine billion people sustainably by 2050? How can our planet cope with demands for water, food and energy that are likely to increase by half in the next 20 years? How can these demands be reconciled with efforts to sustain the natural resources on which we, and our planet, rely? Environmental stresses, such as reduced access to water, already affect

Mohamed Hassan, Chair of the UNU Council, at the KStar conference in Canada, 2012
© United Nations University Institute for Water, Environment & Health/Furqan Asif

The ODI-managed *Climate Funds Update* has established itself as the leading online resource for independent information on climate finance

women and girls disproportionately. Meanwhile, lack of energy services blocks economic growth. Given this grim picture, how can we protect the poorest and most vulnerable countries and people from the growing pressure on the planet's natural resources?

The recommendations drawn up by ODI with our partners include the need to avoid policy-making in silos and more emphasis on integrated thinking that promotes the management of water, energy and land (WEL) as part of a 'WEL-nexus'. ODI's work on the report has been backed up by concerted communications and outreach, with policy-makers brought into the discussion throughout the process.

Our experts on reducing emissions from deforestation and forest degradation (REDD+) are exploring a similar trade-off: how to balance development and climate-change objectives when managing forest resources. This builds on ODI's long history of work on forests, including REDD-net, an ODI-led partnership that provides the latest information about REDD+, enables the exchange of knowledge and promotes pro-poor REDD+ policies and programmes. Over the past three years, REDD-net has empowered over 50 civil-society organisations in 14 countries to participate in national REDD+ processes; created a website that attracts contributions from 50 countries; and built an effective and internationally recognised South-South learning network with broad membership. ■

Climate-compatible development: the basics

A selection of ODI programmes and partnerships working on this strategic priority

- Agricultural Development and Policy
- Climate Change, Environment and Forests
- Humanitarian Policy Group
- Growth, Poverty and Inequality Programme
- International Economic Development Group
- Private Sector and Markets
- Social Development
- Water Policy Programme

How do we know we're having an impact?

- Climate-finance institutions and instruments reflect ODI guidance on effective practice.
- Systems for managing disaster risk and adaptation reflect ODI research findings or guidance.
- Uptake of ODI recommendations on sustaining competitiveness in a low-carbon global economy by low-income countries.

Learn more

ODI on climate change
www.odi.org.uk/ar12-climate

CDKN
http://cdkn.org

Climate Funds Update
www.climatefundsupdate.org

Africa Climate Change Resilience Alliance
http://community.eldis.org/accra

Resilience in fragile contexts

Strategic priority 3

Fragile and conflict-affected societies struggle to achieve even the most basic human and economic development. Their citizens endure entrenched poverty, overlapping deprivations, and social institutions that are often discriminatory. For millions of people, the threat of violence dominates their struggle to build a secure livelihood.

Too often, the international response to fragile states is to rely on approaches tried and tested in countries that already enjoy strong governance and robust institutions. But such 'business-as-usual' tactics are unsuited to countries that are, to put it simply, *different*.

ODI focuses on the reality of fragility – on what works, and what doesn't – strengthening understanding of how fragile states can develop, including through stronger governance and social, economic and political institutions. We are also developing approaches to humanitarian action that alleviate suffering, protect the dignity and well-being of vulnerable people and, where possible, increase their resilience. ODI has provided valuable support to the g7+ group of fragile and conflict-affected states over the past year, as well as advice for donors and recipient governments confronted by famine in the Horn of Africa.

An end to 'business as usual'

The past year has seen ODI urging policy-makers to leave their comfort zone and engage with non-state actors in fragile states, such as chiefs, religious leaders, trade associations and even local militia. While donors acknowledge that people in fragile states often rely on the security and justice provided by such actors, there have been only modest efforts to engage with these actors to date. Our Politics and Governance (POGO) programme has spearheaded research and advice on how, and why, donors should engage with such actors, drawing on research carried out in Sierra Leone.

Negotiations with armed non-state actors (ANSAs) are increasingly important for accessing people in need. Yet few agencies engage strategically with ANSAs, with detrimental consequences for aid workers and those who need their support. Our Humanitarian Policy Group (HPG) is researching the obstacles to and opportunities for dialogue with ANSAs, reviewing the legal framework and carrying out sensitive research in Afghanistan, Somalia and Sudan (Darfur and South Kordofan). This includes ground-breaking research on how counter-terrorism legislation affects the ways in which humanitarian workers engage with proscribed groups.

Protecting livelihoods

HPG has identified the systemic flaws that failed to trigger an effective response to the 2011 crisis in the Horn of Africa, where drought, coupled with conflict in Somalia, affected over 13 million people. HPG research focused on efforts not only to save lives, but also to prevent the mass destruction of livelihoods that can threaten resilience and food security before communities become engulfed in a crisis. This research, which was disseminated in the Horn region through the Humanitarian Practice Network (HPN), has been cited extensively and is informing debate and recommendations on how to reform the humanitarian response system.

Peace- and state-building

POGO's work on peace- and state-building has examined the challenges and opportunities for the Occupied Palestinian Territories (OPTs), suggesting that sovereignty – while crucial – may not be enough to resolve the internal challenges. That will require concerted joint action by the Palestinian leadership in the West Bank and Gaza, working with the international community.

Tackling exclusion

Our Social Development programme focuses on another aspect of fragility: social institutions that exclude whole groups from the benefits of development because of their gender, age, ethnicity or class – institutions that often have far more influence on development than is generally realised. Engaging critically with the OECD Social Institutions and Gender Index,

« A Nepalese Maoist guerilla watches an armed exercise in Bhojpur, eastern Nepal © Majority World/Drik/Sagar Shrestha

Kashmiri women protest after a gun battle in Baramulla, north of Srinagar. Kashmir, India © Majority World/Shuaib Masoodi

the programme is advancing the debate on how to tackle such discrimination, particularly for hard-to-reach women and girls. The framework produced by ODI is already being used in calls for action in country programmes managed by DFID. Over the next four years, the Social Development programme will investigate what works in policy approaches to tackle discriminatory formal and informal laws, norms and practices that undermine girls' capabilities.

Value for money

The impact of ODI's work on fragile states in the past year has gone far beyond new thinking and debate: it has demonstrated tangible, quantifiable value for money. In Liberia, for example, the Budget Strengthening Initiative (BSI) has helped to identify government budget savings of $72 million (equivalent to 20% of the country's entire budget) through support for a more rigorous and effective budget process. This is an impressive result from a small programme of technical assistance costing just $200,000. ■

Learn more

ODI on fragile states
www.odi.org.uk/ar12-fragile

Working with non-state actors in fragile states
www.odi.org.uk/ar12-nsa

ODI in South Sudan: the world's newest 'fragile state'

ODI's track record of research, support and advice in Sudan pre-dates the country's division in 2011, spanning the work of ODI Fellows on the ground and a whole range of our research programmes.

Over the past year, our Humanitarian Policy Group (HPG) has provided expert commentary and analysis on the creation of the state of South Sudan, on the flashpoints that brought the world's newest nation to the brink of war, and on its continuing humanitarian crisis. As well as generating coverage in national and international media, including BBC Radio 4's *Today* programme, HPG has informed policy-making fora such as the International Development Committee, the UK Foreign and Commonwealth Office, the US State Department and various UN bodies, NGOs and donor agencies.

Our Budget Strengthening Initiative (BSI) has helped to develop South Sudan's revised aid strategy and a funding mechanism for faster delivery of infrastructure projects. This funding mechanism is now part of a design process for a World Bank programme to support community-based infrastructure and development projects.

In October 2011, our Research and Policy in Development Programme (RAPID) joined BSI to present *Development Progress Stories* to a high-level audience in the capital, Juba. We shared examples of progress from other states emerging from years of war, highlighting education in Benin, Cambodia and Ethiopia, health in Rwanda and water in Uganda. As well as receiving blanket media coverage in South Sudan, this event had top billing on the Government of South Sudan official website. The response from Shadrack Chol Stephen, Director General of Planning, Ministry of Education, was categorical:

> *'I don't think people in South Sudan know that you can emerge from war, like us, and in such a short amount of time see such remarkable progress … I will take* [this research] *back to the Ministry … and appeal to other ministers to do the same'.*

The future impact of such efforts is hard to gauge, given continuing disputes between South Sudan and Sudan and the halting of all oil production in a country that relies on oil for over 95% of government revenue. Our HPG 'Juba calling' videoconference, linking live public events in London and Juba in March 2012, explored the urgent humanitarian challenges that now face the country. With the coffers almost empty, South Sudan's transition to a peaceful and stable country has faltered – a powerful illustration (if one were needed) of the risks to development in fragile states.

A ‘New Deal’ for fragile states

Making the transition from fragility is a long political process that requires country leadership and ownership. Political dialogue often founders because of a lack of trust, inclusion and leadership. Donors frequently bypass national interests and actors, providing aid in ways that are too technical and that overlook the local context. Too often, they support short-term fixes at the expense of the long-term, sustainable results brought about by strengthening a country’s own capacity and systems. Clearly, a new mode of engagement in fragile states is needed.

The response

The g7+ group, inaugurated in Dili, Timor-Leste in 2010, represents fragile and conflict-affected states that have joined together to make their voice heard in international debates. In the lead-up to the Fourth High Level Forum on Aid Effectiveness in Busan, South Korea in November 2011, the group became increasingly vocal, calling explicitly for a New Deal for fragile states. In the months before Busan, the New Deal was refined through an intense process supported by the International Dialogue on Peacebuilding and Statebuilding. Through the Budget Strengthening Initiative (BSI), ODI provided catalytic research and support to the g7+ group and the International Dialogue throughout the process. Our support has ranged from the ODI public event in October where the g7+ group made their call for a New Deal, to direct support from BSI to the g7+ Secretariat in Timor-Leste since spring 2011, and an op-ed that appeared in *The Guardian’s* ‘Poverty Matters’ blog the day before Busan.

The impact

The emergence of the g7+ group and the endorsement of the New Deal in Busan have been remarkable achievements, backed by commitments to the Deal from Australia, Belgium, the Netherlands and the UK. The New Deal identifies five Peace- and State-building Goals (PSGs): legitimate politics, security, justice, economic foundations, and revenues and services. These build on work by ODI’s Director and the Politics and Governance programme back in 2010 that have underpinned much of the ‘new’ thinking in this area.

ODI will continue to provide support and advice to g7+ members as the New Deal is rolled out. BSI is already engaged in the Democratic Republic of the Congo, Liberia and South Sudan – all of which are piloting the New Deal – and has been asked by the g7+ Secretariat in Timor-Leste to support its implementation more broadly.

Learn more: www.odi.org.uk/ar12-newdeal

Looking ahead: the Secure Livelihoods Research Consortium

The Secure Livelihoods Research Consortium (SLRC) is a six-year global research programme launched in 2011 to explore livelihoods, basic services and social protection in conflict-affected countries and the links between these and state-building. SLRC will start from the viewpoint of poor people, asking which aid interventions or government policies and programmes make a difference to their lives. Focusing on seven countries – Afghanistan, Democratic Republic of the Congo, Nepal, Pakistan, South Sudan, Sri Lanka and Uganda – the SLRC will review the governance structures that both support and undermine people’s livelihoods. As well as linking to ODI’s work on legitimacy and state capacity, this research will also contribute to efforts by the g7+ group of fragile states to achieve the five Peace- and State-building Goals set out in the New Deal.

ODI is the lead organisation in the SLRC, working with the Centre for Poverty Analysis in Sri Lanka; Feinstein International Center; the Afghanistan Research and Evaluation Unit; the Sustainable Development Policy Institute in Pakistan; Disaster Studies of Wageningen University in the Netherlands; the Nepal Centre for Contemporary Research; and the United Nations Food and Agriculture Organization.

Learn more: www.odi.org.uk/slrc or @SLRCtweet

The quality of the work is outstanding – it is innovative and draws on a breadth of experience from other situations.”

DR HELDER DA COSTA, Senior Adviser in the National Directorate of Aid Effectiveness, Timor-Leste Ministry of Finance, and Head of the g7+ Secretariat

Resilience in fragile contexts: the basics

A selection of ODI programmes and partnerships working on this strategic priority

- Africa Power and Politics
- Centre for Aid and Public Expenditure (Budget Strengthening Initiative)
- Humanitarian Policy Group
- Politics and Governance
- Research and Policy in Development
- The Secure Livelihoods Research Consortium
- Social Development
- Social Protection

How do we know we’re having an impact?

- Uptake of approaches and findings from ODI programmes on state-building, peace-building and positive political transactions by major development actors.
- Uptake of ODI approaches to transforming the lives of hard-to-reach women and young girls.
- ODI influences global humanitarian policy for emergency response in conflict-affected and fragile situations.

Inclusive growth in a volatile world

Strategic priority 4

Since 2008 there has been a 'new norm' of dynamic uncertainty in global markets in energy, food, land and finance (both public and private). This new and volatile environment poses serious challenges to sustainable and inclusive growth, livelihoods and well-being in rich and poor countries alike. As we have seen, volatile markets often combine with political and environmental shocks to create a complex mix of pressures on the poorest.

It's not all negative; developing countries often emerge stronger from particular shocks. But there is no escaping one reality: the impact on specific groups of poor people is often harsh. Unless the excluded are included in economic growth, such growth is built on shifting sands and remains vulnerable to the slightest tremor.

ODI supports the development of effective responses to global volatility for low- and middle-income countries, working with partners to promote resilience, sustain growth and employment, support innovation, and achieve poverty reduction.

We have, for example, contributed to a 'Change Readiness Index' with KPMG to provoke debate on, and better measure, the abilities of countries to manage global change. Our work on competitiveness in a carbon-constrained world is grounded in potential opportunities for the poorest communities in the face of global shifts. The past year has also seen us taking a lead on the likely impact of the euro zone crisis on developing countries, building consensus on the role of development finance institutions (DFIs) in emerging economies, and creating Shockwatch – a unique 'warning resource'. We have also assessed food-price trends over the next decade, changes in China's production and consumption of cereals, and regional volatility in food prices in East Africa and the Horn.

Northern crisis, southern impact: ODI and the euro zone crisis

The euro zone crisis entered a new and dangerous phase in late 2011, with most eyes focused on the implications for European countries such as Greece and Spain. ODI, however, has focused on the implications for lower-income countries that depend on the European Union as a market and as a source of finance. Detailed research on how the crisis might affect developing countries over the past year has built on our existing work on the global financial and economic crisis.

Our work in this area has been unique. While the International Monetary Fund, for example, has reviewed the likely impact of the crisis on whole regions in the global South, ODI has provided the only insight to date on how the crisis is playing out in specific developing countries. Our research suggests that the crisis is likely to hit poor countries hardest through trade, with a drop of 1% in export growth, reducing growth rates in low-income countries by an average of 0.4%. The crisis is already being felt in reduced exports, declining portfolio flows, cancelled or postponed investment plans, and falling remittances and aid flows. Public investments have fallen in Mozambique; remittances

Looking ahead: Shockwatch

ODI is developing Shockwatch – a unique programme that will monitor global volatility changes in capital flows, foreign direct investment, trade, energy prices and the agriculture sector. This programme builds on ODI's strong track record in responding to the volatility of the past five years, such as the food-price spike of 2008 and the global economic crisis that followed. Shockwatch will examine the lessons of the past for future preparedness. What can be learned from policy responses to previous shocks? What will drive future volatility and affect its impact? How can policy-makers, from global to local, be prepared? As well as scoping the future and producing regular information and analysis on major global shifts, Shockwatch will inform the work of ODI itself, helping us to be ready with the right research, for the right audience, at the right time.

