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ANNUAL REPORT
2003

Bridging
Environment
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REPORT from the Chair



This annual report covers the period from the World Summit for Sustainable Development (WSSD) to the occupation of Iraq by "coalition" forces, principally US and British troops. Once again international security is at the top of the politicians' agendas, and once again we struggle to demonstrate that sustainable development is the key to lasting peace.

At IIED we are doing our small bit to make internationalism work for the poor, and for the sustainable and equitable use of our resource base. To this end we have established a new programme on Global Governance to follow on from IIED's two-year preparations for WSSD and engagement in global policy dialogue. Through the Global Governance programme IIED continues to be an active participant at international meetings including the UN Commission on Sustainable Development and the World Trade Organization, and is working towards achieving more open and equitable global institutions.

As noted elsewhere in this report, our work post-WSSD includes a concentration of research activities around the Millennium Development Goals – the theme of the 2003 IIED annual conference. In particular we are focusing on improving access to water and sanitation. We are also producing a major publication of contributions from civil society to WSSD, to be published as a combined book and CD ROM.

We have finished one major project during the course of the year. The Mining, Minerals and Sustainable Development project reported on the mining industry at WSSD. It then disbanded as planned, with our Corporate Responsibility programme ensuring a smooth handover to partner organisations.

The theme of the 2002 IIED annual conference, held for the first time in New York, was on research partnerships for sustainable development. This has been of major concern to IIED in its efforts to maximise the benefits of collaboration around the world, and to support the multilateral system by providing independent and authoritative research and analysis. The meeting had speakers from the UN, World Bank, Rockefeller Foundation, Synergos Institute and other governmental and civil society organisations. It was also the occasion

for the launch of a collective history of IIED, *Evidence for Hope*, published by Earthscan.

Programme highlights during the past year include: work on global tourism and how it best benefits poor communities; work with the various climate change fora where IIED has played a lead role in convening work on adaptation to climate change in Least Developed Countries; research across programmes on "sustainable" supply chains of commodity crops, from timber to cashew nuts; collaboration with the UN, EU and World Bank to progress an enabling environment for corporate social and environmental responsibility; continued management of urban poverty reduction programmes, and the strengthening of pastoral civil society in East and West Africa.

I am delighted, as Nigel Cross notes in his Director's Report, that the review of IIED by an external group, funded by the Swedish International Development Co-operation Agency (Sida) has commended the organisation for the quality of its work and management. While the end of the mining project has led to a drop in overall income as expected, underlying growth is strong. Programmes grew by 9 percent above inflation, and our unrestricted general reserves now stand at £1.25m, some 20 percent of total expenditure.

It remains for me to record with regret the departures of both Nigel Cross as Executive Director and Stephen Bass as Director of Programmes. Under their leadership IIED has prospered, and undergone a period of clear strategic thinking, renewal and consolidation. It is to their credit that the Institute is robust enough to take such changes at the top in its stride. We wish them well in their future careers.

Jan Pronk

Chair

IIED Board of Trustees

REPORT from the Executive Director

In the spotlight





No organisation anywhere does a better job of combining analysis with the thoughtful global environmental policy message



Every five years or so we are subject to intense scrutiny. The Swedish International Development Co-operation Agency (Sida) commissions an external evaluation of IIED, which we like to call a "review" to calm our nerves. Our last review was in 1997 and a review team returned in the summer and autumn of 2002. It was a cathartic and creative experience.

How organisations change and grow is vital to their survival. We cannot honestly advise the world how to achieve sustainable development if we do not start at home. How sustainable are we? These periodic reviews are important in both teaching us how others see us, and helping us to stand back, accept constructive external criticism as well as welcome praise, and plan for what we hope is continual improvement.

The review, published in summary on our website, has usefully outlined what we are and what we do – quite an achievement considering we are such a complex and nuanced (favourite IIED words) organisation. Our core business is to research and critique strategies for sustainable development and "no organisation anywhere does a better job of combining analysis with the thoughtful global environmental policy message".

So where are we now? The good news is that we are highly productive and innovative in terms of both outputs and quality of process. We can and do anticipate and respond to new agendas, as the programme updates in this annual report make clear.

We have made significant progress organisationally over the last five years. We have emerged as a more robust organisation, with greatly improved structures and systems, a rolling business plan, and firmer financial security. Our underlying growth rate is about 9 percent a year; our unrestricted reserves have quintupled. We have gone through a process of consolidation, not only in management and systems but also in the development of our mission, objectives, strategies and ways of working.

The danger of this greater emphasis on management, professionalism and accountability is that it could stifle innovation and creativity. Fortunately, the review found the reverse was true. It notes that "decision-making has become more open and participatory and engages a cross-section of staff and collaborators in

thinking and planning for the future. IIED is developing a strategic framework that allows greater emphasis on key issues and themes such as the poverty and environment interface, governance, and the private sector." One example singled out by the Sida review has been IIED's success in facilitating the relationships between government, business and civil society through its work on the timber and mining sectors.

But this is a report card, so there are challenges as well as congratulations.

Key among them is our need "to better articulate IIED's vision and to advance its profile". We have a serious reputation but, like many back room workers, as opposed to front-room advocates, we are not well-known. In a funding environment where resources for long-term thinking on social and environmental issues are in decline and quick political fixes are called for, IIED has to work much harder and more strategically as a strong advocate. Our field is as important and urgent as ever, yet for many, sustainable development was last year's fashion.

We also need to strike a healthy balance between independent intellectual effort and responding to donor agendas. The impulse for our work may come from a variety of stakeholders, including government departments, but we need to give prominence to the everyday battles faced by the marginalised and the very poor, in gaining access to and rights over the use of resources which the prosperous take for granted. As the Sida review notes, we need to develop a strategic framework that puts greater emphasis on the relationship between poverty and the environment. This has long been a central concern to IIED, but we must use the soapbox to find better new ways to amplify the message.

Finally, the review quotes a consultee as saying, "if IIED didn't exist, we would need to invent it." Luckily, we are reinventing ourselves all the time.

Nigel Cross

Executive Director 1999 – 2003

REPORT from the Director of Programmes

Linkage and brokerage



“ We do not seek miracle cures, but identify factors for success and how they can work together ”

For a small group of activists the past year was dominated by the World Summit on Sustainable Development (WSSD). Those who were hoping the meeting in South Africa would generate a raft of international commitments were always going to be disappointed, but it is encouraging that the Millennium Development Goals (MDGs) are now giving a sense of unity and purpose to international institutions.

For IIED, the Summit's outstanding revelation was the number and diversity of local initiatives for sustainable development – partnerships between self-help groups and municipalities, deals between businesses and communities, and hundreds of other practical approaches that were showcased in the halls and tents of Johannesburg. Significantly, most of these innovations were the fruit of strong local institutions rather than the product of international negotiations. Sustainable development was once perceived as a vague international precept, but these examples demonstrate that it is a practical, local affair.

However, for millions of people around the world, the past year brought only increased poverty, environmental damage and repression. There is now a real urgency to turn things around, and the innovations glimpsed at Johannesburg give a sense of how progress can be accelerated. The message is that local rights, powers, information, agendas and capacities are needed to drive sustainable development.

This does not mean that sustainable development will be entirely a bottom-up affair – national and international resources, technology and policy opportunities can do much to help local progress.

IIED's "linkage-and-brokerage" role will be increasingly useful where the international system is gearing up to deliver the MDGs but where achievement of those goals relies heavily on local institutions and processes.

IIED works at the intersection of different policy agendas. We tackle environment as well as development. We bring knowledge communities together. We do not seek miracle cures, but identify factors for success and how they can work together. We often help people who have become infatuated with one side of the coin to appreciate the merits of the other side, and then to join forces. We have helped one sector to learn lessons from another – for example, how the mining industry can learn from forestry's shift towards sustainability, such as through the use of multi-stakeholder

processes and product certification. We bring local perspectives to global institutions. We seek a spectrum of evidence and ideas and offer independent reviews of them. To achieve this, we develop and employ interdisciplinary approaches and inclusive methodologies – with a recent emphasis on "learning groups" to bring together researchers, policy-makers and stakeholders.

Throughout, we aim to help people deal with the complexities of sustainable development in a manageable way, and thereby make effective trade-offs that will secure the basics of life: rights, jobs, land and – an increasing concern for us this year – water and sanitation.

The following pages describe how this linkage-and-brokerage role is being carried out by IIED's programmes. For example, we are developing an approach to conservation that explores how both community management and protected areas can contribute to poverty reduction. We are putting together a programme to demonstrate how monitoring certain indicators can incorporate a much better understanding of the diverse dimensions that make up poverty.

We are keen to ensure that sustainability – a principle hard-won through the Rio process – is kept high on the agenda of international negotiations, which have been disrupted by national security concerns. We have launched a global governance initiative that will carry forward our inputs to the WSSD, such as our *Sustainable Development Opinion Papers* on www.iied.org. The initiative will be closely linked to IIED's new thrust on *Making the MDGs Work*, drawing on our knowledge of local institutions. Emphasis will be on the diversity of local conditions required to achieve the Water and Sanitation MDG. Trade issues are becoming increasingly significant for almost all our programmes, and we have been exploring alliances to improve IIED's influence in shifting trade institutions towards sustainable development. Finally, IIED is determined to get to grips with Europe in the world. This work has begun with a consultation on the external impacts of the European Union's Sustainable Development Strategy, and on enabling Southern groups to feed directly into improving the Strategy.

Steve Bass

Director of Programmes 1999-2003

BIODIVERSITY and Livelihoods

People-centred biodiversity management



Unlike many conservation agencies, IIED's Biodiversity and Livelihoods Group (BLG) places equal priority on both people and biodiversity. We show how conservation can be achieved alongside, rather than at the expense of, sustainable livelihoods, and how governance of biodiversity can bring benefits to all, particularly more marginal groups.

Over the last year we have developed a major new project, *Policy That Works for Biodiversity and Poverty Reduction*, in collaboration with the United Nations Development Programme's Equator Initiative and the Swedish International Biodiversity Programme (SwedBio) at the Swedish Agricultural University. The project aims to improve policy and institutional frameworks to promote both biodiversity conservation and poverty reduction on a wider scale. We use a tried and tested methodology developed for similar work in forestry and agriculture, involving local "learning groups" which bring together policy-makers, researchers and affected communities. As part of the

planning phase, we are exploring policy influences on community initiatives, to help select examples for in-depth analysis.

