2004 a special annual report
to celebrate 30 years of human settlements
Urban Agenda

IIED Human Settlements

The First 30 Years

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The Institute has much to celebrate in 2004. Our Human Settlements programme has reached the grand old age of thirty, and demonstrates the virtues of following a consistent, focused approach. In recognition of the programme’s work over three decades, David Satterthwaite was awarded the 2004 Volvo Environment Prize. Breaking with tradition, we focus on 30 years of Human Settlements in this year’s annual report. While this report may be unique in the emphasis given to one programme, the key attributes of Human Settlements – partnerships with local organisations, strengthening voices from the South – are characteristic of work throughout the Institute.

Over this last year, IIED staff and colleagues from around the world have covered a wonderfully diverse set of activities. For example, we have examined the impacts of trade reform on the incomes of women cashew producers in Mauritania, explored options for marketing environmental services, developed a pro-poor agenda for the UN’s negotiations, and investigated the impacts of superEmpowerment on the livelihoods of Standard Bank customers. We also led an exercise to flesh out perspectives from many of our southern partners into the European Union’s Sustainable Development Strategy. Other programme highlights can be seen at the end of this report.

Another exciting development in 2004 has been our joining with the Foundation for International Environmental Law and Development (FIELD), a core group of lawyers specialising in trade, climate change, and biodiversity. We are very pleased with this new association which should greatly strengthen our work on global institutions and law.

The year ahead will prove whether world leaders really have the will to Make Poverty History. The UK government will play a major role, as Chair of the Group of Eight most powerful countries and president of the European Union. The Blair Commission for Africa is also due to report in March 2005. This should provide a strong focus on how the richest nations in the world can best support an African-led agenda for development. As an international organisation, located in London, the Institute offers a valuable platform for groups from the South to get their voices heard.

As part of our preparations for 2005, and together with the Royal African Society and the University of Greenwich, IIED must also chair the Africa South-South Conference later this year. Our discussions demonstrated that securing rights to land for rich and poor alike will be critical to peace and good governance, agricultural growth, equity and justice. We continue to explore the mix-match between donor priorities and the perspectives of people working at the community-level. If the Millennium Development Goals are to be met, much greater focus is needed on strengthening locally based initiatives. Shoveling central government with a non-money-money-rules-working civil society and marginalising local initiative.

Finally, I would like to say a big thank you to all those who have been key factors in the energy, commitment and inspiration that gave rise to IIED’s success and the power that we have at the heart of the Sudan. At the same time, I am delighted to announce that Kofi Annan, former Secretary General of the UN, will assume the Chair of IIED in 2005. This is a recognition of the Institute’s work and its influence.

IIED must act to change views at all levels. How can the power of evidence and argument lever change in thinking amongst powerful actors? Barbara Ward had such evidence and arguments to change minds in the 60s and 70s. We have to meet the challenge of today and tomorrow.
Though many governments see urbanization as a problem, it is usually a key part of stronger, more productive economies. International discussions of "pro-poor" economic growth avoid any discussion of urban development yet economic growth almost always involves an increasing proportion of the population living and working in urban areas.

The scale of urban poverty is greatly underestimated by measuring it with poverty lines that do not allow for the high cost of housing, water and sanitation, health care, transport and keeping children in school in cities.

A more integrated approach to environmental problems, human development and social justice was sparked by the book Only One Earth, written in 1971-2 by IIED President Barbara Ward and Nobel laureate René Dubos.

IIED played a pioneering role in creating a global network of research partners focused on collaborative research to identify common issues and concerns.

IIED América Latina, founded in 1979 by Jorge Hardoy, has taken a lead in generating new ideas and new literature on urban issues in the region.

IIED's current urban agenda highlights five major areas for action: water and sanitation; environmental transitions; rural-urban linkages; poverty reduction; housing finance.

Collaborating with and giving support to southern partners are crucial to the task of bringing "local context" into the international approach to "human settlements".

One of the most significant developments within urban areas over the past twenty years is the emergence of federations formed by the urban poor and homeless.

An important consideration in tackling urban issues is how funding mechanisms are structured.

One of the greatest challenges for the years ahead is to change structures within governments and international agencies to make them more effective in dealing with the problems of low-income groups.
Many governments see expanding cities as a problem, even though they are often key to a stronger, more productive economy. Much of the international debate on "pro-poor" growth avoids any discussion of urban development. Yet economic prosperity usually involves an increasing proportion of the population living and working in urban areas. How urban centres and urban growth are managed and the quality of their governance directly shapes their economic success – or failure.

Urbanization is often judged to be "out of control," yet it has an economic logic. The world’s larger cities are heavily concentrated in its largest economies. The wealthier a nation, the more urbanized its population (see Figure 1). The low- and middle-income nations with the most successful economies are generally those that have urbanized more. Even so, most research on environment and development ignores urbanization. Most National Poverty Reduction Strategy Papers, the development strategies agreed by governments and donor agencies, have no coherent urban strategies. Instead, many view urbanization as negative.

Good urban governance is central to reducing poverty. According to the World Health Organization, more than 700 million urban dwellers in Africa, Asia and Latin America live in housing of such poor quality that their lives and health are under serious threat. It is common for 30–60 percent of city populations to live in slum settlements. The same number – 700 million – lack adequate sanitation. As many as 340 million have no toilets in their homes. Despite these alarming statistics, many governments and most international agencies give little attention to urban poverty. Most official measures of poverty understate the size and depth of the problem in urban areas, and fail to recognize how urban contexts influence its scale and nature. Meanwhile, growing cities are generally assumed to mean more environmental problems – but this need not be the case. Well-managed urban development is key to effective environmental management.