« Women plant rice in Bac Ha, Viet Nam © UN Photo/Kibae Park

> *Unless the excluded are included in economic growth, such growth is built on shifting sands and remains vulnerable to the slightest tremor.*"

Women, children and economic fallout

ODI's Social Development programme has investigated the social effects of economic crises on vulnerable groups and proposed effective policy responses. Our work on the impact on women and children has been carried out in partnership with UNICEF, including in Nigeria and the Middle East, and on youth in partnership with DFID. Our research has revealed increases in child mortality, morbidity and labour, reduced schooling and often unrecognised impacts on exploitation, abuse and family mental health. Our work has captured pro-active policies in a number of countries that respond to the particular needs of women, children and youth. A special issue of the ODI journal *Development Policy Review* has focused on this issue, and a Palgrave book, *Children in Crisis*, has been welcomed by Dani Rodrick, Professor of International Political Economy at Harvard, saying:

> *'this is a path-breaking book that documents the acute vulnerability of children to economic downturns. The authors challenge the presumption that poor children are sheltered because they are not much integrated into formal financial systems … a required read for anyone who cares about poverty alleviation and social development.'*

have declined in Nigeria; the Kenyan stock exchange has suffered heavy sell-offs; and foreign investments have been delayed in Rwanda.

To weather the crisis, our research suggests that developing countries should spur aggregate domestic demand, promote export diversification in both markets and products, improve financial regulation, endorse long-term growth policies, and strengthen social safety nets. For their part, multilateral institutions should ensure that adequate and coordinated funds and shock facilities are in place to provide effective and timely assistance to crisis-affected countries.

ODI's work on the euro zone crisis has captured the interest of the European Commission, KfW (the German state-owned development bank) and L'Agence Française de Développement, all of which attended the presentation of our findings in Brussels in March 2012. Our research has also been featured on *The Guardian*'s 'Poverty Matters' blog.

Working with development finance institutions

2011–2012 demonstrated the growing impact of ODI work that has gathered momentum over five years with a number of international partners on research: policy influencing and communication around development finance institutions (DFIs).

DFIs (public agencies that invest in the private sectors of emerging economies) are honing their support for private enterprise in developing countries. According to our research, they more than doubled their investments, from $15.4 billion in 2003 to $33 billion in 2009, and their support is now equivalent to one quarter of official development assistance.

ODI has worked closely with the oldest DFI in the world, the CDC Group, owned by DFID, which has pioneered the channelling of DFI funding through private-sector investment funds, rather than through direct investment in businesses. ODI has worked with CDC to enhance its development impact and respond to the global financial crisis. We have also contributed to CDC's reform process as a specialist adviser to the UK Parliament's International Development Committee enquiry on its future, which drew heavily on our work in 2011.

Our research suggests that bolstering the interaction between DFIs and donors is crucial to ensure that money is invested in the poorest countries. Key findings and policy recommendations were shared at an ODI roundtable with DFIs in September 2011. And in February 2012, ODI's work on DFIs was highlighted extensively in the *Financial Times*' 'This is Africa' report.

Girls in a tent classroom at Phool-e-Rangeena Government School in Herat, Afghanistan © Majority World/Drik/Shehzad Noorani

ODI has provided the only insight to date on how the euro zone crisis is playing out in specific developing countries

Food prices and volatility

Cereals markets have been more volatile since 2007 than at any time in the previous 30 years and ODI continues to track changes in cereals prices, investigate their causes, and assess responses. In the past year we have convened a workshop to discuss the key drivers of rising cereals prices over the next ten years, which are expected to be 20–40% higher than they were at the turn of the century, largely as a result of higher oil prices.

Given China's major role in world cereals markets, we have assessed its production and consumption trends. While it seems that China can and will continue to produce most of the rice and wheat consumed domestically, it is, increasingly, importing maize as animal feed. Much depends on whether Chinese consumers eat more meat as their incomes rise: will their diets mirror the relatively low meat consumption seen in Japan, or the meat-heavy diets of Europe and North America?

Local volatility can also have profound effects. ODI studied the food crisis that hit the Horn of Africa in 2011, plunging tens of thousands into poverty and hunger. Our assessment of the impact of higher global food prices on soaring domestic prices for staples found that prices in the Horn depend more on local harvests than on world markets. However, the price of imports matters when harvests fail badly, as happened in 2011. Our findings suggest that price stability in the region requires better regional cereals production, storage and trading, which, in turn, require better transport, financing and agricultural development. These are stronger candidates for policy than short-term schemes to stabilise prices by releasing public food stocks, which could be costly and deter investment. ■

Inclusive growth in a volatile world: the basics

A selection of ODI programmes and partnerships working on this strategic priority

- Private Sector and Markets
- International Economic Development Group
- Agricultural Development and Policy
- Social Development
- Social Protection

How do we know we're having an impact?

- Global response architecture (shock facilities, policy advice to low-income countries) reflects ODI findings and guidance.
- Uptake of ODI findings and recommendations for strengthening social protection systems capable of responding to shocks.

Learn more

ODI on economic growth
www.odi.org.uk/ar12-growth

ODI on the euro zone crisis
www.odi.org.uk/ar12-eurozone

The European Report on Development
http://www.erd-report.eu/erd/report_2011/report.html

The Change Readiness Index
www.kpmg.com/global/en/issuesandinsights/articlespublications/change-readiness/pages/default.aspx


NICON

New models for action

Strategic priority 5

The dramatic changes in the context for development and humanitarian action over the past decade challenge the existing models for the delivery of development and humanitarian assistance.

These include shifts in the distribution of poverty and global growth, the emergence of new donors, the growing recognition of the role of the private sector in promoting development, and new global challenges such as climate change. At the same time, donor countries must justify the aid they provide by proving its impact to voters who face austerity at home.

ODI supports the development of new, more effective models for financing development and humanitarian action, and to engage public, private and civil-society actors. Our work recognises that context matters for lasting impact, and that understanding context is essential for effective action.

Highlighting what works to support government innovation

In the run-up to the Busan High Level Conference on Aid Effectiveness in November 2011, ODI organised five events with support from the BBC World Service Trust (now BBC Media Action) and the Africa Governance Initiative (AGI) to showcase what works in development assistance. Covering such issues as who should lead on aid effectiveness and the expectations of donors, the series convened major players to share their thoughts, including former UK Prime Minister Tony Blair, AGI Patron, who spoke about visionary African leaders who tackle poverty by transforming government.

Our Social Development programme has worked with Save the Children to make a compelling case for greater investment in child-sensitive development, having analysed the impact of aid and development on children's lives over the past 20 years. The resulting report, *Progress in child well-being: building on what works*, has received immense UK and international media coverage since its publication in spring 2012.

ODI programmes have also scrutinised the political economy of service delivery and the provision of public goods across a range of countries over the past year. Our Water Policy and Politics and Governance (POGO) programmes, for example, have examined what works for and against the delivery of water and sanitation, examining the political economy of urban water pricing in Sierra Leone and of scaling up rural sanitation in Viet Nam. Working with Plan UK, POGO has assessed the impact of community 'scorecards' in Malawi – an approach that aims to capture the community perspective on service delivery, filling a knowledge gap on how social accountability initiatives work in practice.

Our Social Development programme has tested ways to align social- and gender-audit methodologies with national development plans, working with the Government of Viet Nam to promote the inclusion of marginalised populations. ODI has also worked with the Africa Power and Politics Programme (APPP) on the issue of safe motherhood in Rwanda, demonstrating that genuine progress can be made, even where public resources are limited.

We have reviewed social-protection approaches – in particular, conditional cash-transfer programmes – that are

RiPPLE earns its wings

Since 2006, RiPPLE (Research-inspired Policy and Practice Learning in Ethiopia and the Nile region) has advanced knowledge on what works in water supply and sanitation. Working in three regions of Ethiopia, RiPPLE has developed new and high-quality knowledge on water supply and sanitation through Learning and Practice Alliances that align research to local priorities, test and evaluate new approaches, and share experiences across districts and regions. This five-year Research Programme Consortium (RPC), funded by DFID, was led by the Water Policy Programme at ODI in partnership with Addis Ababa University, the Ethiopian Catholic Church – Social and Development Coordinating Officer of Harar, the International Water and Sanitation Centre and WaterAid Ethiopia. With RiPPLE's approaches now firmly embedded, ODI has stepped back. Since July 2011, RiPPLE has become a thriving, independent NGO led by the Hararghe Catholic Secretariat – a rare legacy for any RPC.

« Homes and offices side by side on Lagos Island, Nigeria © Majority World/Twenty Ten/Africa Media Online/Adolphus Opara already benefiting children across the developing world, and that are now being piloted to address challenges to safe motherhood. Our research suggests that context is vital, alongside funding, targeting, complementary programmes, government ownership and monitoring. Working with DFID, Interact Worldwide and UNICEF, we have produced publications and organised debate on social-protection innovations that are tackling maternal ill-health, and how to take these to scale.

As this work shows, ODI is carving out an expert niche in understanding the political economy and the institutional features that influence the provision of public goods and services. This will be taken forward next year with new insights and policy guidance across a range of basic services led by POGO, and with new research findings from the Secure Livelihoods Research Consortium (SLRC) and others.

New approaches for donor agencies

POGO has encouraged donors to leave their comfort zone to focus on human rights and engagement with political parties. Analysis of the likely human-rights impact of Kenya's revised Constitution, for example, has spelled out the implications for the rights of children and women and the action needed to ensure that they are part of the Constitution's roll-out. POGO has worked with the World Bank to show how the use of a human-rights lens as part of development efforts in fragile states can illuminate the legacies of rights violations that often fuel conflict and fragility. POGO has also spearheaded research and advice on how, and why, donors should engage with, and better understand the nature of, political parties at all times, not only around elections. »

I wish to express my most sincere appreciation and also of the Secretary General for kindly accepting the invitation to share your perspectives with the ACP Ministers. Ministers expressed their appreciation for your providing lots of food for thought, and a clear view of the unfolding situation in Europe."

PAULO KAUTOKE, Assistant Secretary General, Secretariat of the African, Caribbean and Pacific (ACP) Group of States

An agenda for change for EU development cooperation

Together, the countries of the European Union comprise the world's biggest donor, providing around 60% of all aid to developing countries. There is consensus that the EU has the potential to become the benchmark for international cooperation, but development itself must fight for attention as Europe grapples with the euro zone crisis and massive public debts. Now, as never before, European development cooperation needs a new vision for the post-2015 landscape that is re-cast in the language of shared interests and high impact. This would be a vision that recognises the role of non-state actors and the private sector in development, not just to fill financing gaps, but for their potential intellectual and organisational contribution to development.

Responding to the need for more research and policy advice, ODI created the European Development Cooperation Strengthening Programme (EDCSP). The EDCSP, in turn, brought ODI into the European Think-Tanks Group (ETTG), alongside the European Centre for Development Policy Management, the German Development Institute and Fundación para las Relaciones Internacionales y el Diálogo Exterior.

The ETTG first made its mark back in February 2010, as the new European Commission took office in Brussels, with its landmark report *New Challenges, New Beginnings: Next Steps in European Development Cooperation*. The report, which called on the Commission to update the EU development-policy narrative, was welcomed by Andris Piebalgs, European Development Commissioner, saying: 'This book is my bible'. EDCSP encouraged the Commissioner to declare a moratorium on all policy initiatives in order to articulate a 'strategic intent' for EU development cooperation. EDCSP facilitated ODI's input into the consultation and discussions with the Commission following the Commission's Green Paper in October 2010 on the future of EU development policy. As a result, Commissioner Piebalgs invited ODI Senior Research Associate Simon Maxwell to join him to launch the new strategy, 'An Agenda for Change', in October 2011.

The EDCSP will monitor how the new Agenda for Change translates into action, continuing to provide impartial analysis to keep development cooperation high on the EU agenda.

Learn more: www.odi.org.uk/ar12-europe

The Panos Team and Mr Chilikima, the Radio Listening Club (RLC) Coordinator for Kasempa, Zambia, meet members of the Nselauke RLC © Panos Institute Southern Africa

HPG provided impartial facilitation and brought to the table an independent and intellectual perspective, drawing out best practice and steering more effective inter-agency collaboration."

CHRIS KAYE, Director of Performance and Accountability Management Division (RMP), World Food Programme

A new realism about risk

Humanitarian agencies are under unprecedented pressure from donors, politicians and the public to manage the risk that emergency aid may go astray or end up in the wrong hands, particularly since 9/11. At the same time, agencies are expected to achieve concrete results in increasingly hazardous and complex emergencies.

Donors, meanwhile, must answer to taxpayers who demand value for money at a time of growing austerity at home. They are also under increasing pressure from those very same taxpayers to 'do something' about human suffering.

This dilemma is often laid at the door of humanitarian agencies, which have to respond to calls for increased accountability while coming under pressure to avoid risks, with consequences for the speed and impact of their humanitarian responses.

The Humanitarian Policy Group (HPG) at ODI has acted as an 'honest broker' on risk management to reveal the dilemmas faced by both donors and agencies. One success has been HPG's role in consultations on the drought in Somalia in June 2011 – at the invitation of the World Food Programme (WFP) – with humanitarian agencies, the UN Country Team and donors to break a risk-related deadlock in funding to Somalia. As an independent voice, HPG could reassure donors that WFP had acted to manage and minimise risks in their operations, emphasising that you can have robust risk management, but this must be accompanied by realistic expectations of what is achievable in complex emergencies.

The HPG-commissioned paper *Risk in humanitarian action: towards a common approach* helped to weave a coherent framework for the understanding and assessment of risk. WFP itself adopted the framework as its risk-management tool and asked HPG to support its informal UN inter-agency meeting on risk management in May 2011. This work has reverberated across the humanitarian sector to generate more insightful debate on the whole issue of risk.

Learn more: www.odi.org.uk/ar12-risk

An ODI Humanitarian Policy Group public event: *Juba calling: what next for South Sudan?*, March 2012 © ODI

The Humanitarian Policy Group (HPG) at ODI has acted as an 'honest broker' on risk management to reveal the dilemmas faced by both donors and agencies

New models for humanitarian action

Our Humanitarian Policy Group (HPG) has contributed to growing consensus on what works in civil-military coordination.

HPG has built partnerships with a range of military, peacekeeping and security organisations and humanitarian agencies to find common ground on humanitarian action, including the Australian Civil-Military Centre, the UK Ministry of Defence, the European External Action Service, the UN Department of Peacekeeping Operations (DPKO) and NATO.

A review of country-specific Inter-Agency Standing Committee (IASC) guidelines on civil-military coordination by HPG now informs IASC policy discussions on this issue, and the International Committee of the Red Cross has asked HPG to draft proposals for new standards on coordination with military and security actors.

A study by HPG and the US-based Stimson Center, commissioned by the UN Integration Steering Group (ISG) has examined UN integration efforts – a contentious issue for more than 20 years. The ISG is already implementing key recommendations from the resulting report, *UN integration and humanitarian space*, published in December 2011, including the recommendation that the ISG should help to resolve disputes about integration in specific countries. ■

The Humanitarian Practice Network (HPN)

The Humanitarian Practice Network (HPN), managed by our Humanitarian Policy Group (HPG), is a unique, independent forum where humanitarian workers, managers and policy-makers can share information, analysis and experience. HPN's *Good Practice Review* (GPR) No. 11 on 'Cash Transfer Programming in Emergencies', released in June 2011 in English, French and Spanish, synthesises existing cash-transfer guidelines, lessons from evaluations and practical examples drawn from experience in the field. GPR 11 has proved to be one of HPN's most widely used and highly regarded resources, receiving praise from donors and practitioners alike.