Our second theme has been *Pro-Poor Conservation*. A collaborative effort with a range of organisations including: University of Cambridge, Fauna and Flora International (FFI), and Resource Africa. It stemmed from concern over the increasing gap between proponents of community-based conservation and those who advocate a return to protectionist approaches. To explore these issues further we initiated a project with the FFI, Resource Africa, and the Programme for Land and Agrarian Studies, University of the Western Cape,

“ There is growing recognition of the need to value biodiversity on the basis of its importance for local livelihoods as well as global conservation, but little understanding of how to do so ”

South Africa. We aim jointly to document changing ideas about conservation and identify the influences that bring particular ideas to dominance. This will be one of a portfolio of projects under the pro-poor conservation umbrella. We also produced a number of papers exploring the theme of pro-poor conservation to coincide with our participation in the World Parks Congress, held in Durban in September 2003.

We have been examining the role of civil society in improving the linkages between activities aimed at biodiversity conservation and those addressing poverty reduction. We reviewed how international conservation NGOs address poverty reduction issues and, in comparison, how international development NGOs address biodiversity issues. This was followed by a study in Tanzania, with the Institute for Resource Assessment at the University of Dar es Salaam, looking at the influence of conservation NGOs and people-centred organisations on national policies for biodiversity and poverty reduction.

BLG also completed a review of National Biodiversity Strategies and Action Plans in several countries, focusing on their role in mainstreaming biodiversity and livelihoods objectives in sectoral development policy, and suggesting how to do this better.

Over the next year we will work on *Local Values, Rights and Knowledge Systems*, including the development of tools for assessing local biodiversity values.

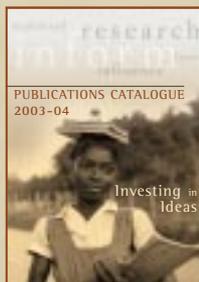
Many people now recognise the need to value biodiversity in terms of contributions to local livelihoods as well as global conservation, but do not understand how to do this.

Strengthening community rights over traditional knowledge, is vital for ensuring sustainable livelihoods. Our work will examine the status of customary law and practice regarding traditional knowledge to feed into national and international policy debate.

Other programmes at IIED also conduct research on biodiversity, such as on agricultural biodiversity and local biodiversity values in forest areas.

BLG'S INTERNATIONAL ADVOCACY AND ADVISORY WORK HAS INCLUDED:

- ▶ Presenting a paper on pro-poor conservation and participating in drafting recommendations at the IUCN World Parks Congress (Durban, September 2003)
- ▶ Facilitating work on policy analysis at the Equator Initiative workshop "Learning from Community Action to Realise the Millennium Development Goals: Biodiversity and HIV/AIDS", (Nairobi, July 2003).
- ▶ Participating in the Convention on Biodiversity Workshop, 2010 - The Global Biodiversity Challenge (London, May 2003); and
- ▶ Equator Initiative workshop on Biodiversity and the MDGs (London, March 2003)



NEW PUBLICATIONS

- ▶ *En busca de un lenguaje común: Participación indígena en el desarrollo de un régimen sui generis para la protección del conocimiento tradicional en Perú.* Brendan Tobin and Krystyna Swiderska. Participation in Access and Benefit-sharing Policy Series. IIED. 2002.
- ▶ *Engendering Eden: Women, gender and ICDPs.* Fiona Flintan (3 volumes - 1: Summary; 2: African experience; 3: South and South East Asian experience). Wildlife and Development Series 17. IIED. 2003.
- ▶ *The Evolution of Ecotourism in East Africa: from an idea to an industry.* John Watkin. Wildlife and Development Series 15. IIED. 2003.
- ▶ *Integrating Global and Local Values: A review of biodiversity assessment.* Sonja Vermeulen and Izabella Koziell. IIED. 2002.
- ▶ *Lessons Learnt: Mamiraua Sustainable Development Reserve, Brazil.* Izabella Koziell and Cristina Inoue, Biodiversity and Livelihoods Issues 7. IIED. 2003.
- ▶ *Room to Manoeuvre: Mining, biodiversity and protected areas.* Izabella Koziell and Eileen Omosa. IIED. 2003.
- ▶ *Wildlife and People: Conflict and conservation in Masai Mara, Kenya.* Matt Walpole, G.G. Karanga, N.W. Siaty, and Nigel Leader-Williams. Wildlife and Development Series 14. IIED. 2003.

CLIMATE Change

Changing the climate for negotiations



The Climate Change Programme is helping countries tackle adverse impacts and reduce vulnerability, especially amongst poorer groups. We have learnt lessons from Least Developed Countries (LDCs), such as Bangladesh and Mali, both of which have made progress towards mainstreaming adaptation to climate change into national policy.

A report on the particular challenges facing LDCs was officially launched at the UN in New York, at an event hosted by the Under-Secretary General for LDCs. We continue to help develop technical support for the Adaptation Policy Framework which provides guidance to national climate change teams on implementing adaptation activities.

INTERNATIONAL NEGOTIATIONS

The main international negotiations under the United Nations Framework Convention on Climate Change (UNFCCC) takes place at the annual Conference of Parties (COP) and the inter-sessional Subsidiary Body (SB) meetings. We organised a successful "Adaptation Day" at the eighth COP in India in 2002 and an event at the SB meeting in Germany in June 2003. We have now established a significant presence at the Climate Change negotiations, especially on helping the LDCs to address the issue of adaptation. The programme has also helped establish a network of research and independent NGOs (RINGOs) working on climate change.

SCIENCE

The programme continues to contribute to the scientific understanding of adaptation to climate change. The Intergovernmental Panel on Climate Change's fourth assessment report due to be published in 2007, will include a paper on "Adaptation and Mitigation", being prepared by Saleemul Huq, the programme's director. He is also on the technical advisory committee of a research programme, the Assessment of Impacts and Adaptation to Climate Change project, funded by the Global Environment Facility (GEF) in 40 developing countries. The programme's published output includes:

- ▶ 'Adaptation to climate change in the developing world' W.N. Adger, S. Huq, K. Brown, D. Conway and M. Hulme. *Progress in Development Studies* 3 (3): 179–195. 2003.
- ▶ *Mainstreaming Adaptation to Climate Change in Least Developed Countries (LDCs)*. S. Huq, A. Rahman, M. Konate, Y. Sokona and H. Reid. IIED. 2003.



Least developed countries have the weakest capacity to cope with climate change – our attention is focused on their priorities



- ▶ 'Available Approaches and Tools to Assess Sustainable Development for Efficient National CDM Operation'. H. Reid and S. Huq. Paper prepared for UNDP for the Asia Meeting on Clean Development Mechanism Operation, April 2003. Forthcoming.
- ▶ *Climate Change, Adaptive Capacity and Development*. J. B. Smith, R. T. Klein and S. Huq. Imperial College Press, London. 2003.

DEVELOPMENT STRATEGIES

The programme's push to persuade funding agencies to take climate change issues seriously has met with some success. For example, at the UNFCCC SB meeting in June 2002, 10 agencies launched a new publication, *Poverty and Climate Change*, to which Saleemul Huq gave significant input. The GEF remains the main climate change funding agency, and Huq is a member of its scientific and technical advisory panel, providing advice on funding disbursement and support for adaptation.

INFORMATION AND ADVOCACY

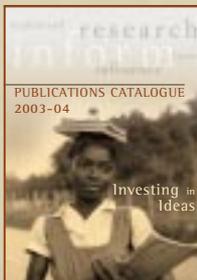
Our advocacy work revolves around the issue of adaptation. The programme is currently exploring contacts with development NGOs in the UK, such as Oxfam and Action Aid, with a view to making such organisations much more aware of climate change issues and providing analytical support where necessary. Articles have also been produced for wider dissemination, including contributions to *Tiempo*, a journal on climate change and sustainable development produced by the University of East Anglia, the Stockholm Environment Institute, and IIED.

The programme co-organised a workshop at the University of East Anglia, with the Foundation for International Environmental Law and Development (FIELD) and the Tyndall Centre, on "Justice issues with Adaptation to Climate Change", in September 2003.

FUTURE WORK

The programme will hold another Adaptation Day during the ninth COP in Italy in December 2003. We are also organising a two-day, pre-COP capacity-building workshop for selected LDC negotiators in collaboration with FIELD. We are seeking funds for a major project aimed at increasing the capacity of NGOs and civil societies in poor countries help them to adapt to climate change. The project will focus on LDCs where we already have strong partnerships with nationally based institutions from the Regional and International Networking Group. This will feed civil society contributions into National Adaptation Programmes of Action currently being elaborated in a number of LDCs.

Within IIED, the programme is developing strong links with other IIED programmes that have worked on the three main multilateral environmental agreements – climate, biodiversity and desertification. The aim is to synthesise lessons from the three conventions and identify valuable cross-cutting themes to ensure that the structures and provisions of each agreement are mutually supportive.



NEW PUBLICATIONS

- ▶ *Laying the Foundations for Clean Development: Preparing the Land-Use Sector. A quick guide to the Clean Development Mechanism*. Louise Aukland, Pedro Moura Costa, Stephen Bass, Saleemul Huq, Natasha Landell-Mills, Richard Tipper, Rebecca Car. IIED. 2002 (Available in English, French, Spanish and Portuguese).
- ▶ *Tiempo*, Issues 46/47/48, Journal of IIED, Stockholm Environment Institute and University of East Anglia.
- ▶ *Mainstreaming Adaptation to Climate Change in Least Developed Countries (LDCs)*. Saleemul Huq, Atiq Rahman, Mama Konate, Youba Sokona and Hannah Reid, IIED. 2003.

COMMUNICATION and Information

Making inroads through outreach



Adding value to IIED's research activities by connecting research, information and advocacy is getting both easier and harder to do. It is easier because information technology is improving our ability to communicate with our partners, networks and policy-makers around the world rapidly and cost effectively. But it is also harder because we live in a divided world of information overload and information famine.

Our challenge is to get the right information to the right audience at the right time using the right medium. It is a challenge that the Communications and Information (COIN) Programme has taken up with enthusiasm.

EarthwireUK

Our newest project is an environment and sustainable development news website www.earthwire.org/uk. It is a 'one stop' electronic news clipping service from the UK media and a broad range of UK stakeholders – governmental, NGO, academic and private sector. EarthwireUK is a joint collaboration with UNEP GRID

Arendal. The UK Department of Environment, Food and Rural Affairs (defra) is supporting the site in its development phase. It is part of a growing Earthwire family that includes EarthwireNorway, EarthwireAfrica and EarthwireSerbia.

