



**Overseas Development Institute**

**Trustees' Annual Report and Financial Statements**

For the year ended 31 March 2019

Charity registration number: 228248

Company registration number 661818

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## REPORT OF THE TRUSTEES

### OBJECTIVES AND ACTIVITIES

#### *Charitable Objectives and Mission*

ODI's primary objective, as set out in its Articles of Association, is 'to promote the study and discussion of and the exchange of information upon the economic and social development of nations, and the influence thereon of various policies, actions and institutions'.

ODI's mission is to promote poverty reduction, the alleviation of suffering and the achievement of sustainable livelihoods. ODI achieves this by locking together high-quality applied research, practical policy advice and policy-focused dissemination and debate.

#### *Our strategic priorities*

ODI's new five-year strategy was launched in May 2018. The strategy is anchored in the challenges we all face, encompassing climate change, violent extremism, authoritarianism, financial instability, inequality, pandemics, the impact of technology and the future of work. Many of these challenges are interrelated, and responses require multifaceted and evidence-based solutions. The strategy brings together ODI's multiple perspectives, disciplines and tools to both understand and respond to these complex problems. We work with a wide range of partners to collect evidence, find and test creative solutions and engage with actors with the power and influence to change policy and practice. Our multidisciplinary approach combines research, advisory work, convening and communications.

The strategy is framed around four thematic areas:

1. Ending extreme poverty and reducing inequality.
2. Transforming economies and the future of work.
3. Ensuring sustainable water, land, food and energy.
4. Preventing conflict and violence and addressing fragility.

and two cross-cutting themes focused on the approaches needed to enable progress and address the risks associated with making change happen:

5. Managing and mitigating risks.
6. Unlocking the enablers of progress, with a particular focus on politics, finance and technology.

ODI's strategic priorities must and will continue to evolve in response to external changes and as ODI plays its role as an organisation that sets agendas through identification of new important areas of focus.

#### *Our activities in 2018/19*

ODI works across a wide range of sectors and issues with a direct impact on the well-being of the world's poorest people. We have 14 core programmes, a public affairs and communications department and a central team ensuring the successful operation of the Institute. While each programme focuses on its specific area of expertise, larger pieces of work cut across programmes and draw multidisciplinary teams together.

ODI hosts important networks and consortia, including the Humanitarian Practice Network (HPN) and the Active Learning Network for Accountability and Performance in Humanitarian Action (ALNAP). We also host long-term multi-partner research initiatives, such as the Secure Livelihoods Research Consortium (SLRC), Gender and Adolescence: Global Evidence (GAGE), Building Resilience and Adaptation to Climate Extremes (BRACED) and the Global Property Rights Index (Prindex). We run a Fellowship Scheme that places graduate economists and statisticians in public policy institutions around the world across 40 countries. ODI also publishes two academic journals, *Development Policy Review* and *Disasters*.

### ***Public benefit***

In setting the objectives above and planning ODI's activities, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

## **ACHIEVEMENTS AND PERFORMANCE: A STRATEGIC OVERVIEW**

Over the course of 2018/19, ODI produced influential work across all areas of its strategy. ODI's website gives comprehensive coverage of the range and depth of the work we do across each strategic area, but the following examples illustrate the impact we can make through high-quality research, country-based activities and world-class communications and convening.

### ***Ensuring sustainable water, land, food and energy: the case of fossil fuels***

Despite committing to tackle climate change, governments around the world still provide billions of dollars in support to fossil fuels. Over the past five years, ODI has worked with international partners to widen the accepted definition of this support, chart its extent and drive change towards fossil fuel phase-out.

#### *Impact through partnership*

Our most recent research – [Cutting Europe's lifelines to coal, Phase-out 2020](#) and our [G7 fossil fuel subsidy scorecard](#) – has stimulated public debate about the scope and scale of fossil fuel subsidies, working in partnership with others across advisory, research and campaigning. As an independent research institute and global convenor, ODI is ideally placed to establish common ground between groups that advise and support governments, and advocacy organisations that campaign publicly. Partners work with governments to drive further commitments and hold them to account for existing pledges; by collaborating on our shared interests and goals, we have extended our reach, influence and impact.

#### *Shifting the UK narrative*

In the UK, we have contributed to a significant shift in the narrative and growing understanding and acceptance of a wide definition of subsidies and support, [with MPs citing our subsidy estimates](#), quoting evidence we submitted to the Environmental Audit Committee and [challenging the government on its lack of transparency in reporting on fossil fuel subsidies and export finance policy](#).

### *Improving transparency across EU Member States*

Key changes were made to EU policy [based on recommendations in our Phase-out 2020 report](#), published with Climate Action Network Europe and other Brussels-based partners. In 2018, the European Parliament amended the EU's monitoring and reporting framework for its 2030 climate and energy targets, strengthening the initial proposal's vague reference to 'energy subsidies' and committing countries to regular reporting. This is an essential first step towards improving transparency and will be critical in holding governments accountable to their climate commitments.

### *Influencing the G7 and the G20*

In June 2018, we launched our [G7 fossil fuels subsidy scorecard](#), which ranked countries' efforts to eliminate subsidies and made recommendations for progress. One of our projects, the Global Subsidies Initiative (GSI), presented the findings directly to the French and Canadian governments, and shortly afterwards Canada announced a peer review process, [one of the steps recommended in the policy brief](#).

### ***Preventing conflict and violence and addressing fragility: reviewing political order in Afghanistan.***

Sixteen years after their fall from power, the Taliban are re-emerging to fill Afghanistan's governance vacuum. Our report *Life under the Taliban shadow government* shone a light on the important and uncomfortable truth that the group is more coherent than ever before, and challenged governments to confront this reality, and what it means for efforts to achieve stability in the country.

### *Impact through independence*

In June 2018, in the wake of Afghanistan's first unconditional ceasefire with the Taliban and as governments around the world were rethinking their position in the country, we released [original evidence and analysis](#) on the group's continued influence. The research, based on first-hand interviews with more than 160 Taliban fighters and officials and civilians living under Taliban rule, found that the Taliban continue to govern the lives of tens of millions of Afghans. The group has solidified control by co-opting government structures and exerts its influence well beyond the areas it can be said to control.

### *Speaking truth to power*

The report's findings have significant implications for future peace in the region, as well as raising the urgent question of what can and should be done for Afghans *now*. The report also reveals a reality of which few in the international community are aware, and that fewer still are willing to engage with: Taliban governance is more coherent and extensive than ever before.

ODI's independence gives us the credibility to present hard-hitting and politically sensitive evidence and analysis that challenges governments to change their approach. Several government ministries and defence agencies invited our experts to brief them privately on the research, and to discuss its implications. We spent significant time in Kabul speaking to decision-makers about their policies on engaging with the Taliban, and the need to change their approach in response to our evidence.

### *Shaping the debate*

The report – ODI's most-read in 2018 – was picked up widely by the media, including NBC, The Washington Post and Al Jazeera, and influential blogs including Task & Purpose. Journalist Lyse Doucet talked about the research on the BBC's From Our Own Correspondent programme, and Stephen Sackur challenged the [National Security Adviser of Afghanistan to respond to the report's findings during a HARDtalk interview](#). The report was also [mentioned in the UK parliament](#):

*'ODI notes the remarkable degree of co-operation between the Taliban and the Government ... Bad governance is the root cause of conflict and functioning institutions are the key to stability.'*

Baroness D'Souza, former Lords Speaker, House of Lords.

### ***Unlocking the enablers of progress: doing migration differently***

The movement of people around the world is nothing new. In a landmark year, ODI's high-profile and innovative work contributed to important changes in the migration debate and in international policy, which now recognise the inextricable link between migration and human development.

#### *Impact through innovation*

In December 2018, after intense and at times difficult negotiations, the UN General Assembly adopted [the Global Compact for Safe, Orderly and Regular Migration](#) (GCM) – the first comprehensive international agreement to address global human mobility. The GCM breaks new ground in its recognition that well-managed migration can help achieve development outcomes.

Our experts worked with key policy- and decision-makers in the GCM process, at times embedded in their teams, to ensure that development and migration priorities would be seen as complementary. We supported the drafting of the GCM and, as trusted advisors, nuanced the often-polarised political discourse with our evidence and analysis.

We engaged actively with the media to inform the public debate on migration, appearing on the BBC World Service Newshour programme and in [The Guardian](#). We also advised the UK Home Office on immigration policy following [our response to a proposed campaign to deter would-be migrants](#).

### *Changing the conversation*

We have challenged established thinking on how to manage global migration and protect people affected by displacement. Over the past year and a half, we've looked at [how policies affect migrants' decision-making](#), worked to understand [public attitudes towards migrants and refugees](#) and [debunked migration myths](#). This research points to the fundamental reality that [human mobility cannot be managed by migration policies alone](#), but requires a comprehensive and coherent approach across a wide range of policy areas.

In October 2018 we launched the [Human Mobility Initiative](#), a platform for innovation and joint action, to 'do migration differently', run in conjunction with the Center for Global Development and the London School of Economics Institute for Global Affairs. The launch had significant traction on social media, ranking in ODI's top-five tweets for 2018 and reaching more than 10,000 people across our Facebook and LinkedIn audiences.

### *Innovative communications*

Our [migration and the 2030 Agenda series](#) had a significant impact on conversations around key policy processes. Building on this work, we launched an interactive [data visualisation tool](#) enabling users to explore how migration affects development.

### ***Unlocking the enablers of progress: financing the end of extreme poverty***

Despite progress towards ending extreme poverty, 400 million people are projected to still be living on less than \$1.90 a day by 2030. This year, our analysis of what's needed to bring this number to zero featured in global debates on financing. Our recommendations were endorsed by leaders from the International Monetary Fund (IMF), the Organisation for Economic Co-operation and Development's Development Assistance Committee, and were supported by the UN Deputy Secretary-General Amina Mohammed.

### *Impact on the global agenda*

In a development debate increasingly preoccupied with private financing, our work on [ending extreme poverty](#) put the importance of public financing back on the global agenda. We launched the research just ahead of the UN General Assembly in September (UNGA 73), with a private briefing attended by IMF Managing Director Christine Lagarde.

Lagarde echoed the report's two central recommendations in [her keynote address to the Secretary-General's High-Level Meeting on Financing the 2030 Agenda for Sustainable Development](#) and in her [IMF blog](#), agreeing that 'advanced economies can do more including by moving towards 0.7% of gross national income in aid'.

