



**Overseas
Development
Institute**

**Annual Report and Financial Statements
31 March 2017**

Company Limited by Guarantee, registration number
661818 (England and Wales)

Charity registration number: 228248

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REPORT OF THE TRUSTEES

Reference and Administrative Information

ODI Charity Board of Trustees

James Cameron – Chair

Ann Grant

Isobel Hunter (resigned December 2016)

Richard Laing (resigned December 2016)

Martin Tyler

Elizabeth Ondaatje

Yves Daccord (appointed 11 July 2016)

Dianna Melrose (appointed 3 October 2016)

Chris West

Sam Sharpe

Fiona Thompson (appointed 3 October 2016)

ODI Sales Ltd (Trading Subsidiary) Board of Directors

Richard Laing – Chair (resigned December 2016)

Sam Sharpe -

Martin Tyler - Chair (appointed December 2016)

Fraser Winterbottom

Executive Director

Alex Their (appointed January 217)

Kevin Watkins (resigned September 2016)

Senior Management Team

Karl Askew

Marta Foresti

Edward Hedger

	Ishbel Matherson
	Claire Melamed (resigned July 2016)
	Sara Pantuliano
	Christopher Williams
Company Secretary	Teja Zbikowska (resigned May 2017)
Company Secretary	Helen Wailling (appointed May 2017)
Registered and principal office	203 Blackfriars Road London SE1 8NJ
Telephone	020 7922 0300
Facsimile	020 7922 0399
Website	www.odi.org
E-mail	odi@odi.org
ODI Company registration number	661818 (England and Wales)
ODI Sales Ltd Company registration number	7157505 (England and Wales)
Charity registration number	228248
Auditor	haysmacintyre 26 Red Lion Square London WC1R 4AG
Bankers	National Westminster Bank plc Commercial Banking 3 rd 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

Objectives and Activities

Charitable Objects and Mission

The Institute's primary object, as set out in our Memorandum, 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.

Our strategic priorities

Our strategic priorities reflect the changing context in which ODI works, focusing on areas where we are well-placed to identify practical, evidence-based solutions to real problems and to inform the wider policy dialogue. The aim: to maximise the impact of our resources at every level. We will mobilise the full and combined weight of our research, communication and convening capabilities around these priorities, working with others to make a difference.

Everything we do, from research to policy guidance, and from convening to communications, is based on the five pillars of our strategy, launched in 2014:

1. **Leave no-one behind:** Eradicating absolute poverty and equalising opportunity:
2. **Building sustainable futures:** Promoting effective action on climate change and managing resources sustainably
3. **Saving lives, reducing vulnerability:** Protecting people threatened by conflict, disasters and insecurity
4. **Effective institutions, engaged citizens:** Building accountable and inclusive institutions
5. **Transformative growth:** Increasing productivity and creating jobs through transformative growth

Our Activities in 2016/17

ODI works across a wide range of sectors that have a direct impact on the well-being of the poorest people in developing countries. We have 15 core research programmes, grouped under three Clusters:

Each research programme undertakes a variety of projects every year that focus on their specific areas of expertise. Some larger pieces of work also cut across programmes, drawing on the knowledge and skills of a range of research teams.

In addition to these core programmes, ODI hosts important networks, including the Humanitarian Practice Network (HPN) and the Active Learning Network for Accountability and Performance in Humanitarian Action (ALNAP).

The ODI Fellowship Scheme has given postgraduate economists an opportunity to work in the public sectors of developing countries since 1963. During 2016/17, the Fellowship Scheme posted 59 new ODI Fellows to 25 countries and regional organisations.

Public Benefit

In setting the objectives above and planning the activities of ODI, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit. Examples of our activities undertaken can be found in the Strategic Report.

ODI's mission is to lead the reduction of poverty, the alleviation of suffering and the achievement of sustainable livelihoods in developing countries. ODI achieves this mission by locking together high quality applied research, practical policy advice, and policy-focused dissemination and debate. To do this, we work with partners in the public and private sectors, in both developing and developed countries.

Structure, Governance and Management

ODI is an independent think tank with more than 250 staff, including researchers, communicators and specialist support staff.

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. The company provides an alternative corporate mechanism to further the charitable objectives of ODI. ODI Sales Limited has a Board of three Directors, two of whom are Trustees for the Charity and one of whom is independent. 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 a gender balance. 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. When elected, Trustees are provided with a Trustee Pack with information on the constitution, annual cycle, various relevant terms of reference, job descriptions of senior staff, business and strategic plans, accounts, relevant internal policies and references to relevant laws, regulations and sources of information. They are also given a detailed induction.

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 (as ODI is a company limited by guarantee). The Institute's insurance policies indemnify Trustees up to £5 million.

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.

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.

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; and
- The Nominations Committee, which meets once or twice a year depending on requirements

When necessary, the Trustees ask management to seek professional advice from solicitors and accountants etc. A certain level of authority is delegated to the Executive Director via the organisation's Statement of Delegated Authority.

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, Alex Thier is supported by a Senior Management Team (SMT) of six others. The role of the SMT is to provide strategic leadership of the Institute. This involves:

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

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. As such it is imperative that we strive to recruit and retain the best people. 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 SMT and Board.

Salaries for senior staff are then discussed at the Remuneration Committee. This is formed from a sub-set of the trustee board and meets annually. In setting salaries for senior staff the Remuneration Committee is mindful of the external benchmarking results, the organisational budget and individual performance.

Full details of staff costs for the year are shown in note 9 to the accounts on page 37.

Disabled employees

Full and fair consideration is given to the employment of people with disabilities, having regard to their particular 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

The company place significant emphasis on its employees' involvement in the business at all levels. All employees are kept informed of issues affecting the Group through formal and informal meetings. Regular staff meetings are held to discuss matters of current interest and concern with employees.

STRATEGIC REPORT

Achievements and Performance in 2016/17

ODI is now in its final year of its 2014-17 strategy (Rising to the Global Challenge – Going to the Next Level of Impact, 2014-2017). The strategy sets out the high-level goals for ODI over the period and the major directions of organisational change. A retrospective assessment of our achievements against the strategy will be provided in 2017/18.

1. Leave no-one behind

Almost two years since the launch of the Sustainable Development Goals (SDGs), we are starting to see the early signs of implementing this ambitious agenda.

Championing early action by decision-makers

In the past year, ODI has worked with governments, civil society and development donors to champion early action. Without decisive action in the first 1,000 days of this ambitious global agenda, achieving the SDGs by 2030 will be much more difficult.

We launched our flagship report, *Leaving no one behind: a critical path for the first 1,000 days of the Sustainable Development Goals*, at the UN's High-Level Political Forum on Sustainable Development in New York.

In front of an influential audience that included ministers from 14 countries, we gave powerful examples of seven countries that have made progress in improving the lives of their poorest and most marginalised populations since the adoption of the SDGs.

For the first time, our team quantified the cost of governments delaying action in implementing the SDGs and set out a policy pathway to leave no one behind. The report received widespread media coverage and commentary, and featured prominently in the UN's 2016 Human Development Report.

We also presented this research at the Global Partnership for Effective Development Cooperation in Nairobi. Our experts spoke at a main official plenary session and we hosted 'Early action at country level for leaving no one behind', attended by senior officials and ministers from Germany, Nepal, the Netherlands, Somalia and the Swiss Agency for Development Cooperation.

Promoting early action in Africa, Asia and Latin America

Governments are already beginning work on the SDGs. With our partner, Southern Voice on Post-MDG Development Goals, ODI convened a series of regional dialogues in sub-Saharan Africa, Asia and Latin America. We mapped out what can and must be achieved in the first 1,000 days, creating scorecards for regions to understand how much governments needed to accelerate or reverse existing trends to realise Agenda 2030.