IIED ONLINE

IIED's own website www.iied.org has gone from strength to strength. Well over a million people have visited the site in the last year. All of IIED's programme pages have been revamped, and there are new sections for some of our cross-cutting themes, such as Trade. We are committed to making available online as much

“ Our challenge is to be even more strategic in getting the right information to the right audience at the right time using the right medium ”

of our research as possible, and after a year of concentrated effort nearly all of our publications from the last five years are now downloadable. More than half of our complete backlist is online, and we will continue to add reports and publications whenever possible. Each of our flagship publications - *Environment and Urbanization*, *PLA Notes*, *the Gatekeeper Series*, *Haramata*, and *Tiempo* - now has its own section on the website.

COIN also develops and updates websites in alliance with some of our partners, such as www.ring-alliance.org, www.nssd.net and www.rcpla.org.

PUBLICATIONS

IIED's research addresses the big issues but we ensure that our analyses are grounded in reality and hard facts, and that innovation is tested in local contexts. Policy-makers use our material to inform their work, and researchers and lecturers find our combination of practical policy work and case studies invaluable.

The COIN team has been experimenting with new ways to deliver information to those need it. In addition to making most of our publications available online, we have produced CDs for a number of our programmes, and will monitor whether these prove to be useful and popular.

The printed word is still in demand however, and in the past year IIED has published more than 60 books and reports. Sharing the limelight is key to the capacity building inherent in IIED's mission, and the majority of our publications are written or co-authored with our partners in the South.

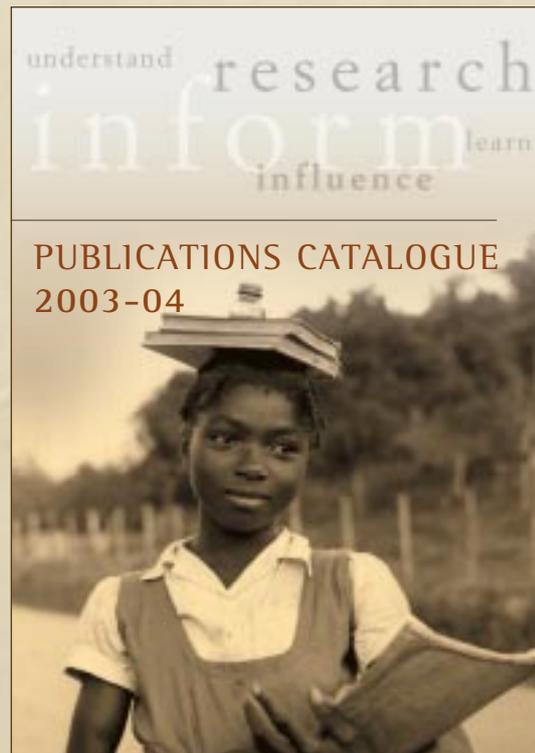
Each month we send more than 6000 people an email bulletin describing our latest publications and directing readers to the PDFs online or to our distributor, Earthprint. Our Publications Catalogue is available online or by post, and this year it contains a backlist of our publications. Visit www.iied.org to sign up to the bulletin or request a catalogue.

Since we are also keen to meet our readers and authors, COIN has held exhibitions at the World Summit on Sustainable Development in Johannesburg, and at the World Forestry Congress in Quebec City.

NETWORKING FOR SOCIAL CHANGE

IIED is a founding member of the Resource Centres for Participatory Learning and Action (RCPLA) Network, a global alliance of 16 NGOs in five continents committed to social change and poverty eradication through information sharing and networking within the framework of participatory methodologies and approaches.

The RCPLA Network is supported by the UK Department for International Development through IIED. As a steering group member, we work closely with Praxis, the Network Coordinator in India, to update the Network's website, www.rcpla.org. IIED also collaborated in regional projects with other RCPLA partners: Egypt's Center for Development Services on Promoting Participatory Development in the Middle East, the Fondation Rurale d'Afrique de l'Ouest, in West Africa, and the International Development Research Centre, in Canada.



Corporate RESPONSIBILITY for Environment & Development

The business of sustainable development



The corporate world paid little attention to the three themes marked out by IIED's programme on Corporate Responsibility for Environment and Development (CRED) when it was established in 2001. But interest has grown in the past 12 months, a period in which the programme has become firmly established.

CRED works through research projects, partnerships and initiatives to drive forward the agenda on corporate responsibility for environment and development in the South. The focus is on middle- and low-income countries. CRED's grounding is an understanding of the Northern corporate responsibility agenda and its links to Southern perspectives on corporate responsibility, which are rarely articulated. We welcome opportunities to work directly with businesses that share our values.

In its work on the *development aspects of corporate responsibility*, CRED has continued to be an active participant in the European Union's round table on development aspects of corporate social responsibility (CSR).

In 2003, CRED director Halina Ward worked with the Regional and International Networking Group (RING) to help articulate a clear vision of the development

dimensions of the United Nations' Global Compact. RING argued that the work should be based on three core themes: poverty reduction, building social capital, and the creation of an enabling environment for business and sustainable development.

CRED research associate Tom Fox coordinated IIED's input to a project with ProForest for the UK Department of Environment, Food and Rural Affairs, looking at the feasibility of a supply chain initiative to encourage sustainable production of commodity crops. CRED also worked with Nautilus Consultants and the Bangladesh Centre for Advanced Studies to examine how the UK Department for International Development could tackle unsustainable shrimp production in Bangladesh by harnessing the corporate responsibility agenda.

“ Building effective southern stakeholder engagement in corporate responsibility cuts across all our work ”

CRED is developing activities on company–community partnerships, and on ways in which social and environmental labelling and certification schemes could better support sustainable livelihoods.

The theme of *building effective Southern stakeholder engagement in corporate responsibility cuts across all our work*. In partnership with the International Institute for Sustainable Development (IISD), the International Union for the Conservation of Nature, Development Alternatives, the African Institute of Corporate Citizenship, and Recursos e Investigación para el Desarrollo Sustentable (RIDES) in Chile, we are promoting engagement by developing country stakeholders in the process followed by the International Organisation for Standardisation to establish a social responsibility standard.

Interest is rapidly increasing in the programme's third core theme, *bringing government into the CSR agenda*. We have continued to work with the World Bank to assess public sector roles in creating an enabling environment for corporate social responsibility. Early in 2003, Halina Ward wrote a paper, "Legal issues in corporate citizenship", for the Swedish Partnership for Global Responsibility in which she argues that it does not make sense to define corporate social responsibility as a voluntary activity in the face of a rapidly changing legal agenda on corporate social responsibility and accountability. Halina has also been advising a range of stakeholders on the implications of transnational litigation against multinational corporations

regarding the impacts of their activities on people and the environment in developing countries.

Together with IISD and with advice from International Alert, CRED is working on a project to assess voluntary initiatives that address the links between business and violent conflict, with an eye to a role for the Canadian Department for Foreign Affairs and International Trade. It is developing activities with partners on the linkages between corporate responsibility, international trade and investment, to ensure that they are mutually supportive.

CRED is responsible for disseminating the results of the Mining, Minerals and Sustainable Development (MMSD) project, which ended in 2002, through a series of follow-up reports on mining and voluntary initiatives; biodiversity and protected areas; indigenous peoples; and artisanal and small-scale mining. Spanish, French and Portuguese language versions of the executive summary of the MMSD final report, *Breaking New Ground*, can be downloaded from the MMSD website. A CD-ROM is being prepared containing all the Spanish language materials produced during the project, including a full Spanish translation of *Breaking New Ground*. For more information, see www.iied.org/mmsd.

CRED is working to bring insights from different parts of the sustainable development agenda into the corporate responsibility debate.



NEW PUBLICATIONS

- ▶ *Artisanal and Small-scale Mining: Challenges and opportunities*. Thomas Hentschel, Felix Hruschka, and Michael Priester. IIED/WBCSD. 2003.
- ▶ *Finding Common Ground: Indigenous peoples and their association with the mining sector*. IIED/WBSCD. 2003.
- ▶ *Finding the Way Forward: How could voluntary action move mining towards sustainable development?* Jim Walker and Steve Howard. IIED/WBCSD/ERM. 2002.
- ▶ *Room to Manoeuvre? Mining, biodiversity, and protected areas*. Izabella Koziell with Eileen Omosa. IIED/WBCSD. 2003.
- ▶ *"Legal Issues in Corporate Citizenship"*. Halina Ward, for the Swedish Partnership for Global Responsibility. 2003.

DRYLANDS

Equitable access to land



People in Africa's drylands do not have to be condemned to a life of poverty. Their resilience and ingenuity are well-established. They can respond to change when they have the power to manage their resources as they see fit. Policies must reinforce this resourcefulness while ensuring democratic decision-making and benefit sharing.

LAND RIGHTS AND TENURE

Land and natural resources are major sources of income for rural people in Africa. However, land is becoming scarcer and common property resources, critical for pastoralists and marginalised groups, are also under increasing pressure.

There is concern that as land and natural resources become scarcer, vulnerable groups will lose out. With partners in East and West Africa, we are looking at the impacts on the poor through the following projects:

- ▶ *Changes in land access, institutions and markets in West Africa* analyses changing claims to land in Benin, Burkina Faso, Côte d'Ivoire and Mali.
- ▶ *Securing land rights in Africa: Can land registration serve the poor?* examines the implications of processes to register rights over land and their impacts on poor people in Ethiopia, Ghana and Mozambique.
- ▶ *Promoting common property in Africa: Networks for influencing policy and governance of natural resources* promotes debate on the changing status and availability of common property resources.

ENHANCING DRYLAND LIVELIHOODS AND MARKET OPPORTUNITIES IN A GLOBALISING WORLD

Is there a future for smallholder family farms in West Africa? Some governments do not think so, believing that agriculture will inevitably shift towards a small number of large, commercial farms, and the gradual disappearance of smaller farms. Such a major transformation would have significant effects on poverty levels, the distribution of landholdings, access to income and social organisation. With our partners in West Africa, we are looking at current agricultural strategies and the costs and benefits of promoting small versus large farm enterprises. We are also researching the effects of current farm and trade policy in OECD member states on West African farmers, to feed into debate in the World Trade Organization (WTO) and other global arenas.