The past fifty years have brought dramatic changes in the distribution of the world’s population. Asia is now home to almost half the world’s urbanites and both Latin America and Africa have more urban dwellers than North America (see Figure 2). Urbanization is usually discussed in hysterical terms: city populations are “exploding”; vast mega-cities “are destroying living standards.” The reality is somewhat different:

- **NOT EXPLODING:** Most city populations are not ‘exploding.’ In fact, much urban poverty occurs in urban centres that are not growing rapidly. Only 5 percent of the world’s population live in mega-cities, with 10 million plus inhabitants – and in 2000 many of these had far smaller populations than forecast.
- **NOT MUSHROOMING:** Many of today’s largest cities have long urban histories. Of the 387 cities with more than a million inhabitants by 2000, nearly three quarters were already urban centres in 1800. One in five existed 2000 years ago.
- **BETTER LIVING STANDARDS:** Most mega-cities have better living standards than smaller urban centres in their nation in terms of water, sanitation, schools and health care.

![Figure 1: Wealthier nations are more urbanised](image)

![Figure 2: The changing distribution of the world’s urban population – Asia takes the lead](image)
Some governments and international agencies have now developed policies to address urban poverty. The definition of “urban poverty” is shifting from a narrow focus where poverty is equated with inadequate income or consumption, to a broader recognition of the multiple deprivations suffered by the urban poor. Success in reducing urban poverty depends on building more competent, effective local institutions accountable to local populations and local democratic political systems.

Three factors have helped produce this change in focus:

1. Increased urbanisation: The trend towards more urbanized populations in almost all nations
2. Growth in urban poverty: Some governments and international agencies now acknowledge they have long underestimated the scale of urban poverty, mainly because of wrong criteria used to define and measure it. They also agree action in urban areas is needed if internationally agreed poverty reduction targets are to be met by 2015
3. Need for new urban investment: New urban investment is essential if sustainable development goals are to be met, because a high proportion of the world’s production, consumption and waste including greenhouse gases is concentrated in urban areas. Large sections of the urban population in low and middle-income countries are particularly vulnerable to the likely direct and indirect effects of global warming

But urban issues are still sidelined, with environmental concern chiefly focused on natural resources. Too little attention is given to the environmental burdens faced by many low-income groups - the lack of safe water, poor sanitation, drainage, health care and emergency services - and by the many living in areas at high risk from floods or landslides. Urban environmental priorities have been wrongly inflated from high-income to low-income nations. For instance, the loss of agricultural land or soil to urban expansion receives more attention than environmental problems that are the main causes of ill health, injury and premature death for most people. The urban poor are wrongly blamed for environmental degradation when inevitably middle and high-income groups are responsible for the resource use and waste that underlie environmental degradation.

International ‘experts’ have tended to see urban populations as privileged since cities usually concentrate investments in housing, water supply, sanitation, schools and health care systems. What these ‘experts’ often fail to notice is that poorer groups in these cities do not, in practice, have access to these services.

When IIED was asked by the secretariat of the World Commission on Environment and Development (The Brundtland Commission) to draft a chapter on urban issues for Our Common Future in 1985, this was strongly opposed by some members of the Commission. For them, the Commission’s emphasis on ‘the needs of the present’ did not include the hundreds of millions of urban dwellers who survive on very low incomes, in neighbourhoods without safe water, sanitation, schools and health care.

Among international agencies that now have urban programmes, many developed these recently, often against both internal and external opposition. As late as 2001, the World Development Report on poverty refused to recognize the scale of deprivation in urban areas and that urban poverty has characteristics quite distinct from rural poverty. Although the World Bank has many urban experts, it still produces poverty estimates based on a single poverty line of US$1 a day. A day in the belief that rural households need the same income to avoid deprivation as those in major cities.

Some argue that support for urban development will simply exacerbate urban problems because it will encourage more migrants to move there. Others cling to the idea that migrants are attracted by the bright city lights despite 30 years of evidence showing rural to urban flows are logical and planned responses to changing economic circumstances.

It makes no sense to develop stand-alone ‘urban’ and ‘rural’ policies. Successful urban centres often began as market towns in high-value agricultural areas. Many rural households derive a good proportion of their income from remittances of migrant relatives working in urban centres. In many low-income nations, incomes from smallholder agriculture have been steadily declining since the 1980s. For these households, remittances have become a lifeline. In many rural settlements, farming is no longer the main source of income and non-farm activities are gaining importance. Some take place within rural communities but most are concentrated in local urban centres. Mobility is essential in many rural places. Even where they can commute to towns for work while still residing - and often farming - in rural areas, when living costs are lower.
1972: ONLY ONE EARTH

The need to address both urban and rural problems in Africa, Asia and Latin America was recognized in the book *Only One Earth: Care and Maintenance of a Small Planet*, written in 1972 by IIED’s President, Barbara Ward and the Nobel laureate René Dubos. This was prepared for the 1972 UN Conference on the Human Environment in Stockholm.

*Only One Earth* was one of the best selling books on the environment in the 1970s. It was unusual because it contained environmental issues with concerns for human development and social justice. It also contained what was later adopted by the Brundtland Commission as the defining goal of sustainable development: its preface states: “the charge of the United Nations to the Stockholm Conference was to clearly define what should be done to maintain the earth as a place suitable for human life not only now but also for future generations” (page 26).

After the success of *Only One Earth*, the Canadian government asked Barbara Ward in 1976 to write a comparable book on human settlements for Habitat, the UN Conference on Human Settlements. Entitled *The Home of Man*, this covered the rapid growth of cities in Africa, Asia and Latin America and the growing proportion of city populations living in slum settlements. It also highlighted the inadequate provision of water and sanitation and demanded from governments and international agencies a greater priority in addressing this challenge.

The Argentine urban specialist Jorgé E. Hardoy advised Barbara Ward on the book’s preparation. Writing from the Institute he had founded in Argentina, the Centro de Estudios Urbanos y Regionales (CÉUR), he highlighted issues that more than two decades later were to dominate international concern. Above all, he stressed the importance of developing more accountable, democratic urban governments and more bottom-up urban approaches that supported the actions of the urban poor and their organizations. These issues have become so central to the discussion of urban development that their importance now seems self evident. But 30 years ago, few people talked about things like “good local governance.”