Policy-makers, including Sri Lanka's Minister of Sustainable Development and Wildlife, and Kenya's Cabinet Secretary and Minister of Devolution and Planning, delivered keynote speeches at each

dialogue. The diverse mix of civil servants, civil society and research community enabled good practice to be shared and revealed important work underway at all levels to support the SDGs.

In 2016, we pioneered an innovative new research methodology, combining our expertise on data, policy, financing and political economy, to conduct country and sector-specific 'leave no one behind' stocktakes in Kenya and Nepal. Having achieved a proof of concept and wide dissemination of our research, we plan to build a much richer picture of who is left behind, why, and what can be done about it.

Revealing the extent of marginalisation

ODI's research is focused on the evidence and tools needed to count and reach the most vulnerable and most marginalised – among those are children and women.

Child poverty, inequality and demography shows that on current trends, by 2030 one-in-five sub-Saharan African children will be living below the \$1.90 poverty threshold – this will account for over 40% of world poverty. With the right mix of policies in place, sub-Saharan African governments could accelerate the pace of demographic transition and reap a dividend from a rising generation of youth. But it needs to happen now.

Global media coverage ranged from the Financial Times and the Guardian in the UK, to CNBC Africa, China Daily, ABC Sociedad (Spain), Bao Moi (Viet Nam), The Nation (Pakistan) and Voice of America.

Child labour and education: a survey of slum settlements in Dhaka also provoked global press headlines. ODI research found that 15% of children aged between 6 and 14 in Dhaka's slums were out of school and engaged in full-time work – far higher than previous figures suggested. Using a new methodology based on intensive household interviews, this report was one of the largest surveys on child work and education conducted in Bangladesh.

The Guardian Economics Editor, Larry Elliott, chaired an event at ODI on how ODI's findings in Bangladesh indicate that the official global figures on child labour may be significantly underestimating the issue.

Further research from ODI and World Vision shows that eliminating child labour can help to generate inclusive economic growth.

Tackling intimate partner violence in South Asia: why working with men and boys matters for women was published to coincide with International Women's Day. The report provides programming and policy recommendations to tackle intimate partner violence, and stresses the importance of engaging with men and boys in future work in this area.

Supporting girls' education

Our partnership with UN Girls' Education Initiative (UNGEI) builds the evidence for supporting girls' education and promoting gender equality. We hosted UNGEI's head of secretariat, Nora Fyles, at our event on the eve of International Day of the Girl Child, to share new knowledge on teaching and learning that enables gender equality in education.

Leading research on women's economic empowerment

We presented Women's economic empowerment: navigating enablers and constraints at the first-ever UN Secretary-General's High-Level Panel (UNHLP) on Women's Economic Empowerment in September 2016.

ODI research prompted a wave of blogs and opinion pieces across media platforms debunking the myths around women's economic empowerment and calling for political commitment for better access for women to education and jobs.

A further UK parliamentary reception stressed the practical policy actions that UK parliamentarians, in particular, could take to improve women's economic inclusion.

ODI's wider work on sustainable development has gained traction in the UK Parliament this year. Our research was quoted extensively in a House of Commons debate on implementing the SDGs and we were invited to give oral evidence to the Environmental Audit Committee, informing the Committee's final policy recommendations to the UK Government.

A good gig? The rise of on-demand domestic work looked at the phenomenon of the 'gig' economy and its implication for care and domestic work. 80% of the 67 million global domestic workers are women – this rapidly growing sector will have huge ramifications for women's economic empowerment.

Still a relatively new area of research, the report featured in widespread global media, from Reuters and the Daily Mail, to NDTV in India and Elle magazine – a first for ODI. The accompanying video, 'Women and the 'Uber-isation' of domestic work' had over 40,000 Facebook views.

The Institute of Development Studies' Digital Development Summit heavily cited our recommendations, and we have presented the research to a number of companies in the technology sector. It has continued to attract attention, with invitations to the International Labour Organization's Decent Work Conference and to present at a major women's economic empowerment conference in Bangkok.

2. Building sustainable futures

This year's climate change action has focused on maintaining the momentum and implementing the great ambition of the Paris Agreement. ODI's expertise and analysis has sought to remove the obstacles standing in the way of the Agreement.

Building the case for ending fossil fuel subsidies

Global fossil fuel production is still enormous – estimated at \$444 billion a year from G20 countries alone. For the first time, work by ODI and others led to a concrete timeline set by the G7 for phasing out assistance to fossil fuel companies. In 2016, ODI and partners also worked with major insurers – Aviva, Aegon and Amlin – to urge G20 leaders to 'kick away their carbon crutches'.

New ODI research in Zombie energy also closed a significant gap in understanding the scale, scope and climate impact of current fossil fuel production. International media citing Zombie energy appeared

in Turkey, France, the Netherlands and the UK, with tweets containing our findings coming from the United Nations Framework Convention on Climate Change and UN Climate Action.

Coal, smoke and mirrors

Beyond coal: scaling up clean energy to fight global poverty took on the coal industry's long-standing argument that coal-fired power generation is necessary to reduce poverty. In fact, current energy policies that focus heavily on coal will put at risk our ability to permanently lift people out of extreme poverty by 2030. This ODI research has been cited in over 400 global media stories, and has helped to shift public attitudes on the continued use of coal.

Supporting climate change negotiations

COP22 in Marrakech was the first Conference of Parties (COP) after the historic Paris Agreement. It focused on implementing the Agreement – in particular, how can we support developing countries with the costs of mitigating and adapting to climate change.

ODI's contribution included analysis on climate finance with Three top takeaways on climate finance going into COP22 and 10 things to know about climate finance in 2016; as well as a series of briefings targeting policy-makers seeking to understand the quantity and quality of financial flows. ODI's chairman, James Cameron, was quoted in the Economist after briefing journalists in Marrakech on the impact of President Trump's intentions to weaken legislation around climate change.

Mobilising finance from both the public and private sector to deliver the nationally determined contributions will be key to pushing forward the Agreement. ODI has worked in Bangladesh, the Dominican Republic, Ethiopia, Kenya, Peru, the Philippines and Vietnam to identify crucial investment opportunities.

Sustainable cities

The UN-Habitat III conference was convened in Ecuador to set a 'New Urban Agenda' – a 20-year global strategy to govern urbanisation.

Our research, *Projecting progress: are cities on track to achieve the SDGs by 2030?* found that, in the majority of cities surveyed, more than half of the targets within the Sustainable Development Goals will require a profound acceleration of effort if they are to be achieved.

We also began work in the neglected area of urban sanitation. What drives reform? Making sanitation a political priority in secondary cities was particularly well-received by UN-Habitat, the UK Department for International Development, the World Bank and the Government of Tanzania.

Water governance

On water governance, our research explored how better water management can support poverty eradication and job creation. In Ethiopia, ODI research on improving water allocation in the Awash basin has helped catalyse government–donor dialogue on managing water for pro-poor growth. A thirsty future: water strategies for Ethiopia's new development era was presented at Stockholm World Water Week 2016, at an event co-organised by ODI and partners.

3. Saving lives, reducing vulnerability

Migration and displacement

ODI has significantly expanded its work on global migration and displacement. Our research has focused on the policies of refugee-hosting governments, and the impacts of border control measures on the flows of refugees and migrants. We also looked at the decisions of migrants to move, and what motivated those decisions.

Exploring the impact of border control and refugee policies

Closing borders: the ripple effects of Australian and European refugee policy argued that restrictive migration policies in Western states are encouraging lower-income refugee-hosting governments to enact similar restrictive policies. The research has been presented at several high-level closed-door policy-maker and donor meetings discussing the impact of refugee policies; and informed ODI's written evidence to the UK House of Commons' International Development Committee.