Learn more: www.odihpn.org

What works for small farmers

There is anxiety about how the world will feed an additional two billion people by 2050 while reducing hunger and poverty and ensuring that agriculture is environmentally sustainable, adapted to a warming climate, and mitigating greenhouse-gas emissions. ODI aims to help to identify cogent solutions to these complex problems that are feasible and, as far as possible, straightforward.

Most of the world's farmers are smallholders, and how they can increase production and prosper in changing times is central to this debate. One innovative and long-term approach began to generate tangible findings in 2011–2012. Working with African partners in the Future Agricultures Consortium, ODI's Agricultural Development and Policy programme has helped to monitor the ways in which small farms are commercialising in more than a dozen villages in Ethiopia, Ghana, Kenya, Malawi and Tanzania. Initial findings confirm considerable dynamism in producing increasing amounts of dairy, fruit and vegetables for domestic markets. Farmers are already making progress, despite limited access to credit and the best of new technology, and often imperfect marketing. Improvements in these areas would, according to our research, accelerate that progress.

Learn more: www.future-agricultures.org

New models for action: the basics

A selection of ODI programmes and partnerships working on this strategic priority

- Agricultural Development and Policy
- Africa Power and Politics
- Centre for Aid and Public Expenditure
- Climate Change, Environment and Forests
- Growth, Poverty and Inequality Programme
- Humanitarian Policy Group
- International Economic Development Group
- Politics and Governance
- Private Sector and Markets
- Social Development
- Water Policy Programme

How do we know we're having an impact?

- Evolution of dominant models for aid delivery reflects ODI guidance and findings.
- More effective engagement between public- and private-sector actors in development debates and action, reflecting ODI findings and guidance.

“

I want to start by thanking the study team for their excellent work. The team has managed to produce a balanced report that provides an excellent basis for all of us to move forward. The study does a good job of presenting these factors and rightly calls on us to be much more rigorous in our analysis of each context.”

MR HERVÉ LADSOUS, Under-Secretary-General, Department of Peacekeeping Operations

Ratna Maya Thapa shows her voter registration card after voting in the Nepalese Constituent Assembly elections
© UN Photo/Nayan Tara

Learn more

All of our core research programmes aim to show what works …
www.odi.org.uk/ar12-programmes

… and their efforts are informed and supported by communications and policy outreach
www.odi.org.uk/ar12-communications
www.odi.org.uk/ar12-rapid

Bridging the gap between research and policy

Policy-makers need more than facts and figures – they need to know why, and how, they should take a particular course of action

High-quality research is one aspect of ODI's work. As a leading think tank, we aim to translate our research findings into concrete action for the world's poorest people.

ODI's own research and experience has revealed that policy decisions are rarely, if ever, made solely on the basis of research findings, no matter how robust. Policy-makers need more than facts and figures – they need to know why, and how, they should take a particular course of action. Here, ODI is seen as a leader by think tanks and by policy-makers themselves.

Approaches to policy influencing pioneered by ODI's Research and Policy in Development programme (RAPID) have embedded a cadre of 'policy entrepreneurs' at ODI, and built similar cadres in the global South – individuals and teams that can deliver research-based strategies to influence policy. The past year has seen the mainstreaming of RAPID approaches and the growing use of practical tools to hone policy skills, such as communication, networking, monitoring, evaluation and learning.

RAPID staff are now working full-time in Malawi, Nepal and the Philippines with national counterparts on the concrete translation of research into policy. We are working with the International Growth Centre in Nepal, for example, to carry out a political economy analysis of opportunities for growth. This looks at Nepal's economic sectors, such as tourism, to pinpoint constraints and opportunities.

Other highlights over the past year include our efforts to unravel and use complexity theory when it comes to policy influencing, with a Briefing Paper on this issue ranking high on the list of ODI downloads.

Policy partnerships

Developing the strategic relevance and impact of ODI's partnerships has been an ongoing priority over the past year. As we face changes in our key policy audiences, the significance of our partnerships has come to the fore.

A review of partnership arrangements is underway to identify the strategic partnerships that can enhance our impact in new policy arenas. But progress is already being made on two key partnerships: the European Think-Tanks Group (ETTG) and the International Poverty Reduction Centre in China (IPRCC).

During the past year we have made solid progress in deepening and broadening engagement with the ETTG, comprising ODI and the European Centre for Development Policy Management, the German Development Institute and Fundación para las Relaciones Internacionales y el Diálogo Exterior. Our collaboration with the ETTG has included extensive work around a new vision for European development cooperation.

ODI and Mwananchi

The five-year Mwananchi (citizen) programme is strengthening the engagement of citizens with their governments across six African countries: Ethiopia, Ghana, Malawi, Sierra Leone, Uganda and Zambia. Funded by DFID through the Governance and Transparency Fund (GTF), and managed by ODI, Mwananchi aims to increase transparency and to hold governments to account as a means to reduce poverty.

Mwananchi builds 'coalitions of change' that include the media, civil-society organisations, elected representatives, traditional leaders, or representatives from the public or private sector who can make change happen.

Examples of the impact of Mwananchi from the past year include action for people with disabilities in Ethiopia, where the Lem Limat Programme (LLP) enhances the involvement of citizens – particularly those with disabilities – in decision-making. The LLP has worked with the Association of People with Disabilities in Guraghe Zone to increase its capacity to engage with government and change attitudes. The Association has been equipped to research access to basic social services, employment and other public resources, and support to discuss its findings with government actors.

As a result, Guraghe Zone Council has invited the Association to join its annual assembly for the first time this year and the rights of people with disabilities have been highlighted by the local media. A local radio station, Wolkite 89.2 FM Radio, has broadcast four programmes on national public policies and international conventions related to the rights of people with disabilities in education, health, building construction and design, and employment. A number of people with disabilities have found employment as a result of this initiative, including women who have received cash to start trading at local markets. Aberash Zeberga, who benefited from the support, commented:

> *'I had remained dependent for so long on others to survive until I was provided with this opportunity from the Health Department of Guraghe Zone which enabled me not only to be self-sufficient to support my life but also to show to the world that I am productive.'*

2011–2012 also saw ODI broaden its collaboration with the IPRCC in China to look at green growth, increasing resilience to natural hazards and impact evaluation. ODI will work closely with IPRCC staff over the next few years to ensure that research is embedded in a real understanding of the development policy environment in China. ODI and IPRCC senior staff are now discussing how best to establish world-class international development think tank capacity in China – a key player on the international development stage.

As in previous years, our work on policy influence aimed to shift the focus in terms of capacity-building to the global South. The NCCR (National Centres of Competence in Research, North-South), now plans to roll out the ODI-developed ROMA (RAPID Outcome Mapping Approach) with its research teams. NCCR, managed by the Swiss National Science Foundation, has an international research network of 350 researchers in over 40 countries worldwide.

ODI has also provided strategic advice to 3ie, the international initiative for impact evaluations, on how best to measure and track impact. And we are developing a Methods Lab, with funding from AusAID, to develop, test and promote more cost-effective approaches to impact evaluation.

Priorities for the coming year include expanding the number of ETTG partners to include partners in France and Scandinavia, establishing ODI as a member of the G20 Think Tank Group and delivering our collaborative programme of work with IPRCC.

Looking ahead, ODI is launching *Knowledge, policy and power in international development: a practical guide*, which assesses the knowledge-policy process using real-life examples combined with practical guidance. This high-level synthesis of what ODI knows about the translation of knowledge into policy has already informed the 2012 K* (KStar) conference in Hamilton, Canada, which brought together 60 experts from 20 countries to learn how to mobilise knowledge to reduce poverty. It was also presented in the Open Knowledge Conversations series at the World Bank in June 2012. ■

Learn more

Research and Policy in Development
www.odi.org.uk/ar12-rapid

Mwananchi
www.mwananchi-africa.org

Communicating across continents

Gillian Hart
Director of Communications

The Communications team at ODI has continued to innovate in communications in its broadest sense over the past year, from media coverage, to capacity-building, to tracking the impact of our work.

Taking the story to the policy-makers

The *Mapping progress* report found appreciative audiences across the world with its lessons from the 23 *Development Progress Stories* published by ODI and its partners – stories that aimed to revive enthusiasm for global development goals by showing genuine progress. Launch events in Accra, Busan, Juba, Kigali, London and Washington gave this work global reach, with active engagement from host governments. In Juba, South Sudan, for example, the Director General of Planning at the Ministry of Education responded that the stories were 'eye-openers' and he was 'impressed by the similarities in sister countries'.

Innovative public affairs work by our Humanitarian Policy Group (HPG) has expanded to include greater participation from countries facing humanitarian crises. HPG has brought policy-makers and leading humanitarian organisations together at events to generate debate on some of the most pressing issues facing the humanitarian community. 'Khartoum calling' and 'Juba calling' saw panels in the respective capitals debate the escalating tensions between Sudan and South Sudan, while 'Kabul calling' addressed the potential humanitarian impact of the withdrawal of troops from Afghanistan by bringing together expertise in Kabul and London. As well as enjoying the live streaming of all public events, people can now take part in these events as speakers or attendees, no matter where in the world they are.

Our work with UK Parliamentarians through the All Party Parliamentary Group on Overseas Development (Apgood) continues to provide a high-level platform for debate that informs UK Parliamentarians on key development topics and issues. We hosted a series of well-attended events in the past year under the chairmanship of the Right Hon. David Laws MP on such varied topics as microfinance, the UK's humanitarian emergency response report, the role of the private sector in development and Brazil's emerging aid agenda.

The Communications team has worked closely with the Research and Policy in Development (RAPID) programme to help other think tanks to maximise the impact of their work on policy. This has included communications capacity-building workshops for 3ie's Latin American grantees in Mexico, Trust Africa's grantees across the African continent and for the Education Research Network for West and Central Africa. In the past year we have focused specifically on the development of capacity-building modules on digital communications, social media and media interviews, in addition to the more traditional research dissemination or policy-influencing communication channels.

Young women take photos near the Hafez Temple in Shiraz City, Iran © Majority World/Drik/Javad Montazeri

> *Digital is not another channel, it is the delivery choice for this generation."*
>
> FRANCIS MAUDE, UK Minister for the Cabinet Office, 11 June 2012

Public money, public good

Demonstrating the impact of our work is more important than ever in these turbulent economic times. The development of 'ODI CommsStats' – a tool that integrates quantitative and qualitative data on the usefulness, use and impact of our disseminated work – has put us at the forefront of the sector in the monitoring and evaluation of communications. This innovative approach has led to invitations from partners and funders to present the tool, and a blog that documented both the tool and the principles behind it has been the most viewed new piece of ODI content to date. We will continue to expand on this work to plan better, evaluate, and improve upon communications within our projects and programmes.

Last year, we concluded the digitisation of our back catalogue of publications to increase the accessibility of our research, and to enrich current understanding in development studies with a historical perspective. The digitisation included all ODI Briefing and Working Papers since 1960, and many important ODI-published books and series, which are now being made freely available through the ODI website. As part of our climate-smart initiative, we are aiming to produce as many publications as possible as print-on-demand or read-online formats.

Digital leadership

ODI's digital communications strategy, implemented over the past five years but documented this year in a series of posts for the industry blog on think tanks, has inspired the communications plans of projects and programmes in Africa, Latin America and North America. Implementation of the innovative strategy, which outlines three core tenets for digital engagement and activities within ODI, has boosted ODI's profile across many social media tools, with ODI now one of the largest global think tanks on both Twitter and Facebook, and an increase in website visits by 20% year on year.

A new image for a new era

As part of our continuing programme of innovation, we commissioned Ipsos MORI to carry out a stakeholder perception survey about the different facets that make up our brand. Our stakeholders gave us a clear signal: our previous logo and imagery were seen as old-fashioned and out of step with our new direction. We look forward to using our new brand livery and to continuing communications innovation to ensure that ODI's research has an ever-greater impact on policies that shape development. ■

Go to our website for more information www.odi.org.uk

Sharing experience: the ODI Fellowship Scheme

Adrian Hewitt
Head of the ODI Fellowship Scheme

One of the many rewards of managing the ODI Fellowship Scheme is the interaction with governments whose countries are making visible progress. The speed with which some of them move out of 'fragile' status or recover from civil conflict into a situation of economic and social normality can be wonderful to behold. Rwanda, for example, has roared ahead since it joined the East African Community while devolving power to its districts. Sierra Leone's voters have changed their government democratically while their capital, Freetown, has become one of the safest and most vibrant cities in Africa. The people of Papua New Guinea are strengthening their economic institutions and seem better equipped to cope with the current oil and gas boom than they did with previous mining booms and busts.

These are national achievements to which individual ODI Fellows make their own contributions, working in ministries under civil service bosses, in a partnership between governments and ODI that is helping to build institutional capacity in a range of often vibrant developing countries.

The 100 ODI Fellows whom we now supply at any one time to the governments of 25 developing countries are all economists. So it is also rewarding to head out on work missions from a Europe mired in recession to engage with so many Fellowship Scheme partners who manage rapidly growing economies. In fundamental areas, such as budget management, we see greater professionalism across the whole range of developing countries. There is also greater knowledge-sharing and networking across countries and regions, too: with ODI Fellows playing their part in encouraging reform, innovation, transparency and strengthened capacity.

Many Fellows are now requested for more specialised posts in less poor countries – to strengthen the education sector in Ghana, for example, trade policy in Vanuatu (with Prime Minister Sato Kilman stating that ODI Fellows 'played a leading role in Vanuatu's accession to the World Trade Organization'), competition policy in Guyana and financial stability in Uganda, as well as in more conventional macroeconomic forecasting, health economics planning and public financial management roles. Ngozi Okonjo-Iweala, Minister of Finance, Nigeria, has now engaged an ODI Fellow for her Office – such is the reputation enjoyed by ODI Fellows.

As we have developed and extended the Scheme, we have been careful to safeguard its values, maintaining the high quality and reliability of our Fellows. That is what the governments who employ them appreciate and why they come back for more – with more prosperous countries now paying more or in some cases all of the costs of Fellows. For the poorer countries, I am glad to say that we have just signed renewed multi-year core-funding agreements with both DFID and AusAID in 2012, so the future of the Fellowship Scheme remains bright.

Sara Nyman
Ministry of Trade and Industry – Private Sector Development, Malawi

Being an integral part of a government ministry puts an ODI Fellow in a unique position. The ministry and its staff become your professional support network and your knowledge base; and, in turn, you become theirs. The learning curve is steep and, as I write nine months into my posting, mine has not yet shown any signs of relenting.

We have conducted a survey of Malawi's financial institutions on their lending to small and medium enterprises, which will expand the government's knowledge base, facilitate the sharing of information between the financial sector and the government and, ultimately, help inform policy-making.

The need for information sharing is not just internal. Encouraging dialogue between the public sector and private sector, as well as improving inter-ministerial coordination, has been a key theme of my work. I am involved in establishing a Sector Wide Approach for Trade, Industry and Private Sector Development – an exciting initiative that could improve dialogue between players across the entire sector and promote a more coordinated approach.

In short, encouraging collaboration, sharing and learning is an aspect of an ODI Fellow's role that can complement and guide its technical side. Indeed, it may be a crucial step towards making a truly sustainable impact.

Kabira Namit
Ghana Education Service

After nearly two years here, I can safely say that there is nothing like a typical day at the Ghana Education Service! I'm part of a four-member team that works on the $1.8 billion Ghana Education Budget. We allocate government and donor resources across the country for the running costs of schools and infrastructure projects. There are opportunities to travel across the country on official trips, interacting with the regional budget officers and visiting schools to monitor new projects.