BUILDING PARTICIPATORY POLICY PROCESSES AND INSTITUTIONS

Many African countries are undertaking some form of decentralisation of government administration and service provision. This offers a valuable opportunity for ordinary citizens to influence policies that affect their daily lives, but there are many challenges to overcome before this can be a reality. Local people need to understand the issues, how the policy process works, and

“ People cannot participate in local affairs if they are too busy looking for water or travelling long distances to reach a medical centre **”**

how to lobby effectively. Newly-elected local councils and government ministries have to apply more democratic and participatory approaches to working with communities. Cost-effective services are also critical. People cannot participate in local affairs if they are too busy looking for water or travelling long distances to reach a medical centre. Making Decentralisation Work and Strengthening Pastoral Civil Society are programmes with partners in East and West Africa to strengthen the capacity of local people to play an effective role in local and national policy processes.

CHANGING RIGHTS TO LAND IN AFRICA.

Customary structures and values remain the principal means by which people lay claim to land in West Africa, but new legislation aims to transform such rights. Who loses out in the transition from customary to statutory land rights? Will decentralisation bring improved governance of land? Can land registration strengthen poor

people's rights to land? How will global integration affect land rights in Africa? Can legal texts provide support for common property rights? These key questions will be tackled by a three year fellowship held by Camilla Toulmin at IIED. The research will focus on how and why land rights are changing in different parts of West Africa. Land lies at the heart of social, political and economic life. Issues of ethnic identity, corruption and conflict mean that land is rapidly rising up the agenda of governments and donor agencies. Competition for this asset of growing value and scarcity is asserted through a plurality of institutions, both customary and statutory. Drawing on insights from anthropology, law, political economy, history and institutional change, the fellowship work will bridge French and English speaking countries and bodies of thought. A wide range of written outputs will feed into academic, policy and decision-making circles in the UK, Europe, Africa and globally.



NEW PUBLICATIONS

Haramata nos. 42 and 43

DRYLANDS ISSUE PAPERS

- ▶ *No. 113 What future for West Africa's Family Farms in a World Market Economy?* Jean-François Bélières, Pierre-Marie Bosc, Guy Faure, Stéphane Fournier, Bruno Losch. IIED. 2003
- ▶ *No. 114 Taking Charge of the Future: Pastoral institution building in Northern Kenya.* Isobel Birch & Halima A.O. Shuria. IIED. 2003
- ▶ *No. 115 Natural Resource Management and Land Policy in Developing Countries: Lessons learned and new challenges for the World Bank.* John W. Bruce & Robin Mearns. IIED. 2003
- ▶ *No. 116 Gender and Natural Resource Management in Niolo du Sahel, Mali.* Lucy Hamilton & Aly Dama. IIED. 2003
- ▶ *No. 117 Making Land Transactions More Secure in the West of Burkina Faso.* Paul Mathieu, Philippe Lavigne Delville, Hubert Ouédraogo, Mahamadou Zongo & Lacinan Paré. IIED. 2003
- ▶ *No. 118 New Stakeholders and the Promotion of Agro-Sylvo-Pastoral Activities in Southern Burkina Faso.* Moussa Ouédraogo. IIED. 2003

SECURING THE COMMONS SERIES

- ▶ *No. 4 Traditional Institutions, Multiple Stakeholders and Modern Perspectives in Common Property: Accompanying change within Borana pastoral systems.* Boku Tache & Ben Irwin. IIED. 2003
- ▶ *No. 5 Towards a Local Peace: SOS Sahel's experience of conflict transformation between pastoralists and farmers at El Ain, North Kordofan State, Sudan.* Omer Egemi, Mohammed Abdel Mahmood, Abdeen Mohammed Abdella. IIED. 2003
- ▶ *No. 6 Local Networks as a Tool for Influencing Policy: Experiences of the GDRN5 Network in Mali.* Aly Bacha Konaté. IIED. 2003
- ▶ *No. 7 Social Inclusion: a pre-requisite for equitable and sustainable natural resource management.* Aly Bocoum, Katherine Cochrane, Mamadou Diakitè, Oumar Kane. IIED. 2003

LAND TENURE AND RESOURCE ACCESS

- ▶ *Pour une Sécurisation Foncière des Producteurs Ruraux: Actes du séminaire international d'échanges entre chercheurs et décideurs (Ouagadougou, mars 19 au 21 2002)*

ENVIRONMENTAL Economics

Promoting economic solutions



Economic issues are often considered to be the problem underlying sustainable development challenges and are rarely considered part of the solution. People point to the adverse impacts of economic policies such as liberalisation or the failure of markets to promote the interests of disadvantaged groups. Yet economic analysis can also help, by clarifying the trade-offs between competing interests. Equally, market-based approaches can be shaped to deliver environmental and social benefits.

The objective of the Environmental Economics Programme (EEP) is to show how economic analysis can contribute to the understanding of sustainable development challenges at local, national and international levels and to the design and implementation of solutions. Our work cuts across a wide range of sectors: in the last year we have tackled issues ranging from sustainable shrimp production to wildlife tourism. Here we focus on three areas that highlight the central themes of our work.

MAKING ENVIRONMENTAL SERVICES WORK FOR THE POOR

Considerable effort has been devoted to establishing markets for the environmental services provided by forests in developing countries as a way of promoting

forest conservation. Many new initiatives are being planned, yet as market creation gains momentum, the lack of critical analysis of their potential environmental and social impact is becoming more acute. Over the last year EEP has been addressing this gap through collaborative research on the social impacts of market-based initiatives in Brazil, Costa Rica, Ecuador and the Philippines. The work shows that while there have been some positive social impacts, more could be done to enable these initiatives to provide real gains for the poor.

EEP has also been tackling the links between forests and water in the tropical montane cloud forest area in Arenal, Costa Rica. This three-year, multidisciplinary project is funded by the UK Department for International Development and carried out in collaboration with CINPE in Costa Rica and the University of Newcastle in

“ For developing countries, abundance of natural resources, particularly oil and gas, should seem like a blessing – the key to economic growth. Instead, countries rich in natural resources are often the poorest in the world ”

the UK. We examine the socio-economic impacts and market opportunities associated with land use and hydrological change. Economic valuation will contribute to the information required for negotiating agreements and payment systems between downstream and upstream users of the watershed. The project should thus provide lessons for negotiation support that could be used in other watersheds with cloud forests.

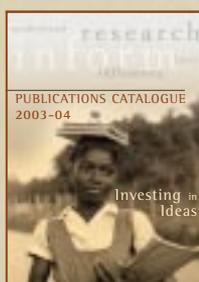
NATURAL RESOURCES – BLESSING OR CURSE FOR DEVELOPING COUNTRIES?

For developing countries, an abundance of natural resources, particularly oil and gas, should seem like a blessing – the key to economic growth. Instead, countries rich in natural resources are often the poorest in the world. Rather than economic success, exploitation of such resources tends to bring political and social conflict, corruption and environmental degradation. EEP has been assessing the extent to which the so-called “natural resource curse” holds true, the factors underlying it and the actions that can be taken to counteract it. The findings suggest that it is the type of natural resource endowment that matters for economic performance. Point-source natural resources such as oil and gas,

which lend themselves to concentration in ownership and production are associated with poor economic performance over time. But the research highlights the importance of institutions as the crucial link between resource endowments, and economic outcomes. Countries with strong institutions can turn a rich natural resource endowment from a curse into a blessing.

TRADE AND SUSTAINABLE FOREST MANAGEMENT

Debates about trade are nowhere more intense and the opposing positions more entrenched than in forestry. EEP has been working with IIED's Forestry and Land Use Programme to examine trade and forest management, one for the Food and Agriculture Organization of the United Nations (FAO) and one for the Brazilian government. The first study is based on country case study analyses, and is nearing completion. Preliminary findings were presented at an international meeting of trade and forestry experts in Rome in February 2003. The second study examines how the expansion of forest-based exports from Brazil could be compatible with sustainable forest management.



NEW PUBLICATIONS

- ▶ *Valuing Forests: A Review of Methods and Applications in Developing Countries.* Environmental Economics Programme (ed.). IIED. 2003.
- ▶ *Natural Resources, Development Models and Sustainable Development.* Richard M. Auty. IIED. 2003.
- ▶ *When Does Natural Resource Abundance Lead to a Resource Curse?* S. Mansoob Murshed. IIED. 2003
- ▶ *The Business Case for Sustainable Development: Is the Jury Still Out? A review of the empirical evidence.* Maryanne Grieg-Gran. IIED. 2003.
- ▶ *The Social Impacts of Payments for Environmental Services in Costa Rica: A quantitative field survey and analysis of the Virilla watershed.* Miriam Miranda, Ina Porras and Mary Luz Moreno. IIED. 2003
- ▶ *What are we Learning from Experiences with Markets for Environmental Services in Costa Rica? A review and critique of the literature.* Manrique Rojas and Bruce Aylward. IIED. 2003.
- ▶ *Developing Pro-Poor Markets for Environmental Services in the Philippines.* Rina M. Rosales. IIED. 2003.
- ▶ *Local Sustainable Development Effects of Forest Carbon Projects in Brazil and Bolivia: a view from the field.* PH May, E Boyd, F Veiga, M Chang. IIED. 2003
- ▶ *The Social Impacts of Carbon Markets in Costa Rica. A field study of the Huetar Norte region.* Miriam Miranda, Ina T Porras and Mary Luz Moreno. IIED. 2003

MILLENNIUM

Development Goals

Support local processes



Many governments and most international agencies have committed themselves to the Millennium Development Goals (MDGs), and an increasing number of organisations are changing their institutional structures in an attempt to increase their effectiveness in helping meet the goals. But will the MDGs reduce poverty?

Certainly, many of the goals demand better performance in outputs that are important to poor groups, including:

- ▶ universal primary education and greatly reduced infant, child and maternal mortality by 2015;
- ▶ halving the proportion of people who suffer hunger, lack safe drinking water and earn less than \$1 a day by 2015 compared to 1990;
- ▶ significantly improved lives for at least 100 million slum dwellers by 2020, which includes increasing the proportion with better sanitation and secure tenure; and
- ▶ beginning to reverse the spread of HIV/AIDS, malaria and other major diseases.

Other MDGs relevant to poverty reduction include improving gender equality and governance, more jobs for young people, and attention to the special needs of the least developed, landlocked, and small island states.

But the MDGs can be seen as too narrow (as focus on the goals reduces support for other important poverty reduction initiatives), too determined by external experts (when those suffering from deprivation may have different priorities), too concerned with measurable outcomes (neglecting better local governance and community mobilisation that may have more impact in reducing poverty) and too focused on the role of international agencies (thus neglecting the investments and ingenuity of low-income groups and local organisations).