### *Targeting our evidence and ideas*

As well as identifying tangible ways forward, our research presented rich new evidence about the scale of the challenge facing donors and the wider international community. We put the report's headline-grabbing numbers – 400 million people still living in extreme poverty by 2030 and a funding gap of \$125 billion a year – front and centre of our media outreach. Our efforts to frame the issue positively – ending poverty *is* possible – set our story apart from narratives that focus only on the scale of the challenge.

The timing was important. We launched our poverty figures ahead of new projections and analysis from the [World Bank](#) and the IMF, amplifying our message and theirs, and the story was picked up by media outlets including [Reuters](#) and Australian Associated Press. The report's lead author spoke on BBC Worldwide and Voice of America, and on LinkedIn our [60-second video explainer](#) was one of ODI's most popular posts. The report also set out a new donor efficiency index, which we shared with governments, tagging top-ranking countries in [our post on Twitter](#).

### ***Maintaining our external visibility***

Taking a considered and strategic approach to external engagement has helped us deliver policy impact and increase our media coverage over the last year. We maximise our influence by looking ahead to key decision-making moments and planning accordingly, deliberately timing our research promotion and events when policy-makers are in the market for solutions.

Over the year we secured over 3,500 media hits and continued to deploy our experts for media commentary and reactions to current and global affairs. This included our engagement on the Global Compact for Migration, Zimbabwe Elections, UK Prime Minister's visit to Africa, the earthquake in Indonesia and the new World Bank President. Our digital and social media channels have performed very well, with over a million visitors to the ODI website, and we have 112,000 followers on Twitter and over 73,000 Facebook likes. Our LinkedIn audience is expanding rapidly, and this is now our fastest growing social media channel with nearly 30,000 followers. The ODI newsletter has nearly 20,000 subscribers, and the open and click-through rates are double the industry average.

Our most popular multimedia products this year were our interactive tool on Migration and the 2030 Agenda for Sustainable Development, which was visited by 9,324 unique visitors who stayed on the webpage much longer than usual. Our podcast series on Constructive deconstruction in the humanitarian sector was our next most popular multimedia product, with 3,971 unique pageviews and 4,406 soundcloud plays.

We launched 180 publications and convened 56 public events in London and around the world, with over 7,800 participants. High-profile discussions included events on green growth and climate change with Michael Liebreich and Kate Raworth; tackling FGM with activist Nimco Ali; the future of aid with DAC Chair Susanna Moorehead; mass starvation and famine with Professor Alex de Waal; financing the end of extreme poverty with IMF Managing Director Lagarde; and Australia's vision for international development with then Minister for International Development Concetta Fierravanti-Wells. We also hosted side events at key international moments including the UNFCCC Conference of the Parties 24, the Global Forum on Migration and Development (GFMD), the UN General Assembly and the Intergovernmental Conference on the Global Compact. Sara Pantuliano represented ODI at the World Economic Forum's Annual Meeting in Davos, where she convened discussions on humanitarian financing and migration, and at the European Parliament we co-hosted an event with Microsoft founder Bill Gates and EU High Representative and Vice-President Frederica Mogherini on the future of EU international cooperation. Public affairs remained a key part of our work.

ODI provided written evidence to six UK parliamentary committees, and 12 inquiries, and provided oral evidence twice: on UK aid for combatting climate change and forced displacement in Africa. ODI's evidence was quoted in parliamentary debates on the Commonwealth Summit, global road deaths, the Taliban in Afghanistan and the SDGs. ODI worked with the All Party Parliamentary Group on Trade Out of Poverty to produce the report on Our Shared Prosperous Future: an agenda for values-led trade, inclusive growth and sustainable jobs for the Commonwealth. This was part of a comprehensive suite of engagement ahead of the Commonwealth Summit in April that drew together ODI expertise on issues such as trade, jobs, prosperity and resilience.

This year, women's rights and peace champion and former minister and UN Special Representative Zainab Bangura joined Lilianne Ploumen and David Donoghue as an ODI Distinguished Fellow.



### ***ODI Fellowship Scheme***

The ODI Fellowship Scheme gives highly qualified postgraduate economists and statisticians the opportunity to work in national public sectors as civil servants. Since the scheme began in 1963, ODI has worked with more than 40 country governments and regional organisations to place over 1,100 Fellows in postings around the world. Postings are under four broad streams: economics, statistics, financial inclusion and health. This year the Fellowship Scheme posted 46 new ODI Fellows to 20 countries and regional organisations, with a focus on countries with low incomes and high levels of poverty.

### ***Our staff and values***

ODI began its journey almost 60 years ago. The Cold War, decolonisation, the birth of development banks and agencies, the green revolution – all created an acute need for evidence and engagement about what was and wasn't working in development. Throughout its growth and evolution, ODI has stood as a key partner to actors and institutions seeking progress and an end to poverty and conflict. To deliver on ODI's ambitions, we will continue to evolve to ensure we are a valuable partner for the future. These changes will be guided by the values embedded in our strategy and cover:

- **Commitment to independence.** Our work is independent from our funders. Staff are encouraged to challenge donor thinking and policy and the wider development consensus.
- **An emphasis on quality.** We ensure best practice, innovative approaches and continuous improvement in our research, policy advice, communications and public affairs.
- **Fairness, diversity and equality.** We treat all staff and partners fairly and with respect.
- **Working together.** We continuously seek to foster better relationships throughout the organisation. We believe that, by working together in a supportive environment, we will achieve more and have greater impact.
- **Transparency and accountability.** We report openly on our use of public funds, and fully communicate our work to our donors, research subjects and partners.
- **Sustainability.** We use resources in a sustainable way, conscious of our impact on the environment.

Our people are our greatest asset and our success is testament to their hard work, entrepreneurial spirit, skill and dedication. We aim to:

- Further enhance our inclusiveness and the diversity of our staff and partners.
- Reduce our gender pay gap to 5% in either direction.
- Track our carbon footprint and make significant cuts on a clear path to carbon neutrality.
- Ensure that all our publications and digital platforms meet a high standard of accessibility for disabled people and those with impairments.
- Phase out the use of terms such as 'developing' and 'developed', which create false distinctions between countries and communities.

## **FINANCIAL AND OPERATIONAL PERFORMANCE**

Following the difficult performance last year, we saw a significant improvement in 2018/19, resulting in a reduced unrestricted operating deficit of £761k (2018: £2.2m deficit).

There was an uplift in unrestricted income both from research activities and generated by the trading subsidiary, ODI Sales, and costs were significantly curtailed across all areas.

All staff across the organisation worked incredibly hard to bring about this improvement and the Trustees are extremely grateful for their commitment.

The external environment and the market for organisations like ODI are changing rapidly. In the year ODI launched a turnaround and transformation process, led by the Transformation Director, and which included a first phase of immediate changes in 2018/19 and a second phase of deeper reforms planned for 2019/20, 'ODI Futures', to review and strengthen ODI's business and operating models and to ensure ODI remains a strong, relevant and well-positioned organisation for the future.

The first phase was completed by March 2019 and resulted in £975k in deficit reduction for a full year which has enabled a balanced budget to be set for the 2019/20 financial year. This exercise involved optimisation of programmes and cost reductions, including a reduction of 14 staff roles. It should be noted that £211k of the 2018/19 unrestricted deficit represented one-time staff termination costs associated with this exercise (see note 9 to the financial statements). The second phase of the transformation process will be implemented during the coming year.

### ***Reserves policy***

The creation and maintenance of reserves is critical to enabling ODI to manage risk and respond to unexpected shocks. As such, the Charity's reserves fulfil an important element of Trustees' responsibilities towards the charity's stakeholders.

The Trustees regularly evaluate the level of reserves, using Charity Commission guidance. When considering the appropriate level of reserves to hold, the Trustees review the level of organisational risk and the potential impact of a major incident. At the latest review, the Trustees felt that a level of unrestricted reserves in the range £3-7m would be sufficient to mitigate the current organisational level of risk.

At the end of the previous financial year the level of free unrestricted reserves stood at £2.3m. The impact of a deficit in 2018/19, together with the decision of the Trustees to support a drawdown from unrestricted reserves to both support the restructuring process as well as the introduction of the new integrated financial and project management system has further reduced the level of free reserves which now stand at £1.5m.

Action has been taken to halt the decline in unrestricted reserves and continues with the anticipation that a modest contribution can be made in the year 2019/20 with a more significant replenishment in 2020/21.

ODI is committed to holding unrestricted reserves within the target range and the Trustees have tasked management with developing a plan to start rebuilding the reserves over the next five years.

As part of the total unrestricted reserves, ODI also holds two designated funds. The first represents the net book value of the tangible fixed assets held 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 the fund from the free unrestricted funds in order to demonstrate that these cannot be realised with ease to meet ongoing expenditure. At 31 March 2019 the value of the assets held in this designated fund was £935k (2018: £722k). The second designated fund represented the planned future investment in ODI's finance and project management systems. As we have completed most of the development, this fund was fully utilised in the year and the development costs have been capitalised. The full balance of the fund held at 31 March 2018 of £250k was transferred to the fixed asset fund.

The systems development started in 2017/18 and the HR system was successfully implemented in July 2018. During 2018/19 the integrated finance and project management system was developed and this is due to go live in 2019.

ODI has carried-forward restricted funds that are used for specified purposes laid down by the donor. A full description of each fund can be found in note 18 to the financial statements.

### ***Investment policy***

The Institute's investments are managed by Veritas Investment Limited. The funds are held in a variety of market investments and are being managed in accordance with the risk, liquidity and ethical requirements of ODI. As at the 31 March 2019 the investment portfolio was valued at £1.88m (2018: £2.24m) following a decision by the Trustees to liquidate £600k of the funds. Investment performance is regularly reviewed by the Trustees against a benchmark of CPI +3%. Further details of the investments can be found in the note 13 to the financial statements.

### ***Approach to fundraising***

The charity is aware of the Charities (Protection and Social Investment) Act 2016 and the Trustees support the aims of this legislation. The majority of the charity's income comes from other charitable and statutory bodies. The charity undertakes very little direct fundraising activity involving individual donors. The charity considers the origin of unsolicited donations and legacies. The charity does not share with or purchase any donor data from third parties. In 2018/19 the charity did not engage with independent professional fundraisers and did not receive any complaints in relation to fundraising or raise any matter with regulators.