Revealing the true costs of migration policies

Europe's refugees and migrants: hidden flows, tightened borders and spiralling costs found that, while current European measures have been effective in reducing flows of refugees and migrants across the eastern Mediterranean, they may be forcing refugees and migrants to use more dangerous and more costly, irregular routes.

The findings and recommendations have had over 550 media hits across print, broadcast and digital outlets, including the Telegraph, the Daily Mail, the Independent, El Pais, BBC Radio Four and CNBC Africa. The accompanying animation was ODI's most viewed video in 2016.

Both these reports fed into, and were frequently cited during the debates held at the specially convened UN High-Level Panel on Refugees and Migrants in September 2016.

Understanding migrant experiences

Journeys on hold: how policy influences the migration decisions of Eritreans in Ethiopia found that refugees struggle to pursue decent, fulfilling and relevant livelihoods in host countries. This creates an incentive to migrate to Europe, undermining government livelihood and resettlement policies.

We worked with a photographer and journalist to bring to life the stories of these refugees. We published a three-part website, looking at the day-to-day lives and decisions of refugees in Ethiopia, and produced a video about an Eritrean singer who fled his home after refusing to sing government propaganda – which has had over 15,000 views.

We also published major research on Central African refugees in Cameroon, the Rohingya in Malaysia and Syrians in Jordan and Turkey, analysing the strategies they use to survive, and the policies and institutions that shape their lives and livelihoods.

Reshaping the humanitarian system

Building on four years of research on the changing humanitarian landscape, our flagship report, Time to let go: remaking humanitarian action for the modern era, offered a three-point proposal for the

humanitarian sector to let go of some of the fundamental – but outdated – assumptions, structures and behaviours that prevent it from meeting the needs of people in crises.

In the first two weeks after the launch in April 2016, the report's webpage was viewed over 17,000 times – the highest viewership on the ODI site for the year. The report's accompanying video has been incorporated into humanitarian training courses. Both the report and our response to the World Humanitarian Summit's outcome, generated extensive media coverage in The New York Times, Associated Press, Washington Post, Reuters and the Guardian, and senior staff have presented its findings around the world.

As part of our partnership with the Doha Institute for Graduate Studies, ODI guest lecturers presented to humanitarian practitioners and future leaders in the Middle East. We also delivered the Senior-Level Course on Conflict and Humanitarian Response, in partnership with the London School of Economics and Political Science.

ODI's research and convening power was key to shaping the conversation around the World Humanitarian Summit in Istanbul in May 2016, informing the positions and commitments of governments, UN agencies and humanitarian organisations. At the Summit, we showcased some of our core initiatives and research, hosting six events and participating in three others.

Ahead of the Summit, the UK's International Development Committee (IDC) launched an inquiry into the priorities for reform. ODI's strong written evidence to the Committee led to an invitation by the IDC to give further oral evidence to support the inquiry. The final IDC report heavily referenced our research, which made formal recommendations to the UK Government on reforms for the UK to champion at the Summit.

ODI's research contributed to the successful launch of the multi-billion-dollar education in emergencies fund. This is a transformational project that seeks to meet the education needs of 75 million children and young people out of education due to conflict or crisis. Adopted at the Summit, it is the first global fund to prioritise education in humanitarian action.

At the Summit, ODI also launched the Regional Organisations Humanitarian Action Network (ROHAN), which was attended by 12 regional organisations. We organised a successful two-day conference for ROHAN members in Jakarta in November 2016, hosted by the Association of Southeast Asian Nations; and we are now planning a second ROHAN conference in Addis Ababa in July 2017, to be hosted by the African Union. Regional organisations are playing an increasingly prominent role in international humanitarian action, and ROHAN is providing an important avenue for fostering collaboration between them.

Leading the debate on cash transfers

In July 2016, we launched a landmark report, *Cash transfers: what does the evidence say?* This rigorous review of the impact of cash transfers is the largest and most comprehensive review of its kind to date, providing policy-makers, practitioners and researchers with a single resource on the evidence.

The impact of the report has been far-reaching and featured in the Independent Commission for Aid Impact's report on cash transfers. The research has been promoted by a range of external organisations, including the World Bank, the UN World Food Programme and the Institute of Development Studies. Following widespread criticism in the media of the use of cash transfers, our evidence was extensively quoted in rebuttals.

We also examined cash programming in crises in the Democratic Republic of Congo, Iraq, Mozambique, Nepal and Ukraine. Our report, *Time for change: harnessing the potential of humanitarian cash transfers*, argued that cash transfers are the most significant development in humanitarian assistance over the last decade and have played a crucial role in responses to several recent crises. However, it warns important progress is being undermined by organisational self-interest and a lack of coordination by donors and aid agencies.

Fragility, conflict and violence

A set of reports over the year reflected our concern with humanitarian assistance in conflict. What's the magic word: humanitarian access and local organisations in Syria analysed how local actors negotiate their way around the constraints on reaching people in need in Syria's conflict. This year, the Humanitarian Policy Group was also asked by the Office of the Special Envoy for Syria to second to them a Research Fellow to lend our expertise on detainee and missing persons' issues.

ODI co-hosted a special event with The Elders on 'The Middle East in crisis: how the world should respond', bringing together former UN Secretary-General, Kofi Annan, and Elder and former Foreign Minister of Algeria, Lakhdar Brahimi, to debate the issue.

Elsewhere, we analysed the return to war in Sudan with a specially hosted event at ODI, as well as providing evidence to a key UK parliamentary report on the crisis.

Supporting national disaster planning to save lives

In 2015, the first global disaster risk reduction framework was agreed in Sendai. We continued our work at country level, providing advice on how to integrate disaster risk reduction into national plans. The response of governments has been positive: one representative from Trinidad and Tobago said, 'At last someone talking about the real issues we are facing. I am going to be using your ideas in my work'.

4. Effective institutions, engaged citizens

Steering the Doing Development Differently agenda

In the past year, ODI has sought to operationalise the principles of the Doing Development Differently (DDD) agenda. We worked with the UK's Department for International Development (DFID) as they moved to make their programmes and portfolios more adaptive, politically smart and locally led.

In March 2017, we welcomed the Minister of State for International Development, Rory Stewart to ODI for a high-level and engaging debate on 'What institutions do countries really need?' At the event, we launched *Putting theory into practice: how DFID is doing development differently* and shared key insights from this programme of work.

We have documented efforts in key institutions too. The lessons learned from a recent pilot in the World Bank's Nigeria country portfolio have made an important contribution to future institutional reform opportunities.

ODI's leading reputation in this area was reflected in the latest World Bank Development Report and DFID's new economic development strategy, which adopted the 'doing development differently' language and principles. We are increasingly involved in embedding expertise and providing advisory

support to development organisations wanting to adopt these new ways of working, and we are setting the agenda around why and how to change practice.

Reshaping development effectiveness

Development effectiveness is the 'how' of the Sustainable Development Goals (SDGs). The Global Partnership for Effective Development Cooperation (GPEDC) is the single global platform through which all providers and recipients come together to ensure development cooperation has the maximum impact.

Ahead of GPEDC meeting in Nairobi, ODI hosted the 'Where next for development effectiveness' conference. We brought together ministers and officials from Malawi, Mexico, Kenya, Cambodia and key stakeholders from multilateral institutions, the private sector, civil society and the research community, to build consensus for a new development effectiveness agenda for the SDG era. The final Nairobi Outcome Document from GPEDC reflected many of the ideas and recommendations from the ODI conference, especially on leave no one behind, fragile states, country ownership, and data and accountability. It will form a central part of the GPEDC Co-Chairs and Steering Committee work on implementation in the next year, and underpin the future direction of development cooperation in achieving the SDGs.

Using research and evidence effectively

ODI's programmes continue work to support governments and donors in maximising the impact of evidence and research.