If the MDGs are really going to reduce poverty, they need new funding mechanisms for local processes that support and are accountable to low-income groups



How will international donors help these goals to be met? One way would be to rely on "business as usual", with national governments and international agencies using "experts" drawing on woefully inadequate official data and definitions of "who is poor" to identify "target groups" and design policies to meet some of their physical "basic" needs.

Another more promising way would be to support local democratic processes in which the capacities of local residents and the rights of all citizens to basic services, the rule of law and accountable institutions are stressed. Here, the interest is more in supporting processes that allow the MDGs to be met, such as enhancing local capacity to improve healthcare, schools and provision of water and sanitation. This approach recognises that deprivations are experienced locally in the form of inadequate food; death, illness and injury arising from poor quality homes and lack of healthcare; the struggle to get safe, sufficient water; inadequate sanitation; the difficulty and cost of keeping children at school; and long hours worked in frequently dangerous conditions. Many poor groups also face insecurity of tenure over their land or home and a high proportion are at risk from violence and from extremes in the weather. Such problems will not be addressed without changes in local governance and practice.

The need for a local focus has major implications for national governments and international agencies. They need to demonstrate how implementing the MDGs will benefit the everyday lives of low-income individuals and households, in terms of consumption and savings, the quality and security of homes and neighbourhoods, the standard of services, and in peoples' relationships with those who influence their incomes and lives, such as landowners and landlords, employers, local governments and service providers.

But will donor support for achieving the MDGs be based on supporting local democratic processes and institutions rather than focussing on the achievement of particular, measurable outcomes? Will donors support

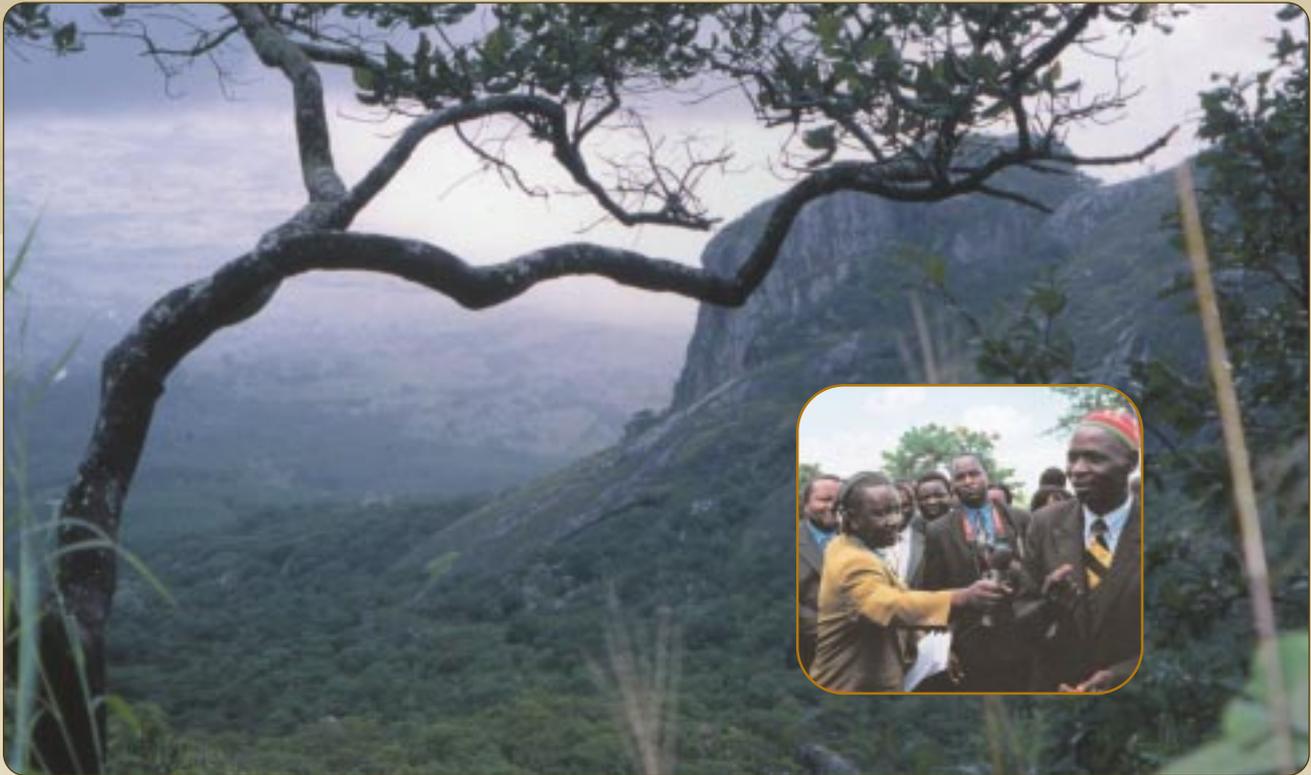
organisations of the poor and landless, for example to renegotiate a better deal with landowners and local authorities? Or will donors fulfil promises to "significantly improve the lives of at least 100 million slum dwellers" by one-off, externally-directed upgrading projects over which slum-dwellers have little influence and which merely put a shelter over their poverty?

Although most official development assistance agencies recognise the need to support local processes, they were set up to work with national governments, not local governments and civil society. Support for local processes should minimise dependence on external funding, keeping down unit costs and allowing more local cost recovery. But the World Bank and the regional development banks cover their costs by lending large sums. They find difficulty supporting processes that mobilise local resources, and that cut costs so much that the need for a loan is much reduced. Bilateral donors face comparable contradictions between the multiple and diverse funding requirements of many local processes and their own centralised structures, which require expenditure of large sums by limited staff. If the MDGs are really to succeed in reducing poverty, donors need new funding mechanisms for local processes that support and are accountable to low-income groups. It is easy to say, but hard to implement.

IIED has published many case studies of effective, locally-driven, poverty-reduction programmes, including those of the Society for Promotion of Area Resource Centres (SPARC) and its alliance with co-operatives of women pavement and slum dwellers and the National Slum Dwellers Federation in India, the South African Homeless People's Federation and the Community Organizations Development Institute in Thailand. For details, see www.iied.org/urban/index.html.

FORESTRY and Land Use

Midway through a dark wood



Forestry is a shady business. It takes place on distant hills or in dense undergrowth, involves a complex set of characters and raises major governance problems, as the rising concern about illegal logging makes clear. The Forestry and Land Use Programme (FLU) works in this twilight world, and aims to shed a little light through the gloom, to work out what really matters for sustainability and people's livelihoods.

IS SMALL BEAUTIFUL?

Most international attention in forestry has been paid to improving the conditions for large-scale forestry at one extreme, or micro-level enterprise at the other. Meanwhile, a vast number of small and medium-scale enterprises occupy the middle ground and supply domestic markets, which provide the bulk of jobs and incomes for the poor and produce much of the world's forest output.

With partners in Brazil, China, Guyana, India, South Africa and Uganda, FLU has been investigating this neglected middle ground. The sector's lack of visibility can be explained by the complex and high costs of transactions with numerous small enterprises, weakly organised and in diverse locations. Many of these enterprises are innately flexible and able to survive in

volatile markets: others fall by the wayside, felled by the impacts of globalisation. Neither circumstance lends itself to effective long-term planning. Our challenge is to raise the sector's visibility so that its impacts can be better assessed, and explore how to enhance the positive links to sustainability, livelihoods and poverty-reduction.

CAN TRADE BE SUSTAINABLE?

Together with the Environmental Economics Programme, FLU has been analysing the timber trade. One area of work involves advice to the new Brazilian government, to see how Brazil's ambition to double timber exports can be achieved without decimating her forests and undermining local livelihoods.



Forestry used to be the business of growing and delivering wood. Now we expect forests to conserve biodiversity, store carbon and protect watersheds. These environmental services are poorly understood



WATERSHEDS ARE VITAL

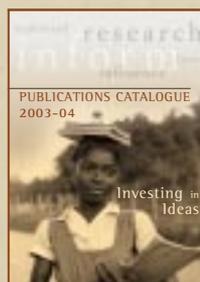
Forestry used to be the business of growing and delivering wood. Now we expect forests to conserve biodiversity, store carbon and protect watersheds. These environmental services are poorly understood. While some see the connections between good land use and clean water, for many the links between one and the other are not evident. Yet an increasing number of deals are emerging between upstream communities and downstream water-users. The deals involve watershed protection contracts, water use rights, stream flow reduction licences, water salinity credits and plantings to remove contaminants.

There are dangers as well as benefits from such deals. For example, upstream, poor people can easily be exploited, if their property rights and bargaining power are weak. Their land may even be taken away in the name of watershed protection.

FLU has been working with teams in the Caribbean, India, Indonesia and South Africa to diagnose the issues, and tackle the challenges identified within watershed management schemes. Central to these plans are negotiations between institutions to shape market mechanisms that complement regulatory and community-based approaches. Our work has helped generate a group of actors interested in policy within an array of institutions around the world, in countries as diverse as China, Ecuador, Mexico and Vietnam.

FLU REMAINS CURIOUS

FLU is also grappling with a major area of shady business in the forests: governance. The coming year will see FLU steering a forest governance learning group, with partners in Sub-Saharan Africa aiming to change how decisions are made in favour of getting bigger and better contributions to people's lives from forestry and land use.



NEW PUBLICATIONS

BOOKS

- ▶ *Growing credibility: the impact of certification on forests and people in South Africa.* Bob Frost, James Mayers and Sarah Roberts. IIED. 2003.
- ▶ *Los impactos de la certificación sobre los bosques, los grupos de interés y la cadena de abastecimiento.* Stephen Bass, Kirsti Thornber, Matthew Markopoulos, Sarah Roberts y Marianne Grieg-Gran. IIED. 2003.
- ▶ *Alianzas forestales compañía-comunidad: de acuerdos inequitativos a los beneficios mutuos?* James Mayers y Sonja Vermeulen. IIED. 2003.
- ▶ *¿Bala de plata u oro de tontos? Una revisión global de mercados para servicios ambientales forestales y sus impactos en la pobreza.* Natasha Landell-Mills y Ina Porras. IIED. 2003.
- ▶ *Growing exports: the Brazilian tropical timber industry and international markets.* Duncan Macqueen, Marianne Grieg-Gran, Erivelthon Lima, James MacGregor, Frank Merry, Victor Prochnik, Neil Scotland, Roberto Smeraldi and Carlos Young. IIED. 2003.
- ▶ *Do Forests Protect Watersheds?* Forest Science Institute of Vietnam and IIED. 2003.
- ▶ *Market chains for upland products in Vietnam.* Le Thi Phi, Nguyen Van Duong, Nguyen Ngoc Quang and Phan Lac Vang. Edited by Elaine Morrison and Sonja Vermeulen. IIED. 2003.