Our contact with Jorgé was strengthened when he accepted IIED’s invitation to come to the UN Habitat Conference in 1976. He also took part in the Vancouver Symposium, a small group of urban specialists invited by IIED to meet just before the UN meeting to define the priorities the Conference should tackle. Barbara Ward presented these priorities to the official Conference, a measure of how highly regarded she was, since very few “non-governmental” people were invited to address the plenary of these large governmental conferences. After this Conference, Jorgé Hardoy was unable to return to Argentina and he accepted IIED’s invitation to develop a Human Settlements Programme in London. The term “human settlements” may sound clumsy but it was chosen as a term that covered both rural and urban settlements.

The new Programme set a president for 1980 by working through partnerships with institutions in Africa, Asia and Latin America. Initially teams based in the Sudan, Kenya, Argentina and India evaluated how far governments were following up the recommendations they had formally endorsed at the 1976 Habitat Conference. Assessments for 31 nations were prepared, covering trends in housing, basic services and other human settlements issues. Meanwhile, staff at IIED began to monitor the allocations made by aid agencies and development banks to slum upgrading, primary health care, education, and other schemes designed to bring direct benefits to low-income groups.

Although many development specialists followed the “urban bias,” there was little evidence of any bias in funding for urban development. Early funding for the Programme came from the Canadian government. Barbara Ward received an enthusiastic response from Canadian Prime Minister Pierre Trudeau to her request for support.

1977: THE HUMAN SETTLEMENTS PROGRAMME

The findings from this work were summarized in the book *Squatter Citizen: Life in the Urban Third World* – Jorgé E. Hardoy and David Satterthwaite, Earthscan, 1989.

Much of this work was done in collaboration with Yves Cabannes who at that time worked with French NGO GRET. Yves Cabannes remained a key partner and advisor to the Programme. He later became Executive Director of UN Centre for Housing and Urban Development, and then Project Director of the UN Urban Management Programme for Latin America and the Caribbean; he now teaches at Harvard University.

While the Programme was set up to provide a new urban agenda, the Canadian Government and from the UN Secretariat that organized the Conference. The need for a greater priority to be given to urban issues was, since very few “non-governmental” people were invited to address the plenary of these large governmental conferences. After this Conference, Jorgé Hardoy was unable to return to Argentina and he accepted IIED’s invitation to develop a Human Settlements Programme in London. The term “human settlements” may sound clumsy but it was chosen as a term that covered both rural and urban settlements.

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A summary of IIED's work on housing and health was published in the book "The Poor Die Young: Housing and Health in Third World Cities" (Earthscan, 1990) prepared with Sandy Cairncross from the London School of Hygiene and Tropical Medicine who later joined IIED's Board. He is now with the Ford Foundation but remains on the Editorial Board of our journal "Environment and Urbanization".

**PARTNERSHIPS AND NETWORKS**

IIED's Human Settlements Programme was unusual compared to most research programmes in Europe and North America. First, much of the funding it received went to the research partners, with only a small staff based at IIED. Second, the intention from the outset was to increase the capacity and influence of the partners - the Institute for Development Studies in Mimeo, ECLAC (Centro de Estudios Urbanos y Regionales) in Buenos Aires, the University of Khartoum, and the University of Lagos. Each partner was helped to develop its own publication programme in the languages of its region.

The long-term goal was that each institution should develop its own collaborative research programme with other institutions in the region. A third innovation was the Programme’s stress on collaborative research. The intention of having teams in Latin America, Asia, Africa and the Arab World was not to compete nationally, regionally and institutionally but to consider a set of common issues and concerns being addressed by governments in ways stated in very different political, economic, social and ecological circumstances. Although initially the Programme concentrated on research, from the early 1990s it began to link research with action. All four of the partner teams sought to:

• provide technical and legal advice to those living in illegal settlements
• address housing and health problems
• document health problems in illegal settlements

This combination of research and action had become common practice in Latin America and parts of Asia during the 1980s but was rare among researchers working on development issues based in Europe and North America.

**HOUSING AND HEALTH**

In the early 1980s IIED began work on the multiple links between housing conditions and health in informal settlements. Because ‘urban’ issues were ignored by most development professionals, little attention was paid to health problems in the squatter settlements that housed between 30 and 60 per cent of the population in most cities in low and middle-income nations. IIED’s efforts led to good working relations with the World Health Organization (WHO) and the London School of Hygiene and Tropical Medicine. The head of IIED’s partner institution in Nigeria, Tade Akin Aina, came to spend 1989 at IIED, working on housing and health and the links between sustainable development and cities.”

**FROM SMALL URBAN CENTRES AND RURAL-URBAN LINKAGES**

One of our first projects looked at the role of small and intermediate urban centres in rural, regional and national development. The need for more attention to smaller urban entities was recognized as vital. Most of the urban populations in Africa, Asia and Latin America do not live in large cities and the number of people lacking adequate housing, infrastructure and services is usually higher in smaller urban centres. But in the early 1980s it was difficult to convince funding agencies about this. IIED work also stressed the importance of understanding rural-urban linkages, since the economy of most smaller urban communities relies on demand from rural producers and consumers as well as economic linkage with rural production. But winning support for this approach proved difficult; few international institutions wanted to fund urban research and institutions that funded rural studies were reluctant to back anything with urban components.
In 1979 Jorge Hardoy returned to Argentina and founded what began as the Latin American office of IIED. Argentina was still under military dictatorship. The level of repression had reduced, although Jorge Hardoy was still not permitted to teach. No official institution in Argentina could offer him work – something that was to change when Argentina returned to democratic rule in 1983. Political circumstances later allowed the emergence of an independent Argentine-registered foundation, IIED-América Latina.

Hardoy’s return to Latin America led to major expansion in research undertaken in the region. A Latin America-wide annual seminar programme helped promote new ideas among hundreds of young researchers and NGO staff. At this time, such discussions were nearly possible within Universities and government research institutes because of military dictatorships. This programme – often ten or more seminars a year – was organized with a great range of partners, including DESCO in Peru, SUL in Chile and CIVIDUS in Ecuador.

