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External review management response (August 2022)

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General reflections

Considering the significant changes in our operating environment, such as COVID-19 and the acceleration of the climate crisis, this mid-term review was an excellent opportunity to assess IIED's role, and the Institute's future fitness. The thrust of the report speaks to a great opportunity to build on a formidable body of historical and current work across many areas.

We appreciate the Review's overall assessment and accept the outline of the challenges raised. During the pandemic, we feel we have adapted well to the key difficulties and constraints and retained our influence and effectiveness. But the global turbulence of the recent times is far from over. We do not underestimate the strategic change needed in response to the recommendations made by the report, nor the stresses recent times have brought to staff wellbeing.

The Review exercise provides thoughtful and timely analysis, and it will help us make strategic decisions and identify our strengths and areas for improvement. It offers valuable observations on how we could build on IIED's positive reputation and well-known brand in the sustainable development sector by nurturing the unique set of skills and expertise our staff hold; and by amplifying partners' voices by building on our partnership approach. It lays out a positive change agenda for the incoming Executive Director and the senior team to use creatively, building towards the next five-year strategy, which is due in April 2024.

The report highlights opportunities for us to make more of our strong track record, teams and portfolio of programmes and partnerships, by curating them more clearly around coherent and distinctive high-level messaging and by exploring new ways of working. It sets out a strong case for how this could help to make our portfolio increasingly more than the sum of the parts. It also makes the case for changes that could benefit us across the full range of our priorities, including staff motivation and engagement, business development and funding mix, and evolution of our partnering approach. The report will help us synthesise a number of strands we have already been working on, and is a very helpful external perspective.

Response to priorities recommended by the external review

Priority 1: mobilise frame and strategic funding

External review recommended priority

"The most pivotal and enduring challenge that IIED needs to resolve is finding enough financial support to alleviate the pressure on staff and allow the potential of the current *S*trategy, and the solid foundation of work built up around it, to come to fruition. Funding that is not ringfenced, or only ringfenced for strategy or sub-strategy rather than project implementation, will be a great challenge during a time of dwindling resources, and the IIED leadership will have to take full responsibility for this important issue. It will also be essential to review the current strategy for using frame funding so that there is an appropriate and well-justified balance.

IIED is well-regarded and it will be worthwhile to consider creating a platform or forum of potentially interested conventional as well as atypical funders who can be motivated by a carefully crafted, inspiring narrative about IIED's (and its peers') past achievements, its future strategies, and why frame funding will lead to outcomes that are worthwhile funding. This can also be done with peer organisations to start promoting collective action around common agendas. As broadly captured in the strategy of the Business Development Working Group, such an approach will require moving beyond conventional funding sources to engage (i) progressive foundations or coalitions of foundations which are now becoming more adventurous in their foci for support, (ii) potential funding partners from those parts of the world who will in future have the most financing power, namely China

and other large economies in the Global South that have a keen interest in knowledge and expertise at the intersection of development and environment, and (iii) carefully-selected private sector coalitions that can and want to benefit from independent, credible research and/or advice.

However, it will also require the creation of well-developed synthesised narratives about what IIED with its partners has achieved and can achieve, and the importance of making available financing for (i) a sophisticated strategy and/or (ii) a set of portfolios where work can be done with confidence and agility. Innovation and transformative change fit for this time will require a good understanding of systems theory as well as experience in practice. IIED is well positioned to provide this in the areas that it identifies as priorities for the future."

IIED management response

We broadly agree. This is something we have been pursuing. The goal of 50% for core funding suggested by the Review is not unreasonable. We have a number of ongoing conversations which we hope will move us forward in terms of increasing our frame and 'strategy-supporting' funding over the coming 1-2 years.

We agree that more frame funding would reduce stress on researchers by reducing fundraising demands. Thus, we commit to discuss and identify different avenues to diversify and diminish the risks associated with the current IIED funding model.

These could include:

- Establishing more relationships with foundations as potential sources of funding, as suggested by the reviewers.

- Exploring other sources of non-ODA funding, such as corporate partnerships. These opportunities should be carefully explored and any corporate partnership will be assessed against IIED core values and mission.