CD-ROMS

- ▶ *Instruments for sustainable private sector forestry, South Africa.* IIED and CSIR Environmentek. 2003.
- ▶ *Instruments for sustainable private sector forestry.* IIED. 2003.

HUMAN Settlements

Local is focal



Good local governance is key to poverty reduction and achieving the Millennium Development Goals (MDGs). The Human Settlements Programme (HS) works closely with groups that support the urban poor, and shows the vital role of local governance to improve provision of services, promote more ecologically sustainable urban development, and support the growth of local economies linking urban centres and surrounding rural areas.

RURAL-URBAN LINKAGES AND URBAN CHANGE

Urban growth can generate many potential benefits for rural areas, and vice versa. We have promoted better understanding of rural-urban interactions through collaborative research in Bolivia and Vietnam. The aim has been to provide better understanding of rural-urban linkages to feed into design of local and national policy.

We produced two new *Rural-Urban Working Papers*:

- ▶ *Changing Rural-Urban Interactions in Sub-Saharan Africa and their Impact on Livelihoods*
- ▶ *The Urban Part of Rural Development: The role of small and intermediate urban centres in rural and regional development and poverty reduction*

With our Vietnamese partners we prepared an overview paper for the UK Department for International Development on "Migration in Vietnam: A review of information on current trends and patterns and their policy implications".

URBAN ENVIRONMENTAL BURDENS

Environmental hazards contribute to a large share of urban ill-health, injury and premature death, especially among poorer people, while changing urban production and consumption patterns can waste natural resources and cause ecological damage. Good local governance is essential to ensure that these changes minimise harm to the poor. Our work shows that the best way of achieving the targets in the MDGs on water and sanitation would be to concentrate on assisting locally driven initiatives.

This year we have finished case studies documenting Local Agenda 21 initiatives in Africa, Asia and Latin America, and we:

- ▶ collaborated with UN-Habitat to produce a book on *Water and Sanitation in the World's Cities* (UN-Habitat and Earthscan);
- ▶ co-edited a book on *Air Pollution & Health in Rapidly Developing Countries* (Stockholm Environment Institute and Earthscan);



Urban poverty has grown due to failure by national governments and international agencies to support local organisations who are best placed to work with the urban poor to address their deprivations



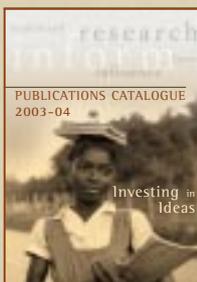
- ▶ prepared a review of the sustainability of urban centres for the *Annual Review of Environment and Resources*;
- ▶ contributed to the Millennium Ecosystem Assessment's review of conditions and trends in urban systems; and
- ▶ continued collaboration with the United Nations University Institute for Advanced Studies for a book on *Scaling the Urban Environmental Challenge – From the Local to the Global and Back*.

URBAN POVERTY REDUCTION

Poverty growth has been underpinned by the failure of national governments and international agencies to support local organisations working with the urban poor. Urban poverty in Africa, Asia and Latin America has grown rapidly over the last 50 years, even though most new investments and job opportunities have been in urban areas. The deprivations associated with urban poverty are experienced locally – the premature deaths and suffering that come from living in shacks with no infrastructure and services, the difficulties of keeping children at school and the long hours worked, often in dangerous conditions, for little money.

THE HUMAN SETTLEMENTS PROGRAMME:

- ▶ with Shack Dwellers International, managed and monitored grants from the Sigrid Rausing Trust to help organisations of the urban poor in 11 nations acquire land or secure tenure of land for housing;
- ▶ published three urban poverty reduction papers, including a case study of the Thai Government's Community Organizations Development Institute;
- ▶ prepared an Earthscan book, *Empowering Squatter Citizen: The Roles of Local Governments and Civil Society in Reducing Urban Poverty*, which makes the case for redirecting support to local organisations and processes;
- ▶ worked with SPARC (India) and Homeless International (UK) to help monitor the Community Led Infrastructure Finance Facility that SPARC is implementing in many Indian cities with cooperatives of women slum and pavement dwellers (*Mahila Milan*) and the National Slum Dwellers Federation;
- ▶ contributed to the work of the Millennium Task Force on "improving the lives of slum dwellers"; and
- ▶ worked with the United Nations Development Programme and research teams in Africa to understand better how to reduce risks from disasters and everyday hazards in cities.



NEW PUBLICATIONS

- ▶ **ENVIRONMENT AND URBANIZATION:** a widely-cited journal with a high representation of authors from developing countries. It goes to over 1,200 organisations and individuals in Africa, Asia and Latin America and has more than 1,000 subscribers in high-income nations. A summary of each issue, *E and U Briefs*, is distributed electronically to policy-makers and professionals.

The themes for issues in 2003 were:

- ▶ *Rural-urban transformations*
- ▶ *Water and sanitation in urban areas*

- ▶ **HI-FI NEWS:** a twice-yearly newsletter published in collaboration with the Habitat International Coalition's Working Group on Housing Finance and Resource Mobilisation. The newsletter contains information on housing finance projects and programmes in the South and details of recent publications
- ▶ **URBAN PUBLICATIONS ONLINE** (www.iied.org/urban/index.html) lists a range of briefing and working papers, including:
 - ▶ *Rural-Urban Working Paper Series*
 - ▶ *Urban Poverty Working Paper Series*
 - ▶ *Local Agenda 21 Working Paper Series*

STRATEGIES, Planning and Assessment

Thinking strategically



For the past four years, the main focus of the Strategies, Planning and Assessment (SPA) programme has been to coordinate international work on national strategies for sustainable development for the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD).

We launched this work in the form of *Sustainable Development Strategies: A Resource Book* at the World Summit on Sustainable Development (WSSD). French and Spanish translations have since been published and are available on www.nssd.net, plus a volume of country case studies, *Stakeholder Dialogues on Sustainable Development Strategies*.

The programme is collaborating with the United Nations Department of Economic and Social Affairs and the UN Development Programme (UNDP) to establish a *Learning Facility for Strategic Planning for Sustainable Development*. IIED will develop a dedicated website containing information on: different strategic planning processes; case studies; key documents, methods and tools; training materials; and principal contacts. A net-

work of regional information nodes will be established at collaborating centres of excellence, and training events organised.

SPA has begun work with LEAD International to prepare and test a range of *training courses* on strategies for sustainable development aimed at high-level decision-makers, donors and practitioners. UNDP has signalled its wish to link this initiative to its Capacity 2015 programme.

SPA director Barry Dalal-Clayton ran a seminar on strategies as part of Commission on Sustainable Development's (CMS) *Learning Centre* series organised during a meeting of the CMS in May 2003. He also made keynote presentations on strategies at a regional meeting of Central Asian environment ministers in Kazakhstan, a Regional Government Conference for



National Councils for Sustainable Development have the potential to provide useful links between national implementation and regional and global initiative



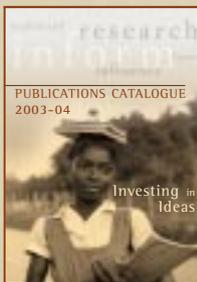
Sustainable Development in Spain and at a symposium organised by the Belgian Federal Council for Sustainable Development.

Over the last year, SPA has been developing an initiative with the Earth Council to review experience with *National Councils for Sustainable Development* (NCSDs). These have the potential to provide multi-stakeholder forums to promote, steer and review implementation of national sustainable development. They could also link national implementation and regional and global initiatives. Indeed, many regional and global preparatory reports for the WSSD recommended the strengthening of NCSDs. Our research will combine a critical review of NCSD experiences, challenges and opportunities in 10 countries, with ways to galvanise NCSD capacities to help prepare strategies for poverty reduction and sustainable development in line with the WSSD Plan of Implementation.

Following its leading work on strategies, the OECD's Development Assistance Committee has established a Task Group on *strategic environmental assessment* (SEA) – a key tool for mainstreaming environment in policies, plans and decision-taking. As a contribution to the Task Group, SPA is undertaking a global review of the status and potential of SEA, with funding from Norway and the UN Environment Programme. The work will explore

how SEA can best integrate social, environmental and economic concerns in the development and implementation of strategic planning frameworks such as poverty reduction and sustainable development strategies. Regional workshops have so far been held in Hong Kong, Eastern Europe and Southern Africa.

Like environmental impact assessment, SEA emerged as a tool in developed countries. There has as yet been only limited application in most developing countries, other than assessments undertaken or promoted by development cooperation agencies. However, our workshops have revealed a wealth of other strategic planning approaches which are not labelled as SEA but which follow similar principles. A consensus has emerged among workshop participants that SEA should not be seen as a new approach to existing requirements: rather, support should be provided to promote the principles of SEA to improve planning and decision-making processes.



NEW PUBLICATIONS

- ▶ *Stakeholder Dialogues on Sustainable Development Strategies: Lessons, Opportunities and Developing Country Case Studies*. Barry Dalal-Clayton, Krystyna Swiderska and Steve Bass (eds). Environmental Planning Issues 26. IIED. 2002.
- ▶ *Lessons From Luangwa: An Historical Review of the Luangwa Integrated Resource Development Project, Zambia*. Barry Dalal-Clayton and Brian Child. Wildlife and Development Series. 13, IIED. 2003.
- ▶ "Transforming Approaches to CBNRM: Learning from the Luangwa Experience". Brian Child and Barry Dalal-Clayton, in *Integrated Conservation and Development: Its Current State and Directions for the Future*, T.O McShane and M.P. Wells (eds). Columbia University Press. New York. 2003.

SUSTAINABLE Agriculture and Rural Livelihoods

Food chain reactions



The increasingly globalised and industrialised food system is clearly not benefiting the majority of family farmers in the North or smallholder farmers in the South. Yet they are expected to compete in liberalised markets with multinational companies and large farmers at home and abroad.

The Sustainable Agriculture and Rural Livelihoods Programme (SARL) contributes towards redressing this imbalance by seeking ways to make agri-food systems and markets work for poor farmers, processors and labourers by:

- ▶ analysing the dynamics of agri-food systems in different contexts;
- ▶ employing different analytical lenses – food systems, livelihoods, adaptive ecology and rights-based perspectives – to assess the forces leading to diverging rural livelihoods and landscapes, both North and South; and
- ▶ developing action-oriented, collaborative research that can leverage practical policy change for more democratic and environmentally sustainable food and agricultural systems.