These seminars had several important characteristics. As well as being organized with other institutions, they also gave young researchers the chance to participate and present papers. As seminar papers were published, this also gave many researchers their first opportunity to publish, and created a new literature on urban issues. The programme also stimulated interest in new themes by having a series of seminars on topics such as “Small and intermediate urban centers”, “Reinventing the Latin American city”, “Housing and healthy” and “Natural disasters”. Hardoy’s particular interest and expertise in urban history also led to a series of seminars and publications on different aspects of Latin American urban legacy, shedding new light on contemporary urban problems. It also encouraged research on how to protect the rich heritage of many of the region’s inner cities without displacing low-income groups who so often concentrate there. This seminar programme brought a whole new generation of Latin American researchers and activists into debates about housing and urban policy. Many joined the region’s most influential NGOs. Others went into national and municipal government or back to the universities, when their countries returned to democracy.

During the 1980s and early 1990s the Human Settlements Programme was jointly managed by IIED in London and Buenos Aires. IIED-América Latina also developed direct support to the improvement of housing conditions and basic services in informal settlements (directed by Ana Hardoy) and a programme of training workshops and seminars for NGOs and municipal authorities.

“We are from Argentina, more precisely from Barrio San Jorge in San Fernando. Our names are Susana Carlino and Rosa Montoya. To get in touch with IIED I use this magic, like meeting our fairy godmother. We started to meet, discuss and work together, looking ways to improve our quality of life. In 1989 we created a cooperation that we called Our Land. We did and still do many things together with IIED. Encouraged by the Human Settlement Program we managed to install a water and sanitation network and undertake many other activities so as to improve our barrio. We are very grateful to IIED.”

Susana Carlino and Rosa Montoya, Argentina

“Working with Jorge Hardoy and IIED imprinted another dimension to our work in poverty alleviation and sustainable development. The local government as the one nearest to the people and the one that knows best the local territory. In order to create the conditions for social inclusion and equity we learned to think the city as a whole, to plan urban infrastructure and public work according to social needs and the potential of the local communities.”

Osvaldo Amieiro
Intendente de San Fernando
(Mayor of San Fernando)
WATER AND SANITATION

IIED has long documented the serious inadequacies in the provision of water and sanitation. Three other aspects are key:

1. The gap between international thinking on water and local realities. International debate stresses fresh water shortage as the main reason for poor provision for water and sanitation. But in most cities these problems have little or nothing to do with overall water shortages.

2. Limits to privatisation. In the 1990s, water privatisation was heavily promoted by many international agencies. Yet, experience has shown neither public nor private utilities are well suited to serving most low-income households.

3. Partnerships between civil society organisations and local governments. There are good examples of how to address lack of water and sanitation for low-income households. See, for instance, the Orangi Pilot Project in Karachi and many other cities in Pakistan; the community-designed toilets in Pune and Mumbai in India; and case studies from Guatemala City, Luanda in Angola and Moreno, a poor peripheral municipality in Buenos Aires.

ENVIRONMENTAL TRANSITIONS

From the early 1980s IIED urged governments and international agencies to pay more attention to urban environmental problems, especially those contributing to poor health and high levels of infant and child mortality. From 1992 onwards we also sought to define how urban policy could meet sustainable development goals. A key aim was to achieve better synergy between the brown agenda that focuses on environmental health and the green agenda focused on ecological sustainability. We also supported work on innovative Local Agenda 21s in Africa, Asia and Latin America and worked alongside a number of agencies on urban environmental policy issues. These include WHO, UNICEF, UN-Habitat, Sida, Danida and ODI.

IIED also helped develop the OECD Development Assistance Committee’s Reference Manual on Urban Environmental Policy.

Environmental problems tend to change as cities get bigger and wealthier and their governments become more effective. Figure 3 illustrates some of the environmental transitions that occur as urban centres become better off. For instance, whereas the quality of sanitation improves, air quality initially deteriorates as industrial activity grows and the number of motor vehicles increases, it subsequently improves. But, as the third curve shows, while local problems may decline, the contribution to global warming increases. In other words, there is a shift in burdens from the local to the global environment and from those that threaten local health directly to those that threaten global life support systems.

Figure 3: Environmental transitions: as urban wealth grows, problems become global

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3. Within the book Environmental Problems in Third World Cities and developing this over time with four special issues of the journal Environment and Urbanization and an Earthscan Reader devoted to the theme of sustainable cities.
RURAL-URBAN LINKAGES

Rural-urban linkages are based on the obvious but forgotten point that interactions between cities and countryside affect the development of both. This interaction is a critical influence on rural livelihoods, rural resource use and management of water, soil and forests. Yet most governments and international agencies still base institutional structures that treat “rural” and “urban” development separately. Cecilia Tacoli joined IIES in 1996 to work on this issue with partner institutions in Tanzania, Mali, India, Nigeria and Vietnam.

For most of the poorest groups, rural-urban linkages, investments patterns and population movements are more important than global linkages, foreign direct investment and international migration. Isolated rural settlements that cannot tap local markets will not benefit from expanding global markets. In addition, rural-urban linkages are evident not only in the linkages of low income households: on the one hand rural-urban migrants are typically engaged in urban-based non-farm jobs and remittances from migrant relatives, while on the other, urban dwellers often take informal farm jobs and have help from relatives in such activities as tending livestock and family property.

Rural-urban interactions link flows of peoples, goods, money, information and capital – between sectors, between agriculture, urban services and manufacturing. They also include rural activities taking place in towns, such as urban farming. Linkages also involve activities classified as urban, like manufacturing and warehousing, actually taking place in rural settlements.

IIED has sought to:

• improve understanding of changing rural-urban relations and how these affect the livelihoods of low income and vulnerable groups in urban and rural settlements
• support local governments and institutions to maximise opportunities for poverty reduction and regional development, especially in peri-urban areas
• help develop dialogue between national and local governments to ensure better integration between macro-economic and sectoral policies and local initiatives

IIED's work on rural-urban linkages is based on the obvious but forgotten point that interactions between cities and countryside affect the development of both. This interaction is a critical influence on rural livelihoods, rural resource use and management of water, soil and forests. Yet most governments and international agencies still base institutional structures that treat “rural” and “urban” development separately.