10 things to know about how to influence policy with research laid out the different ways in which good evidence can be used to inform local, national and international decision-making. This short briefing was well-received: 'Love the 10 things to know about how to influence policy with research. Have been using it with the team here to get thoughts together' – Assistant Director, Mary Robinson Foundation – Climate Justice, Maurice Sadlier.

In Ghana, South Africa and Zimbabwe, our work through the VakaYiko Consortium has strengthened country capacities for using research evidence: 'The VakaYiko project has brought to light critical observations on the use of evidence' – Director-General of the South African Department of Environmental Affairs, Nosipho Ngcaba.

On the donor side, the ODI Future Development Agencies programme is helping agencies to prepare for future challenges. A major conference, 'Building resilient development agencies', brought together senior directors of development ministries and agencies, and leading thinkers and strategists on institutional change, to share perspectives on how to plan and organise development cooperation over the next decades.

Supporting finance ministries

Our long-standing Budget Strengthening Initiative (BSI) has seen work come to fruition in finance ministries in Liberia, Uganda and Sierra Leone. In such fragile and conflict-affected countries, BSI provides invaluable confidential and independent support at government level.

In June, the Chief Secretary of HM Treasury hosted the launch of ODI's multi-country research project: The capabilities of finance ministries. This was a major piece of research that reviewed the

capability of finance ministries in the UK, Germany, South Africa, Nepal, Mexico, Uganda and Sierra Leone. The report pushed back against the relatively simple model that donors use to support institutional reforms, which currently ignores the many factors that influence the capability of finance ministries. This research will lay the groundwork for more appropriate and effective reforms in the future

5. Transformative growth

ODI's work on economic transformation focuses on how developing country governments can promote inclusive growth, creating jobs and increasing productivity. In a year of enormous global upheaval, ODI has been at the forefront of understanding the impacts of global volatility on economic growth in developing countries.

Responses to volatility

ODI was one of the first institutions to highlight the impact of the UK's decision to leave the European Union for developing countries.

Our targeted package of research, analysis, high-level convening and comment, positioned ODI at the centre of the debate on how Britain can leave the European Union without harming economic development in the UK and overseas.

Brexit fallout: implications for UK and developing economies and the accompanying event was an early response to engaging policy-makers on this issue, stressing the negative financial impact that Brexit could have on developing world economies. However, we also highlighted the opportunities that Brexit presented. At the Conservative Party Conference, we presented five win-win ways to ensure the UK's new trade policy works for developing countries – an important piece of early analysis outlining a series of trade options in the mutual interest of the UK and developing countries. Elsewhere, ahead of the 2017 meeting of Commonwealth trade ministers, ODI worked with the All-Party Parliamentary Group on Trade Out of Poverty to produce 10 Commonwealth policy priorities for trade and development – given to every trade minister at the conference and launched at a high-level event in parliament.

Building resilience to market volatility

Global political instability has brought instability to global markets. In October, together with Standard Chartered, ODI held an event on managing global financial risks with a high-level panel and the deputy governors from the central banks of Nigeria and Indonesia. A second follow-up event was held at Standard Chartered's London headquarters, focusing on China's importance in a volatile global economy.

Assessing macroeconomic impacts for developing countries

ODI's 'Macroeconomic impacts series has almost doubled its readership since its launch. This regular briefing is a must-read for a growing number of top economists, UN officials and policy-makers seeking to understand the developing world. In the past year, it has looked at a range of issues from Brexit and the new German G20 leadership, to the impact on developing countries from the US' monetary policy development and higher US interest rates.

We also continued to examine economic transformation in one of Africa's largest economies, Nigeria, through several briefings on topics such as building competitiveness and diversifying growth beyond the oil sector. This work was further developed in the Shockwatch Bulletin, *Assessing reserve management during economic crises: lessons from Indonesia and Nigeria*, which provided crucial insights for Nigeria's policy-makers facing economic challenges similar to those faced by Indonesia during the South-East Asian crisis.

Championing economic transformation

Our work on economic transformation continued to define what policies governments should pursue to build resilient, inclusive societies.

With partners, we co-hosted an international conference in Nairobi, 'Building economic opportunities for a better future'. Together with over 100 business representatives, policy-makers and researchers, we explored harnessing agriculture, financial sector development and innovation to build economic opportunities in low-income countries.

In March 2017, the Supporting Economic Transformation programme launched its flagship paper, 'Economic transformation: a new approach to inclusive growth', at an event at ODI, which explored different countries' economic transformation

The ODI Fellowship Scheme

The ODI Fellowship Scheme gives highly qualified postgraduate economists and statisticians the unique chance to work in developing country 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 1,000 Fellows in postings around the world. Postings fall under three streams: economics, statistics and financial inclusion – the key areas in which governments want to develop their own capacity.

This year, the Fellowship Scheme posted 59 new ODI Fellows to 25 countries and regional organisations, with a focus on countries with low incomes and high poverty rates. There were eight new postings and three new ODI Financial Inclusion Fellows placed in Kenya, Uganda and Bangladesh. Over the past four years, the Scheme has sent Fellows to new countries, including Bangladesh, Djibouti, Guinea-Bissau, Haiti, India, Madagascar, Thailand and the autonomous region of Somaliland. The Scheme continues to assess demand for Fellowship expertise in fragile states and Asia.

As Myanmar continues to make global news headlines, our first Fellows to the country have been well-placed in an institute to influence the new Government's policies. The deteriorating political and security situation in South Sudan forced us to withdraw Fellows from Juba in July 2016. This was a disappointing step after our Fellows' decade-long support to the world's newest country.

As we scale up in new partner countries, we scale down in other longer-established ones with less need. There were no new Fellows in upper middle-income South Africa and Namibia, or mainland Tanzania. The value of the Scheme has proven itself in both Papua New Guinea and Timor-Leste, which funded their own new Fellows without the support of subsidies from ODI.

At the end of 2016, we reached an agreement with the European Bank for Reconstruction and Development (EBRD) to post our first ODI Fellows in Albania. This is an exciting pilot for ODI and we hope the Fellowship Scheme becomes a broader offering to other EBRD borrowing countries.

Plans for future periods

This is going to be a transition year for ODI. Changes include a new Executive Director; a recently coalesced senior leadership team; a new strategic plan to put into place; several critical organisational reforms underway to revise the budgeting, fundraising, and operating systems; and a rapidly changing and challenging political and funding environment. Yet, such moments provide opportunity for vision and change.

As in previous years, ODI's objectives for 2017/18 are grouped into three categories:

- Ongoing organisation health: maintaining and monitoring "business as usual"
- Organisational Development (ODI Forward): the key internal reforms we wish to make over the course of the year
- Research, advisory and convening: the substantive themes we wish to explore and projects we wish to deliver through our research, advisory work, and convening abilities to ensure that we continue to meet our Strategic Priorities from the 2014-17 Strategy.

It is important to note that these objectives are not set in isolation from one another. Maintaining our ongoing organisational health ensures that we have a stable base from which we can develop the organisation, and deliver on our key research themes. Likewise, we cannot ensure the health of the organisation without developing our internal processes and business functions, and securing funding through the delivery of high quality research programmes.

Ongoing organisational health

Over the coming year, we plan to strengthen our systems and processes, and pull together a set of Key Performance Indicators that will assess the day-to-day running of ODI across eight key areas of the business. The intention is to keep our report on these areas simple yet meaningful, easy to review and visually engaging; and ultimately to share it with both the SMT and Board on a quarterly basis alongside more detailed reviews (such as our Management Accounts) where required. However, because we lack the resources and systems to quickly and easily collect, analyse and present our data in this way, one of our key objectives (as noted in the next section) will be to build on our reporting capacity, so that we can be confident that problems in our basic operations and mission are not going unnoticed while we concentrate on the many other things happening around the Institute.