PROJECT HIGHLIGHTS

- ▶ *Trade Policy, Gender and Livelihoods: Assessing the Winners and Losers Along the Cashew Value Chain* identifies approaches to enhance the livelihoods of those at the lowest end of the value chain of this high-value export crop, and to assess the implications for trade and employment policies. Research is being carried out in India and Mozambique. In both countries, cashew provides important income for smallholder producers and for workers in the processing sector, particularly women.
- ▶ *Sustaining Local Food Systems, Agricultural Biodiversity and Livelihoods* is an action-oriented research project analysing how and under what conditions governance, farmer participation and capacity-building can promote management of agricultural biodiversity in the context of local food

“ The aim is to find the “keys to inclusion” that help small farmers and processors compete effectively in the markets of Africa, Asia, Latin America and central and eastern Europe ”

systems and livelihoods. Work with local partners is under way in India, Indonesia, Iran and Peru. In the Indian state of Andhra Pradesh, for example, a citizens' jury and scenario workshop was used to engage small farmers and indigenous peoples in participatory assessments of different visions of food, farming and rural development futures. Similar activities are planned for other study countries.

- ▶ *Rural-Urban Interactions and Access to Markets* focuses on ways to provide access to local and national urban markets for small and medium-sized farmers, and on how good local governance can help develop pro-poor economic growth. Work in Vietnam's Red river delta explores synergies between farming and enterprises based in local urban centres as a means to add value to agricultural produce while creating non-farm employment opportunities. It also describes the role of those who migrate to the cities, drawing on previous work in South India and Tanzania. SARL is preparing additional case studies on these topics with partners in Latin America, Asia and Africa.
- ▶ *Race to the Top: Tracking Supermarket Progress Towards a Fairer and Greener Food System* is a multi-stakeholder project involving UK retailers and an alliance of NGOs, coordinated by IIED. Central to the initiative is a benchmarking and monitoring process

using data from retailers. First results were published in November 2003.

- ▶ *SUS-CHAIN: Marketing Sustainable Agriculture* assesses the opportunity to promote sustainable food production and rural development in six European countries. This will be done by identifying points in food supply chains that constrain the dissemination of sustainable production, and recommending actions to enhance sustainable food markets. Attention will be given to the organisational structure of food supply chains and interactions between different stages of the chain.
- ▶ *Regoverning Markets: Securing Small Producer Participation in Restructured Domestic and Regional Agri-food Systems* is a new, collaborative, action-research project to identify strategies by which smaller-scale producers and rural entrepreneurs can respond to the restructuring of domestic and regional markets in parts of Africa, Asia, Latin America and Central and Eastern Europe. The aim is to find the “keys to inclusion” that help small farmers and processors compete effectively in these markets.



NEW PUBLICATIONS

Many of the programme's publications are now available on www.iied.org/sarl and can be freely downloaded. In particular, back issues of our two flagship series, *PLA Notes* and *The Gatekeeper Series*, are available.

- ▶ *PLA Notes* continues to be the leading international series on participation, with over 20,000 readers in 121 countries. Authors address issues of practical and immediate value to encourage innovation and articulate voices from the field. This year's special themes included advocacy and citizen participation, local government, community-based animal health care, and participatory processes for policy change. The series receives support from (Sida) and (DFID).
- ▶ *The Gatekeeper Series* informs key debates in sustainable agriculture, rural development and natural resource management. With a readership of nearly 2,000 organisations and individuals in over 125 countries, it offers short, sharp think-pieces on pressing issues. Each paper examines a contemporary topic and draws out policy lessons and recommendations. Swedish and Swiss funding will allow the programme to work with the Regional and International Networking Group (RING) and IIED's Natural Resources Group to produce and disseminate the series primarily featuring Southern authors, under the guidance of an international editorial advisory board.

PROGRAMMES and Partnerships Development Unit

Integration and internationalisation



Internally, IIED has followed a much more integrated approach to identify problems and develop solutions. Externally, we have internationalised considerably, building many new strategic partnerships and alliances. Establishing such internal and external coherence offers great opportunities, but the management demands are also high.

The newly-formed Programmes and Partnerships Development Unit (PPDU) has overall responsibility for ensuring a balanced programme of work at IIED. We help formulate and coordinate our *cross-cutting* programme strategy, build strategic partnerships and alliances to best achieve our mission and ensure a greater breadth of funding support. We also seek to improve our overall effectiveness and efficiency in project management and proposal development through better *information flows and systems*.

REGIONAL ADVISORY PANELS (RAPs)

RAPs help us shape our research focus and strategy from a regional perspective. During 2002, RAP meetings in Asia, Africa and the Caribbean brought crucial Southern perspectives to our programme on corporate

responsibility. In 2003 we launched the third round of RAP meetings, beginning with the inaugural European RAP held in Brussels. The event brought together a wide range of sustainable development practitioners from across Europe and the South to discuss ways in which IIED might engage more meaningfully with European issues as they affect sustainable development policy and practice. Further RAP meetings in Asia, Africa and Latin America will help IIED develop its programme of work around the Millennium Development Goals.

THE RING ALLIANCE OF POLICY RESEARCH INSTITUTIONS

In the wake of the World Summit on Sustainable Development, the Regional and International Networking Group (RING) of sustainable development



We are building many new strategic partnerships and alliances internationally and at all levels



policy research institutions has been at its most active and most visible internationally. In addition to a range of publications and capacity building programmes, several global collaborative projects have been undertaken with a range of international partners. They include:

- ▶ *Civic Entrepreneurship* – a RING/UNEP initiative led by SEI-Boston, which underlined the fundamental role of civil society as a promoter of civic entrepreneurship. Seven reports were produced, featuring over 1,000 successful examples of sustainable development in different parts of the world www.tellus.org/general/publications.html.
- ▶ *Standards for Sustainable Trade* explores how developing countries can effectively participate in the development and implementation of standards for sustainable trade in order to increase their development opportunities. This RING project operates in three regions – South America, Southern and East Africa, and South Asia.
- ▶ *'Adaptation Day' at COP8*: Adaptation Day was held during the eighth conference of parties (COP8) of the United Nations Framework Convention on Climate Change, facilitated by IIED and RING partners

- ▶ *Research Partnerships for Sustainable Development*, in collaboration with the UN Development Programme, looked at the central role of research partnerships in sustainable development, and presented an agenda for action.

Other activities have included further collaboration with the UN Environment Programme in contributing policy perspectives to the *Global Environment Outlook (GEO-4)*. Currently the RING is conducting a multi-regional consultation process which brings Southern perspectives to the European Union's *Sustainable Development "External Dimensions"* strategy, and views on some of the policy instruments and processes that shape the interaction of the EU with other regions of the world, see www.ring-alliance.org.

RING

Current RING members are:

- ▶ African Centre for Technology Studies (ACTS), *Kenya*;
- ▶ Bangladesh Centre for Advanced Studies (BCAS), *Bangladesh*;
- ▶ Centre for Sustainable Development (CENESTA), *Iran*;
- ▶ Development Alternatives (DA), *India*;
- ▶ Environnement et Développement du Tiers Monde (ENDA-TM), *Senegal*;
- ▶ Instituto para o Desenvolvimento, Meio Ambiente, e Paz (Vitae Civilis), *Brazil*;
- ▶ IIED-América Latina (IIED-AL), *Argentina*;
- ▶ International Institute for Environment and Development (IIED), *UK*;
- ▶ International Institute for Sustainable Development (IISD), *Canada*;
- ▶ Nigeria Environmental Study Action Team (NEST), *Nigeria*;
- ▶ Recursos e Investigación para el Desarrollo Sustentable (RIDES), *Chile*;
- ▶ Stockholm Environment Institute (SEI-Boston), *USA*;
- ▶ Sustainable Development Policy Institute (SDPI), *Pakistan*;
- ▶ Thailand Development Research Institute (TDRI), *Thailand*; and
- ▶ ZERO, Regional Environment Organisation, *Zimbabwe*.

GLOBAL Governance

Sustaining development

Much of IIED's work demonstrates that at local and national levels the concept of "sustainable development" remains a force for change, capable of challenging old ways of thinking. Finding ways to eradicate poverty; stabilise ecosystems; improve livelihoods for individuals and communities; and ensure openness and accountability in decision-making are central to local and national governance.

At the global level this has been less true. Focus on national interests, particularly security and trade, makes sustainable development a peripheral set of concerns for many involved in global political processes. Follow-up to the World Summit on Sustainable Development (WSSD) has been seen as of little importance in comparison to the war in Iraq and wrangles over trade agreements. And the notion of sustainable development has lost much of its edge in international debates: it is no longer the threat to the established order that it seemed 10 or 20 years ago. Now it can be bent to fit the perspectives of almost any user, and has lost a great deal of its currency as a result.

However, there are encouraging signs of a change in this trend. The Millennium Development Goals provide a valuable yardstick for progress at the global level. The crisis in the United Nations Security Council over the attack on Iraq has prompted a number of governments to restate their commitment to multilateralism – and some have proposed sustainable development as the central element in efforts to achieve more open and equitable global institutions.

IIED's new programme of work on *Global Governance and International Processes* has grown out of its involvement in preparations for the WSSD. The principal focus has been on bringing information and ideas from our work at other levels into global policy dialogues, drawing on the expertise of IIED programmes and our networks of partners and collaborators around the world. These inputs have given us increasing legitimacy to engage with policy dialogues on global governance, making use of IIED's understanding of what works at grassroot and national levels. The work has been made possible through core support from the Swedish International Development Co-operation Agency.

WORKING AT GLOBAL LEVEL:

- ▶ *UN Commission on Sustainable Development (CSD)*: IIED was asked to advise the South African Environment Minister and Chair of the CSD on ways to engage civil society in the work of the Commission.
- ▶ *World Trade Organisation (WTO)*: We have developed a joint programme of work with the International

Centre for Trade and Sustainable Development, focusing on the key issues to be addressed in achieving the Millennium Development Goals in the context of trade liberalisation. This included a series of joint policy papers and high-profile events during the WTO ministerial meeting in Cancun in September 2003.