RURAL

Livelihoods drawn from crop cultivation, livestock, forestry or fishing. Access to natural capital is key
Access to land for housing and building materials not generally a problem
Men absent from government as regulator and provider of services
Access to infrastructure and services limited because of distance, low density and limited ability to pay
Fewer opportunities for earning cash, more self-employment, greater reliance on weather conditions
Natural capital provides livelihood assets, feedback and foreclosed as the principal forms of wealth

URBAN

Livelihoods drawn from labour markets and making and selling goods and services
Access to land for housing difficult and expensive
Housing and land markets highly commercialized
More vulnerable to ‘bad’ governance
Access to infrastructure and services difficult for low-income groups because of high prices, uneven status of homes and poor governance
Greater reliance on cash for access to food, water, sanitation, employment and disposal of waste
The house is an economic resource providing space for production, access to income-earning opportunities

Rural characteristics exist in urban locations, such as urban agriculture, villaing – enclaves in the center of towns, access to land for housing through non-monetary traditional forms.

Urban characteristics exist in rural locations are associated with prosperous tourist sites, mining areas, high value crops and areas with diverse non-farm production and strong links to cities...

Note: Figure 4 outlines typical “rural” and “urban” characteristics. The peri-urban fringe generally has a mix of “rural” and “urban” characteristics, with varying opportunities for livelihoods. Interpreters such as IIED are not designed to identify “rural” and “urban” characteristics, but rather to help identify characteristics that are relevant to the needs of the rural-urban populations of these areas. The IIED team acknowledges the overlap and interdependence of traditional rural and urban characteristics, such as access to services, land tenure, employment and consultation opportunities. The IIED team also recognizes the importance of other factors, such as access to markets, education, health care and social services, in determining the characteristics of rural and urban populations.
POVERTY REDUCTION

Poverty is not easy to measure. It generally has many dimensions and diverse causes. There is a strong case for recognizing the scale and depth of urban poverty and for measuring it. Poverty in urban areas is not concentrated at the extremes of wealth. It also affects many people who are not poor by income standards. Poor people are often at risk, vulnerable, and in need of assistance. Poverty is not necessarily associated with low income. Many people who are not poor have lifestyles that are insecure and vulnerable. Poverty can be reduced through direct support to community-based action, especially where organizations of the urban poor can negotiate partnerships with local government.

Our work on poverty reflects four main concerns:

- The scale and depth of urban poverty are greatly underestimated by governments and international agencies. Most statistics are based on an income that allows individuals or households to meet what experts define as their "needs," such as a "minimum food basket" with a small addition for non-food needs. In urban areas, this method is seriously flawed because of the high cost of non-food essentials (housing, health care, water and transport). Our work includes a review of Poverty Reduction Strategy Papers and how they address urban poverty.

- Defining poverty based only on a "poverty line" income misses many aspects of poverty - and obscures many of the means by which poverty can be reduced. Poverty lines do not identify who is lacking adequate water and sanitation, secure accommodation and health care, whether people can afford to keep children at school and who is protected by the rule of law and gets access to citizen rights and entitlements.

- There is considerable scope for addressing non-income aspects of poverty using local resources, especially where local governments work with organizations of the urban poor. Improved provision of water, sanitation and health care reduces income lost to illness and injury, while better quality housing provides space for income-earning at home.

- Urban poverty can be reduced through direct support to community-based action, especially where organizations of the urban poor can negotiate partnerships with local government.

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Urban poverty can be reduced through direct support to community-based action, especially where organizations of the urban poor can negotiate partnerships with local government.

The Programme's work has long included an interest in children and other work on this began in the mid-1980s in IIED's América Latina Programme. In 1999 it published Cities for Children with Sheridan Bartlett (later managing editor of IIED's journal Environment and Urbanization). This focused on the potential role of city authorities in meeting the priorities of children and youth.

HOUSING FINANCE

The work of IIED in India, the Asian Coalition for Housing Rights in Thailand, the Orangi Pilot Project in Pakistan and Repubblica Biogas for land and water in South Africa has shown the importance of community-based savings and credit schemes. These schemes help low-income households to organize, save and develop their own housing and basic services. Our work in this area - developed by Diana Mitlin - includes Hi-Fi News, a newsletter that circulates among a large network of institutions interested in community-based finance systems. Other activities have included a study of credit programmes for housing development, a special issue of Environment and Urbanization on this theme, case studies by the Orangi Pilot Project and the Urban Poor Associates, Philippines and a series of seminars.
How can we make sure our findings influence professionals and politicians, governments and international agencies? Publishing in even the best known academic journals is no solution since most have limited circulation outside Europe and North America due to high subscription costs. The Human Settlements Programme looked for new ways to reach a wider audience. Our first journal, Medio ambiente y urbanización, was started in 1982 by IIED’s Latin American office in association with the Latin American Social Science Research Council. This journal kept the growing networks of people involved in urban research in touch with each other and reached a growing readership across Latin America. It has developed into one of the region’s most widely read journals, with over 40 issues now published.

The success of this journal in Latin America encouraged IIED to set up a sister journal in English in 1985: Environment and Urbanization. From the outset, this was different from other professional journals. First, it focused on research influencing action rather than academic exchange of information and ideas. Second, it encouraged practitioners to write about their experience. Third, it promoted wide circulation outside Latin America, with a view to allowing any NGO teaching or training institution in low and middle income nations to receive it free of charge. In addition, most of its back issues are available cost-free on the web. Fourth, it allowed authors to submit papers in French, Spanish and Portuguese as well as English and paid for translation if accepted for publication.

Environment and Urbanization is where I go to find out what’s happening in urban development. As the sole journal which provides a platform for the public, private, community, corporate world, the environment and the non-government, it’s a one-stop shop and essential reading for anyone involved in the field.