I spend much of my time with Planning and Statistics Officers from all the districts of Ghana – training them in basic forecasting methods, helping them allocate their resources more effectively by analysing the Annual Education Census database and designing Annual Operational Plans.

The Ghana Education Service is always receptive to new ideas – our recommendations on the scope for efficiency savings in our budgetary process were fully accepted and we were able to reduce the time spent working on the budget by approximately five weeks.

Anisa Berdellima
Ministry of Health, Burundi

My Fellowship as a health economist at the Ministry of Health in Burundi is allowing me to use my passion, skills and dedication to improve public health. I work on important policy areas that affect the lives of millions of people. For example, we helped to design and are implementing a national health insurance scheme that will provide free access to health services to the most vulnerable people.

At the same time, I am part of a team conducting a study of national hospitals that will allow us to understand the key problems they face and develop a set of policy options to improve their financial management and the quality of care they provide. I also coordinate the Groupe Thématique du Financement, which brings together all the financial and technical donors to improve aid coordination and efficiency.

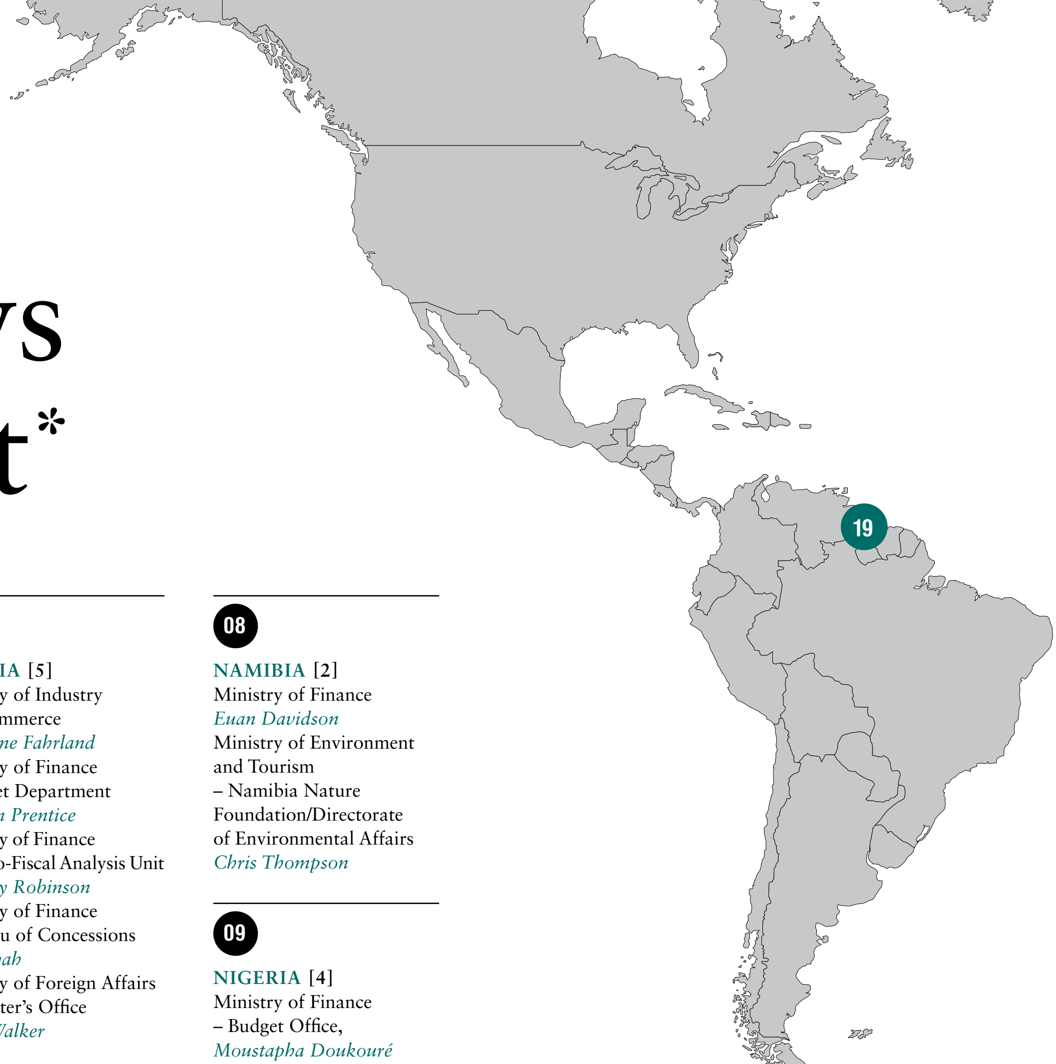
Nowhere else can anyone have a more direct impact on the lives of people than by working at the heart of government, implementing policies that can bring about change. As an ODI Fellow you are a key part of that change. ■

Being an integral part of a government ministry puts an ODI Fellow in a unique position. The ministry and its staff become your professional support network and your knowledge base; and, in turn, you become theirs. The learning curve is steep and, as I write nine months into my posting, mine has not yet shown any signs of relenting."

SARA NYMAN, ODI Fellow

Learn more www.odi.org.uk/ar12-fellowship

ODI Fellows in post*



01

BURUNDI [4]
Ministry of Health
Anisa Berdellima
Ministry of Trade and Industry
Rebecca Dadzie
REFES, Vice President's Office
Edward Day
Ministry of Finance
Stefan Herweg

02

ETHIOPIA [4]
Ministry of Agriculture
Chetan Deva
Ministry of Health
James Lee
Ministry of Education
Ravi Somani
Ministry of Water and Energy
Joe St Clair

03

GHANA [3]
Ministry of Trade and Industry
Siddhartha Haria
Ghana Education Service
Kabira Namit
Ministry of Education – Sport and Science
Eva Oberg

04

LESOTHO [2]
Ministry of Trade and Industry
Dan Aylward
Ministry of Finance and Development Planning – Department of Macroeconomic Policy
Frederik Schlosser

05

LIBERIA [5]
Ministry of Industry and Commerce
Katherine Fahrland
Ministry of Finance – Budget Department
Graham Prentice
Ministry of Finance – Macro-Fiscal Analysis Unit
Timothy Robinson
Ministry of Finance – Bureau of Concessions
Alpa Shah
Ministry of Foreign Affairs – Minister's Office
Ciara Walker

06

MALAWI [6]
Ministry of Trade and Industry – Trade
William Abel
Ministry of Education
Viola Dub
Ministry of Trade and Industry – Private Sector Development
Sara Nyman
Ministry of Health
Patrick Pollard
Ministry of Finance – Budget Division
Ben Simuyandi
Ministry of Development Planning and Cooperation
Liam Wren-Lewis

07

MOZAMBIQUE [2]
Ministry of Agriculture – CEPAGRI
Steven Glover
Ministry of Planning and Development
David Rosenfeld

08

NAMIBIA [2]
Ministry of Finance
Euan Davidson
Ministry of Environment and Tourism – Namibia Nature Foundation/Directorate of Environmental Affairs
Chris Thompson

09

NIGERIA [4]
Ministry of Finance – Budget Office,
Moustapha Doukouré
National Planning Commission
Simon Fuchs
Office of the President – Millennium Development Goals
Zhenbo Hou
National Primary Health Care Development Agency
Henry Mphwanthe

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RWANDA [7]
Ministry of Education
Laura Brannelly
Ministry of East African Community
Anne Brooks
Ministry of Health
Sarah Breen
Ministry of Trade and Industry
Nicholas Clarke
Ministry of Finance and Economic Planning – Budget
Abhimanyu Gahlaut
Ministry of Finance and Economic Planning – Fiscal Decentralisation Unit
David Innes
Ministry of Agriculture and Animal Resources
Alastair Sussock

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SIERRA LEONE [7]
Ministry of Agriculture
Nathan Hill
Ministry of Health and Sanitation
Alexander Jones
Ministry of Finance and Economic Development – Revenue and Tax Policy Division
Stephen Macey
Ministry of Finance and Economic Development – Budget Division
David Mihalyi
Ministry of Finance and Economic Development – Multilateral Projects Division
Robert Mwemeke
Bank of Sierra Leone
Katharine Parry
Ministry of Finance and Economic Development – EPRU
Imran Shahryar

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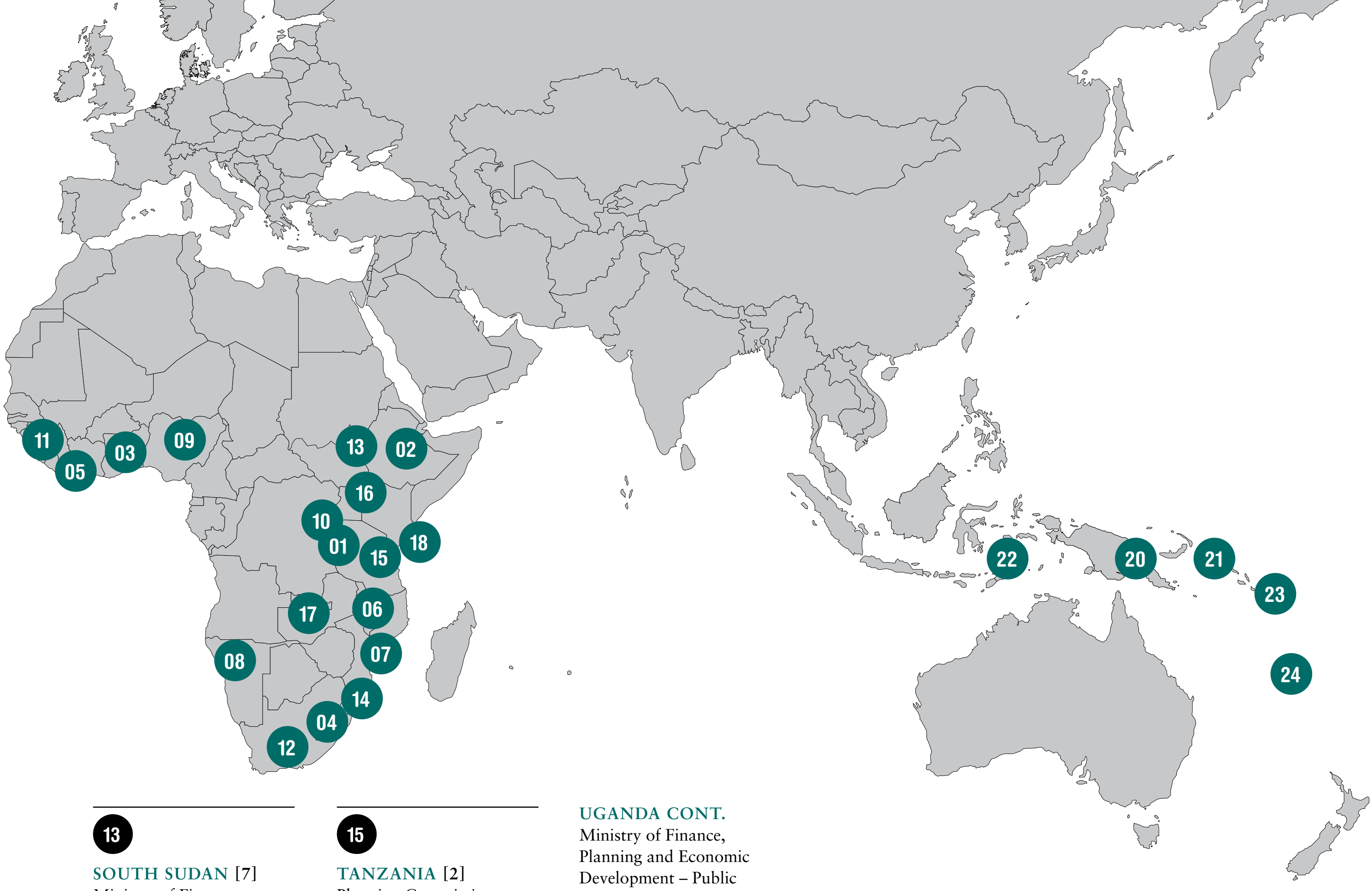
SOUTH AFRICA [8]
National Treasury – Expenditure Planning, Budget Office
Aroop Chatterjee
National Treasury, Public Finance Division – Education
Simon Cresswell
National Treasury – Collaborative Africa Budget Reform Initiative (CABRI) Secretariat
Emilie Gay
National Treasury – Health Insurance
Luisa Hanna
National Planning Commission
Thomas Harrison
National Treasury – Financial Sector Policy Unit
Cornelius Kuth
Health Economics and HIV/AIDS Research Division (HEARD) at the University of Kwazulu-Natal
Ilaria Regondi
National Treasury, Public Finance Division – Economic Services Sector
Margot Van Nuffel

*As of 31 March, 2012



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SOUTH SUDAN [7]
Ministry of Finance and Economic Planning – Planning and Aid Co-ordination
Stephanie Allan
Ministry of Finance and Economic Planning – Planning
Claire Allan
Ministry of Finance and Economic Planning – Budget
James Bonner
National Bureau of Statistics
Samantha Burn
Ministry of Finance and Economic Planning – Budget
Ifeatu Nnodu
Ministry of Health
Elizabeth O'Neill
National Bureau of Statistics
Anasuya Prabhu

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SWAZILAND [3]
National Emergency Response Committee on HIV/AIDS
Marina Aguiar-Palma
Ministry of Finance
Sierd Hadley
Ministry of Economic Planning and Development
Cathal Long

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TANZANIA [2]
Planning Commission – Macroeconomy Unit, President's Office
Francois-Xavier de Mevius
Planning Commission – Productive Sectors Unit, President's Office
Arun Jacob

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UGANDA [7]
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Shyamala Balendra
Ministry of East African Community Affairs
Linda Calabrese
Ministry of Finance, Planning and Economic Development – Aid Coordination
Andreas Eberhard
Bank of Uganda – Financial Stability
Prajakta Kharkar
Ministry of Finance, Planning and Economic Development – Macro-economic Policy Department
Benjamin Langford
Ministry of Finance, Planning and Economic Development – Economic Development Policy and Research Department
Peter Richens

UGANDA CONT.
Ministry of Finance, Planning and Economic Development – Public Administration Department
Christine van Hooft

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ZAMBIA [1]
Zambia Revenue Authority
Katherine Cooper

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ZANZIBAR [4]
Ministry of Health
Michelle Jacob
Ministry of Education and Vocational Training
Amee Misra
President's Office – Finance, Economy and Development Planning
Helen Newcombe
President's Office – Finance, Economy and Development Planning
David Symington

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GUYANA [3]
Environmental Protection Agency, seconded to the Office of the President
Tomas de Staic
Ministry of Tourism, Industry and Commerce
Andrew Hook
Ministry of Health
Jeanne-Marie Tucker

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PAPUA NEW GUINEA [4]
PNG Sustainable Development Programme
David Freedman
Internal Revenue Commission
Alexander Julian
Department of National Planning
Pranita Sharma
Bank of Papua New Guinea
Nikhil Vellodi

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SOLOMON ISLANDS [3]
Central Bank of Solomon Islands
Patricia Salmon
Ministry of Trade
Damian Kyloh
Ministry of Finance and Treasury
Carlos Orton Romero

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TIMOR LESTE [2]
Ministry of Finance
Aidan O'Hare
Ministry of Finance
Alexis Rampa

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VANUATU [3]
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Andrea Giacomelli
Ministry of Finance and Economic Management
Joshua Nava
Reserve Bank of Vanuatu
Mark Evans

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SECRETARIAT OF THE PACIFIC COMMUNITY (SPC) [3]
Land Resources Division
Jonathan Bower
Economic Development Division
Neil Allison
Pacific Islands Applied Geoscience Commission (SOPAC)
Anja Grujovic