- Seeking new sources of unrestricted funding.

- In case of restricted funding, adopting costing models to ensure a decent contribution to core organisational running costs.

- Establishing simple methods by which potential donors can donate funds to the Institute, for example, crowd funding. In the past we have investigated promoting IIED to suitable public audiences as a charitably funded not-for-profit organisation. The lessons from that can certainly be utilised.

- Expanding our reach to a more mainstream and intellectually curious audience by building more of a voice externally in appropriate broadcast media.

We also note that reducing IIED's dependence on official ODA (through, for example, increasing philanthropic funding and bidding more for non-ODA funded research) will open possibilities for working across the HIC/MIC/LIC country categories in a more creative way to address the truly global challenges at the heart of our current organisational strategy (rising inequality, the climate crisis, nature/biodiversity loss, increasing urban risk, and unsustainable markets).

In relation to future geographies where IIED and partners could grow our funding base, we note that the geopolitics of engagement will be a key and evolving factor. India and South Korea, for example, may be more feasible in the near term than China.

Priority 2: nurture IIED's people

External review recommended priority

"Staff like and care for one another, like working together, and are generally proud of IIED. But trust levels across levels and functional positions are somewhat bruised. We propose that in the immediate future significant attention is paid to addressing issues related to IIED's people and the dynamics around them – fostering opportunities to act on issues that de-energise staff. This will help ensure that IIED becomes a healthier organisation during these difficult times. It will require people management approaches in tune with modern trends, and special attention to staff wellbeing.

Questions that can help identify priorities: what immediate pivots will alleviate current tensions and strains?

Ensure that the foundation is sound by refocusing attention on how to ensure that IIED's foundational values and principles are expressed in practice.

Foster trusting relationships through enough innovative and face-to-face opportunities for interaction even in a hybrid work environment; provide reasons for important leadership actions and decisions to ensure staff trust; foster open communication and transparency.

Remove obstacles to performance by acting quickly upon valid complaints; identify, analyse and address tensions, contradictions and trade-offs unnecessarily affecting leadership or staff performance; 'de-bureaucratise' core support processes; wherever possible, find appropriate ways to lighten work burdens – within reason; remunerate task teams fulfilling special roles in a way that reflects the importance of the task. Ensure organisational accountability systems that work across programmes and groups.

Recruit and support well. Consider how to actively work against historical factors that are shaping recruitment processes; review to ensure that appointments, staff and associated experts have the right mix of experience and expertise; ensure that whatever attracts (the right) people to IIED is not lost; provide appropriate performance incentives, but also ensure accountability at all levels that is well understood by the incumbents, and enforced. An inspiring 'People and Culture' head can be pivotal – with the power to ensure that internal trust, power and other dynamics that hinder performance can be addressed quickly and innovatively – while an occasional independent staff survey done in trust can assist in taking the organisation's pulse."

IIED management response

The Institute's success and influence depends on the passion, integrity, competence and collaboration of our staff and we welcome the reviewers' recommendation to improve staff relationships and wellbeing. We also note that the pandemic has set an unusually challenging context and we have worked hard on maintaining communication and helping individuals in challenging situations where we have been able.

To act upon the Review's recommendations, we will:

- Invest in both horizontal and vertical leadership, and focus on improving line-management practices. For example, we will build on the leadership training provided to senior members of staff to improve management skills among team and programme leaders.

- Build on established processes and practices to identify staff needs, such as conducting a regular staff survey and committing to act promptly on the findings of this exercise.

- Continue to take forward our strategic focus on evolving IIED's approach to hybrid working – under the leadership of the Chief Operating Officer (COO).

- As noted above, seek to expand the frame funding base for IIED, in order to reduce fundraising pressures affecting researchers.

Broader issues of culture and change are likely to be a major focus for the incoming Executive Director, and we expect the senior team to expand on the points above over the coming year.