Environment and Urbanization is where I go to find out what’s happening in urban development. As the sole journal which provides a platform for the public, private, community, corporate world, the environment and the non-government, it’s a one-stop shop and essential reading for anyone involved in the field.

Environment and Urbanization has become one of the most widely cited journals in its field. It provides key texts for post-graduate and professional training programmes, and it could not have achieved this without the help of a network of researchers and NGOs and the support of the Swedish International Development Cooperation Agency (Sida), which helped fund the journal’s launch. The Royal Danish Ministry of Foreign Affairs (DANIDA) allow over 1600 training institutions and NGOs in Africa, Asia and Latin America to receive the journal without charge. The US Department for International Development supports the publication of five-page summaries of each issue’s key themes.

Influencing Other Agendas

IIED’s work with teams in Africa, Asia and Latin America has created two other opportunities. The first was to respond to requests from international agencies for overview studies, each focusing on a different aspect of the urban environment. These include Environmental Indicators in Asia (Edward Elgar 1992) and The Environment for Children (prepared at the request of UNICEF) in 1996. The second is to help agencies as they develop their own urban programmes, such as Sida, DFID, DANIDA WaterAid and many other international agencies.

We have two book series, one in English with 11 books published by Earthscan - see below the other with 20 books in Spanish is published by Ediciones Paidotribo. The decision to publish research findings through commercial publishers was to make these more widely available. Earthscan is one of the largest publishers in the environment and development field and also seeks to keep down the price of its books.

There are also four working paper series on:

- Water and sanitation
- Rural-urban linkages
- Urban poverty reduction
- Local Agenda 21

One difficulty we face is how to get widespread dissemination in countries where few people can afford to pay for foreign currency. Distributing publications is also expensive. The internet provides a partial solution, so the Programme makes all its working papers available at no charge on its website. Our website and the many issues of Environment and Urbanization available free on the web have proved very popular. More than 300,000 downloads of programme publications take place each year. The Programme still has a large publications programme in print; thousands of NGOs and teaching and training institutions in Africa, Asia and Latin America value the printed publications because it is difficult for them to access these through the web.

We also recognize that preparing key documents for international agencies ensures a wide circulation of research findings - as in the drafting of the urban chapter for Our Common Future (the report of the World Commission on Environment and Development) in 1987 and other widely distributed publications for the World Health Organization, the UN Human Settlements Programme and the OECD. Each of these documents drew on the work and advice of a large network of individuals. We also contributed to the work of the Inter-Governmental Panel on Climate Change, the Millennium-Earthwatch, the Millennium-Assessment and the US National Academy of Sciences study Ozone Transmissions.

RESEARCH PARTNERSHIPS

For any research institution based in Europe, collaboration with southern partners transforms the nature of the work. E.g., work is now on primary research and more on development of activities with partners, raising finance, speaking new ideas, methodologies and concepts from one country or region to the rest and dissemination of findings. The decision to support teams in Africa, Asia and Latin America stemmed from recognising that external agencies often misunderstand conditions on the ground and distort local priorities. Realising local NGOs and writing on local expertise has become far more common since the mid 1990s. Most “development research” from funding institutions in Europe and North America usually relies relying on researchers from these regions. But there are many advantages to delegating the direction and management of research to local groups. First, local research groups have an understanding of local context essential for effective research on human settlements. It is rare for external researchers to develop a deep understanding of that context, most cannot even speak the local language. Simplistic understandings of cities lead to simplistic recommendations that may be given more weight than they deserve merely because they come from international experts. Second, most local research groups are committed to their locality, building local knowledge and developing local networks. The work they do is more accessible to other local researchers and groups. Research outputs are disseminated through many informal routes and can be easily integrated with local NGO activity.

INFLUENCING OTHER AGENCIES

IIED’s work with teams in Africa, Asia and Latin America has created two other opportunities. The first was to respond to requests from international agencies for overview studies, each focusing on a different aspect of the urban environment. These include Environmental Indicators in Asia (Edward Elgar 1992) and The Environment for Children (prepared at the request of UNICEF) in 1996. The second is to help agencies as they develop their own urban programmes, such as Sida, DFID, DANIDA WaterAid and many other international agencies.
Cities are the result of diverse investments of capital, expertise and time by individuals, households, communities, voluntary organizations and NGOs, as well as government and the private sector. Many of the most effective schemes to improve housing conditions among low-income groups have come from local NGOs or community organizations. Yet in most cities these efforts have long been ignored and are often constrained by unnecessary government regulation. This was a central theme of the Earthscan books Squatter Citizen in 1989 and Empowering Squatter Citizen in 2004.

During the late 1980s two changes helped reinforce our focus on community development. The first was the setting up of the community development team in IIED-América Latina by Ana Hervy. Initially this worked in Barrio San Jorge, an informal settlement on the edge of Buenos Aires, and later spread to many other low-income settlements. This offered direct, hands-on support to community-based organizations to help them negotiate with external agencies for services and land. The second idea was back to researchers and acted as a “reality check” on the relevance of research in other areas. The second change was the Programme’s expansion to include activist NGOs who worked directly with urban poor groups.

This shift in approach brought many insights into how external agencies can support participatory, community-driven development. Apart from IIED-América Latina, other key NGOs have helped reshape the Programme’s work:

- the Indian NGO SPARC and its work with co-operatives of women pavement dwellers, Mahila Milan and the National Slum Dwellers Federation
- the People’s Dialogue on Land and Shelter in South Africa and its partner the South African Homeless Peoples Federation
- the Asian Coalition for Housing Rights with its secretariat in Bangkok
- the Orangi Pilot Project in Pakistan

Our collaboration has led to two new areas: the documentation of work by urban poor and homeless federations (see Box 1) and support to these federations to help international funding organisations find better ways to support community-driven development.

Box 1: Federations of the urban poor and homeless

One of the most significant developments within urban areas over the last two decades is the emergence of federations formed by the urban poor and homeless. In 11 nations, federations have developed, learning from each other and following similar methodologies – and similar federations are developing in many other nations.