Our people*

ODI-hosted networks

APPP: Africa Power and Politics Programme
BSI: Budget Strengthening Initiative
CDKN: Climate and Development Knowledge Network
ebpdn: Evidence-based policy in development network
ERD: European Report on Development
HPN: Humanitarian Practice Network
SLRC: Secure Livelihoods Research Consortium

Alison Evans at the ODI event *Rethinking leadership for development* with Tony Blair, October 2011 © ODI

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Company Secretary
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Director of Research
William Avis
Assistant to the Director of Research
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Director of Finance and Operations (interim), to May 2012
Fraser Winterbottom
Director of Strategic Operations, from May 2012
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Jakob Engel
Research Officer – Development Progress Project
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Project Officer – Development Progress Project
Victoria Tongue
Project Manager – Managing Risk and Building Resilience in an Uncertain World
Richard Biscoe
Programme Officer

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Sharada Keats
Research Officer
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Centre for Aid and Public Expenditure (CAPE)

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Head of Programme

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Research Fellow
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Research/Project Officer
Ingrid Kamikazi
Project Officer (BSI)
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Project Manager (BSI)

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Director, Chronic Poverty Advisory Network

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Charlene Watson
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Research Fellow
Emily Wilkinson
Research Fellow

ODI's Claire Leigh and Mafalda Marchioro with the g7+ team, outside the UN Headquarters in New York © g7+ Media/David Butts

Adrian Hewitt, Head of the ODI Fellowship Scheme and Research Fellow © ODI

ODI Fellowship Scheme

Adrian Hewitt
Head of the ODI Fellowship Scheme and Research Fellow

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Programme Manager
Darren Lomas
Programme Officer

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Head of Programme

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Research Officer
Louise Damant
Programme Officer
Stephanie Levy
Research Fellow
Paula Lucci
Research Officer
Pedro Martins
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Laura Kiku Rodriguez-Takeuchi
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Emma Samman
Research Fellow

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Research Officer
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Programme Manager
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Research Fellow
Simon Levine
Research Fellow
Ellen Martin
Research Officer
Victoria Metcalfe
Research Fellow
David White
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International Economic Development Group

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Head of Programme

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Research Officer
Jane Kennan
Research Officer
Christian Kingombe
Research Officer
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Research Fellow
Mobolaji Oyeniji
Programme Officer

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Lisa Denney
Research Officer
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Eva Cardoso
Programme Officer
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***As of 31 March 2012**

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Director of Impact Assessment Partnerships and RAPID

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Programme Officer (maternity cover)

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Caroline Cassidy
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Research Officer

Sarah Hunt
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Harry Jones
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Cecilia Oppenheim
ebpdn Coordinator

Louise Shaxson
Research Fellow

Tristan Stubbs
Mwananchi Communications Officer

Fletcher Tembo
Research Fellow

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Caroline Harper
Head of Programme

Hanna Alder
Programme Officer/ Research Officer

Nicola Jones
Research Fellow

Paola Pereznieto
Research Fellow

Fiona Samuels
Research Fellow

David Walker
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Rachel Slater
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Babken Babajanian
Research Fellow

Jessica Hagen-Zanker
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Rebecca Holmes
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Marialivia Iotti
Programme Manager (SLRC)

Khaula Khalid
Project Accountant (SLRC) (also with Finance)

Richard Mallett
Research and Project Officer (SLRC)

Anna McCord
Research Fellow

Maryam Mohsin
Communications Officer (SLRC)

Jenny Morgan
Programme Officer

Water Policy Programme (WPP)

Roger Calow
Head of Programme

Lindsey Jones
Research Officer (also with CCEF)

Michelle Kooy
Research Fellow

Anu Liisanantti
Programme Officer

Eva Ludi
Research Fellow (also with ADP)

Nathaniel Mason
Research Officer

Sobona Mtisi
Research Officer

Josephine Tucker
Research Officer

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Communications

Gillian Hart
Director of Communications

Malcolm Anderson
Events Coordinator

Raphaelle Faure
Programme Officer (ERD)

Joanna Fottrell
Publications Manager

Sophy Kershaw
Publications Manager (maternity cover)

Ruth Larbey
Communications Assistant Publications

Nick Scott
Communications Manager Digital and Events

Jonathan Tanner
Media and Public Affairs Officer

Gail Wilson
Communications Assistant Digital and Media

Facilities and Information Technology

Peter Gee
Head of IT and Facilities

Waqas Ahmad
IT Support Analyst

Daniel Demie
IT Officer

Robert Labram
Facilities and Audio-Visual Officer

Raja Rashid
IT Infrastructure and Support Advisor

Magdalena Reinhardt
Receptionist

Finance

Katie Penny
Head of Finance

Abbas Ali
Finance Officer

Gideon Barnard
Project Accountant

Caroline Chiwah
Finance Officer

Khaula Khalid
Project Accountant (also with SLRC)

Lisa Mahanty
Financial Accountant

Keith Miller
Project Accountant

Anne-Marie Naughton
Finance Officer

Muriel Paasch
Senior Project Accountant

Human Resources

Veerinder Puri
Head of Human Resources

Samantha Bell
Human Resources Assistant

Yvette Gyles
Senior Human Resources Advisor

Natasha Soper
Resourcing Advisor

Research Associates

Geoff Barnard
Geraldine Baudienville
Kate Bird
Massimiliano Calì
Diana Cammack
Jeremy Clarke
Sarah Collinson
Paolo de Renzio
Mikaela Gavas
Adele Harmer
Paul Harvey
Merylyn Hedger
Kate Mackintosh
Enrique Mendizabal
Naz Khatoon Modirzadeh
Peter Newborne
Arnaldo Pellini
Leo Peskett
Liesbet Steer
Tim Williamson

Senior Research Associates

Richard Allen
David Brown
Margie Buchanan-Smith
John Farrington
Mick Foster
John Howell
Tony Killick
Simon Maxwell
Alastair McKechniel
Sheila Page
Andrew Rogerson
Chris Stevens

Our Board and Council

ODI is governed by a Board of up to 12 Trustees. William Day is acting as Interim Chair of the Board while ODI recruits a new permanent candidate. The Board maintains the values of the organisation, and sets the overall strategy and direction. It also monitors the performance of ODI and its management and appoints the Director.

The ODI Council has up to 42 members, including all members of the Board, and is also chaired, on an interim basis, by Will Day. As well as electing members of the ODI Board, the Council members are selected for the knowledge, skills and expertise they can bring to the Institute. The membership strikes a balance between people with backgrounds in research, business, media, non-governmental organisations and politics.

Members of the ODI Council (as of March 2012)

*William Day
Interim Chair of ODI, and Chairman of Water and Sanitation for the Urban Poor (WSUP)

Sir Mike Aaronson
Director, the Centre for International Intervention, University of Surrey

Hugh Bayley MP
Member of the International Development Select Committee

Professor Jo Beall
Director of Education and Society and an Executive Director with the British Council

Alan Beattie
International Economy Editor at the Financial Times

Sir Malcolm Bruce MP
Chair of the International Development Select Committee

Sir Suma Chakrabarti
Permanent Secretary at the Ministry of Justice

Tony Colman
Director of the Africa Practice and former MP

Richard Dowden
Director of the Royal African Society

Larry Elliott
Economics Editor at The Guardian

Professor Frank Ellis
Professorial Fellow of the School of International Development, University of East Anglia

Professor Diane Elson
Emeritus Professor in the Department of Sociology and the Human Rights Centre at the University of Essex

Professor Ian Goldin
Director of the Oxford Martin School at the University of Oxford

Dr Guy Goodwin-Gill
Senior Research Fellow of All Souls College and Professor of International Refugee Law, University of Oxford

Nik Gowing
Programme anchor for BBC World News

*Ann Grant
Vice Chairman, Africa, at Standard Chartered Bank

Lord Michael Hastings
Global Head of Citizenship with KPMG

Edward Hedger
ODI Staff Member of Council

*Isobel Hunter
Independent Human Resources Consultant

Baroness Margaret Jay
Senior Non-Executive Director of the Independent Media Group

*Kate Jenkins
A Director of Carrenza Ltd. and Chairman of Carrenza Consulting Ltd.

Sir Richard Jolly
Research Associate at the Institute of Development Studies, University of Sussex

Baroness Glenys Kinnock of Holyhead
Former MEP, Minister for Europe and Minister for Africa, the Caribbean, Central America and the UN

*Richard Laing
Former Chief Executive of CDC Group plc.

Dr Jemilah Mahmood
Senior Research Fellow at the Humanitarian Futures Programme, King's College London, and founder of MERCY Malaysia

Professor Anne Mills
Vice-Director of the London School of Hygiene and Tropical Medicine and Professor of Health, Economics and Policy in the Faculty of Public Health and Policy

Sarah Mulley
Associate Director for Migration, Trade and Development at IPPR

Dr Robin Niblett
Director of Chatham House (the Royal Institute of International Affairs)

Lord Matthew Oakeshott
Chairman of OLIM Property Ltd. and former Pensions and Treasury Spokesman in the House of Lords

Nick Scott
ODI Staff Member of Council

Dr Diane Stone
Winthrop Professor in Political Science at the University of Western Australia

Tidjane Thiam
Chief Executive of Prudential plc.

Lord Adair Turner
Chairman of the Financial Services Authority, former Chair of ODI and cross-bench member of the House of Lords

*Martin Tyler
Executive Director, Operations at Asthma UK

*Sue Unsworth
Principal with The Policy Practice and former Chief Governance Adviser at the UK Department for International Development

*Stewart Wallis
Executive Director of nef (the new economics foundation)

*Chris West
Director of the Shell Foundation

*Those marked with an asterisk are also members of the ODI Board

FINANCIAL SUMMARY

Plans for the future

Fraser Winterbottom
Director of Strategic Operations

This year we have been successful in growing and further diversifying our range of funders, with a significant number of longer-term funding agreements secured. It has been another good year of financial progress for ODI, with reserves continuing to grow.

Plans for future periods

This year's business-planning (BP) process was developed to cover a longer timeframe of three years for the first time. This extended timeframe recognises the increase in multi-year funding and builds on the longer-term objectives set out in our two-year Strategic Directions Paper (SDP). The business plan (BP) provides a high-level overview of ODI's objectives, plus detailed programme and department plans to transform these objectives into tangible action.

Both the SDP process and the BP are rolling plans and the strategic-directions review in September 2012 will feed into forward planning for 2013–2014.

Our external environment is being shaped by two related but qualitatively different sets of drivers. The first set relates to the shifting terrain of development. The second relates to who we work with, and how.

First, some of the big issues framing today's development debates and priorities reflect the continued unwinding of the global financial crisis in 2008. At the same time, the rapidly expanding global middle class (particularly in Africa and Asia), and the shifting geography of wealth and influence, bring new opportunities and the prospect of a new global-development framework when the Millennium Development Goals expire in 2015. Non-state actors are changing the context for public-goods provision with a greater focus on public-private solutions and the potential role of social enterprise.

Political trends from North Africa, natural-resource scarcities, climate change and the weakening of frameworks for multilateral action are contributing to a number of slow-burning stresses that demand new business models and new governance responses. New solutions are needed for the provision of global public goods and the need for a comprehensive understanding of the politics of global development has never been greater, providing ODI with a critical agenda for the coming years.

Second, changes in the fiscal environment in the UK and more broadly across Europe are having an impact on international-development priorities and budgets and, by extension, on the nature of our work. These include the rising importance and influence of emerging G20 nations, and the *relative* decline of European capitals as influential voices on global issues; the rapid growth of research and think-tank capacity outside of the OECD; and the consolidation of new actors, in particular, big philanthropy on the global development stage.

ODI's programmes and Senior Management Team have worked hard in 2011–2012 to ensure that we're in a good position to respond by:

- developing a new thematic map that outlines five strategic priorities. Each of these priorities is a lens for work on a rapidly changing global development agenda and will be used to guide working for greater impact and monitoring of progress.
- starting to review partnership arrangements with a view to identifying 2–3 strategic partnerships that can enhance ODI's outreach and effectiveness in new policy arenas.
- finalising the Strategic Directions Paper and making the key decisions necessary to set a stable course for the coming three years.
- developing and piloting a more formal system for peer review of large proposals and establishing a quality investment fund and Quality Review Panels.
- implementing a full reward and recognition review, the recommendations from which will be implemented during 2012–2013.
- increasing both average contract size and the proportion of multi-year funding in our portfolio dramatically over the year.
- implementing the new business-information systems.

Rice fields belonging to local hill tribes in Sapa, Viet Nam © UN Photo/Kibae Park

Working across teams is not an end in itself: our concern is to encourage it where it makes sense and makes ODI more effective

ODI will continue to work to ensure that our portfolio is strengthened in the light of these trends in order to contribute to our organisational and financial resilience. Our priority actions for 2012–2015 are as follows.

Focus on results: the development of the strategic priorities has helped to orient ODI's work towards specific goals while retaining room for innovation and the maintenance of a broad base of expertise. The development of our flagship projects has helped us to be more explicit about how we seek to achieve impact through, for example, producing and disseminating high-quality knowledge, stimulating public debate and working directly with policy- and decision-makers. We will continue to build a focus on results through these mechanisms by strengthening monitoring frameworks for the strategic priorities, and our flagship projects at different levels, to track their implementation and impact.

Enhancing quality: a Research Quality Support Fund will be established in the coming year to support selective high-value peer review and access to key resources for researchers.

Cross-team working and communication: the mechanisms to encourage researchers to team up to win work and produce results have promoted collaboration between programme 'silos'. For example, all of the major flagship pieces of work funded by an Accountable Grant from DFID involve extensive cross-team collaboration. The strategic priorities are starting to produce examples of cross-ODI collaboration. Working across teams is not an end in itself: our concern is to encourage it where it makes sense and makes ODI more effective.

Office move: we are relocating the ODI office in 2012 to a building that offers more suitable accommodation to support our activities. This will enhance the convening profile of the organisation while providing a positive working environment for staff and cross-programme working.

Information management: ODI will renew its ICT infrastructure to coincide with the office move and to create a virtual office for staff and partners wherever they are. We will prioritise work to realise the benefits of our recent systems change.

Managing our environmental footprint: over the next three years, ODI will review and reduce the environmental impact of its work practices. By building on existing behaviours and policies we aim to reduce our carbon footprint by 10% (based on a tonnes-per-headcount basis). ■

Governance, structure and management

Group constitution

ODI was founded in 1960 and is a charitable company limited by guarantee. The Charity has a wholly owned trading subsidiary, ODI Sales Limited, which provides services that, while supporting the Charity's objectives, are provided for commercial clients and generate additional income for the objects of the Charity. This segregation allows the Charity to continue to operate exclusively in non-business activity, as defined by HMRC in respect to VAT. ODI Sales Limited has a Board of four directors. Two are Trustees for the Charity, one is an independent director, and one is an ODI staff member. One trustee position was vacant at year end and was filled by Martin Tyler on 11 September 2012. The staff position was filled by Fraser Winterbottom on the same date. Both the Charity and the trading subsidiary have a Memorandum and Articles of Association as their governing documents.

The Council and the Board of Trustees

The Institute is governed by a Board of up to 12 Trustees. William Day is acting as Interim Chair of the Board of Trustees whilst we recruit a new permanent candidate.

The terms of reference for the Board are to maintain the values of the organisation and set the overall strategy and direction. It monitors the performance of the Institute and its management, and appoints the director.

The Council of the Institute comprises the Board of Trustees and other Members (including two staff members) up to a maximum of 42. The Chair of the Board also presides over the Council. The Council is responsible for electing the Board, based on nominations from a committee that is comprised of both Board and Council Members. The Council is expected to provide the Institute with contacts at the leading edge of research and policy thinking, as well as other contacts relating to all aspects of its operations.