### ***Principal risks and uncertainties***

The Trustees undertake a full risk assessment on an annual basis and monitor progress quarterly. This process is supported by the Finance, Audit and Risk Committee of the Board, who assess risk in detail at each of their quarterly meetings. The aim is to identify the major risks to the Institute and to ensure that measures are taken to mitigate the impact of these 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 key risks identified by the Board during 2018/19 were:

- **Strategic** – there is a risk that continuing changes in the external environment will make it more difficult for ODI to deliver its mission as the international development sector comes under increasing pressure. We continue to mitigate this risk by working to evolve our strategy and focus wherever possible and seek out new audiences and partnerships. We continue to monitor the impact to the organisation of the UK leaving the European Union and consider regular updates at Board meetings.
- **Funding environment** – increasingly challenging commercial procurement practices and contractual terms are placing pressure on ODI’s ability to recover the costs of and invest in its core infrastructure. ODI is working to mitigate this by increasing efficiency and generating new business propositions.
- **Financial resilience** – financial resilience and cashflow are being monitored on a regular basis. A review of processes is being undertaken in the coming year that will enable ODI to identify issues at an early stage.
- **Operational delivery** – risks around operational delivery include threats to traveller safety in ‘high risk’ countries as designated by the FCO, and the possible financial and reputational impacts of the failure of a major high-profile contract. Travel security remains fundamental to our operations and our systems for ensuring the safety of those who travel are robust. ODI has an in-house Global Security team who both screen and advise on high and extreme risk travel, provide full security inductions, country visits, traveller tracking and are able to respond to incidents involving staff and Fellows covered by ODI’s duty of care. Contract management and quarterly financial review processes have also been improved considerably to allow the early identification of potential issues.
- **Recruitment and Retention** – while failure to attract and retain quality human resources is always a potential risk for ODI, the Board currently assess the likelihood of this risk occurring as low. Our HR team continues to put in place procedures and structures that will allow us to diversify our staffing base and draw in more in-country expertise.
- **Safeguarding & Conduct** – with recent increased scrutiny in the charity sector over safeguarding practices and reporting of serious incidents, ODI has taken steps to review relevant policies and practices. The appointment of a safeguarding Trustee lead will ensure the Board is aware of developments in safeguarding policies and practices and how ODI is managing this risk. Monthly reporting meetings in place to review processes and any serious potential conduct/safeguarding or other relevant risks.

## PLANS FOR FUTURE PERIODS

In line with ODI’s strategy, the Institute’s internal structure and future focus of work will increasingly be organised around the four challenges set out in the strategy, and the two cross-cutting risks and enablers: The plans laid out here are grounded in a careful assessment of the rapid changes taking place in the external environment, and an appraisal of areas of future growth.

### *1. Ending extreme poverty and reducing inequality*

Future work under this theme will focus on poverty, inequality and social policy and protection, an area where ODI has long-standing credibility and influence, and where work continues to be in demand. Other areas will potentially include work on poverty dynamics and basic services, particularly

education, with a focus on education technology which is more relevant to the changes and demands in the external market.

## *2. Transforming economies and the future of work*

Building on our work on the digitalisation of the economy and the future of work, and leveraging our connections with the WEF, the UN High Level Panel on Digital Cooperation and the Pathway to Prosperity Commission, we will continue to set the agenda on a set of issues that can rapidly become an area of strength for the Institute. Key areas of interest under this theme include changing patterns of trade and investment, regional and global trade governance, in partnership with regional bodies such as the African Union and the UN Economic Commission for Africa (UNECA); trade and investment ties between the UK and the developing world; private investment and development finance; and the patterns and determinants of economic transformation, under which we will explore closer partnerships with key private sector stakeholders in the digital economy.

## *3. Ensuring sustainable water, land, food and energy*

Work on natural resource governance will focus on a major new initiative aimed at improving land governance as an essential and inclusive basis for economic development and strengthening land and property rights at scale. We also aim to respond to growing interest in water and agriculture in the context of rapid and in many cases unplanned urbanisation; maintain a large body of work on climate and energy issues and low carbon development, with a focus on green fiscal policy, climate finance and sustainable energy; and explore issues around irrigation and commercial farming in sub-Saharan Africa.

## *4. Preventing conflict and violence and addressing fragility*

ODI has a long and established record in research and convening on the challenges of fragile and conflict-affected states. Building on this expertise, we will aim to consolidate ODI's world-renowned work on humanitarian response and expand work on the drivers of conflict, with an enhanced focus on violent extremism, as well as on strategies to prevent and mitigate the impacts of crisis and fragility. Work on this agenda has always been in great demand and we will seek to expand it given our strong expertise and the fact that an increasing proportion of donor funds are being concentrated in fragile and conflict-affected states. We are also working on new approaches to encourage investments that support growth in fragile and conflict-affected countries, an area of increasing interest with the potential to attract funding from new sources. ODI is in a unique position to leverage its longstanding reputation on this agenda and to pool expertise from across the Institute.

## *5. Managing and mitigating risks*

A new three-year strategy for our work on risk and resilience was developed in 2017 and informed the development of the risk theme in ODI's strategy. The aim has been to move away from a sole workstream on Disaster Risk Reduction (DRR) to the development of 'risk' as a wider area of work, with a particular focus on the complex inter-relations between risks, threats and development outcomes; the risks inherent in development itself; and the determinants and pathways of transboundary risk (under a new initiative, Adaptation Without Borders); and the connections between disasters and conflict. We will also continue work on the interface between climate and geopolitical issues. A specific focus is China, particularly around the Belt and Road Initiative, and there is significant potential to leverage ODI's extensive expertise in this area.

## *6. Unlocking the enablers of progress*

We will strengthen and deepen our research, policy engagement and convening on migration and displacement, including substantial work on the drivers and journeys of migrants and refugees and key research and advisory work into the public and political narratives in host countries around migration and displacement. We also plan to continue our research, policy and advisory work on adaptive development, including through the Global Learning for Adaptive Management (GLAM) initiative. Also under this theme, we will continue our work on gender equality and women's and girls' empowerment, with a particular focus on harmful gender norms (through the Gender and Adolescence: Global Evidence (GAGE) programme, a nine-year flagship initiative, and the Advancing Learning and Innovation on Gender Norms (ALIGN) platform). Finally, we will refocus our work on research and evidence in development policy through a strategic shift towards issues around evidence inclusivity and inequality in the context of the social and technical changes that are likely during the Fourth Industrial Revolution. The focus will be on innovative approaches: exploring new geographies, new collaborators, new types of collaboration and new techniques for gathering and interpreting evidence.

This refocus will further help position ODI as directly contributing to policy development with a more global and universal outlook. In line with this aspiration, and taking into account the increasingly globalised nature of many development issues and the global nature of many crises, we will aim to become increasingly influential in global debates as they affect richer and poorer countries alike, and engage beyond a traditional 'development' agenda and beyond lower-income countries. Our work will need to anticipate and explore how relationships in the aid sector will become flatter and less hierarchical, with leadership and expertise increasingly distributed between developed and developing worlds, between different generations and between different types of organisations and institutions. Thinking ahead, ODI will need to evolve from a think tank focused on international development to a global institution with a greater emphasis on economic, foreign, security and other policies and issues that affect marginalised and vulnerable populations globally. We will continue to reflect on the strategic and organisational adjustments we will need to make to accelerate this transition.

We will also seek to develop a global network of partners and funders to support these strategic objectives. One area of strong potential is deepening our connections and partnerships with the private sector. There is also growing momentum around stimulating business investment in countries affected by or transitioning from crises, especially in more stable environments and in countries hosting large caseloads of refugees. ODI is well positioned to provide research and advice on how business engagement can be incentivised to support responses to crises and drive inclusive economic development in fragile and conflict-affected states. This includes examining the roles and coordination functions of governments, donors and the private sector and the opportunities for and obstacles to blended finance, innovative financing instruments and mechanisms that can help de-risk private sector investment in these environments.

In addition, we will implement the second phase of our internal transformation process, ODI Futures. This will include a comprehensive review of ODI's business and operating models, processes, structures and internal culture. The intent of this review aims to enable ODI to achieve its strategic objectives and impact in-line with its mission and purpose, position the organisation for the future

and improve the effectiveness and efficiency of its operations and thereby ensure its financial sustainability.

## **STRUCTURE, GOVERNANCE 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 an alternative corporate mechanism to further the charitable objectives of ODI. ODI Sales Limited has a Board of three Directors, who are also Trustees for the Charity. Both the Charity and the trading subsidiary have a Memorandum and Articles of Association as their governing documents.

### ***The Board of Trustees***

The Institute is governed by a Board of up to 12 Trustees, chaired by James Cameron. 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.

### ***Trustee recruitment and training***

Trustees can serve for up to three terms of three years on the Board. ODI aims to maintain a balance amongst the Trustees to include research, academic, business and political expertise and knowledge, as well as diversity. Trustees are both Charity Trustees and Directors under company law. In order to maintain an effective Board with the appropriate skills and experience, the Trustees undertake a regular skills evaluation. The Board is self-appointing. At present the Board includes eight Trustees but plans are being put in place to both expand the number and diversity of Trustees and to plan for Trustee succession.

### ***Organisational Structure and Reporting***

The Board meets formally four times a year and is responsible for strategy, 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. They also meet informally at least once each year to review strategic priorities and deepen the understanding of specific research and advisory projects.

The Board also has the following sub-committees:

- Finance, Audit and Risk Committee, which meets four times a year in advance of each Board meeting;
- The Reward and Remuneration Committee, which meets at least once a year to assess staff pay awards and SLT salaries; and
- The Nominations Committee, which meets once or twice a year depending on requirements, makes recommendations to the Board for new potential Trustees.

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 Executive Director is supported by a Senior Leadership Team (SLT). The role of the SLT 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; and
- taking strategic decisions on research programmes, fundraising, public affairs, finance, human resources, IT and premises.

During 2018/19 the two Managing Directors, Simon Gill and Sara Pantuliano, took responsibility as acting joint Executive Directors while Alex Thier took a six-month sabbatical ending in May 2019, after which he left the Charity.

The Heads of Programmes and Departments are an important component of 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.

### ***Setting remuneration***

Our staff drive ODI's success. In order to ensure that ODI remains competitive within the marketplace we undertake a regular benchmarking against comparable organisations. This exercise covers all staff, including executive remuneration, and is undertaken by the Hay group. The results of the benchmarking are analysed alongside our internal operational performance to understand the remuneration options available. These form the basis of recommendations that are discussed by the SLT and Board. Salaries for senior staff are then discussed at the Reward and Remuneration Committee. Full details of staff costs for the year are shown in note 9 to the financial statements.

### ***Disabled employees***

Full and fair consideration is given to the employment of people with disabilities, having regard to their aptitudes and abilities. Wherever possible continuing employment is provided for employees who become disabled, with appropriate arrangements for re-training being made where necessary.