Organisational Development – ODI Forward

As we have now delivered on most of the remaining organisational development objectives ("Change Directions") from our 2014-17 strategy, this year's objectives aim to take ODI Forward and are based around the five sections of ODI's "Vision 2020", an SMT-led paper which sets out how we envisage ODI to be positioned and operating by 2020. Vision 2020 will in turn be incorporated into our new 3-year strategy, which will be developed over the next nine months, and used as the basis for next year's Business Plan.

Research, Advisory and Convening

Our research, advisory and convening objectives, which detail the impact we wish to make as a think tank, are organised this year by the five Strategic Priorities articulated in ODI's 2014-17 Strategic Plan (now extended to the end of this calendar year). In addition, we will also continue to invest effort into addressing the high profile, cross cutting issue of Migration and Displacement

Financial and Operational Performance

2016/17 was a year marked by significant economic and political change. During this period, ODI grew for the eighth successive year, with income reaching £41.3m, an increase of 9.1% over 2015/16. This increase was however due in part to the receipt of two significant grants from the Bill and Melinda Gates Foundation. Similarly, a significant proportion of the unrestricted surplus of £931k was the result of one-off external factors, including an unrealised gain in the value of our investments (£249k) and favourable movements in foreign exchange (£185k). That said, ODI has continued to perform strongly in a challenging context, a testament to the dedication of our staff and the depth of relationships that we continue to build with our donors and supporters.

The uncertainty faced over the past year is likely to continue into the foreseeable future, posing a variety of challenges for the organisation. Key to dealing with these uncertainties will be to ensure that ODI has robust financial systems and healthy reserves. One of our key plans for 2017/18 will be to upgrade our financial and project management systems. As well as generating efficiencies that can be reinvested in our charitable aims, this change will facilitate greater flexibility in the way that we operate, enabling us to respond quickly to changing environments and capitalise on opportunities.

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.

During 2014/15 the trustees commissioned an independent review to determine the level of reserves that would be appropriate for the organisation. This review was focused around organisational risk and the potential impact of a major incident. As a result of this review, the trustees agreed that ODI should aim for a target level for free unrestricted reserves of £4m to be achieved within four years. This target excludes any designated funds.

As at 31 March 2017, three years into the four-year timeframe, the Charity held unrestricted free reserves of £4.4m, representing 110% of the target. A significant component of this year's operating surplus was the result of favourable movements in foreign exchange and investment gains. The ongoing external economic and political uncertainty means that these gains could be reversed in subsequent periods. The trustees have considered this risk and feel that holding reserves at 110% of target is a prudent step to safeguard the organisation against potential future adverse shocks.

ODI also has 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 the value does not comprise assets that can be realised with ease in order to meet ongoing expenditure. As at 31 March 2017 the value of the assets held in this designated fund was £779k. The second designated fund represents the planned future investment in ODI's finance and project management systems. This investment is expected to occur over the period 2017-2019. The value of this fund as at 31st March 2017 was £250k.

ODI also has 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 on page 43.

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 2017 the investment portfolio was valued at almost £2.2m, representing an unrealised gain over historic cost of £329k. Investment performance is regularly reviewed by the trustees against a benchmark of CPI + 3%. Further details of the investments can be found in the notes to the financial statements.

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 2016/17 were:

- **Strategic** – there is a risk that continuing changes in the external funding environment will make it more difficult for ODI to deliver its mission. We continue to mitigate this risk by working to diversify our income wherever possible and seek out new audiences and partnerships. We have also implemented a programme reinvestment scheme to allow research teams to invest in innovative new lines of research that might not otherwise be funded. We will closely monitor the impact to the organisation of the UK leaving the European Union.
- **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 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 following the appointment of a travel security manager during the year; incorporating traveller tracking, alert services, training prior to high risk travel and full security inductions. Contract management and quarterly financial review processes have also been developed 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. We are working with the HR team to put in place procedures and structures that will allow us to diversify our staffing base and draw in more in-country expertise.

Trustees Report and Strategic Report signed on behalf of the Board:

A handwritten signature in black ink, appearing to read 'J. Cameron', written in a cursive style.

James Cameron, Chair

Approved by the Board on 24 July 2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OVERSEAS DEVELOPMENT INSTITUTE

We have audited the financial statements of the Overseas Development Institute for the year ended 31 March 2017 which comprise the Consolidated Statement of Financial Activities, the Group and Charity Balance Sheets, the Consolidated Statement of Cash Flows and the related notes. 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).

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.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement, 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.

We have been appointed auditor under the Companies Act 2006. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2017 and of the group's and the parent charitable company's net movement in funds, including the group's and the parent 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.

Opinions on other matters prescribed by the Companies Act 2006

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

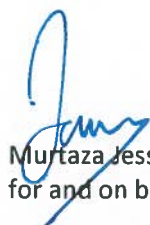
- The information given in the Trustees' Annual Report (which incorporates the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Trustees' Annual Report (which incorporates the strategic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

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

Matters on which we are required to report by exception

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

- the charitable company and group have not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the consolidated 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.



Murtaza Jessa (Senior statutory auditor)
for and on behalf of haysmacintyre, Statutory Auditor

26 Red Lion Square London WC1R 4AG
London
WC1R 4AG

Date: 24 July 2017.

Overseas Development Institute

Consolidated Statement of Financial Activities (including income and expenditure account)
for the year ended 31 March 2017

	Notes	Unrestricted funds £'000	Restricted funds £'000	Total funds 2017 £'000	Total funds 2016 £'000
Income from					
Charitable activities:					
Research and Fellowship scheme	3	2,604	35,410	38,014	34,805
Investments		54	-	54	51
Other trading activities	4	3,191	-	3,191	2,914
Other income		61	-	61	51
Total income		5,910	35,410	41,320	37,821
Expenditure on					
Charitable activities:					
Research and Fellowship scheme	5	3,410	33,737	37,147	34,175
Other trading activities	8	1,992	-	1,992	1,859
Total expenditure before pension deficit revaluation		5,402	33,737	39,139	36,034
Movement in provisions	17	(173)	-	(173)	1,432
Total expenditure		5,229	33,737	38,966	37,466
Net income before transfers and investment gains / losses		681	1,673	2,354	355
Net realised and unrealised gains (losses) on revaluation and disposal of investments	18	249	-	249	16
Net income		930	1,673	2,603	371
Total funds brought forward at 1 April 2016		4,466	6,847	11,313	10,942
Total funds carried forward at 31 March 2017		5,396	8,520	13,916	11,313

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 27 to 49 form part of these financial statements.

Overseas Development Institute
Balance sheet
at 31 March 2017

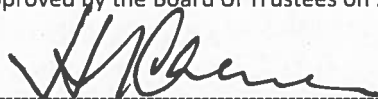
Company number: 661818

		Charity 2017 £'000	Group 2017 £'000	Charity 2016 £'000	Group 2016 £'000
	Notes				
Fixed assets					
Tangible assets	12	779	779	987	987
Investments	13	2,164	2,164	1,886	1,886
		<u>2,943</u>	<u>2,943</u>	<u>2,873</u>	<u>2,873</u>
Current assets					
Debtors	14	11,881	10,535	11,068	9,918
Short-term deposits		1,151	1,151	2,678	2,678
Cash at bank and in hand		4,940	6,731	2,730	4,107
		<u>17,972</u>	<u>18,417</u>	<u>16,476</u>	<u>16,703</u>
Creditors					
amounts falling due within one year	15	(5,081)	(5,526)	(5,945)	(6,172)
Net current assets		<u>12,891</u>	<u>12,891</u>	<u>10,531</u>	<u>10,531</u>
Amounts falling due in more than one year					
Pension liability	17	(1,918)	(1,918)	(2,091)	(2,091)
		<u>13,916</u>	<u>13,916</u>	<u>11,313</u>	<u>11,313</u>
Total net assets		<u>13,916</u>	<u>13,916</u>	<u>11,313</u>	<u>11,313</u>
Represented by:					
Unrestricted funds					
Designated funds	18	1,029	1,029	987	987
General funds		4,367	4,367	3,479	3,479
		<u>5,396</u>	<u>5,396</u>	<u>4,466</u>	<u>4,466</u>
Restricted funds	18	8,520	8,520	6,847	6,847
		<u>13,916</u>	<u>13,916</u>	<u>11,313</u>	<u>11,313</u>

A separate statement of financial activities is not prepared by the Charity itself, following the exemption afforded by section 468 of the Companies Act 2006. In the year under review the Charity made a surplus of £1,404k (2016: £540k).