Trustees

To be elected, a Trustee must first be a Council Member. Each Trustee can serve for up to three terms of three years. The aim is to maintain a balance amongst the Trustees to include research, academic, business and political expertise and knowledge, as well as a gender balance. Board Members are both Charity Trustees and Directors under company law.

When elected, Trustees are provided with a Trustee Pack with information on the constitution, annual cycle, various relevant terms of reference, job descriptions of senior staff, business and strategic plans, accounts, relevant internal policies and references to relevant laws, regulations and sources of information. They are also given a detailed induction.

Council Members

Council Members can serve for up to four terms of three years.

Our newest Trustee

Kate Jenkins has wide experience of leading major strategic change in the public and private sectors in the UK and abroad. She has advised many governments at presidential and prime ministerial level, including the UK Government. She has been a member of the NHS National Policy Board, a commissioner at the Audit Commission, and led strategic development for the Chief Executive of British Airways.

As Director of the Prime Minister's Efficiency Unit in the 1980s she wrote the seminal report *Improving Management in Government: the next steps*, which led to the reorganising of the civil service into executive agencies, a model copied around the world.

She is currently a director of Carrenza Ltd., an Internet service provider and Chairman of Carrenza Consulting Ltd., a specialist IT consultancy. She is Visiting Professor in the Government Department, and Vice Chairman of the Council and the Court of Governors, at the London School of Economics.

Learn more

For a full list of the Board of Trustees and Council see www.odi.org.uk/ar12-board

One of the most recent recruits to the Council

Lord Matthew Oakeshott's professional career involves investing in commercial property for pension funds, charities and investment trusts. He started his own business in 1986 after being a director of Warburg Investment Management and running Courtaulds Pension Fund. An economist by training (University and Nuffield College, Oxford), his first job was in the Kenya Ministry of Finance and Economic Planning as an ODI/Nuffield Fellow. He then worked as Special Adviser to Roy Jenkins from 1972 to 1976, both in opposition and in government.

Active in politics since he was 18, he was at Limehouse with Roy Jenkins for the formation of the Social Democratic Party and served on its National Steering Committee and Economic Policy Committee. He joined the Lords in May 2000. He was one of two Liberal Democrat peers on the Joint Committee of Parliament on House of Lords Reform. His other main policy interests are overseas development, housing and electoral reform, and he is a director of Make Votes Count.

They are selected on the basis of their knowledge, skills, expertise and the benefits that those attributes can bring to ODI. On election, they attend an induction during which they learn about the history and objectives of the Institute and its current work. They are provided with relevant current literature on a regular basis.

As with the Trustees, the Institute attempts to keep a balance across Council membership between people with backgrounds in research, business, media, non-governmental organisations and politics, and aims to maintain a gender balance.

Members' liability

In the event of the Charity being wound up, the Trustees, and those within one year of ceasing to be Trustees, are required to contribute an amount not exceeding £1 (as ODI is a company limited by guarantee). The Institute's insurance policies indemnify Trustees up to £1 million.

Statement of Trustees' responsibilities

The Trustees (who are also directors of ODI for the purpose of company law) are responsible for preparing the Trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the affairs of the charitable company and group and of the incoming resources and their application, including the income and expenditure of the group for that period. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the 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 Statement of Recommended Practice (Accounting and Reporting by Charities) (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, and
- prepare the financial statements on the going-concern basis, unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Trustees confirms that, so far as they are aware, there is no relevant audit information of which the charitable company's auditor is unaware, and that they have taken all the steps that they ought to have taken as a Trustee in order to make themselves aware of any relevant audit information and to establish that the Charity's auditor was aware of that information. This confirmation should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The Trustees are also responsible for the maintenance and integrity of financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Structure and management reporting

The Board meets formally four times a year (with additional meetings scheduled as required) and is responsible for strategy and reviewing progress against business and strategic plans, results versus the budget, the final income and expenditure for the year, new or amended policy, risk management and other applicable current projects. Its role is to direct and guide management. When necessary, the Trustees ask management to seek professional advice from solicitors, accountants and others.

A young boy outside a building destroyed by bombing in Garmsir, Helmand Province, Afghanistan © IRIN/Kate Holt

ODI continues to attract a large volume of high-quality applicants during recruitment

Management is responsible for the day to day running of the Institute, the implementation of policy and ensuring that goals and objectives are attained. The Director, Alison Evans, is supported by a Senior Management Team (SMT) consisting of three directors: Director of Research (Andrew Norton), Director of Communications (Gillian Hart) and Director of Strategic Operations (Alexis Chapman – interim, with Fraser Winterbottom taking up the permanent role in May 2012). The role of the SMT is to provide strategic leadership of the Institute. This involves:

- developing the strategic vision and the annual business plans with the Board and in line with the Institute's mission, and ensuring that progress is monitored
- maximising the strengths and capacity of the organisation and overseeing the delivery of value for money
- managing reputation, risk and change (again with the Board), and
- taking strategic decisions on research programmes, fundraising, public affairs, finance, human resources, IT and premises.

As part of the Institute's ongoing efforts to enhance its effectiveness and efficiency, the Heads of Programmes and Departments continue to be given prominence in the Institute's management framework. Heads of Programmes are at the forefront of ODI's mission and business and are responsible for much of the Institute's direct fundraising, research and advisory support, and line management of research staff.

Staff

In 2011–2012 ODI has grown in terms of staff numbers from a total in 2010–2011 of 133 to 171 at the end of 2011–2012; this growth was undertaken mainly to service new multi-year projects and ensure continued delivery of our cutting-edge programme of research in line with our business and strategic plans. Staff who work directly on research and the dissemination of information account for an average of 86% of ODI's total work force, including communication staff, programme officers and researchers.

ODI continues to attract a large volume of high-quality applicants during recruitment, enabling the Institute to recruit an extremely high calibre of staff with a wide range of experience. All ODI staff complete an annual appraisal and a learning and development plan, and are encouraged to participate in internal-development opportunities. Research staff are also provided with a formal career path and opportunities for career progression. The Institute also seeks the views of staff through regular staff surveys and has a well-embedded internal communication process; work on

There is a risk that continuing changes in the external-funding environment will make it more difficult for us to deliver our mission. We mitigate this risk by working to diversify our income and investing in the identification of new audiences and partnerships."

Learn more For a full list of staff, visit the ODI staff directory: www.odi.org.uk/ar12-staff

a full review of how we reward our staff is now concluding and will be implemented in 2012–2013.

ODI's work is led by staff who work alongside colleagues from a broad international network of associates and partner organisations. We have a formal Research Associate (RA) status that was expanded last year to help us ensure that we are able to offer expertise in emerging areas of work. This re-working of the RA status is part of a larger ongoing review of our resourcing to ensure that we have a flexible and high-quality skills base.

ODI strives to be an equal-opportunities employer and applies objective criteria to assess merit. It aims to ensure that no job applicant or employee receives less-favourable treatment on the grounds of age, race, colour, nationality, religion, ethnic or national origin, gender, marital status, sexual orientation or disability.

ODI is currently developing a formal internship programme, and continues to offer a wide range of exceptional opportunities for people looking to gain experience in international development, humanitarian policy and practice and charity management by working alongside ODI's world-class staff. The Institute also benefits hugely from the efforts of these volunteers, who represent a high-calibre intellectual resource.

Risk management

The Trustees undertake a full risk assessment on an annual basis and monitor progress quarterly. The aim is to identify the major risks and to ensure that measures are taken to mitigate the impact of those risks as far as is practical. The internal risk-management processes are integrated into the annual business-planning and reporting cycle, which has enabled improved decision-making by the Board. The Board has identified the following areas of risk for 2012–2015:

Leadership and reputation: the Institute would be vulnerable to the loss of key staff members and has put in place measures to reduce this risk, such as talent management and succession planning as well as ensuring that ODI is an enabling and positive place to work. Further, our reputation is incredibly important; we guard against any damage to our reputation by ensuring the quality of our outputs and developing ethical guidance for staff.

Strategic: there is a risk that continuing changes in the external-funding environment will make it more difficult for us to deliver our mission. We mitigate this risk by working to diversify our income and investing in the identification of new audiences and partnerships.

Major change: ODI strives constantly to improve itself and its processes; it is important that the SMT continues to manage the organisational change process carefully to ensure that it is not too ambitious, but delivers what we need.

Capacity: in order to ensure quality in our staff we are now completing a full review of our reward structure as well as continuing to develop our recruitment systems and succession planning.

Operational delivery: travel security remains fundamental to our operations and our systems to ensure the safety and security of those who travel for us have been much developed over the past few years. This process of improvement is ongoing. Contract management is becoming increasingly important, both in terms of the legal framework in which we operate and in terms of ensuring ongoing high-quality delivery. ■

Financial report for the year 2011–2012

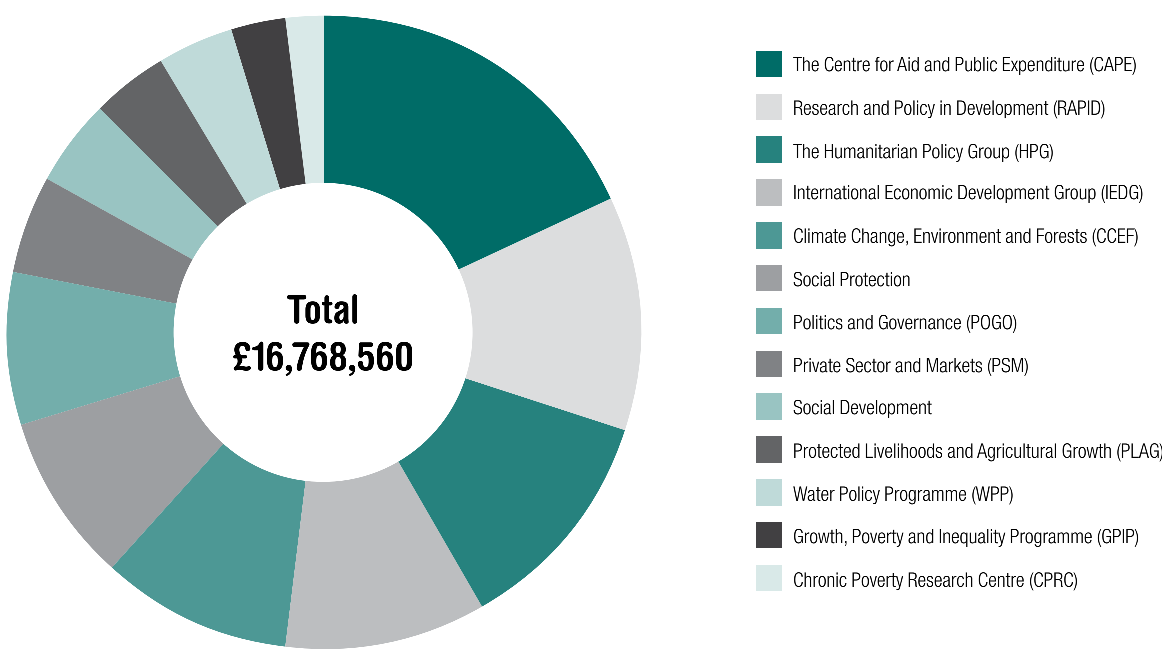
Results for the year

ODI's incoming resources for 2011–2012 amounted to £21 million. This is an increase of 14% on last year and continues the trend of income growth. Research grants and project finance account for 85% of ODI's incoming resources, with the balance of 15% attributable to the Fellowship Scheme.

ODI's net incoming resources for 2011–2012 are £165,000 compared to £348,000 in 2009–2010. The difference is due to a dilapidations provision of £180,000 relating to the previous lease. Gains on investments were £170,000 this year (2010–2011: £62,000), resulting in a net increase in funds of £335,000 (2010–2011: £372,000).

ODI's staff numbers increased by 12% during the year as a result of an increase in project-related research staff. Figure 1 shows the apportioning of revenue from research grants and project finance by programme (£16,768,560).

Figure 1: Revenue by programme



Note: this does not include income from partnerships, such as ALNAP, publications or the ODI Fellowship Scheme

A woman tends to her goods at a morning market in Kathmandu, Nepal © IRIN/David Longstreath

Signed on behalf the Board:

ODI Chair

Approved by the Board on:

8 October 2012

Financial position

The balance sheet reflects an overall growth in net assets of 9%, with total funds standing at £3.9 million at the end of the year (2010–2011: £3.6 million). These funds are all unrestricted.

The tangible fixed-assets fund represents the net book value of the Charity's general funds invested in fixed assets. During the year the value of this fund decreased to £173,000 (31 March 2011: £229,000), reflecting the write-down in value of the investment in information systems.

The general funds of the Charity at 31 March 2012 amount to £3.7 million (2010–2011: £3.3 million). These funds are equivalent to the Charity's free reserves.

Reserves policy

The Charity's significant source of income is project funding. This funding is for a mix of projects, some of which are short-term, while others are long-term projects requiring significant, ongoing financial commitment and investment. The Trustees have examined the need for free reserves, i.e. those unrestricted funds not invested in tangible fixed assets, designated for specific purposes or otherwise committed. The Trustees' desired level of reserves is six months of estimated future annual expenditure. The Trustees are of the opinion that this provides sufficient flexibility to cover minimum legal requirements and to provide cover against temporary shortfalls in incoming resources due to timing differences in income flows.

At present, it is recognised that current reserve levels fall beneath this target. The Trustees have decided to approach the achievement of the reserves policy by building towards the target level over a five-year period and steady progress towards this objective has been made over the past four years.

Investment policy

The Institute's investment policy requires investments underpinning general funds to remain highly liquid, and to pose minimal credit risk or risk of losses to ODI.

At 31 March 2012, ODI held investments in the Charinco common-investment accumulation fund, with a market value of £1,693,000 (compared to £1,523,000 at 31 March 2010). The funds are managed by BlackRock Investment Management (UK) Limited. The Trustees review the performance of the investments and of the fund managers on a regular basis. ■

Independent auditor's report to the members of the Overseas Development Institute

We have audited the financial statements of Overseas Development Institute for the year ended 31 March 2012 which comprise the consolidated statement of financial activities, the group and parent charity balance sheets, the consolidated cash-flow statement, the principal accounting policies and the related notes. 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 Charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Charity's 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 Charity and the Charity'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

The Trustees are also the directors of the charitable company for the purposes of company law. As explained more fully in the Trustees' responsibilities statement set out within Governance, Structure, and Management, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 (APB'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 charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the charitable company's affairs as at 31 March 2012 and of the group's incoming resources and application of resources, including their income and expenditure, for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the 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 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.