### ***Employee involvement***

ODI places significant emphasis on its employees' involvement in the business at all levels. All employees are kept informed of issues affecting the Institute through formal and informal meetings. Regular staff meetings are held to discuss matters of current interest and concern with employees. The reform process launched this year, 'ODI Futures', was strongly centred on the engagement of staff and consultation with stakeholders in the process through small workstream teams, broader consultation through surveys, interviews and focus meetings, and regular progress discussions with staff.

### ***Members' liability***

The Members of the charitable company comprise the Trustees and in the event of the Charity being wound up, the current Trustees, and those who had left the Board in the previous year, are required to contribute an amount not exceeding £1.



***Statement of Trustees' responsibilities***

The Trustees are responsible for preparing the Trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards. 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 group; the incoming resources and their application, including the income and expenditure of the group. In preparing these financial statements, the Trustees have:

- selected suitable accounting policies and then applied them consistently;
- observed the methods and principles in the Statement of Recommended Practice (Accounting and Reporting by Charities);
- made judgements and estimates that are reasonable and prudent; and
- noted that applicable UK Accounting Standards have been followed and any material departures disclosed and explained in the financial statements and prepared the financial statements on the going concern basis.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Charity 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 Charity 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 Charity'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 is 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 the Charity and financial information included on the ODI website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Trustees' Report was approved by the Trustees on 22 July 2019 and signed on their behalf by:

James Cameron, Chair

## REFERENCE AND ADMINISTRATION DETAILS

ODI Charity Board of Trustees	James Cameron – Chair Martin Tyler Elizabeth Ondaatje Yves Daccord Dianna Melrose Sam Sharpe Fiona Thompson Shantayanan Devarajan Jeff Seabright (resigned 7 March 2019)
ODI Sales Ltd (Trading Subsidiary) Board of Directors	Martin Tyler – Chair Sam Sharpe Fiona Thompson
Executive Director	Simon Gill (joint acting, appointed November 2018) Sara Pantuliano (joint acting, appointed November 2018) Alex Their (on sabbatical November 2018, resigned 31 May 2019)
Senior Leadership Team	Karl Askew (Finance Director – resigned August 2018) Jon Mitchell (Director of Transformation) Joanna Rea (Director of External Affairs) Fiona Shaw (Acting Head of Finance) Christopher Williams (Director of Professional Services)
Company Secretary	Helen Wailling (maternity cover, resigned June 2018) Teja Zbikowska (appointed June 2018, resigned January 2019) Danielle Ross (interim, appointed January 2019, resigned May 2019) Felipe Silverio (maternity cover appointed May 2019)

Registered and principal office	203 Blackfriars Road London SE1 8NJ
Telephone	020 7922 0300
Facsimile	020 7922 0399
Website	<a href="http://www.odi.org">www.odi.org</a>
E-mail	<a href="mailto:odi@odi.org">odi@odi.org</a>
ODI Company registration number	661818 (England and Wales)
Charity registration number	228248
ODI Sales Ltd Company registration number	7157505 (England and Wales)
Auditor	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG
Bankers	National Westminster Bank plc Commercial Banking 3 <sup>rd</sup> Floor Cavell House 2a Charing Cross Road London WC2H 0NN
Investment managers	Veritas Investment Management LLP Elizabeth House 39 York Road London SE1 7NQ
Solicitors	Blake Lapthorn New Kings Court Tollgate Chandler's Ford Eastleigh, SO53 3LG

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OVERSEAS DEVELOPMENT INSTITUTE**

### **Opinion**

We have audited the financial statements of the Overseas Development Institute for the year ended 31 March 2019 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2019 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Trustees for the financial statements**

As explained more fully in the Trustees' responsibilities statement set out on page 15 the Trustees (who are also the Directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when

it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report (which incorporates the strategic report and the Directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report (which incorporates the strategic report and the Directors' report) has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report (which incorporates the strategic report and the Directors' report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company; or
- the parent charitable company 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

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company'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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Murtaza Jessa (Senior Statutory Auditor)

For and on behalf of Haysmacintyre LLP, Statutory Auditors

10 Queen Street Place

London

EC4R 1AG

**Overseas Development Institute**

**Consolidated Statement of Financial Activities (including income and expenditure account)**

for the year ended 31 March 2019

		<b>Unrestricted funds £'000</b>	<b>Restricted funds £'000</b>	<b>Total 2019 £'000</b>	<b>Unrestricted funds £'000</b>	<b>Restricted funds £'000</b>	<b>Total 2018 £'000</b>
	<i>Notes</i>						
<b>Income from</b>							
Charitable activities - Research and Fellowship scheme	3	1,528	32,966	<b>34,494</b>	637	32,485	33,122
Investments		61	-	<b>61</b>	55	-	55
Other trading activities	4	3,145	-	<b>3,145</b>	2,118	-	2,118
Other income		1	-	<b>1</b>	51	-	51
<b>Total income</b>		<b>4,735</b>	<b>32,966</b>	<b>37,701</b>	<b>2,861</b>	<b>32,485</b>	<b>35,346</b>
<b>Expenditure on</b>							
Charitable activities - Research and Fellowship scheme	5	3,402	31,570	<b>34,972</b>	3,814	33,483	37,297
Other trading activities	8	2,384	-	<b>2,384</b>	1,433	-	1,433
<b>Total expenditure before pension deficit revaluation</b>		<b>5,786</b>	<b>31,570</b>	<b>37,356</b>	<b>5,247</b>	<b>33,483</b>	<b>38,730</b>
Movement in provisions	17	(87)	-	<b>(87)</b>	(173)	-	(173)
<b>Total expenditure</b>		<b>5,699</b>	<b>31,570</b>	<b>37,269</b>	<b>5,074</b>	<b>33,483</b>	<b>38,557</b>
<b>Net income before transfers and investment gains / losses</b>		<b>(964)</b>	<b>1,396</b>	<b>432</b>	<b>(2,213)</b>	<b>(998)</b>	<b>(3,211)</b>
Net realised and unrealised gains/(losses) on revaluation and disposal of investments	13	203	-	<b>203</b>	50	-	50
<b>Net movement in funds</b>		<b>(761)</b>	<b>1,396</b>	<b>635</b>	<b>(2,163)</b>	<b>(998)</b>	<b>(3,161)</b>
<b>Total funds brought forward at 1 April 2018</b>		<b>3,233</b>	<b>7,522</b>	<b>10,755</b>	<b>5,396</b>	<b>8,520</b>	<b>13,916</b>
<b>Total funds carried forward at 31 March 2019</b>		<b>2,472</b>	<b>8,918</b>	<b>11,390</b>	<b>3,233</b>	<b>7,522</b>	<b>10,755</b>

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. In the year under review, the Charity made an unrestricted loss of £762k (2018: loss of £2,163k).

All of the results in the consolidated statement of financial activities are derived from continuing activities. The Statement of Financial Activities includes all gains or losses recognised during the year. The notes on pages 24 to 42 form part of these financial statements.

**Overseas Development Institute**  
**Balance sheet**  
at 31 March 2019

**Company number: 661818**

		<b>Charity</b>	<b>Group</b>	<b>Charity</b>	<b>Group</b>
		<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
	<i>Notes</i>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Fixed assets</b>					
Tangible assets	12	<b>935</b>	<b>935</b>	722	722
Investments	13	<b>1,878</b>	<b>1,878</b>	2,245	2,245
		<b>2,813</b>	<b>2,813</b>	2,967	2,967
<b>Current assets</b>					
Debtors	14	<b>9,482</b>	<b>8,500</b>	9,087	8,222
Short-term deposits		<b>3,989</b>	<b>3,989</b>	615	615
Cash at bank and in hand		<b>507</b>	<b>2,200</b>	4,582	5,784
		<b>13,978</b>	<b>14,689</b>	14,284	14,621
<b>Creditors</b>					
amounts falling due within one year	15	<b>(3,736)</b>	<b>(4,447)</b>	(4,744)	(5,081)
<b>Net current assets</b>		<b>10,242</b>	<b>10,242</b>	9,540	9,540
<b>Amounts falling due in more than one year</b>					
Pension liability	17	<b>(1,665)</b>	<b>(1,665)</b>	(1,752)	(1,752)
<b>Total net assets</b>		<b>11,390</b>	<b>11,390</b>	10,755	10,755
<b>Represented by:</b>					
<b>Unrestricted funds</b>					
Designated funds	18	<b>935</b>	<b>935</b>	972	972
General funds		<b>1,537</b>	<b>1,537</b>	2,261	2,261
		<b>2,472</b>	<b>2,472</b>	3,233	3,233
<b>Restricted funds</b>					
	18	<b>8,918</b>	<b>8,918</b>	7,522	7,522
		<b>11,390</b>	<b>11,390</b>	10,755	10,755

The notes on pages 24 to 42 form part of these financial statements.

Approved by the Board of Trustees on 22 July 2019 and signed on their behalf by:

James Cameron, Chair  
22 July 2019



**Overseas Development Institute**  
**Consolidated Cash flow statement**  
for the year ended 31 March 2019

	<i>Notes</i>	<b>2019</b> <b>£'000</b>	2018 £'000
<b>Cash flows from operating activities:</b>			
<b>Net cash provided by / (used in) operating activities</b>	<i>A</i>	<b>(474)</b>	(1,367)
<b>Cash flows from investing activities:</b>			
Dividends and interest from investments		<b>61</b>	62
Purchase of property, plant and equipment		<b>(343)</b>	(70)
Proceeds from sale of investments		<b>600</b>	-
Purchase of investments		<b>(54)</b>	(54)
<b>Net cash provided by / (used in) investing activities</b>		<b>264</b>	(62)
<b>Change in cash and cash equivalents in the reporting period</b>	<i>B</i>	<b>(210)</b>	(1,429)

**Notes to consolidated cash flow statement**

**A. Reconciliation of net income / (expenditure) to net cash flow from operating activities**

**Net income / (expenditure) for the reporting period, adjusted for:**

Net cash provided by operating activities	<b>432</b>	(3,211)
Depreciation	<b>130</b>	127
Dividends and Interest receivable	<b>(61)</b>	(5)
Investment management fees	<b>24</b>	20
Increase / (decrease) in debtors	<b>(278)</b>	2,313
Increase / (decrease) in creditors	<b>(721)</b>	(611)
<b>Net cash provided by / (used in) operating activities</b>	<b>(474)</b>	(1,367)

**B. Analysis of cash and cash equivalents**

	<b>At</b> <b>31 Mar</b> <b>2019</b> £'000	<b>At</b> <b>1 Apr</b> <b>2018</b> £'000
Short-term deposits (less than three months)	<b>3,989</b>	615
Cash at bank and in hand	<b>2,200</b>	5,784
<b>Total cash and cash equivalents</b>	<b>6,189</b>	6,399

## **1 Principal accounting policies**

The principal accounting policies adopted, judgements and key sources of uncertainty in the preparation of financial statements are as follows:

### *a) Basis of preparation*

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) - (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

The Charity meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated below.