The notes on page 27 onwards form part of these financial statements.

Approved by the Board of Trustees on 24th July 2017 and signed on their behalf by:



James Cameron, Chairman

Overseas Development Institute
Consolidated cash flow statement
for the year ended 31 March 2017

	Notes	2017 £'000	2016 £'000
Cash flows from operating activities	A	1,170	1,038
Cash flows from financing activities			
Interest received		5	51
Cash flows from investment activities			
Purchase of property, plant and equipment		(29)	(72)
Purchase of investments		(48)	(24)
Management of liquid resources			
Short-term deposits		1,527	(833)
Increase / (decrease) in cash	B	2,624	160

Notes to consolidated cash flow statement

A. Adjustment of net incoming resources before transfers and net investment gains to net cash inflow from operating activities

	2017 £'000	2016 £'000
Net cash provided by operating activities	2,354	355
Depreciation	237	271
Interest receivable	(5)	(51)
Investment management fees	20	-
Increase in debtors	(617)	(1,230)
Increase / (Decrease) in creditors	(819)	1,693
Net cash flow from operating activities	1,170	1,038

	At 1 Apr 2016 £'000	Cash flows £'000	At 31 Mar 2017 £'000
B. Analysis of changes in net funds			
Short-term deposits	2,678	(1,527)	1,151
Cash at bank and in hand	4,107	2,624	6,731
	6,785	1,097	7,882

Overseas Development Institute
Notes to the financial statements
For the year ended 31 March 2017

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 a surplus of £1,404,079 (2015: £1,798,840).

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 received 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. Expenditure is classified into the following:

- 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.

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.

Overseas Development Institute
Notes to the financial statements
For the year ended 31 March 2017

1 Principal accounting policies (continued)

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.

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.

Overseas Development Institute
Notes to the financial statements
For the year ended 31 March 2017

1 Principal accounting policies (continued)

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

The Institute 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.

Each of the schemes are in deficit and the schemes have notified the Charity of the plans to reduce these deficits. For USS this deficit reduction period lasts for an estimated 14 years, from 2016. In the case of SAUL the deficit plan lasts for three years, from 2016. Payments towards these deficits 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 these deficit reduction plans.

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.

The Institute 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. As a whole, the market value of SAUL's assets was £1,927million representing 97% of the liabilities for benefits accrued up to 31 March 2014. It is not possible to identify an individual employer's share of the underlying assets and liabilities of SAUL. The Institute 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.

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 from the Senior Management Team.

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 19, the organisation is required to recognise a liability relating to the deficits of the two pension schemes.

SAUL: The liability is based on a repayment of 3% of salaries over the two years ending 31 March 2018, as recommended by SAUL.

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 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:

	2017 £'000	2016 £'000
Research grants & project finance	37,531	33,154
Fellowship scheme	3,207	4,526
Group research grants and project finance receivable	40,738	37,680
ODI Sales Limited research grants and project finance	(2,724)	(2,875)
Charity research grants and project finance receivable	38,014	34,805

Overseas Development Institute
Notes to the financial statements
For the year ended 31 March 2017

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

Notable research grants during the year included:

		2017
		£
DFID	Accountable Grant	2,308,828
SDC	Active Learning Network for Accountability and Performance	7,760
UN OCHA	Active Learning Network for Accountability and Performance	8,871
SDC	Active Learning Network for Accountability and Performance	20,000
Global Affairs, Canada	Active Learning Network for Accountability and Performance	34,809
AECID	Active Learning Network for Accountability and Performance	43,223
MFA Netherlands	Active Learning Network for Accountability and Performance	50,000
USAID	Active Learning Network for Accountability and Performance	84,515
Irish Aid	Active Learning Network for Accountability and Performance	86,447
DFAT	Active Learning Network for Accountability and Performance	120,108
USAID	Active Learning Network for Accountability and Performance	164,363
USAID	Active Learning Network for Accountability and Performance	171,160
FFO Germany	Active Learning Network for Accountability and Performance	172,894
USAID	Active Learning Network for Accountability and Performance	176,557
SIDA	Active Learning Network for Accountability and Performance	223,238
Bill & Melinda Gates Foundation	Aid, Security and Britain's Role in the World	79,015
Norwegian Refugee Council	BRCiS Project	35,966
DFID South Sudan	Budget Strengthening Initiative	1,850,528
DFID DRC	Budget Strengthening Initiative	58,722
DFID DRC	Budget Strengthening Initiative	38,327
DFID Uganda	Budget Strengthening Initiative	713,081
African Development Bank	Budget Strengthening Initiative - DRC	387,070
HIVOS	Budget Strengthening Initiative - Uganda	132,276
SIDA	Budget Strengthening Initiative - Core Funding	825,981
Bill & Melinda Gates Foundation	Delivering Effective Development Against Multidimensional Poverty	2,277,415
DFID	Economic Dialogue on Inclusive Growth – Bangladesh	128,051
UNICEF	Evaluation on Anti-Discrimination Measures	12,033
British Red Cross Society	HPG Integrated Programme Support	5,000
OXFAM	HPG Integrated Programme Support	15,000
DFAT	HPG Integrated Programme Support	123,745
Irish Aid	HPG Integrated Programme Support	134,935
Ikea Foundation	HPG Integrated Programme Support	216,117
USAID	HPG Integrated Programme Support	270,642
Swiss Federal Department of	HPG Integrated Programme Support	277,851
SIDA	HPG Integrated Programme Support	178,002
Stichting Vluchteling	Integrated Regional Information Networks	79,113
Swiss Federal Department of	Integrated Regional Information Networks	108,808
Kenneth Miller Trust	Lifeline to Coal (Kenneth Miller Trust)	20,000
DFID	Memorial for Humanitarian Aid Workers	22,306
Swiss Agency for Development &	Migration Research	190,000
Paul Hamlyn Foundation	Production of Visual Materials accompanying research to illustrate factors of Migration	60,000

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

Bill & Melinda Gates Foundation	Social norms and adolescent girls: evidence and tools	1,215,792
DFID	Support for AU and UNECA research on trade policy in Africa	138,518
DFID	Supporting Economic Transformation	965,403
SWISS FEDERAL DEPARTMENT OF	Supporting SDC's Justice Sector Engagement	81,897
FIA Foundation	Sustainable Urban Transport	66,432
DFID	Uganda: scoping mission for triple A programme	18,963
Irish Aid	Secure Livelihoods Research Consortium	134,935

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:

	2017 £'000	2016 £'000
Income from Trading Subsidiary		
Research grants and project finance	3,119	2,875
Publications and other income	72	39
Total Income from Trading Subsidiary	3,191	2,914