Buzzacott LLP

8 October 2012

Amanda Francis, Senior Statutory Auditor
for and on behalf of Buzzacott LLP,
Statutory Auditor
130 Wood Street, London EC2V 6DL

Consolidated statement of financial activities for the year ended 31 March 2012

	Notes	General funds £	Designated funds £	**Total funds 2012 £**	Total funds 2011 £
Income and expenditure					
Incoming resources					
Incoming resources from generated funds					
Interest receivable		4,065	–	4,065	890
Income from trading subsidiary	3	1,288,906	–	1,288,906	1,366,866
Incoming resources from charitable activities					
Research	2	16,687,566	–	**16,687,566**	13,867,612
Fellowship Scheme		3,105,095	–	**3,105,095**	3,210,367
Publications		–	–	–	12,186
Other income		–	–	–	6,256
Total incoming resources		21,085,632	–	**21,085,632**	18,464,177
Resources expended					
Cost of generating funds					
Resources expended by trading subsidiary	4	748,992	–	**748,992**	802,625
Charitable activities					
Research	4	17,287,939	–	**17,287,939**	14,338,460
Fellowship Scheme	4	2,855,635	–	**2,855,635**	2,951,638
Governance costs	5	27,773	–	**27,773**	23,075
Total resources expended		20,920,339		**20,920,339**	18,115,798
Net incoming resources before transfers and net investment gains		165,293	–	**165,293**	348,379
Transfers between funds	15	56,369	(56,369)	**–**	–
		221,662	(56,369)	**165,293**	348,379
Statement of total recognised gains and losses					
Realised losses on the disposal of investments		–	–	**–**	(38,179)
Net income (expenditure)		221,662	(56,369)	**165,293**	310,200
Gains on the revaluation of investments	12	169,683	–	**169,683**	62,239
Net movement in funds	9	391,345	(56,369)	**334,976**	372,439
Balances brought forward at 1 April 2011		3,323,132	229,135	**3,552,267**	3,179,828
Balances carried forward at 31 March 2012		3,714,477	172,766	**3,887,243**	3,552,267

All of the results in the consolidated statement of financial activities are derived from continuing activities. There were no recognised gains or losses other than those stated. The notes on pages 59 to 71 form part of these financial statements. The historical net-cost movement in funds for the year is £165,293 (2011: £688,103).

Balance sheets 31 March 2012

	Notes	**Charity 2012 £**	**Group 2012 £**	Charity 2011 £	Group 2011 £
Fixed assets					
Tangible assets	11	**172,766**	**172,766**	229,135	229,135
Investments	12	**1,693,192**	**1,693,182**	1,523,509	1,523,499
		1,865,958	**1,865,948**	1,752,644	1,752,634
Current assets					
Debtors	13	**5,879,187**	**5,805,116**	4,127,006	3,759,607
Short-term deposits		**558,479**	**558,479**	131,215	131,215
Cash at bank and in hand		**1,304,536**	**1,749,995**	1,218,033	1,698,929
		7,742,202	**8,113,590**	5,476,254	5,589,751
Creditors					
Amounts falling due within one year	14	**(5,540,917)**	**(5,912,295)**	(3,676,631)	(3,790,118)
Net current assets		**2,201,285**	**2,201,295**	1,799,623	1,799,633
Total assets less current liabilities		**4,067,243**	**4,067,243**	3,552,267	3,552,267
Provisions for liabilities and charges	19	**(180,000)**	**(180,000)**	–	–
Total net assets		**3,887,243**	**3,887,243**	3,552,267	3,552,267
Represented by: funds and reserves *Income funds* Unrestricted funds					
Tangible fixed-assets fund	15	**172,766**	**172,766**	229,135	229,135
General funds		**3,714,477**	**3,714,477**	3,323,132	3,323,132
Total funds and reserves		**3,887,243**	**3,887,243**	3,552,267	3,552,267

The notes on pages 59 onwards form part of these financial statements. Approved by the Board of Trustees on and signed on their behalf by:

8 October 2012

ODI Chair

Company registration number 661818 (England & Wales)

Consolidated cash-flow statement for the year ended 31 March 2012

	Notes	2012 £	2011 £
Cash inflow from operating activities	A	**497,765**	404,768
Returns on investments and servicing of finance			
Interest received		**4,065**	890
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		**(23,500)**	(116,748)
Management of liquid resources			
Short-term deposits		**(427,264)**	369,474
Increase in cash	B	**51,066**	658,384

Notes to consolidated cash-flow statement

A. Adjustment of net incoming resources before transfers and net investment gains to net cash inflow/(outflow) from operating activities	2012 £	2011 £
Net incoming resources before transfers and net investment gains	**165,293**	348,379
Depreciation	**79,869**	155,838
Interest receivable	**(4,065)**	(890)
Increase in debtors	**(2,045,509)**	(229,941)
Increase in creditors	**2,302,177**	131,382
Net cash inflow from operating activities	**497,765**	404,768

B. Analysis of changes in net funds	At 1 Apr 2011 £	Cash flows £	At 31 Mar 2012 £
Short-term deposits	131,215	427,264	**558,479**
Cash at bank and in hand	1,698,929	51,066	**1,749,995**
	1,830,144	478,330	**2,308,474**

Notes to the financial statements

1. Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the inclusion of investments at market value, and in accordance with the requirements of the Companies Act 2006. Applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005) have been followed in these financial statements.

Basis of consolidation

These financial statements consolidate the results of the Charity and its wholly owned subsidiary, ODI Sales Limited, on a line-by-line basis. A separate statement of financial activities is not prepared by the Charity itself following the exemption afforded by section 408 of the Companies Act 2006 and the note in paragraph 397 of SORP 2005. In the year under review, the charity made a surplus of £334,986 (2011: £384,502).

Incoming resources

Incoming resources are recognised in the period in which the Charity is entitled to receipt and the amount can be measured with reasonable certainty.

Grants from government and other agencies have been included as income from activities in furtherance of the Charity's objectives. Much of this income is contractual in nature and, as such, is deemed unrestricted. It is credited to the statement of financial activities so as to match the expenditure incurred during any given project. Such a policy ensures that any potential deficits on projects are recognised immediately, whereas surpluses are only recognised upon completion of a project.

Other income is deferred only when the Charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Resources expended and the basis of apportioning costs

Resources expended comprise the following.

a. The cost of generating funds comprises the expenditure on commercial-trading operations.

b. The costs of charitable activities comprise expenditure on the Charity's primary charitable purposes, namely:

- research and dissemination of information
- Fellowship Scheme activities and services.

The majority of costs are directly attributable to specific activities. Certain shared-support costs are apportioned to charitable activities on the basis of the number of staff members employed by each activity.

c. Governance costs include those incurred in the governance of the Charity and its assets and are primarily associated with constitutional and statutory requirements.

Tangible fixed assets

All assets with a cost of more than £3,000 and with an expected useful life exceeding one year are capitalised.

Depreciation is provided at the following annual rates, on a straight-line basis, in order to write off all other assets over their estimated useful lives:

- leasehold improvements – over the remaining years of the lease
- furniture, fixtures and fittings – 20% on cost
- equipment – 33.33% on cost
- computer software – 14.2% on cost

Fixed-asset investments

Fixed-asset listed investments are included in the financial statements at their market value as at the end of the financial period. Realised and unrealised gains (or losses) are credited (or debited) to the statement of financial activities in the year in which they arise.

The investment in the subsidiary undertaking, ODI Sales Limited, is stated at cost.

Fund accounting

The general funds comprise those monies and/or net assets which may be used towards meeting the charitable objectives of the Charity and may be utilised at the discretion of the Trustees.

Non-charitable trading funds comprise the surplus or deficit retained in ODI Sales Limited.

The tangible fixed-assets fund represents the net book value of the Charity's tangible fixed assets.

The charity always seeks to clarify through discussions with funders whether funds are to be spent in a very specific way, for purposes narrower than the charity's general charitable objects; and where this is the case such funds would be regarded as restricted. Where this is not the case, funds are treated as unrestricted.

Foreign currencies
Assets and liabilities in foreign currencies are translated into sterling at the rate-of-exchange ruling at the balance-sheet date. Transactions in foreign currencies are translated into sterling at the rate-of-exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the net movement in funds.

Leased assets
Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged to the statement of financial activities on a straight-line basis over the lease term.

Pension costs
Contributions in respect of defined-benefit pension schemes are recognised in the statement of financial activities so as to spread the cost of pensions over employees' working lives.

Liquid resources
Liquid resources comprise term deposits with banks registered in the United Kingdom.

2. Research grants and project finance receivable

Research grants and project finance receivable during the year are broken down by programme in the table below.

As explained under the principal accounting policies, the majority of the Institute's income is deemed contractual in nature and is classified as unrestricted. Any income that might be defined as restricted has been applied fully towards the programme or project for which it was given.

Research grants and project finance receivable	2012 £	2011 £
The Centre for Aid and Public Expenditure (CAPE)	**3,061,178**	2,315,434
Research and Policy in Development (RAPID)	**2,015,672**	2,278,419
The Humanitarian Policy Group (HPG)	**1,947,578**	1,383,948
International Economic Development Group (IEDG)	**1,687,485**	634,451
Climate Change, Environment and Forests (CCEF)	**1,658,171**	1,431,504
Social Protection	**1,415,775**	673,362
Politics and Governance (POGO)	**1,348,125**	1,760,100
Private Sector and Markets (PSM)	**794,766**	225,727
Social Development	**753,015**	474,708
Protected Livelihoods and Agricultural Growth (PLAG)	**671,469**	1,017,894
Water Policy Programme (WPP)	**652,606**	902,611
Growth, Poverty and Inequality Programme (GPIP)	**477,613**	259,513
Chronic Poverty Research Centre (CPRC)	**285,107**	782,631
Director	**396,236**	319,265
Secondment	**(241)**	117,105
	17,164,555	14,576,672
Active Learning Network for Accountability and Performance (ALNAP)	**716,867**	546,887
Group research grants and project finance receivable	**17,881,422**	15,123,559
ODI Sales Limited research grants and project finance receivable (note 3)	**(1,193,856)**	(1,255,947)
Charity research grants and project finance receivable	**16,687,566**	13,867,612

3. ODI Sales Limited research income

The Charity has a wholly owned subsidiary, ODI Sales Limited, which is incorporated in the UK for the purposes of generating income for the charitable purposes of the Charity. A summary of the full trading result of the company is shown in note 7 to the accounts but a breakdown of the research income of ODI Sales Limited is provided below.

	2012 £	2011 £
Climate Change, Environment and Forests (CCEF)	**748,996**	831,022
Politics and Governance (POGO)	**139,245**	110,685
International Economic Development Group (IEDG)	**92,625**	117,223
Humanitarian Policy Group (HPG)	**85,453**	35,534
Private Sector and Markets (PSM)	**73,586**	23,899
Protected Livelihoods and Agricultural Growth (PLAG)	**31,652**	–
Centre for Aid and Public Expenditure (CAPE)	**16,125**	38,958
Social Development	**9,002**	36,480
Social Protection	**1,541**	–
Growth, Poverty and Inequality Programme (GPIP)	**–**	5,400
Water Policy Programme (WPP)	**–**	3,130
Research and Policy in Development (RAPID)	**(4,369)**	53,616
Total ODI Sales Limited research grants and project finance receivable	**1,193,856**	1,255,947
Research-publications income	**95,050**	110,919
Total ODI Sales Limited research income	**1,288,906**	1,366,866

4. Resources expended

	2012 £	2011 £
a. Research and dissemination of information		
Staff costs (note 8)	**5,391,936**	4,694,189
Temporary staff	**130,069**	171,232
Research fees payable to consultants and related costs	**6,160,107**	4,461,499
Dissemination of information	**949,445**	934,476
Travel	**1,477,581**	1,463,746
Support costs allocation (note 6)	**3,631,696**	3,165,383
Other costs	**296,097**	250,560
Group research and dissemination of information costs	**18,036,931**	15,141,085
ODI Sales Limited research and dissemination of information costs	**(748,992)**	(802,625)
Charity research and dissemination of information costs	**17,287,939**	14,338,460

	2012 £	2011 £
b. Fellowship activities and services		
Supplementation	**1,872,773**	1,943,752
Staff costs (note 8)	**204,645**	195,942
Temporary staff	**–**	6,543
Support costs allocation (note 6)	**92,645**	90,492
Other costs	**685,572**	714,909
	2,855,635	2,951,638

5. Governance costs

	2012 £	2011 £
Auditor's remuneration	**22,832**	15,000
Legal fees	**2,746**	3,258
Other costs	**2,195**	4,817
	27,773	23,075

6. Support costs

	2012 £	2011 £
Staff costs (note 8)	**1,653,663**	1,431,478
Staff overheads	**520,466**	614,394
Premises	**386,147**	367,155
Depreciation	**80,061**	155,838
Dilapidations provision	**180,000**	–
Other costs	**904,004**	687,010
	3,724,341	3,255,875

The above support costs are apportioned to charitable activities on the basis of the number of staff members employed by each activity as follows.

Support costs allocation	2012 £	2011 £
Research and dissemination of information	**3,631,696**	3,165,383
Fellowship activities and services	**92,645**	90,492
	3,724,341	3,255,875

7. ODI Sales Limited

The Overseas Development Institute owns the entire called-up share capital of ODI Sales Limited, a trading company registered in England and Wales, Company Registration Number 7157505, incorporated on 15 February 2010.

A summary of the trading results of ODI Sales Limited for the year ended 31 March 2012 is given below.

All taxable profits each year are transferred to the Charity.

At 31 March 2012, the total capital and reserves of the company was £10 (2011: £10).

ODI Sales Limited	2012 £	2011 £
Income	**1,288,906**	1,366,866
Cost of sales	**(744,792)**	(797,407)
Gross surplus	**544,114**	569,459
Administrative expenses	**(4,200)**	(5,218)
Operating surplus	**539,914**	564,241
Other interest receivable and similar income	**–**	4,747
Surplus on ordinary activities before taxation and Gift Aid	**539,914**	568,988
Taxation	**–**	–
Surplus on ordinary activities before Gift Aid	**539,914**	568,988
Gift Aid donation to parent undertaking	**(539,914)**	(581,051)
Deficit for the financial year	**–**	(12,063)

8. Staff costs and Trustees' remuneration

	2012 £	2011 £
a. Staff costs during the year		
Wages and salaries	**5,920,568**	5,164,237
Social security costs	**530,514**	447,914
Other pension costs	**799,162**	709,458
	7,250,244	6,321,609
Temporary staff costs	**419,649**	622,927
	7,669,893	6,944,536
b. Staff costs (excluding temporary staff) by function		
Research and dissemination of information	**5,391,936**	4,964,189
Fellowship activities and services	**204,645**	195,942
Support	**1,653,663**	1,431,478
	7,250,244	6,231,609

	2012	2011
c. The number of employees who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the year		
£60,001 – £70,000	**5**	5
£70,001 – £80,000	**4**	2
£80,001 – £90,000	**3**	3
£90,001 – £100,000	**1**	–
£100,001 – £110,000	**1**	1

Of those employees who earned £60,000 or more during the year (as defined above), employer contributions were made to the charity's defined-benefit pension schemes in respect of all of them.

The average number of employees during the year, analysed by function, was as follows.

	2012	2011
Research and dissemination of information	**118.0**	104.8
Fellowship activities and services	**3.0**	3.0
Support	**30.0**	27.0
	151.0	134.8

During the year ended 31 March 2012 expenses of £757 (2011: £16) were reimbursed to four Trustees (2011: 1 Trustee) for one leaving gift and attending Board and Council meetings. No Trustees were paid for project-based work (2011: Nil).

Andrew Barnett was a director of ODI Sales Limited during the year and is Executive Director of The Policy Practice, a company that analyses and supports reforms to public policy and institutions in developing countries. During the year, income of £20,455 (2011: £32,125) was received by ODI Sales Limited from The Policy Practice in respect of contracts for the provision of research in connection with international development and humanitarian affairs. £425 was also paid to The Policy Practice during the year for research fees.

The Trustees have taken out Trustee indemnity insurance to cover the liability of the Trustees, which by virtue of any rule of law, would otherwise attach to them in respect of any negligence, default, breach of trust or breach of duty of which they may be guilty in relation to ODI. The premium paid by the charity amounted to £6,095 (2011: £2,438) and provided cover of £1,000,000 (2011: £1,000,000).

9. Net movement in funds

This is stated after charging.