### *b) Preparation on a going concern basis*

The Trustees consider there are no material uncertainties about the Charity's ability to continue as a going concern. The review of the financial position, reserve levels and future plans give the Trustees confidence that the charity remains a going concern.

### *c) Group financial statements*

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. In the year under review, the Charity made an unrestricted loss of £762k (2018: loss of £2,163k).

### *d) Income recognition*

Income is recognised once the charity has entitlement to the funds, when receipt is probable and when the amount receivable can be measured reliably.

Income receivable under contract for services is recognised to the extent that the relevant work has been performed. Income received in advance of work performed is deferred and income that has been earned but not invoiced is accrued.

Restricted grants are recognised in full in the statement of financial activities in the year in which the Charity becomes entitled to the income. Any surplus remaining at year-end is carried forward as a restricted fund, in-line with the terms of the donor. Where a restricted grant requires that conditions are met before entitlement to the income passes, the funds are treated as a Performance Related Grant. In such instances income is recognised to the extent that ODI has entitlement.

### *e) Investment income*

Investment and other income is recognised on a receivable basis once the amounts can be reliably measured. This is normally upon the receipt of confirmation from the bank or investment broker.

### *f) Expenditure*

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Wherever possible, costs are directly attributed to specific activities. Certain shared support costs which cannot be directly attributed are apportioned to charitable activities on the basis of staff employed in those activities.

## **1 Principal accounting policies (continued)**

### *g) Tangible fixed assets & depreciation*

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 life of the lease
- Furniture, fixtures and fittings - 20% on cost
- Equipment - 33.33% on cost
- Computer software - 33.33% on cost

### *h) Investments*

Investments in the form of listed investments are initially shown in the financial statements at market value. Movement in the market value of such investments are shown as unrealised gains or losses in the Statement of Financial Activities.

Profits and losses on the realisation of investments are shown as realised gains and losses in the Statement of Financial Activities.

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

### *i) Debtors*

Trade and other debtors are recognised at the settlement value due, net of any discounts offered or impairment provision.

### *j) Cash and short term deposits*

Cash and short-term deposits includes short-term, highly liquid assets. The Charity operates a corporate sweep where any excess cash on the sterling account at the end of each working day is transferred to a money market account (or deficiency in cash is transferred from a money market account). The balance on the money market account is classified as a short term deposit.

### *k) Creditors and provisions*

Creditors and provisions are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party, and the amount due can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount.

### *l) Accrued & deferred income*

Income is recognised on the basis of entitlement, the probability of receipt and the reliability of estimation. Where income is received but the requirements for recognition are not met, it is deferred. Where work has been undertaken creating the ability to recognise income that has yet to be invoiced, that income is accrued on the basis of entitlement, probability of receipt and the reliability of estimation.

### *m) Fund accounting*

Funds held by the charity are classified as one of:

Designated funds: These are unrestricted funds, which have been designated for specific purposes by the Trustees.

Unrestricted funds: Funds that can be used in accordance with the charitable objectives of the Charity.

Restricted funds: Funds that can only be used for a particular restricted purpose. Such restrictions arise when specified by the funder or when funds are raised for a specific purpose.

## **1 Principal accounting policies (continued)**

### *n) Foreign currencies*

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

### *o) 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.

### *p) Staff holiday accrual*

A provision is maintained to cover the liability arising from holiday that staff accrue but have not taken at the year-end. This provision is calculated based on the value of the days carried forward, to the extent that it is approved within the Charity's staff policies.

### *q) Pension costs*

ODI participates in two pension schemes: the Universities Superannuation Scheme ("USS") and the Superannuation Arrangements of the University of London ("SAUL"). Each of these are multi-employer defined benefit schemes.

Contributions to the schemes are calculated based upon rates set by the scheme administrators. Contributions due to the schemes are accounted for in the period to which the liability arose.

The USS scheme is in deficit and the scheme has notified the Charity of the plans to reduce this deficit. For USS this deficit reduction period lasts for an estimated 14 years, from 2016. Payments towards this deficit are included within the annual contributions payable by the Charity. Under FRS 102 the Charity is required to recognise the present value of its future contributions towards this deficit reduction plan.

USS is a defined benefit scheme which is contracted out of the State Second Pension ("S2P"). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme wide contribution rate is set. The Institute is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent basis and therefore, accounts for the scheme as if it were a defined contribution scheme in accordance with paragraphs 28.11 of FRS102. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

ODI is a Participating Employer of SAUL. The actuarial valuation applies to SAUL as a whole and does not identify surpluses or deficits applicable to employers. The most recent triennial market value of SAUL's assets was £3,205 million representing 102% of the liabilities for benefits accrued up to 31 March 2017. It is not possible to identify an individual employer's share of the underlying assets and liabilities of SAUL. ODI accounts for its participation in SAUL as if it were a defined contribution scheme and pension costs are based on the amounts actually paid (i.e. cash amounts) in accordance with paragraphs 28.11 of FRS 102. As there was a Technical Provision surplus at the last valuation, there is no defined benefit liability to be recognised by the Institute.

### *r) Redundancy and termination payments*

Payments for redundancy and termination are made in compliance with statutory requirements. In exceptional circumstances, payments may be made in addition to the minimum statutory obligation. Any such payments would require approval either from the Senior Leadership Team or from the Trustees.

## **2 Significant Judgements and Estimates**

Preparation of the financial statements requires management to make significant judgements and estimates. Judgements and estimates have been made for the following items:

### *a) Pension scheme deficit*

As disclosed in note 20, the organisation is required to recognise a liability relating to the deficits of the two pension schemes.

**SAUL:** The liability was based on a provision of 3% of salaries over two years ending 31 March 2018, as recommended by SAUL. This is now fully recognised.

**USS:** The liability is based on a repayment of 2.1% of salaries over the next fifteen years ending 31 March 2031 as recommended by USS.

The Institute has made certain assumptions around future salary increases, discount rates and staff changes based on information available at the time of preparation of the financial statements. The Institute will review the factors supporting these judgements and will amend the estimates in future accounting periods as and when deemed necessary.

### *b) Bad debt provision*

Trade debtors included in the balance sheet are based on actual amounts less a provision for bad debts.

The provision is calculated based on providing for specific debts that, at the date the accounts were signed were deemed not to be recoverable, and then a percentage of the balance as a general provision, which the management team deem to be a reasonable estimate of the amount that may or may not have to be written off in future periods. The Institute will review the factors supporting these estimates and will amend the estimates in future accounting periods as and when deemed necessary.

## **3 Income from research activities and the Fellowship scheme**

Income for the year is broken down as follows:

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Research grants & project finance	<b>34,661</b>	30,700
Fellowship scheme	<b>2,847</b>	4,430
Group research grants and project finance receivable	<b>37,508</b>	35,130
ODI Sales Limited research grants and project finance receivable (note 4)	<b>(3,014)</b>	(2,008)
Charity research grants and project finance receivable	<b>34,494</b>	33,122

### **3 Income from research activities and the Fellowship scheme (continued)**

The following funders requested that their research grants be noted in the accounts:		<b>2019</b>	2018
		<b>£</b>	<b>£</b>
Agence Francaise De Development (AFD)	Open Algorithms platform for National Statistical Offices	269,644	-
Australian Department of Foreign Affairs & Trade (DFAT)	Active Learning Network for Accountability and Performance (ALNAP)	164,597	130,228
DFAT	Humanitarian Policy Group's (HPG) Integrated Programme Support	178,321	188,696
DFAT and Government of Vanuatu	ODI Fellowship Vanuatu	-	108,352
Bank of Papua New Guinea (PNG)	ODI Fellow to Bank of PNG	7,260	8,778
Bill and Melinda Gates Foundation	Delivering effective development against multidimensional poverty	1,983,706	-
British Red Cross	HPG's Integrated Programme Support	5,000	5,000
Children's Investment Fund Foundation (CIFF)	Aligning finance flows with the Paris Agreement	93,289	-
DAI/DFID	Independent Evaluation of the Grand Bargain	111,312	15,955
DFID (UK Department for International Development)	PRIndex - Securing Citizens' Property Rights around the World	1,402,746	288,858
DFID	Quantifying Tenure Risk - The Business Case for Tenure Diligence	290,800	25,892
DFID	Fellowship Scheme 2015-2020	2,524,601	3,389,527
DFID	Gender and Adolescence: Global Evidence (GAGE)	2,519,384	3,279,000
DFID	Supporting Economic Transformation	1,018,460	1,277,850
DFID	Economic Dialogue on Inclusive Growth – Bangladesh	332,119	74,930
DFID	Partnership assistance between ODI and the African Trade Policy Centre of the United Nations Economic Commission for Africa (UNECA)	99,388	-
DFID	Adaptive Management and Innovation	255,475	239,200
DFID	Independent review of the DFID & ECHO joint cash response re-framing initiative in Lebanon	-	11,626
DFID	Support for African Union (AU) and UNECA research on trade policy in Africa	-	138,736
DFID Uganda	Supporting Reforms to the Financing of Local Service Delivery in Uganda	1,846,666	1,095,121
DFID South Sudan	Strengthening Public Financial Management (PFM) in South Sudan: Budget Strengthening Initiative (BSI)	-	865,080
Embassy of Denmark	Shadow States	53,986	59,177
European Union Delegation to the Republic of South Sudan	Strengthening PFM in South Sudan: BSI	-	351,448
Federal Foreign Office Germany	ALNAP	178,196	176,484
FIA Foundation	Sustainable Urban Transport	-	155,008
Foreign Affairs, Trade and Development Canada	ALNAP	59,101	-
Foreign Affairs, Trade and Development Canada	Pathways to Gender Equality and Poverty Reduction for Women and Girls: The Role of Social Norms	77,179	42,366

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**3 Income from research activities and the Fellowship scheme (continued)**