5 Expenditure

	2017 £'000	2016 £'000
a) Research and dissemination		
Direct project costs		
Staff costs (note 9)	10,686	10,039
Temporary staff	210	188
Research fees payable to consultants and related costs	9,075	8,117
Knowledge exchange and dissemination	5,450	5,436
Travel	2,854	2,625
Other costs	673	519
	28,948	26,924
Support costs (note 7)	6,318	5,287
Group research and fellowship costs	35,266	32,211
ODI Sales Limited research costs	(1,987)	(1,851)
Charity research and dissemination of information costs	33,279	30,360
b) Fellowship activities and services		
Supplementation award costs	2,756	2,652
Staff costs	236	249
Support costs allocation (note 7)	128	135
Other costs	748	779
	3,868	3,815
Total charitable expenditure	37,147	34,175

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6 Governance costs

	2017 £'000	2016 £'000
Auditor's remuneration	16	18
Legal fees	22	-
Other costs	1	3
	<u>39</u>	<u>21</u>

7 Support costs

	2017 £'000	2016 £'000
Staff costs (note 11)	2,985	2,216
Staff overheads	755	591
Premises	1,104	1,112
Depreciation	237	271
Governance	39	21
Other costs	1,326	1,211
	<u>6,446</u>	<u>5,422</u>

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	2017 £'000	2016 £'000
Research and dissemination of information	6,318	5,287
Fellowship activities and services	128	135
	<u>6,446</u>	<u>5,422</u>

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 2017 are given below. All taxable profits each year are distributed to the Charity.

ODI Sales Limited	2017 £'000	2016 £'000
Income	3,191	2,914
Cost of sales	(1,987)	(1,851)
Gross profit	1,204	1,063
Administrative expenses	(5)	(4)
Operating profit	1,199	1,059
Other interest receivable and similar income	-	-
Profit on ordinary activities before tax	1,199	1,059
Taxation	-	-
Profit after tax	1,199	1,059
Gift Aid donation to parent undertaking	(1,199)	(1,059)
Surplus / Deficit for the financial year	-	-

At 31 March 2017, the total capital and reserves of the company was £10 (2015: £10).

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9 Staff costs and Trustees' remuneration

	2017	2016
a) Staff costs during the year were as follows:	£'000	£'000
Wages and salaries	11,091	10,337
Termination payments	2	12
Social security costs	1,236	923
Pension costs	1,578	1,232
	13,907	12,504
Temporary and other staff costs	498	455
	14,405	12,959

Pension costs include a contribution offset in respect of the pension deficit of £173,676 (2016: £239,655) as outlined in note 21. The total amount paid to the pension providers was £1,578,097 (2016: £1,471,444).

b) Staff cost (excl. temporary staff) by function was as follows:	£'000	£'000
Research and dissemination	10,922	10,288
Support	2,985	2,216
	13,907	12,504

Employee benefits to senior management personnel for the year (including payments to the pension schemes) totalled £839,276 (2016: £828,001).

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:

	2017	2016
£60,001 - £70,000	16	16
£70,001 - £80,000	9	8
£80,001 - £90,000	5	3
£90,001 - £100,000	6	2
£110,001 - £120,000	1	1

Employer contributions of £526,205 (2016: £352,733) were made to the charity's defined benefit pension schemes for all employees who earned £60,000 or more during the year (as defined above).

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

	2017	2016
Research and Fellowship scheme	259	242
Support	65	73
	324	315

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9 Staff costs and Trustees' remuneration (continued)

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

	2017	2016
Research and Fellowship scheme	210	194
Support	50	52
	260	246

During the year ended 31 March 2017 expenses of £318 (2015: £232) were reimbursed to 2 Trustees (2016: 1 Trustee) for attending Board, Council and Sub-Committee meetings.

No other Trustees were paid for any project or research work in the year ended 31 March 2017.

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

This is stated after charging:

	2017	2016
	£'000	£'000
Auditor's remuneration		
- Current year audit services – ODI	14	15
- Current year audit services – ODI Sales Limited	5	5
- Other audit and accounting services	46	88
	65	106
Depreciation	237	271
Operating lease rentals		
- Premises	729	729
- Equipment	11	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.

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12 Tangible fixed assets

Group and Charity	Leasehold improvements £'000	Computers £'000	Furniture and Fittings £'000	Total £'000
Cost				
At 1 April 2016	1,148	668	627	2,443
Additions	29	-	-	29
Disposals	-	-	-	-
At 31 March 2017	1,177	668	627	2,472
Depreciation				
At 1 April 2016	342	637	477	1,456
Charge for year	86	27	124	237
Disposals	-	-	-	-
At 31 March 2017	428	664	601	1,693
Net book values				
At 31 March 2017	749	4	26	779
At 31 March 2016	806	31	150	987

13 Investments

Group	Total £'000
Listed investments	
Market value at 1 April 2016	1,886
Cost of new investments	48
Investment management fees paid from the portfolio	(20)
Unrealised gain on investments	250
Market value at 31 March 2017	2,164
Historical cost of listed investments at 31 March 2017	1,834

Charity	Shares in subsidiary company £'000	Listed investments £'000	Total £'000
Market value at 1 April 2016	-	1,886	1,886
Cost of new investments	-	48	48
Investment management fees paid from the portfolio	-	(20)	(20)
Unrealised gain on investments	-	250	250
Market value at 31 March 2017	-	2,164	2,164
Historical cost of investments at 31 March 2017	-	1,834	1,834

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 £2,163,567 and other than a cash balance of £164,459, there was no one holding greater than 5% of the value of the portfolio.

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13 Investments (continued)

At 31 March 2017 the Charity owned 10 £1 shares, being the entire called up share capital, of 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 financial results of the company is shown in note 8.

14 Debtors

	Charity 2017 £'000	Group 2017 £'000	Charity 2016 £'000	Group 2016 £'000
Grants receivable and accrued income	7,844	9,789	7,701	9,158
Other debtors	290	290	309	309
Prepayments	454	456	450	451
Amount due from subsidiary	3,287	-	2,608	-
	11,875	10,535	11,068	9,918

Included in other debtors is £277,549 (2016: £308,205) relating to monies forming a bank guarantee. These funds are being held by the bank on behalf of ODI in order to secure grant funding with the EU.

15 Creditors

	Charity 2017 £'000	Group 2017 £'000	Charity 2016 £'000	Group 2016 £'000
Grants received in advance	596	729	1,806	1,846
Expense creditors	2,014	2,073	1,887	1,938
Social security and other taxes	313	513	278	397
Accruals and deferred income	2,157	2,211	1,974	1,991
	5,080	5,526	5,945	6,172

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.

	Charity 2017 £'000	Group 2017 £'000	Charity 2016 £'000	Group 2016 £'000
Deferred income as at 1 April 2016	1,806	1,846	1,624	1,660
Released during the year	(1,806)	(1,846)	(1,624)	(1,660)
Income deferred in the year	596	729	1,806	1,846
Deferred income as at 31 March 2017	596	729	1,806	1,846

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 two pension schemes 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:

SAUL: The Trustee and Employers have agreed that the Technical Provisions deficit at 31 March 2014 valuation will be addressed by employer contributions of 3% of salaries between 1 April 2016 and 31 March 2018 (inclusive). The defined benefit liability recognised by the Institute in respect of the deficit contributions due to SAUL (i.e. the present value of the deficit contributions is £84,999 (2016: £169,985). This liability is based on a projection of salaries over the period to 31 March 2018.