	2012 £	2011 £
Auditor's remuneration		
Current-year audit services – ODI	**15,800**	15,000
Current-year audit services – ODI Sales Limited	**4,200**	4,200
Other services	**15,282**	16,762
Depreciation	**79,869**	155,838
Operating lease rentals		
Premises	**317,545**	289,670

10. Taxation

The charity is a registered charity and therefore it is not liable for income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

The subsidiary, ODI Sales Limited, donates its taxable profits, if any, to ODI each year.

11. Tangible fixed assets

	Leasehold improvements £	Other assets £	Total £
Cost			
At 1 April 2011	222,770	399,796	**622,566**
Additions during the year	–	23,500	**23,500**
At 31 March 2012	222,770	423,296	**646,066**
Depreciation			
At 1 April 2011	190,561	202,870	**393,431**
Charge for year	32,208	47,661	**79,869**
At 31 March 2012	222,769	250,531	**473,300**
Net book values			
At 31 March 2012	1	172,765	**172,766**
At 31 March 2011	32,209	196,926	**229,135**

Other assets comprise furniture, fixtures and fittings, equipment, and computer software.

12. Investments

Group	Total £
Listed investments	
Market value at 1 April 2011	**1,523,499**
Unrealised investment gains	**169,683**
Market value at 31 March 2012	**1,693,182**
Historical cost of listed investments at 31 March 2012	**1,373,076**

Charity	Shares in subsidiary company £	Listed investments £	Total £
Market value at 1 April 2011	10	1,523,499	**1,523,509**
Unrealised investment gains	–	169,683	**169,683**
Market value at 31 March 2012	10	1,693,182	**1,693,192**
Historical cost of investments at 31 March 2012	10	1,373,076	**1,373,086**

At 31 March 2012 listed investments comprised the following holdings in United Kingdom common investment funds:

Group	2012 £
Charinco accumulation units	**1,693,182**

At 31 March 2012 the Charity owned the entire called-up share capital of ODI Sales Limited, which is incorporated in the UK for the purposes of generating income for the charitable purposes of the Charity. A summary of the financial results of the company is shown in note 7.

13. Debtors

	Charity 2012 £	Group 2012 £	Charity 2011 £	Group 2011 £
Grants receivable and accrued income	**4,708,825**	**5,382,792**	2,848,254	3,277,487
Other debtors	**343,815**	**343,815**	309,479	309,479
Prepayments	**78,510**	**78,509**	172,641	172,641
Amount due from subsidiary undertaking	**748,037**	**–**	796,632	–
	5,879,187	**5,805,116**	4,127,006	3,759,607

Included within other debtors above is £290,566 (2011: £290,566) relating to monies forming a bank guarantee. These monies are held by the bank on ODI's behalf in order to secure certain EU grant funding.

14. Creditors

	Charity 2012 £	**Group 2012 £**	Charity 2011 £	Group 2011 £
Grants received in advance	**4,028,328**	**4,261,495**	2,745,390	2,809,154
Expense creditors	**1,135,053**	**1,191,651**	576,097	576,814
Social security and other taxes	**172,864**	**243,883**	140,773	181,686
Accruals and deferred income	**204,672**	**215,266**	214,371	222,464
	5,540,917	**5,912,295**	3,676,631	3,790,118

15. Tangible fixed-assets fund

	£
At 1 April 2011	**229,135**
Transfer from general funds being net movements in year	**(56,369)**
At 31 March 2012	**172,766**

The tangible fixed-assets fund represents the net book value of the tangible fixed assets owned by the Charity. These assets are of fundamental importance to the Charity in carrying out its objectives. As such, a decision was made to separate this fund from general funds in order to demonstrate that the value does not comprise assets that can be realised with ease in order to meet ongoing expenditure.

16. Analysis of net assets between funds

Group	General funds and non-charitable trading funds £	Tangible fixed-assets fund £	**Total funds £**
Fund balances at 31 March 2012 are represented by:			
Tangible fixed assets	–	172,766	**172,766**
Investments	1,693,182	–	**1,693,182**
Net current assets	2,201,295	–	**2,201,295**
Provision for liabilities and charge	**(180,000)**	–	(180,000)
Total net assets	3,714,477	172,766	**3,887,243**

16. Analysis of net assets between funds, continued

Charity	General funds £	Tangible-fixed assets fund £	**Total funds £**
Fund balances at 31 March 2012 are represented by:			
Tangible fixed assets	–	172,766	**172,766**
Investments	1,693,192	–	**1,693,192**
Net current assets	2,201,285	–	**2,201,285**
Provision for liabilities and charge	**(180,000)**	–	(180,000)
Total net assets	3,714,477	172,766	**3,887,243**

17. Lease commitments

At 31 March 2012 the Charity had annual commitments under non-cancellable operating leases as set out below:

Group and charity	**2012 £**	2011 £
Operating leases which expire		
Within one year	**92,750**	–
Within one to two years	**–**	185,500

18. Pensions

Retirement benefits for employees are provided by two independent-administered schemes, which are funded by contributions from the employer and employees. Contributions to the schemes are charged to the statement of financial activities so as to spread the cost of the pensions over the employees' working lives.

Under the definitions set out in Financial Reporting Standard 17: Retirement Benefits, both schemes are classed as multi-employer pension schemes. The Institute is unable to identify its share of the underlying assets and liabilities of the schemes. Accordingly, the Institute has taken advantage of the exemption in FRS17 and has accounted for its contributions to the schemes as if they were defined-contribution schemes. The Institute has set out below the latest information available for each scheme.

The Universities Superannuation Scheme (USS)
The Institute participates in the Universities Superannuation Scheme (USS), a defined-benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate Trustee-administered fund.

The Institute is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS17 Retirement Benefits, accounts for the scheme as if it were a defined-contribution scheme. As a result, the amount charged to the statement of financial activities represents the contributions payable to the scheme in respect of the accounting period.

The latest triennial actuarial valuation of the scheme was at 31 March 2011. This was the second valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory-funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out regular reviews of the funding levels. In particular, he carries out a review of the funding level each year between triennial valuations: details of his estimate of the funding level at 31 March 2012 are also included in this note.

The triennial valuation was carried out using the projected-unit method. The assumptions that have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), and the rates of increase in salary and pensions and assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An 'inflation-risk premium' adjustment was also included by deducting 0.3% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2% for CPI, which corresponds broadly to 2.75% for RPI per annum).

It was assumed that the valuation rate of interest would be 6.1% per annum, salary increases would be 4.4% per annum (with short-term general pay growth at 3.65% per annum and an additional allowance for increases in salaries due to age and promotion reflecting historic scheme experience, with a further cautionary reserve on top for past-service liabilities) and pensions would increase by 3.4% per annum for three years following the valuation, then 2.6% per annum thereafter.

At the valuation date, the value of the assets of the scheme was £32,433.5 million, and the value of the scheme's technical provisions was £35,343.7 million, indicating a shortfall of £2,910.2 million. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 68%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the scheme was 93% funded; on a buy-out basis (i.e. assuming the scheme had discontinued on the valuation date) the assets would have been approximately 57% of the amount necessary to secure all the USS benefits with an insurance company. Using the FRS17 formula as if USS was a single-employer scheme, using an AA bond-discount rate of 5.5% per annum on spot yields, the actuary estimated that the funding level at 31 March 2011 was 82%.

As part of this valuation, the Trustees have determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2011. The next formal triennial actuarial valuation is as at 31 March 2014. If experience up to that date is in line with the assumptions made for this current actuarial valuation and contributions are paid at the determined rates or amounts, the shortfall at 31 March 2014 is estimated to be £2.2 billion, equivalent to a funding level of 95%. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

The technical provisions relate essentially to the past-service liabilities and funding levels, but it is also necessary to assess the ongoing cost of the newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions but the allowance for promotional salary increases was not as high. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic salary experience. However, when calculating the past-service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

As at the valuation date the scheme was still a fully Final Salary Scheme for future accruals and the prevailing employer-contribution rate was 16% of salaries.

Following UK government legislation from 2011, statutory pension increases or revaluations are based on the Consumer Prices Index measure of price inflation. Historically, these increases had been based on the Retail Prices Index measure of price inflation.

Since the previous valuation as at 31 March 2008 there have been a number of changes to the benefits provided by the scheme although these became effective from October 2011.

These include:

- other than in specific, limited circumstances, new entrants are now provided on a Career Revalued Benefits (CRB) basis rather than a Final Salary (FS) basis.
- the normal pension age was increased for future service and new entrants to age 65.
- flexible-retirement options were introduced.
- employee contributions were uplifted to 7.5% p.a. and 6.5% p.a. for FS section members and CRB section members respectively.
- if the total contribution level exceeds 23.5% of salaries per annum, the employers will pay 65% of the excess over 23.5% and members would pay the remaining 35% to the fund as additional contributions.
- for service derived after 30 September 2011, USS will match increases in official pensions for the first 5%. If official pensions increase by more than 5% then USS will pay half of the difference up to a maximum increase of 10%.

Since 31 March 2011 global-investment markets have continued to fluctuate and, following its peak in September 2011, inflation has declined rapidly towards the year end, although the market's assessment of inflation has remained reasonably constant. The actuary has estimated that the funding level as at 31 March 2012 under the scheme-specific funding regime had fallen from 92% to 77%. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions. These are cited as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2012 estimation.

On the FRS17 basis, using an AA bond-discount rate of 4.9% per annum, based on spot yields, the actuary calculated that the funding level at 31 March 2012 was 74%. An estimate of the funding level measured on a historic gilt basis at that date was approximately 56%.

Surpluses or deficits which arise at future valuations may impact on the Institute's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements.

USS is a 'last-man-standing' scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuations of the scheme.

As at 31 March 2012, USS had over 145,000 active members and the Institute had 98 staff members participating in the scheme.

The total pension costs for the Charity under this scheme were £626,748 (2011: £520,782). The contribution rate payable by the Charity was 16% of pensionable salaries. Changes to USS were decided by the Joint Negotiating Committee of USS on 10 May 2011 and approved by the trustee board of USS at its meeting on 9 June 2011.

Changes include:

- an increase in existing-member contribution rate to 7.5% of salary from 1 October 2011.
- a cap on the increases that will apply to the benefits earned by members will apply to benefits that are built up on or after 1 October 2011.
- new entrants to USS from 1 October 2011 will join a new section of the scheme. Benefits in the new section are calculated differently to the final-salary section. The benefits are worked out at the end of each scheme year and added to any previous benefits built up in the scheme. These benefits then receive increases each year until retirement. The formula to work out the annual pension is 1.25% of salary in each scheme year. In addition a lump sum is provided of three times the pension. The employee contribution in the new section is 6.5% of salary.
- if there is a requirement in the future to increase the overall contribution rate to USS above the combined level of 23.5%, the increase will be shared in the ratio of 65:35 between employers and members respectively.

Superannuation arrangements of the University of London (SAUL)

The Charity also participates in the Superannuation Arrangements of the University of London (SAUL), which is a centralised defined-benefit scheme and is contracted out of the State Second Pension. SAUL is a 'last-man-standing' scheme so that in the event of the insolvency of any of the participating employers in SAUL, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation. A formal valuation of SAUL is carried out every three years by professionally qualified and independent actuaries using the projected unit method. Informal reviews of SAUL's position are carried out between formal valuations.

The Charity participates in a centralised defined-benefit scheme for all qualified employees with the assets held in separate Trustee-administered

SAUL technical assumptions	31 March 2011
Discount rate – pre-retirement – post-retirement	 6.80% p.a. 4.70% p.a.
General* salary Increases	3.75% p.a. until 31 March 2014, 4.50% p.a. thereafter
Retail Prices Index inflation (RPI)	3.50% p.a.
Consumer Price Index inflation (CPI)	2.80% p.a.
Pension increases in payment (excess over GMP)	2.80% p.a.
Mortality – base table	SAPS Normal (year of birth) tables with an age rating of +0.5 years for males and -0.4 years for females.
Mortality – future improvements	Future improvements in line with CMI 2010 projections with a long term trend rate of 1.25% p.a.

*an additional allowance is made for promotional salary increases funds. The Charity has now adopted FRS17 for accounting for pension costs. It is not possible to identify the Charity's share of the underlying assets and liabilities of SAUL. Therefore contributions are accounted for as if SAUL were a defined-contribution scheme and pension costs are based on the amounts actually paid (i.e. cash amounts) in accordance with paragraphs 8–12 of FRS17.

SAUL is subject to triennial valuations by professionally qualified and independent actuaries. The last available valuation was carried out as at 31 March 2011 using the projected unit credit method in which the actuarial liability makes allowance for projected earnings. The main assumptions used to assess the technical provisions are shown in the table on page 70.

The actuarial valuation applies to SAUL as a whole and does not identify surpluses or deficits applicable to individual employers. As a whole, the market value of SAUL's assets was £1,506 million representing 95% of the liability for benefits after allowing for expected future increases in salaries.

Based on the strength of the Employer covenant and the Trustee's long-term investment strategy, the Trustee and the Employers agreed to maintain Employer and Member contributions at 13% of salaries and 6% of salaries respectively, following the valuation. The above rates will be reviewed when the results of the next formal valuation (as at 31 March 2014) are known.

A comparison of SAUL's assets and liabilities calculated using assumptions consistent with FRS17 revealed SAUL to be in deficit at the last formal valuation date (31 March 2011). As part of this valuation, the Trustee and Employer have agreed that no additional contributions will be required to eliminate the current shortfall.

The more material changes (the introduction of a Career Average Revalued Earnings, or 'CARE', benefit structure) to SAUL's benefit structure will apply from 1 July 2012. As a consequence, the cost of benefit accrual is expected to fall as existing final-salary members are replaced by new members joining the CARE structure. This will allow an increasing proportion of the expected asset return to be used to eliminate the funding shortfall. Based on conditions as at 31 March 2011, the shortfall is expected to be eliminated by 31 March 2021, which is 10 years from the valuation date.

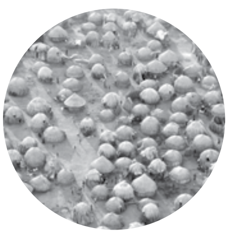
The total pension costs for the Charity under this scheme were £172,414 (2011:£157,754). The contribution rate payable by the Charity was 10.5% of pensionable salaries.

19. Post-balance-sheet events

The Charity's lease at 111 Westminster Bridge Road expired on 17 September 2012. The latest estimate of the Charity's dilapidations liability under this lease is that the Charity may be liable to pay a maximum of £180,000 and we have provided for this in full in the accounts (see Group Balance Sheet on page 57). At the time of signing, our final obligation is yet to be agreed but will be paid by 31 December 2012. On 10 July 2012 the Charity entered into a 12-year lease in respect of new premises at 203 Blackfriars Road, London SE1 8NJ. Rent payable under this lease, expiring on 9 July 2024, is £802,720 per annum after an initial two-year rent-free period.

Shaping policy for development

This Annual Report was produced by a team led by Sophy Kershaw in ODI Communications. Editorial was handled by Angela Hawke with assistance from Ruth Larbey. Design and layout was by Soapbox, and photo research was by Gail Wilson. The team thanks all ODI staff who contributed. General oversight and guidance was provided by Gill Hart, ODI Communications Director, and Alison Evans, ODI Director.



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Jia village near Boma National Park, Sudan © Mike D Kock

Pages 4 and 5
Colour-smeared hands during the Holi festival in Kolkata, India © Majority World/Drik India/ Prasanta Biswas

Pages 44 and 45
Villagers walk across a pier that has been almost submerged by the rising Gorai River, in Kushtia, Bangladesh © Majority World/ Drik/Shehzad Noorani

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