Priority 3: decolonise IIED with sophistication

External review recommended priority

"The study commissioned by IIED on the topic of decolonisation provides important guidance which can be supplemented by further tailored work. Decolonising IIED will have multiple foci within two main streams of action, stemming from the need to (i) recognise and address injustice, prejudice and arrogance towards 'the other', and (ii) shift from dominant reductionist, linear narratives about how societies work, towards the more nuanced (complex adaptive) systems-informed perspectives that are embedded in many of the philosophies of non-Western societies, and in practice also informing some of the most successful development efforts in the world. Decolonisation is also important for both the Global South and the Global North; it should be driven by the Global South yet owned also in the Global North.

It will be necessary to start with, but also to move beyond, the most visible manifestations of 'colonised' mindsets and practices - such as the diversity in IIED's leadership and staff composition, their location, and who controls the funding (or has 'power over'); whose capacities are supposed to be developed, why and with what assumptions - to engaging deliberately with power dynamics and asymmetries in all aspects of IIED's work; with dominant mental models and narratives that have shaped how development, evidence and (policy) influencing are conceptualised and done; and with how mindsets as well as practices by specialists from both the Global South and Global North need to change."

IIED management response

Confronting 'colonised' mindsets within and beyond IIED is a generational challenge for organisations in the sustainable development sector. We welcome this recommendation from the reviewers, and we agree that our (anti)racist narrative study was an important first step in a larger process. We have two key ongoing initiatives:

1. **A Global Engagement Theme (GET) on 'Anti-racist narratives as enablers of equity and social justice'.** The new GET will enable IIED to investigate the root causes of racism and inequality in international development and Overseas Development Assistance (ODA) and how they affect sustainable development interventions. This body of work will help us to influence the global governance and discourse.

2. **A Race and Racism Working Group,** which has produced an ambitious plan based around three priorities: **a) review** and appraise our organisational culture and be aware, as individuals and collectively, of how racism can manifest within IIED and our work; **b) learn** to educate and advance staff understanding of racism and anti-racism – to drive culture change and to disrupt white bias, power and privilege, while continuing the discourse on racism in development; and **c) reform** in order to take individual and collective responsibility in IIED to dismantle racism – by identifying actions we can take immediately and planning towards and starting those that will take longer. A diversity, equality and inclusion audit is in progress under the aegis of the Race and Racism Working Group. This will provide a basis for identifying further action.

These initiatives will help us better understand how our own practices can contribute to racism, and act promptly to address inequity and problematic narratives within IIED. They will also help us influence the sustainable development sector's global governance and discourse, thereby helping

abandon racist narratives and practices more widely and achieve a sophisticated and far-reaching decolonisation in our sphere.

We recognise that this work will need to build and evolve and will have profound implications for all aspects of IIED's next five-year strategy, including thematic and geographical focus. These will be key issues for the incoming Executive Director and IIED's senior leadership team to address.

Priority 4: strengthen coherence and mainstreaming for 'big thing' thinking

External review recommended priority

"IIED could once again contribute one or more 'big things' to the world. For this, greater coherence between programmes and groups has to be developed. This can be done through (i) mainstreaming, (ii) nexus work, (iii) portfolio management and (iv) timely exiting from 'tired' areas of work. Within the limited freedom provided by IIED's financing model, a (cross)portfolio management approach will support alignment and synergy.

The identification of major nexus themes that can cut across most, if not all, of the research programmes or groups will provide opportunities for aligned and synergistic action that can lead to the 'next big thing' for IIED. Obvious examples are the intersections of the thematic areas of all research groups with climate, or with gender or Diversity Equality and Inclusion. The world also needs new narratives and 'big thinking' around issues such as the biodiversity-wellbeing nexus, mainstreaming the environment into rural and urban food systems, or creating post-2030 narrative around the value and implications of degrowth and regeneration (and other issues and shifts briefly raised in chapter 5). The thematic areas identified by staff during peer discussions highlight further possibilities (Figure 4; Annex 9).

Or IIED can focus on analysing place-based work in many locations in the world to more quickly identify common, repeating emerging issues, agency gaps, structural barriers to change – and what has worked in pathway finding – in order to propose new horizons in sustainability. What seems old news to IIED could be new to other organisations. IIED can use this to advance the global conversation on structural problems to systems change for resilience and sustainability outcomes, with strong roots in ground-level experiences."