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 2016 £'000	Charity 2016 £'000
Opening pension provision at 1 April	2,091	899
Provision utilised during the year and unwinding of discount factor	(173)	(240)
Increase / (release) of provision	-	1,432
Pension provision as at 31 March	1,918	2,091

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18 Funds

	At 1 April 2016	Income	Expenditure	Unrealised gains and losses	Transfers	At 31 March 2017
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds						
<i>Designated</i>						
Tangible fixed assets fund	987	-	-	-	(208)	779
Systems development fund	-				250	250
<i>General funds</i>						
Income and expenditure account	3,479	5,910	(5,229)	249	(42)	4,367
Total unrestricted funds	4,466	5,910	(5,229)	249	-	5,396
Restricted funds						
Agricultural Policy Research in Africa	31	33	(22)	-	-	42
ALNAP (multifunder)	290	87	-	-	-	377
Delivering Effective Development Against Multidimensional Poverty	-	2,277	(88)	-	-	2,189
Strategic and financial partnership agreement	-	85	(5)	-	-	80
Resilience Scan Part 3	-	185	(36)	-	-	149
Low Emission Development Strategies (LEDS)	30	508	(426)	-	-	112
Partnership Support SIDS Project	-	107	(9)	-	-	98
Promoting Safer Building	-	111	(26)	-	-	85
Understanding and supporting sustained pathways out of extreme poverty and deprivation	95	144	-	-	-	239
Fellowship Scheme 2015- 2020 Core Funding	716	2,856	(3,545)	-	-	27
Fellowship Scheme (Bill and Melinda Gates Foundation)	508	-	(156)	-	-	352
ODI Fellows - Timor Leste	-	344	(135)	-	-	209
HPG Integrated Programme	440	947	(1,134)	-	-	253
Aid, Security and Britain's Role in the World	-	79	-	-	-	79
EOY Learning Partnership	482	353	(835)	-	-	-
Increasing Resilience to Natural Hazards	94	62	(29)	-	-	127
Gender & Adolescence: Global Evidence	-	2,826	(1,758)	-	-	1,068
Supporting the Global Commission	63	193	63	-	-	319

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18 Funds (continued)

Social norms and adolescent girls: evidence and tools platform	-	1,216	(35)	-	-	1,181
Budget Strengthening Initiative	586	4,196	(4,643)	-	-	139
Supporting Economic Transformation	-	1,388	(1,388)	-	-	-
Other research projects	3,510	17,414	(19,529)	-	-	1,395
	<u>6,847</u>	<u>35,410</u>	<u>(33,737)</u>	<u>-</u>	<u>-</u>	<u>8,520</u>
Total funds	11,313	41,320	(38,966)	249	-	13,916

Analysis of net assets between funds	Unrestricted funds £ 000	Restricted funds £ 000	Total Funds £ 000
Tangible fixed assets	779	-	779
Net current assets	4,367	8,520	12,887
Total net assets	5,146	8,520	13,666

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. Costs are expected to be incurred during 2017-19.

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.

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. Funding received in advance to fund the initial phase of work, to be completed predominantly during 2017/18.

Strategic and financial partnership agreement

Funding provided by AFD to support a collaborative programme of research and engagement.

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

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

SIDS Project

Restricted funding supporting work on improving understanding of the impact of migration in development.

Promoting Safer Building

Promoting Safer Building - Using science, technology, communication and humanitarian practice to support family and community self-recovery. Funding provided by NERC.

Understanding and supporting sustained pathways out of extreme poverty and deprivation

ESRC funded programme exploring pathways out of extreme poverty.

Fellowship Core Funding

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

Fellowship (Bill and Melinda Gates Foundation)

This fund represents a restricted grant from the Bill and Melinda Gates Foundation to support ODI's Fellowship Programme.

Research and Policy Engagement (Bill & Melinda Gates Foundation)

This fund represents a restricted grant from the Bill and Melinda Gates Foundation to support ODI's CAPE Programme in Research and Policy Engagement

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.

Aid, Security and Britain's Role in the World

Restricted funding provided by the Bill and Melinda Gates Foundation.

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 NERC, aiming to explore methods of increasing resilience to natural hazards.

Gender and Adolescence: Global Evidence

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

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

Other research projects

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

Full comparatives for the year to 31 March 2016 can be found in the 2016 financial statements which are publically available on the Charity Commission and Companies House websites.

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19 Lease commitments

At 31 March 2017 the Charity had total commitments under a non-cancellable operating leases as set out below:

Group and charity	2017 £'000	2016 £'000
Land and buildings		
Operating leases payments which are due:		
- after 5 years	2,704	3,536
- between 2 and 5 years	3,328	3,328
- within 1 year	832	832
Equipment		
Operating leases payments which are due:		
- after 5 years		
- between 2 and 5 years	33	44
- within 1 year	11	11

With regard to the lease for land and buildings, the actual payment by the Charity in the year to 31 March 2017 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 is ongoing and is due to be finalised in July. 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, which are funded by contributions from the employer and employees. Contributions to the schemes are charged to the statement of financial activities so as to spread the cost of the pensions over the employees' working lives.

Under the definitions set out in Financial Reporting Standard 102 Retirement Benefits, both schemes are classed as multi-employer pension schemes. The Institute is unable to identify its share of the underlying assets and liabilities of the schemes. Accordingly, the Institute has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the schemes as if they were defined contribution schemes. The Institute has set out below the latest information available for each scheme.

The Universities Superannuation Scheme (USS)

ODI participates in the Universities Superannuation Scheme (the scheme). Throughout the current and preceding periods, 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. 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 institution 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 scheme in respect of the accounting period. Since the institution has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the institution 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.

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FRS 102 makes the distinction between a Group Plan and a multi-employer scheme. A Group Plan consists of a collection of entities under common control typically with a sponsoring employer.

20 Pensions (continued)

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 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. 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.

The latest available full actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method.

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

The 2014 valuation was the third 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 £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 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.

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2016	2015
Discount rate	3.6%	3.3%
Pensionable salary growth	n/a	3.5% in the first year and then 4.5% thereafter
Pension increases (CPI)	2.2%	2.2%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality	98% of S1NA ["light"] YoB tables – No age rating
Female members' mortality	99% of S1NA ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	2016	2015
Males currently aged 65 (years)	24.3	24.2
Females currently aged 65 (years)	26.5	26.4
Males currently aged 45 (years)	26.4	26.3
Females currently aged 45 (years)	28.8	28.7

	2016	2015
Scheme assets	£49.8bn	£49.1bn
Total scheme liabilities	£58.3bn	£60.2bn
FRS 102 total scheme deficit	£8.5bn	£11.1bn
FRS 102 Total funding level	85%	82%

20 Pensions (continued)

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 accrued within SAUL currently build up on either a final salary basis or a career average revalued earnings ("CARE") basis. Following consultation with members, the SAUL Final Salary Section was closed on 31 March 2016 and all members will build up benefits on a CARE basis from 1 April 2016.

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 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 valuation.

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 2014. 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 November 2015 and are due to be reviewed at SAUL's next formal valuation in 2017.

The Trustees and Employers have agreed that the Technical Provisions deficit at 31 March 2014 valuation will be addressed by employer contributions of 3% of salaries between 1 April 2016 and 31 March 2018 (inclusive). The overall level of Employers' contributions increased from 13% of salaries to 16% of salaries with effect from 1 April 2016.

Overseas Development Institute
Notes to the financial statements
For the year ended 31 March 2017

21 Comparative SOFA for 2016/17

	Unrestricted funds £'000	Restricted funds £'000	Total funds 2017 £'000
Income from			
Charitable activities:			
Research and Fellowship scheme	2,593	32,212	34,805
Investments	51	-	51
Other trading activities	2,914	-	2,914
Other income	51	-	51
Total income	5,609	32,212	37,821
Expenditure on			
Charitable activities:			
Research and Fellowship scheme	1,663	32,512	34,175
Other trading activities	1,859	-	1,859
Total expenditure before pension deficit revaluation	3,522	32,512	36,034
Movement in provisions	1,432	-	1,432
Total expenditure	4,954	32,512	37,466
Net income before transfers and investment gains / losses	655	(300)	355
Net realised and unrealised gains (losses) on revaluation and disposal of investments	16	-	16
Net Income	671	(300)	371