The federations have at their base community-managed savings and credit groups (founded mostly by women) that provide their members with quick-repaying emergency loans. These savings groups and the larger federations to which they belong also assist members to secure land tenure, obtain access to basic services and develop upgrading or new house programmes.

Some of the older federations have improved housing and access to basic services for hundreds of thousands or millions of people. They have also changed the policies of city and national governments. In Cambodias and Thailand, federations are working with national and city government to bring significant improvements to the lives of slum dwellers on a national scale. In India, the federations changed the way city and national governments support improved provision for toilets and washing facilities for slum dwellers. In Namibia, Zimbabwe and the Philippines, federations changed the way that city governments work with the urban poor in developing land for housing and providing infrastructure. The federations have also formed an international umbrella organization, Slum Shack Dwellers International, to support new federations and represent all federations in discussions with international agencies.

The savings groups that are the foundation of all the federations have high standards in regard to internal democracy, participation, inclusion and accountability to their members. The federations and their savings groups strive to ensure that the solutions they design, promote and build serve the poorest groups and those facing discrimination, while keeping down unit costs as limited resources go further. Federation housing programmes are typically much less costly than conventional government programmes and many recover their costs.

The federations’ programmes for upgrading or new housing are not to replace government but to demonstrate what can be achieved through federation-government partnerships. These new ways of “doing development” allow community organizations to show government what they can do – and how much more can be achieved if official resources supported people’s efforts. Since each federation has hundreds or thousands of savings groups, these partnerships could support very large scale programmes.

These federations work closely with local support NGOs. The federations provide a political dynamic and legitimacy within the NGOs build technical credibility. The savings groups change social relations inside communities and support them in trying out new initiatives to address their problems. When these initiatives succeed, other savings groups learn from them in all the federations, there are many community-to-community exchanges. Solutions spread from group to group – and much larger scale success is possible if governments support them.

The Human Settlements Programme has drawn on the work of many outside practitioners, especially from local government, partnerships with USAID in Manizales, Colombia, Ecosistema Urbano in Peru and India Centre for Science and Environment have been particularly important. Together with local partners we have documented innovative local agendas and other environmental action plans developed by local authorities and local NGOs. These include case studies in Mexico City, Rio and Durban in Africa, Mumbai, Pune, Bombay in India, Jakarta and Surabaya in Indonesia and Tunis in Senegal.

http://www.sdinet.org/ for more details.

Left: Laying sewage pipes, Swaziland

Ron Giling/Still Pictures
Looking ahead, perhaps our greatest challenge is to ensure the needed changes in institutional structures within governments and international agencies to make them far more effective in addressing the problems that our research has highlighted and made accountable to low-income groups. By 2005, many positive changes were underway that were not there or hardly present when the Human Settlements Programme began:

• Federations of the urban poor are emerging in an increasing number of countries to demonstrate cheaper, more participatory ways to address poverty and homelessness
• Many local NGOs have learnt to work with urban poor groups in ways that are equitable, participatory and accountable, often developing new models for working with local government
• Many local governments have become more democratic and effective
• More international agencies have developed urban programmes and recognized the need to support accountable local institutions. The Cities Alliance, formed by the World Bank and the UN Human Settlements Programme backed by many OECD nations should bring more coherence and greater impact
• Many national governments and international agencies have been persuaded to recognize rural-urban linkages as a key mechanism for reducing poverty and accelerating economic development. This shift away from the false rural-urban dichotomy reflects renewed interest in decentralised government as the best means to support local development

As yet, these and other successes are not slowing the growth in urban poverty in most nations. Most governments and international agencies show little capacity to address this massive challenge. Promises made in the 1970s by governments and international agencies to transform the provision of water and sanitation to both rural and urban areas have not been met. Will further promises made during the 1990s, to halve poverty by 2015, suffer the same fate? Urban policies and levels of practical commitment by international agencies still fall far short of ever-growing needs.

We have the precedents to show how urban poverty can be reduced (most of them developed by urban poor groups themselves) and how urban governments can integrate environmental concerns into their development plans (including meeting global as well as local environmental responsibilities). The challenge now is to get national governments and international agencies to change their institutional structures and funding arrangements to act on these.

**Supporting grassroots programmes**

Most international agencies have difficulty funding community projects directly. Many such agencies recognize the importance of a strong and innovative civil society for development (especially grassroots organizations) but they have not changed their funding mechanisms in response to this. In 1998 we put forward the idea that international agencies should set up decentralized funds in the cities of low and middle-income nations. There could fund a wide range of initiatives in each city and create new standards for accessibility and accountability.

This concept was piloted through various publications and workshops for the staff of international agencies and indeed several of them have adopted the idea.

IIED has never considered itself as being in the funding business. But in 2003 the Sigrid Rausing Trust asked us to consider managing a fund to enable grassroots organizations in urban areas to buy land for housing.

At that time, IIED was already helping Slums/Dwellers International (SDI) to strengthen its networks with local exchanges and specific international events. An initial grant to IIED from the Trust together with additional funding from the UK Lottery Board and the Ashley Trust has raised some £2 million to help tens of thousands of low-income households buy land for housing or secure rights over land they already occupy. Despite its small scale - with grants typically between £10,000 and £25,000 - this experience shows the value of having external funding available at short notice to support community-driven innovations. The external funding can also be used to leverage resources from local governments or other agencies. Small grants can go a long way when combined with community’s own resources and capacities and local government support.

The projects supported can also set precedents that help persuade local governments to support community-driven processes. We are monitoring this work and hope to learn lessons about how international funding can support such local processes.
BIODIVERSITY AND LIVELIHOODS GROUP

Policies and laws that protect community rights over traditional knowledge are usually designed by experts with little input from the people they seek to protect. We have devised new ways to explore the needs and perspectives of these customary large-scale farmers. In May 2004 we held a planning workshop with partners from India, China, Peru, Panama and Kenya. Our discussions emphasized the need to strengthen customary institutions and traditional knowledge systems on the ground while arguing for protection of this knowledge at national, regional and international levels. We plan studies on genetic diversity, particularly of domesticated and wild species, - traditional rice, maize and potato varieties, as well as medicinal plants. We also launched a new International Poverty and Conservation Learning Group at the World Conservation Congress in November 2004.