IIED management response

We have been working hard on moving in this direction over the period under review. We are proud of the progress we have made – including developing a strategy framework (launched in 2019) that has challenged us to seek meaningful impact at an ambitious scale, and also developing our Monitoring, Evaluation and Learning systems (see also Priority 6), which have functioned well, particularly under the new strategy framework. Introducing Impact and Learning Exercises has enabled us to focus resources on carefully chosen areas (for example, investor-state dispute settlement, loss and damage due to climate change, biodiversity and sustainable development), resulting in flagship pieces of analytic work. It is important to us we do not overtighten our frameworks. New and innovative things that may not initially fit neatly within an over-arching strategy framework have been important to our success over the years, and we want to leave some space for that.

We agree that IIED has shown the ability to shift narratives at multiple levels and create impact – including examples of 'scaling up' that are, we believe, impressive for an organisation of our scale. We also agree that there is potential to adjust IIED's strategy and operations – building towards our next formal five-year strategy document – to promote transformative outcomes over a broader range of our work.

One of the options we will explore for strengthening coherence and mainstreaming for 'big thing' thinking will be to use the Learning and Impact Framework (LIF) as a process that enables

researchers to discuss and share their strategic objectives; identify shared priorities and areas of overlap between programmes; and commit to joint projects that span thematic areas. The LIF learning week already provides great opportunity for learning exchange and collaboration. We will build on it and explore other practices that increase communication, coordination and collaboration across different programmes.

Also, we anticipate that the Research and Strategy Team could play a greater role in facilitating discussions across IIED departments about research priorities and areas of growing interest for the Institute. This forum could be used to sharpen the strategic focus of IIED's research agenda.

Priority 5: forge a progressive ecosystem of partners and relationships

External review recommended priority

"IIED needs a stronger ecosystem of partners based on strategic 'living' connections between and across clusters with similar intent, rather than only between one or more partners for a particular project. We understand that a partnership study is under way, and this has to be an essential priority, especially now that IIED's partnerships are not unique anymore, and their current value not optimally used. It will furthermore be helpful to reduce the time that IIED staff spend on developing fair and inclusive partnership decisions, exchange, workflow, accountability systems and other operational processes in every separate project. More freely shared partnership information, including the types of partnerships to avoid, can also benefit others in IIED; current disincentives to learn from these and other experiences need to be explored and addressed.

Proposed initial priorities:

1. **Visibility, influence and scaling:** develop purposeful partnerships crafted around own agendas that can provide greater visibility to, and amplify or scale, IIED's work, by either using power brokers in intergovernmental processes such as UNECA, the AU Commission and SADC in Africa, or more local thematic or geographic networks (as demonstrated, for instance, by IIED in Latin America);

2. **Collective Southern expertise:** develop carefully-selected, highly reputable networks of Southern experts and demonstrated 'change agents' who can be mobilised around key priorities;

3. **Unusual/atypical relations:** seek out partnerships for strategic reasons in the new power centres in the world, in countries such as Indonesia, China, Turkey and others, and engage with selected parts of the private sector based on carefully identified experience-informed opportunities for constructive engagement;

4. **Learning and sharing:** generate partner information through the LIF to facilitate plans and decisions, and create opportunities to share how to make partnerships work and how to prevent falling into partnership traps, for example when working with powerful partners who do not allow IIED to have an equal voice."

IIED management response

We agree with the reviewers that partnerships should remain front and centre in IIED strategy, and we welcome the recommendation to invest in an even stronger ecosystem of partners, extending it to new partnerships that do not depend solely on the project cycle of our operations. For IIED, collaborating with partners is pivotal to achieving lasting policy change for a fairer, more sustainable world (as stated in our mission), and we currently have over 350 partnerships working in more than 60 countries.

Many of these partnerships are long term and span very different types of organisations and institutions. For example, we have a long and deep partnership with the Least Developed Countries (LDC) Group at the UN climate change negotiations, and are supporting the LDC Group's Initiative for Effective Adaptation and Resilience (LIFE-AR). We also have long-term strategic partnerships with development organisations such as HIVOS; with international and Southern-based think tanks such as SEI; and with networks of community-based organisations such as Shack/Slum Dwellers International. Long-term partnerships with multi-lateral organisations include with the Forest and Farm Facility (involving the FAO, IUCN and AgriCord); the Green Economy Coalition, and UNICEF and Evalpartners (with whom we have developed a series of knowledge products on SDG evaluation).