		<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
Government of Marshall Islands	ODI Fellow to Marshall Islands	17,910	-
Government of Timor Leste	ODI Fellows in Ministry of Finance Timor Leste	-	145,626
HIVOS East Africa	Technology Development for Budget Transparency in Uganda	-	87,996
International Development Research Centre (IDRC)	Analysis of the Canadian International Food Security Research Fund (CIFSRF)	141,064	57,352
IKEA Foundation	HPG's Integrated Programme Support	222,323	220,604
IKEA Foundation	Innovative financing and new models for addressing humanitarian needs	176,220	-
IKEA Foundation	Initiative on public narratives on refugees and migrants	174,285	-
Institute of Development Studies	Agricultural Policy Research in Africa	4,210	4,822
Internal Revenue Commission (IRC) – PNG	ODI Fellow to IRC	-	8,800
Irish Aid	Global Challenges Research Fund (GCRF) South-South Migration, Inequality and Development Hub	60,000	-
Irish Aid	HPG's Integrated Programme Support	-	132,117
Irish Aid	ALNAP	-	87,955
Macfadden and Associates	ALNAP	37,045	-
Ministry of Foreign Affairs Belgium	ALNAP	44,254	-
Ministry of Foreign Affairs of Denmark (Danida)	ALNAP	30,478	30,227
Ministry of Foreign Affairs of Denmark (Danida)	HPG's Integrated Programme Support	224,761	73,974
Ministry of Foreign Affairs Netherlands	ALNAP	50,000	50,000
Ministry of Foreign Affairs Netherlands	HPG's Integrated Programme Support	64,330	100,000
Ministry of Foreign Affairs Netherlands	Tracking local resources for better response to humanitarian crises	63,157	118,549
National Planning PNG	ODI Fellow to National Planning department	63,913	-
New Zealand Aid Programme	ALNAP	2,640	2,640
Norwegian Refugee Council (NRC)	BRCiS (Building Resilient Communities in Somalia)	-	1,829
Omidyar Network	PRIndex - Securing Citizens' Property Rights around the World	761,568	746,731
Omidyar Network	Break out states	117,792	-
Oxfam UK	HPG's Integrated Programme Support	15,000	-
Paul Hamlyn Foundation	Product of visual materials accompanying research to illustrate factors of Migration	40,000	100,000
Peace Research Institute Oslo	Aligning Migration Management and the Migration-Development Nexus	373,274	-
Secretary Of State For Health & Social Care	ODI Fleming Fund	10,000	-
Swedish International Development Cooperation Agency (Sida)	Integrated Regional Information Networks 2018-2019 (prior year 2016-17 and 2017-18)	342,701	171,941
Sida	HPG's Integrated Programme Support	342,701	187,642

**Overseas Development Institute**  
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**3 Income from research activities and the Fellowship scheme (continued)**

		<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
Sida	ALNAP	214,405	227,529
Sida	Budget Strengthening Initiative (BSI)	-	187,642
Sida (Embassy of Sweden in Monrovia, Liberia)	BSI Liberia	1,336,510	363,786
Swiss Agency for Development and Cooperation (SDC)	Migration Research	240,000	482,000
Swiss Agency for Development and Cooperation (SDC)	ALNAP	25,000	25,000
Swiss Federal Department of Foreign Affairs	HPG's Integrated Programme Support	280,000	280,000
Swiss Federal Department of Foreign Affairs	2nd Phase of Supporting SDC's Justice Sector Engagement	8,002	48,789
UN Women	Regional Platform on Gender and Prevention of Violent Extremism	126,639	-
United Nations Food & Agriculture Organisation	ALNAP	2,760	-
United Nations Food & Agriculture Organisation	FAO Fiji Ministry of Agriculture	19,511	7,555
United Nations Children's Fund (UNICEF)	ALNAP	7,523	7,087
United Nations High Commissioner For Refugees (UNHCR)	ALNAP	11,244	10,917
UN Office for the Coordination of Humanitarian Affairs (OCHA)	ALNAP	-	8,153
United Nations Office for Project Services (UNOPS)	Agricultural Technology Disruptors in East African Value Chains	57,159	-
United Nations Population Fund (UNFPA)	ALNAP	3,808	-
United States Office of Foreign Disaster Assistance	HPG's Integrated Programme Support	109,287	312,422
USAID	ALNAP	656,927	699,471
World Food Programme	ALNAP	10,247	9,949
World Vision International	HPG's Integrated Programme Support	7,700	7,726

**4 Income from trading subsidiary**

The Charity has a wholly owned subsidiary, ODI Sales Limited, which is incorporated in the UK. It engages in activity that furthers the mission and objects of the Charity. A summary of the full trading result of the company is shown in note 8 to the accounts but a breakdown of the research income of ODI Sales Limited is provided below:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Research grants and project finance	<b>3,048</b>	2,008
Publications and other income	<b>97</b>	110
<b>Total Income from Trading Subsidiary</b>	<b>3,145</b>	<b>2,118</b>



## **5 Expenditure**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>a) Research and dissemination</b>		
Direct project costs		
Staff costs (note 9)	<b>9,425</b>	10,138
Temporary staff	<b>90</b>	193
Research fees payable to consultants and related costs	<b>8,478</b>	8,419
Knowledge exchange and dissemination	<b>6,440</b>	6,346
Travel	<b>2,553</b>	2,299
Other costs	<b>765</b>	543
	<b>27,751</b>	27,938
Support costs allocation (note 7)	<b>6,116</b>	6,967
Group research and Fellowship costs	<b>33,867</b>	34,905
ODI Sales Limited research costs	<b>(2,379)</b>	(1,427)
Charity research and dissemination of information costs	<b>31,488</b>	33,478
<b>b) Fellowship activities and services</b>		
Supplementation award costs	<b>2,493</b>	2,792
Staff costs (note 9)	<b>238</b>	224
Support costs allocation (note 7)	<b>124</b>	142
Other costs	<b>629</b>	661
	<b>3,484</b>	3,819
Total charitable expenditure	<b>34,972</b>	37,297

## **6 Governance costs**

Auditors' remuneration	<b>28</b>	29
Legal fees	<b>27</b>	22
Other costs	<b>2</b>	14
	<b>57</b>	65

## **7 Support costs**

Staff costs (note 9)	<b>3,335</b>	3,038
Staff overheads	<b>636</b>	907
Premises	<b>1,319</b>	1,302
Depreciation	<b>130</b>	127
Governance	<b>57</b>	65
Other costs	<b>763</b>	1,670
	<b>6,240</b>	7,109

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:		
Research and dissemination of information	<b>6,116</b>	6,967
Fellowship activities and services	<b>124</b>	142
	<b>6,240</b>	7,109

## 8 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 2019 are given below. All taxable profits each year are distributed to the Charity.

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Income	<b>3,145</b>	2,118
Cost of sales	<b>( 2,379)</b>	( 1,427)
Gross profit	<b>766</b>	691
Administrative expenses	<b>( 5)</b>	( 6)
Operating profit	<b>761</b>	685
Gift Aid donation to parent undertaking	<b>( 761)</b>	( 685)
Surplus / Deficit for the financial year	<b>-</b>	-

At 31 March 2019, the total capital and reserves of the company was £10 (2018: £10).

## 9 Staff costs and Trustees' remuneration

### a) Staff costs during the year were as follows:

Wages and salaries	<b>10,130</b>	10,705
Redundancy and termination payments	<b>211</b>	2
Social security costs	<b>1,136</b>	1,180
Pension costs	<b>1,521</b>	1,513
	<b>12,998</b>	13,400
Temporary and other staff costs	<b>490</b>	473
	<b>13,488</b>	13,873

Pension costs include a contribution offset in respect of the pension deficit of £87,168 (2018: £165,840) as outlined in note 20. The reduced amount reflects the completion last year of the wind-down of the SAUL provision. The total amount paid to the pension providers was £1,520,748 (2018: £1,512,559).

### b) Staff costs by function (excluding temporary staff) was as follows:

Research and dissemination	<b>9,663</b>	10,362
Support	<b>3,335</b>	3,038
	<b>12,998</b>	13,400

### c) The number of employees who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the year was as follows:

	<b>2019</b>	2018
£60,001 - £70,000	<b>13</b>	14
£70,001 - £80,000	<b>12</b>	10
£80,001 - £90,000	<b>4</b>	5
£90,001 - £100,000	<b>6</b>	6
£130,001 - £140,000	<b>1</b>	-
£140,001 - £150,000	<b>-</b>	1

## **9 Staff costs and Trustees' remuneration (continued)**

Employee benefits to senior management personnel for the year (including payments to the pension schemes) totalled £743,063 (2018: £839,276).

- d) The total number of employees receiving remuneration during the year, analysed by function, was as follows:

	<b>2019</b>	2018
Research and Fellowship scheme	<b>217</b>	221
Support	<b>66</b>	79
	<b>283</b>	300

- e) The average number of employees during the year, analysed by function, was as follows:

Research and Fellowship scheme	<b>176</b>	199
Support	<b>52</b>	50
	<b>228</b>	249

During the year ended 31 March 2019 expenses of £149 were reimbursed to 1 Trustee (2018: £nil) for attending Board and Sub-Committee meetings.

No other payments were made to any Trustees in the year ended 31 March 2019.

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.

## **10 Net movement in funds**

	<b>2019</b>	2018
This is stated after charging:	<b>£'000</b>	£'000
Auditors' remuneration:		
- Current year statutory audit services – ODI	23	14
- Current year statutory audit services – ODI Sales Limited	5	5
- Other audit and accounting services	51	50
	79	69
Depreciation	130	127
Operating lease rentals:		
- Premises	947	890
- Equipment	10	11

## **11 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, distributes its taxable profits, if any, to ODI each year.

## 12 Tangible fixed assets

Group and Charity	Leasehold Improvements £'000	Computer Equipment £'000	Computer Software £'000	Furniture & Fittings £'000	Total £'000
<b>Cost</b>					
At 1 April 2018	1,216	675	12	637	<b>2,540</b>
Additions	-	-	343	-	<b>343</b>
Disposals	-	-	-	-	-
At 31 March 2019	<u>1,216</u>	<u>675</u>	<u>355</u>	<u>637</u>	<u><b>2,883</b></u>
<b>Depreciation</b>					
At 1 April 2018	523	670	4	621	<b>1,818</b>
Charge for year	97	2	22	9	<b>130</b>
Disposals	-	-	-	-	-
At 31 March 2019	<u>620</u>	<u>672</u>	<u>26</u>	<u>630</u>	<u><b>1,948</b></u>
<b>Net book values</b>					
<b>At 31 March 2019</b>	<u><b>596</b></u>	<u><b>3</b></u>	<u><b>329</b></u>	<u><b>7</b></u>	<u><b>935</b></u>
At 31 March 2018	<u>693</u>	<u>5</u>	<u>8</u>	<u>16</u>	<u>722</u>

During the year ODI introduced a new HR system and purchased a new project and financial management system. The development costs of these have been capitalised. Depreciation was charged in the year for the HR system and will commence for the finance and project management system in 2019-20 when it is brought into use.