ANALYSIS OF THE EUROPEAN UNION'S (EU) SUSTAINABLE DEVELOPMENT STRATEGY

IIED and the Regional and International Networking Group RING have initiated an ambitious project to generate Southern perspectives on the external dimensions of the European Union's Sustainable Development Strategy. This should provide an opportunity to voice concerns about key policy instruments and processes which shape the European Union's interactions with other regions of the world. A series of discussions has already been held in Brussels to ensure that the process is fully linked into EU policy processes, and a series of five workshops will be held Asia, Africa and Latin America in the coming year. Funding has been received from the Dutch Environment Ministry, WWF-UK, and Germany's InWEnt.

NEW PUBLICATIONS

- ▶ *Sustainable Development Opinion Papers* are a new series of short analyses on international policy issues. They will be circulated at key international meetings and to relevant networks around the world. The first batch was prepared for the Commission on Sustainable Development meeting in May 2003
- ▶ *Research Partnerships for Sustainable Development: A Keystone of the Johannesburg Plan*. Steve Bass.
- ▶ *Civic Entrepreneurship: In Search of Sustainable Development*. Tariq Banuri, Adil Najam and Erika Spanger-Siegfried.
- ▶ *Improving Access to Water and Sanitation: Rethinking the way forward in light of the Millennium Development Goals*. Gordon McGranahan, David Satterthwaite and John Thompson.

WSSD CD-ROM: IIED and the Northern Alliance for Sustainability (ANPED) are producing a CD-ROM that will present a detailed record of civil society priorities and contributions to the Johannesburg Summit. The purpose is to bring together ideas and information generated by the WSSD which would otherwise be lost – focussing not just on the inter-governmental process but on the range of meetings and initiatives that accompanied the official event. It will be distributed to about 20,000 organisations around the world. The initiative is supported by Environment Canada.

TOURISM and Sustainable Development

Harnessing a global industry for local benefit

Tourism to developing countries is a big and rapidly expanding business. It could generate significant revenue flows from North to South, but could also bring many adverse side-effects. For the last few years IIED has worked on pro-poor tourism in partnership with the Overseas Development Institute, the International Centre for Responsible Tourism at the University of Greenwich in London, and a number of other organisations around the world.

We focus on helping tourism contribute to sustainable development. Tourism issues touch many other areas of IIED's work, including biodiversity conservation, corporate responsibility, sustainable development strategies, and certification. Over the next few years we plan to apply our expertise in these areas to the tourism sector.

- ▶ *Pro-Poor Tourism*. Building on earlier work to promote pro-poor tourism strategies, we continue to work with other members of the Pro-Poor Tourism Partnership. Last year it commissioned a series of papers with the aim of disseminating lessons learned in this field and its website now includes experience from a range of countries (more details at www.propoortourism.org.uk). The IIED website links directly to the Pro-Poor Tourism site in order to spread the information more effectively.
- ▶ *Tourism Development and Biodiversity Conservation*. IIED worked with Conservation International and the United Nations Environment Programme to explore the links between tourism development, biodiversity conservation and poverty reduction. We developed a series of Geographic Information System (GIS) based maps and used them to analyse how tourism in key biodiversity areas has developed over the last 10 years and to identify the implications for poverty reduction and biodiversity management. The results of this project were launched at the World Parks Congress in September 2003.
- ▶ *Valuing Tourism in the Communal Areas of Northern Namibia*. IIED worked with the DFID funded WILD project in the Namibian Ministry of Environment and Tourism to analyse the financial value of tourism in the communal areas of Caprivi and Kunene. Our study reviewed incomes and livelihoods generated by community-based tourism enterprises, private sector camps and lodges, hunting concessions, linked businesses such as craft enterprises

and cultural villages as well as intermediaries responsible for transporting tourists to these areas, such as car hire companies, tour operators and air charter firms. Since tourism is being promoted as an opportunity for local economic development in communal areas, our study enabled the ministry to set these activities in the context of the broader development of the tourist industry within Namibia.

- ▶ *Promoting Responsible Tourism in The Gambia*. As part of the Sustainable Tourism Initiative set up by the UK Foreign Office, IIED has been working with consultant Harold Goodwin and the Gambian Association of Small Scale Enterprises in Tourism (ASSET) on a multi-stakeholder process to develop an action plan for responsible tourism in The Gambia. The project builds on an earlier study which explored how British tour operators could strengthen the role of the informal sector. This approach is now being followed up by the successor to the Sustainable Tourism Initiative, the Travel Foundation.
- ▶ *Policy Coherence of Tourism*. Last year we launched a global review of national tourism policies to examine the role of tourism in sustainable development and the coherence of tourism development with other sectoral policies and plans. Work on this global review is continuing this year with a particular focus on how tourism industry is being addressed in poverty reduction strategy papers (PRSPs)

NEW PUBLICATIONS

- ▶ *The Evolution of Ecotourism in East Africa: From an Idea to an Industry*. John Watkin. Wildlife and Development Series No. 15. IIED

There are six new pro-poor tourism discussion papers covering a range of issues available electronically on www.propoortourism.org.uk

FINANCIAL Overview

The Statement of Financial Activities and Balance Sheet are not the full statutory accounts but are a summary of the information which appears in the full accounts. The full accounts have been audited and given an unqualified opinion. The full accounts were approved by the Trustees on 19th September 2003 and a copy has been submitted to the Charity Commission and Registrar of Companies.

These summarised accounts may not contain sufficient information to allow for a full understanding of the financial affairs of the Company. For further information the full annual accounts, including the auditor's report, which can be obtained from the Company's offices, should be consulted.

INDEPENDENT AUDITORS' STATEMENT TO THE TRUSTEES OF IIED

We have examined the summarised financial statements of the International Institute for Environment & Development.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

The Trustees are responsible for preparing the summarised financial statements in accordance with the recommendations of the charities' Statement of Recommended Practice (SORP).

Our responsibility is to report to you our opinion on the consistency of the summarised financial statements with the full financial statements and Trustees' Report.

We also read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summarised financial statements.

BASIS OF OPINION

We conducted our work in accordance with Bulletin 1999/6 "The auditors' statement on the summary financial statements" issued by the Auditing Practices Board for use in the United Kingdom.

OPINION

In our opinion the summarised financial statements are consistent with the full financial statements and the Trustees Annual Report of the International Institute for Environment & Development for the year ended 31st March 2003.

Devonshire House
60 Goswell Road
London EC1M 7AD

Kingston Smith
Chartered Accountants
and Registered Auditors

INCOME & EXPENDITURE for Year Ended 31ST MARCH 2003

	£ Unrestricted General	£ Unrestricted Designated	£ Restricted	£ 2002/03 Totals	£ 2001/02 Totals
<i>Incoming Resources</i>					
Government & Government Agencies	478,225	-	3,527,602	4,005,827	4,084,848
International & Multilateral Agencies	-	-	484,393	484,393	432,054
Foundations & NGOs	-	-	707,641	707,641	687,074
Corporate	-	-	295,363	295,363	2,962,101
Movements in Deferred Income	-	-	35,625	35,625	449,323
Investment Income	22,605	-	3,946	26,551	46,875
Trading Activities (Publishing)	76,692	-	-	76,692	82,324
Other	5,306	-	-	5,306	11,972
Total Incoming Resources	582,828	-	5,054,570	5,637,398	8,756,571
<i>Resources Expended</i>					
• <i>Cost of generating funds</i>					
Fundraising & Publicity	52,649	-	-	52,649	62,983
• <i>Charitable Expenditure</i>					
Payments to Partners	-	-	1,334,571	1,334,571	2,263,041
Programme Direct Costs	76,692	81,450	3,878,260	4,036,402	5,132,859
Support Costs	-	-	811,264	811,264	790,240
Management & Administration	52,542	-	-	52,542	57,515
Total Resources Expended	181,883	81,450	6,024,095	6,287,428	8,306,638
				*	*
<i>Net Income/(Expenditure) for the year before transfers</i>	400,945	(81,450)	(969,525)	(650,030)	449,933
<i>Transfer between Funds</i>	(173,428)	173,428	-	-	-
Balance	227,517	91,978	(969,525)	(650,030)	449,933
<i>Funds Brought Forward 1st April 2002</i>	1,022,901	352,597	2,791,727	4,167,225	3,717,292
Funds as at 31st March 2003	1,250,418	444,575	1,822,202	3,517,195	4,167,225

*Expenditure has decreased by 24% from 2001/02 due to the completion of a major activity early in the year in the shape of the Mining project which represented 37% of total income in 2001/02. Nonetheless overall core activities grew by 9% (above inflation), excluding this programme, which reflects a sound underlying rate of growth.

BALANCE SHEET as at 31ST MARCH 2003

	£	£	£ 2002/03	£ 2001/02
Fixed Assets			121,443	153,781
<i>Current Assets</i>				
Stock	5,543			2,494
Debtors	1,321,861			1,934,911
Cash at Hand & in Bank	<u>2,773,157</u>			<u>2,741,416</u>
		4,100,561		4,678,821
<i>Current Liabilities</i>				
Creditors < 1 Year	451,309			492,412
Deferred Revenue	<u>253,501</u>			<u>172,965</u>
		<u>704,810</u>		<u>665,377</u>
Net Current Assets			3,395,751	4,013,444
Net Assets			3,517,195	4,167,225
<i>Funds</i>				
Restricted			1,822,202	2,791,727
Designated Funds			444,575	352,597
General Funds			<u>1,250,418</u>	<u>1,022,901</u>
Net Assets			3,517,195	4,167,225

IIED Staff List



Nigel Cross

Executive Director (to July 2003)

Camilla Toulmin

Acting Director (from July 2003)

Steve Bass

Director of Programmes (to September 2003)

Programmes and Partnerships Development Unit (PPDU)

SENIOR FELLOWS

David Satterthwaite

Camilla Toulmin

PROGRAMME DIRECTORS

Lilian Chatterjee

Communications and Information Programme (COIN)
(To June 2003)

Maryanne Grieg-Gran Environmental Economics
(EEP)

Barry Dalal-Clayton

Strategies, Planning & Assessment (SPA)

Ced Hesse Drylands

Saleemul Huq Climate Change

James Mayers Forestry and Land Use (FLU)

Gordon McGranahan Human Settlements (HS)

John Thompson Sustainable Agriculture & Rural
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Halina Ward Corporate Responsibility for
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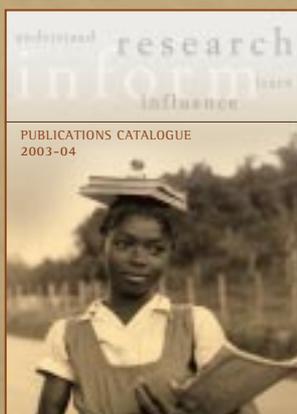
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