Therefore, it will be important to develop our approach along two main directions: improving how we run these conventional operational partnerships; and also developing new models for reaching out to new and unusual partners. While the former will remain dominant for a good while in our activity mix, we can expect the new models to grow organically over the rest of this strategy period (to 2024), and to be much more established from the beginning of the next organisational strategy. Some already have a good start. In recent years we have explored partnerships with organisations and institutions based in new power centres. For example, our researchers have established relationships with key decision makers and institutions in China.

Our recently initiated Impact and Learning Exercise (ILE) on 'Strengthening ethical and equitable dimensions of partnerships' is attracting considerable external interest among partners. Its overall objective is to embed and operationalise collectively produced principles of equity and fairness, influencing our internal practices, and those of external stakeholders.

This will be achieved through:

- Working with partners to develop shared vision, values and principles and guidance on what 'equitable partnerships' mean, and to define normative partnership standards. This approach will be coherent with anti-racism, gender justice, decoloniality and will build on existing IIED experience working in fair partnerships.

- Reviewing our existing ways of working to embed the ethical principles identified.

- Creating learning and sharing spaces to discuss the difficult questions, and share skills and knowledge on fostering equitable partnerships with IIED staff, partners, donors, intermediaries and other stakeholders.

Priority 6: lead with advanced, nuanced MEL coupled to futures thinking and design

External review recommended priority

"IIED has been somewhat behind the curve of some of the major evolutions in the landscape in which it works. The sophistication of its emerging LIF system coupled to a stronger futures orientation and horizon scanning capabilities can be of service not only for IIED, but also for partners and peer organisations. Among others, IIED's public profile and capacities in Monitoring Evaluation and Learning (MEL) can be used to conduct strategic monitoring and evaluation that can bring to light how a systems approach can inform outcomes work in support of transformation, interrogate the assumptions underlying IIED's theories of change, and illuminate the often-hidden reasons for both success and failure of flagship initiatives and efforts towards transformation. Linking such outcomes' tracking and learning to futures work of importance for the organisation and for the broad field in which IIED works can give life to important dialogue on trends, risks and shifts both within IIED and among special peer group or partner leaders' platforms. Inspirational formats within IIED can help engage staff on discussions within and across group foci and programmes.

Connecting outcomes and futures work can help IIED to stay on top of important developments in its work - for example in new technologies that can greatly enhance data analysis and synthesis."

IIED management response

We agree that – although the monitoring and learning systems we have are good compared to other similar entities – we could explore new ways to use our current MEL systems and tools to influence sustainable development policies and research.

In terms of monitoring outcomes influenced by IIED work, in the past three years we have mostly focused on collecting evidence about the observed changes, our contribution to those changes, and their relevance to the Institute's Theory of Change. Investigating what we can learn about transformation from those changes seems like a logical next step. Now that we have gathered a substantial number of outcomes, we can conduct comparative studies to identify what is necessary and what is sufficient for enabling system transformation. We will also use the Learning and Impact Framework (LIF) cycle to engage IIED staff across the Institute to review our current Theory of Change and propose changes if needed.

We particularly welcome the recommendation to focus on new technologies for data analysis and synthesis. This fits very well with the new research agenda launched by the IIED MEL team on forward-looking evaluation. Our new guide 'From what works to what will work. Integrating climate risks into sustainable development evaluation' aims to change the evaluation field where it has generally focused on past performance and results at the expense of sustainability. With the global climate heading rapidly towards 'overshooting' the 2°C target, there is clear need to rethink evaluation questions and approaches in favour of forward-looking assessments with sustainability at their core.

We believe we can play a key role in contributing to forward-looking MEL questions, designs and approaches. So we will focus on approaches and methods using technologies and tools for real-time data analysis, modelling, geo-spatial observations and forecasting. We commit to develop a broad partnership around this new innovative approach that will focus on questions, methods and capacity improvement of organisations and institutions that are facing greater climate risks and uncertainty.