## 13 Investments

Group and Charity	2019 £'000	2018 £'000
<b>Listed investments:</b>		
Market value at the start of the year	<b>2,245</b>	2,164
Cost of new investments	<b>54</b>	54
Investment management fees paid from the portfolio	<b>(24)</b>	(23)
Unrealised gain on investments	<b>203</b>	50
Disposal in year	<b>(600)</b>	-
Market value at the end of the year	<u><b>1,878</b></u>	<u>2,245</u>
Historical cost of listed investments at 31 March 2019	<u><b>1,295</b></u>	<u>1,865</u>

The listed investments are held with a fund manager, who has authority to buy and sell shares and bonds subject to the restrictions as noted in the organisation's investment policy. The market value of the portfolio held by the investment manager on behalf of the organisation was £1,877,699.

At 31 March 2019 the Charity owned 10 £1 shares, being the entire called up share capital, of ODI Sales Limited, which is incorporated in the UK. As this is the total value of the Unlisted Investments, it does not affect the consolidated figures. ODI Sales engages in activity that furthers the mission and objects of the Charity. A summary of the financial results of the company is shown in note 8.

#### 14 Debtors

	Charity 2019 £'000	Group 2019 £'000	Charity 2018 £'000	Group 2018 £'000
Grants receivable and accrued income	5,907	7,947	6,455	7,637
Other debtors	89	89	119	119
Prepayments	464	464	466	466
Amount due from subsidiary	3,022	-	2,047	-
	<b>9,482</b>	<b>8,500</b>	<b>9,087</b>	<b>8,222</b>

#### 15 Creditors

Trade creditors	1,648	1,879	1,768	1,843
Social security and other taxes	294	534	301	442
Accruals and deferred income	1,776	1,855	2,613	2,641
Grants received in advance	18	179	62	155
	<b>3,736</b>	<b>4,447</b>	<b>4,744</b>	<b>5,081</b>

#### 16 Deferred income

Deferred income arises when the organisation receives funds which do not meet the conditions required for them to be recognised as income. Where such funds are received they are recognised as cash with a corresponding liability within creditors. As the recognition criteria is met the funds are released to income.

Deferred income as at 1 April 2018	62	155	596	729
Released during the year	( 62)	( 155)	( 596)	( 729)
Income deferred in the year	-	-	62	155
Deferred income as at 31 March 2019	-	-	62	155

#### 17 Provisions and liabilities

As a result of adopting FRS 102, the organisation is required to recognise a liability relating to the deficits within the USS pension scheme of which it is a member. The value of the provision is calculated based upon the present value of the organisation's future contributions towards the deficit recovery plans: These contributions are set by the scheme administrators and are included within the annual contributions payable, as follows:

**USS:** The deficit recovery plan, based on the latest actuarial valuation, is to run until 2031. Of the employer contribution of 18%, 2.1% goes towards reducing the deficit. The liability is calculated based on salary growth of 2% a year and a discount rate of 4%

	Charity 2019 £'000	Charity 2018 £'000
Opening pension provision at 1 April 2018	1,752	1,925
Provision utilised during the year and unwinding of discount factor	( 87)	( 173)
Pension provision as at 31 March 2019	<b>1,665</b>	<b>1,752</b>

**Overseas Development Institute**  
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**18 Funds**

	At 1 April 2018 £'000	Income £'000	Expenditure £'000	Unrealised gains and losses £'000	Transfers £'000	At 31 March 2019 £'000
<b>Unrestricted funds</b>						
<i>Designated</i>						
Tangible fixed assets fund	722	-	-	-	213	<b>935</b>
Systems development fund	250	-	-	-	( 250)	-
<i>General funds</i>						
Income and expenditure account	2,261	4,735	( 5,699)	203	37	<b>1,537</b>
<b>Total unrestricted funds</b>	<b>3,233</b>	<b>4,735</b>	<b>( 5,699)</b>	<b>203</b>	<b>-</b>	<b>2,472</b>
<b>Restricted funds</b>						
ALNAP Multi-funder	328	2,137	(1,505)	-	-	<b>960</b>
Increasing Resilience to Natural Hazards	79	(70)	(9)	-	-	-
Fellowship Scheme (Bill and Melinda Gates Foundation)	171	-	(82)	-	-	<b>89</b>
Fellowship Scheme 2015-2020 Core Funding	666	2,525	(3,170)	-	-	<b>21</b>
Low Emission Development Strategies	61	410	(471)	-	-	-
Resilience Scan Part 3	2	-	(2)	-	-	-
Social Norms and Adolescent Girls: Evidence and Tools Platform	843	607	(784)	-	-	<b>666</b>
ODI Fellows - Timor Leste	111	43	(154)	-	-	-
Budget Strengthening Initiative (BSI)	691	355	(1,029)	-	-	<b>17</b>
Gender and Adolescence Global Evidence	1,274	1,704	(2,173)	-	-	<b>805</b>
Agricultural Policy Research in Africa	27	4	(21)	-	-	<b>10</b>
BMG Delivering Effective Development Against Multidimensional Poverty	798	1,984	(1,575)	-	-	<b>1,207</b>
HPG Integrated Programme	25	1,633	(1,226)	-	-	<b>432</b>
Building Resilience and Adapting to Climate Extremes and Disasters Programme (BRACED)	138	3,147	(2,950)	-	-	<b>335</b>
Migration Programme	294	284	(346)	-	-	<b>232</b>
Tracking Local Resources for a Better Response to Humanitarian Crises	129	(37)	(55)	-	-	<b>37</b>
ODI-DFAT Institutional Partnership	213	153	(242)	-	-	<b>124</b>
DEGRP Phase 2	78	398	(320)	-	-	<b>156</b>
Safer Self-recovery: Promoting Resilient Urban Reconstruction After Disasters	119	162	(277)	-	-	<b>4</b>
PRINDEX	165	2,241	(2,358)	-	-	<b>48</b>
Africa Regional Dialogue on Livestock for Transformation	78	-	(58)	-	-	<b>20</b>
EOY Learning Partnership	819	1	(782)	-	-	<b>38</b>
Secure Livelihoods Research Consortium (SLRC)	-	1,028	(845)	-	-	<b>183</b>
Break out states	-	118	(21)	-	-	<b>97</b>
Eliminating fossil fuel subsidies	-	151	(76)	-	-	<b>75</b>
Urban Energy Transitions Research Programme	-	137	(52)	-	-	<b>85</b>
Phasing out plastics production and use	-	142	(10)	-	-	<b>132</b>
Research on the gender dynamics of trafficking in the Greater Mekong Subregion	-	193	(129)	-	-	<b>64</b>

**Overseas Development Institute**  
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**18 Funds (continued)**

	At 1 April 2018 £'000	Income £'000	Expenditure £'000	Unrealised gains and losses £'000	Transfers £'000	At 31 March 2019 £'000
Initiative on public narratives on refugees and migrants	-	174	(34)	-	-	140
ReliefWatch: Prototyping alternative approaches to accountability in aid	-	157	(32)	-	-	125
Agricultural Technology Disruptors in East African Value Chains	-	57	-	-	-	57
Beyond Neoliberalism	-	117	-	-	-	117
BSI Liberia	-	1,337	(489)	-	-	848
Technical Assistance on Taxation and Tax Auditing in West Africa	-	623	(86)	-	-	537
BSI Mali- Inception Phase	-	212	(5)	-	-	207
Aligning Migration Management and the Migration-Development Nexus	-	373	(79)	-	-	294
GCRF South-South Migration, Inequality and Development Hub	-	60	(1)	-	-	59
When disasters and conflict collide	-	357	(141)	-	-	216
Other research projects	413	10,049	(9,981)	-	-	481
<b>Total restricted funds</b>	<b>7,522</b>	<b>32,966</b>	<b>(31,570)</b>	<b>-</b>	<b>-</b>	<b>8,918</b>
<b>Total funds</b>	<b>10,755</b>	<b>37,701</b>	<b>(37,269)</b>	<b>203</b>	<b>-</b>	<b>11,390</b>

<b>Analysis of net assets between funds at 31 March 2019</b>	Unrestricted £ 000	Designated £ 000	Restricted £ 000	<b>Total Funds £ 000</b>
Tangible fixed assets	-	935	-	935
Net current assets	1,537	-	8,918	10,455
<b>Total net assets</b>	<b>1,537</b>	<b>935</b>	<b>8,918</b>	<b>11,390</b>

**Analysis of net assets between funds at 31 March 2018**

Tangible fixed assets	-	722	-	722
Net current assets	2,261	250	7,522	10,033
<b>Total net assets</b>	<b>2,261</b>	<b>972</b>	<b>7,522</b>	<b>10,755</b>

**Designated Funds**

Designated funds represent monies that have been set aside by the Trustees for specific purposes.

*i) Tangible fixed assets fund*

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.

*ii) Systems Implementation Fund*

A fund covering the cost of our expected investment in a new financial and project management system. The scope was expanded in 2018-19 to include the integration of the new HR system.

## 18 Funds (continued)

### Restricted Funds

Restricted funds are to be used for specified purposes laid down by the donor. Expenditure for those purposes is charged to the relevant fund.

#### ***Agricultural Policy Research in Africa***

Restricted grants received from a variety of donors to fund research into African agricultural policy.

#### ***Active Learning Network for Accountability and Performance (in Humanitarian Action) (multifunder)***

This fund represents restricted grants from a range of funders to support ODI's ALNAP Programme. Included within the balance carried forward are the following payments which were made in advance for the 2019-20 financial year.

Australia Department of Foreign Affairs and Trade	£ 277,016
Foreign Affairs, Trade and Development Canada	£ 57,170
Swedish International Development Cooperation Agency (Sida)	£ 213,971
United Nations Population Fund (UNFPA)	£ 3,763
World Food Programme	£ 10,247

#### ***Delivering Effective Development Against Multidimensional Poverty***

A four year piece of work funded by the Bill and Melinda Gates Foundation, exploring the role of development in the context of multidimensional poverty.

#### ***Resilience Scan Part 3***

Funding from the Rockefeller Foundation, supporting the third phase of our ongoing resilience scanning work.

#### ***Low Emission Development Strategies (LEDS) Partnership Support***

Support received from the US Department of State, towards our Low Emission Development Strategies (LEDS) programme.

#### ***Fellowship Core Funding***

This fund represents a restricted grant from DFID to fund ODI's Fellowship Programme.

#### ***Fellowship (Bill and Melinda Gates Foundation)***

A restricted grant from the Bill and Melinda Gates Foundation to support ODI's Fellowship Programme.

#### ***ODI Fellows - Timor Leste***

Funding supporting the placement of ODI Fellows in Timor Leste.

#### ***Humanitarian Policy Group - Integrated Programme (multifunder)***

This fund represents restricted grants from a range of funders to support ODI's HPG Integrated Programme. Included within the balance are the following payments which were made in advance for the 2019-20 financial year.

Swedish International Development Cooperation Agency (Sida)	£ 171,177	for the Integrated Programme
Swedish International Development Cooperation Agency (Sida)	£ 171,177	for the IRIN project

#### ***EOY Learning Partnership***

Economic Opportunities for Youth (EOY) aims to improve the capacity of young people to access and maximise the opportunities available to them.

#### ***Increasing Resilience to Natural Hazards***

Funding provided by Natural Environment Research Council (NERC), aiming to explore methods of increasing resilience to natural hazards.

#### ***Gender and Adolescence: Global Evidence (GAGE)***

This fund represents a restricted grant from DFID to fund a multi year project to support ODI's Gender and Adolescence Global Evidence Research Programme.

#### ***Social norms and adolescent girls: evidence and tools platform***

Multi-year funding provided by the Bill and Melinda Gates Foundation, exploring social norms and adolescent girls.

#### ***Budget Strengthening Initiative (BSI)***

This fund represents contributions from a variety of donors towards ODI's BSI Programme which is part of the Centre for Public Expenditure Programme.

#### ***Building Resilience and Adapting to Climate Extremes and Disasters (BRACED)***

A restricted grant from DFID. BRACED is helping people become more resilient to climate extremes in South and Southeast Asia and in the African Sahel and its neighbouring countries.

#### ***Migration Programme***

A combination of funding from the Joffe Charitable Trust, Paul Hamlyn Foundation and other donors to support work on understanding and responding to migration issues.



## 18 Funds (continued)

### ***Migration Programme***

A combination of funding from the Joffe Charitable Trust, Paul Hamlyn Foundation and other donors to support work on understanding and responding to migration issues.

### ***Tracking Local Resources for a Better Response to Humanitarian Crises***

Work funded by MFA Netherlands aimed at influencing and informing global humanitarian policy and programming to take better account of diverse and non-traditional sources of aid.

### ***DFAT Institutional Partnership***

Institutional partnership with DFAT spanning multiple workstreams.

### ***DEGRP Phase 2***

Second phase of the DFID-ESRC Growth Research Programme (DEGRP) which funds research on inclusive economic growth in low-income countries.

### ***Safer Self-recovery: Promoting Resilient Urban Reconstruction After Disasters***

A collaboration with CARE International, University College London, the British Geological Survey and Loughborough University that aims to understand the factors that affect households' recovery and reconstruction decision making.

### ***PRINDEX***

The Global Property Rights Index is an initiative of ODI and Land Alliance supported by Omidyar Network, DFID and other donors. It aims to fill the gap in information about individual perception of tenure security by creating a baseline global dataset to support the achievement of secure property rights around the world.

### ***Africa Regional Dialogue on Livestock for Transformation***

Project funded by IDRC exploring ways to support the resilience of extensive livestock production systems in semi-arid areas south of the Sahara.

### ***Secure Livelihoods Research Consortium (SLRC)***

The Secure Livelihoods Research Consortium (SLRC) is an eight year global research programme exploring livelihoods, basic services and social protection in conflict-affected situations.

### ***Break out states***

Educational research on African economic growth in the context of land policy and agrarian investments.

### ***Eliminating fossil fuel subsidies***

This fund represents a restricted grant from the KR Foundation in Denmark to support ODI's Climate and Energy Programme's work on the international campaign to eliminate subsidies to fossil fuel production.

### ***Urban Energy Transitions Research Programme***

Work funded by BEIS through WRI on how national governments in developing countries can facilitate and accelerate a low-carbon energy transition through greater decentralisation of electricity systems in urban areas.

### ***Phasing out plastics production and use***

Work funded by the ClimateWorks Foundation for ODI's Climate and Energy Programme's research into phasing out plastics production and use.

### ***Research on the gender dynamics of trafficking in the Greater Mekong Subregion***

Research on the gender dynamics of trafficking in the Greater Mekong Subregion to better understand the existing gaps and challenges for the provision of assistance to women and girl vulnerable to trafficking.

### ***Initiative on public narratives on refugees and migrants***

Funded by the IKEA Foundation and the Paul Hamlyn Foundation, this initiative explores the dominant narratives on migration in selected countries.

### ***ReliefWatch: Prototyping alternative approaches to accountability in aid***

To design an independent accountability mechanism that aims to improve the quality, effectiveness and efficiency of the delivery of humanitarian relief and peacebuilding outcomes.

### ***Agricultural Technology Disruptors in East African Value Chains***

Phase Two of a project to determine the implications for regional integration and inequality within the Enhanced Integrated Framework, the only multilateral partnership dedicated to assisting Least Developed Countries use trade as an engine for growth, sustainable development and poverty reduction.

### ***Beyond Neoliberalism***

A research project to bring developing country perspectives into the "beyond neoliberalism" debate.

## 18 Funds (continued)

### *Technical Assistance on Taxation and Tax Auditing in West Africa*

A project within the framework of the GIZ programme “Regional Resource Governance in West Africa” which seeks to strengthen the ability of GIZ’s partner countries Côte d’Ivoire, Guinea, Liberia, and Sierra Leone to better manage their natural resource sectors to the benefit of their populations.

### *Aligning Migration Management and the Migration-Development Nexus*

Funded by the Peace Research Institute Oslo, to contribute to more effective and coherent migration management through evidence based understanding of the linkages between development and migration.

### *GCRF South-South Migration, Inequality and Development Hub*

A multi-funder project, the GCRF South-South Migration, Inequality and Development Research Hub addresses how to ensure that South-South migration (SSM) reduces inequalities associated with gender, age and income.

### *When disasters and conflict collide*

Funded by GIZ, this projects seeks to explore the interplay between natural disasters and conflict and what DRR action is viable and appropriate in fragile and conflict-affected contexts.

### *Other research projects*

All other restricted grants have been grouped together under one heading for the purposes of these accounts.

Full comparative figures for the year to 31 March 2018 can be found in the 2018 financial statements which are publicly available on the ODI website and also from the Charity Commission and Companies House websites.

## 19 Lease commitments

At 31 March 2019 the Charity had total commitments under a non-cancellable operating leases as set out below:

	2019 £'000	2018 £'000
<b>Group and charity</b>		
Land and buildings		
Operating leases payments which are due:		
- after 5 years	1,352	2,340
- between 2 and 5 years	4,326	4,160
- within 1 year	1,082	1,040
	<hr/>	<hr/>
Equipment		
Operating leases payments which are due:		
- after 5 years	-	-
- between 2 and 5 years	15	22
- within 1 year	8	11
	<hr/>	<hr/>

With regard to the lease for land and buildings, the actual payment by the Charity in the year to 31 March 2019 will differ from the charge to the statement of financial activities for the year shown above as a consequence of the lease containing a provision for an initial rent free period.

The lease for land and buildings contains provision for periodic rent reviews. Such a review was finalised in July 2018 to take effect from 1 April 2018. The commitments contained in the note above are based on the values known at the balance sheet date.

## **20 Pensions**

Retirement benefits for employees are provided by two independently administered schemes (SAUL and USS), which are funded by contributions from employers 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 102 Retirement Benefits, the Directors are satisfied that both schemes are classed as multi-employer pension schemes. Accordingly, we have taken advantage of the exemption in FRS 102 and have accounted for the contributions to the schemes as if they were defined contribution schemes. The latest information available for each scheme is set out below.

A multi-employer scheme is a scheme for entities not under common control and represents, typically, an industry-wide scheme such as that provided by both SAUL and USS. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in profit or loss.

Because of the mutual nature of both schemes, the schemes' assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. ODI is therefore exposed to actuarial risks associated with other institutions' employees and 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 Section 28 of FRS 102 "Employee benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the schemes in respect of the accounting period.

### **The Universities Superannuation Scheme (USS)**

ODI participates in the Universities Superannuation Scheme (the scheme). The scheme was a defined benefit only pension scheme until 31 March 2016 which was contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund.

The directors are satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

Since ODI has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, ODI recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the income and expenditure account.

The latest available full actuarial valuation of the scheme was at 31 March 2017 ("the valuation date"), which was carried out using the projected unit method.

Since ODI cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

## **20 Pensions (continued)**

The 2017 valuation was the fourth 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. At the valuation date, the value of the assets of the scheme was £60.0 billion and the value of the scheme's technical provisions was £67.5 billion, indicating a shortfall of £7.5 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings. Full details of the valuation are available on the USS website: <https://www.uss.co.uk/how-uss-is-run/running-uss/funding-uss/actuarial-valuation>

	<b>2017</b>	<b>2016</b>
Scheme assets	£60.0bn	£49.8bn
Total scheme liabilities	£67.5bn	£58.3bn
FRS 102 total scheme deficit	£7.5bn	£8.5bn
FRS 102 Total funding level	89%	85%

### **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 Second State Pension (prior to April 2016). SAUL is an independently managed pension scheme for non-academic staff of over 50 colleges and institutions with links to higher education. Pension benefits for all active members are based on each member's Career Average Revalued Earnings (CARE).

The Charity is not expected to be liable to SAUL for any other current participating employer's obligations under the rules of SAUL, but in the event of an insolvency event of any participating employer within SAUL, an amount of any pension shortfall (which cannot otherwise be recovered) in respect of that employer, may be spread across the remaining participating employers and reflected in the next actuarial

SAUL's statutory funding objective is to have sufficient and appropriate assets to meet the costs incurred by the Trustee in paying SAUL's benefits as they fall due ("Technical Provisions"). The Trustee adopts the assumptions which, taken as a whole, are intended to be sufficiently prudent for pensions and benefits already in payment and continue to be paid and for commitments which arise from Members accrued pension rights to be met.

The Technical Provisions assumptions include appropriate margins to allow for the possibility of events turning out worse than expected. However, the funding method and assumptions do not completely remove the risk that the Technical Provisions could be insufficient to provide benefits in future.

A formal actuarial valuation of SAUL is carried out every three years by a professionally qualified and independent actuary. The last actuarial valuation was carried out with an effective date of 31 March 2017. Informal reviews of SAUL's position, reflecting changing in the market conditions, cash flow information and new accrual of benefits are being carried out between formal valuations.

The funding principles were agreed in June 2018 and are due to be reviewed at SAUL's next formal valuation in 2020.

As at the last valuation SAUL was fully funded on its technical Provisions basis so no deficit contributions were required. The scheme Trustee and the Employers have agreed that the ongoing Employers' contributions will continue at a rate of 16% of CARE Salaries.