CLIMATE CHANGE PROGRAMME

Climate change experts rarely talk to development people and vice versa. So in 2004 we helped establish the NGO Group on Climate Change and Development, which brings together green NGOs such as Greenpeace, WWF and friends of the earth with major development players like Oxfam, Oxfam-GB and Action Aid. Together with the New Economics Foundation we prepared a joint publication, Up in Smoke, which launched in October 2004 with much media attention. It highlights the fact that climate-change impacts are becoming visible around the world and already damaging the incomes and livelihoods of the poor in all developing countries. We call for much stronger action to reduce greenhouse gas emissions and support adaptation in developing countries. We also focus on strengthening capacity for adaptation to climate change amongst least-developed countries (LDC). Training workshops were held for LDC climate-change negotiators at the 20th and 19th conferences of parties (COP9 and COP10) held in Buenos Aires and Milan respectively of the UN Framework Convention on Climate Change (UNFCCC).

COMMUNICATIONS

While many of IIED’s programmes have cross-cutting elements Communications is unique in the way it works across the institute providing support for several and internal communication. To date, one of its main communications tools has been the Internet. And we are committed to making available online as much of our output as possible. Nearly all of IIED’s publications from the last five years are now available for download. Publications remain central to the communications work and a monthly e-bulletin goes out to more than 3000 subscribers bringing all our news along with an annual catalogue. Highlights in 2004 include our participation in a televised debate for BBC ‘Earth Report’ broadcast on BBC World TV to 270 million homes and households worldwide; and the production of a range of new materials to be used to increase IIED’s visibility at events and conferences such as the COP events in Bangkok.

CORPORATE RESPONSIBILITY FOR ENVIRONMENT AND DEVELOPMENT

Over the past year we’ve continued to work on social responsibility and international standards focusing on small businesses in developing countries, in partnership with the World Bank and the UK Department for International Development, served on a major project to find practical ways for supermarkets to adopt responsible trade policies. A new project looks at negotiations between foreign investors and host country governments and how those investors can enhance their contribution to sustainable development. We are also studying the role investment promotion agencies can play in supporting responsible business practices. Over the next year we’ll be asking “Is corporate social responsibility (CSR) a contradiction? As CSR comes under increasing pressure to deliver tangible benefits from all increasingly sceptical audiences, we’ll be engaging with a wide range of people to think strategically about different options.

DRYLANDS PROGRAMME

Many governments have been promoting decentralization, but local people must also develop the tools and skills to make it work. In partnership with civil society, local government, researchers and other actors in the Sahel, we have been building these skills in two critical areas. First, local agreements for shared management of resources are powerful mechanisms to help rural people manage the use of forests, water and land on which their livelihoods depend. Our regional conference triggered widespread interest in how these agreements offer ways to turn the rhetoric of decentralization into reality. Second, we have been strengthening community institutions in Senegal and Niger to argue the case for pastoralism as an environmentally sustainable and profitable land use system. After several years of development and testing a training course in Pulaar (a widely spoken pastoral language in the Sahel) on Pastoralism in the Sahel has been finalised by ARED, our partner in Senegal.

ENVIRONMENTAL ECONOMICS PROGRAMME

During 2004 we launched a new series on Markets for Environmental Services. These case studies, carried out with southern partners, focus on the social and poverty impacts of recent initiatives to develop markets and payments for ecosystem services. In March 2004 case study authors came together in a workshop in Quito to present their work to a regional audience and to discuss new ways forward.

FORESTRY AND LAND USE PROGRAMME

Forestry experts are very good at saying what must be done to govern forests, but less good at how to achieve it. The Forest Governance Learning Group aims to help fill this gap. Since 2003 we have facilitated the Group, linking with a range of country-based and international partners. It focuses on practical solutions to problems of illegal forestry, heavy-handed law enforcement and impacts on poor people. Groups in Haiti, Niger, Ghana, Uganda, Mozambique, Malawi and South Africa are working to assess and design tactics for governments, based on their various experiences. Research and advocacy are being focused on situations where forests and livelihoods are under pressure.

FOOD AND LAND USE PROGRAMME

A new project looks at negotiations between foreign investors and host country governments and how those investors can enhance their contribution to sustainable development. We are also studying the role investment promotion agencies can play in supporting responsible business practices. Over the next year we’ll be asking “Is corporate social responsibility (CSR) a contradiction? As CSR comes under increasing pressure to deliver tangible benefits from all increasingly sceptical audiences, we’ll be engaging with a wide range of people to think strategically about different options.

FOREST, AND LAND USE PROGRAMME

A new project looks at negotiations between foreign investors and host country governments and how those investors can enhance their contribution to sustainable development. We are also studying the role investment promotion agencies can play in supporting responsible business practices. Over the next year we’ll be asking “Is corporate social responsibility (CSR) a contradiction? As CSR comes under increasing pressure to deliver tangible benefits from all increasingly sceptical audiences, we’ll be engaging with a wide range of people to think strategically about different options.

GLOBAL GOVERNANCE

Three broad activities have defined our work in this area in 2004. The first is retrospective: assessing what came out of the Johannesburg Summit and generating useful resources to help take forward the debate. The second is forward looking: identifying openings for IIED and our partners to engage more effectively in multilateral processes. The third is strategic: finding ways to strengthen commitment to sustainable development from powerful institutions.

OTHER RECENT WORK

Southern Perspectives on the EU Sustainable Development Strategy has aimed to strengthen the EU’s engagement with civil society in the developing world and improve mutual understanding of each other’s perspectives. We have also generated key policy messages that can feed into decisions on sustainable development to make certain EU policy in this area more responsive to the priorities of Southern countries. In October 2004 we held a major event in Brussels to discuss issues raised by Southern actors with senior EC officials and member state representatives.

SUSTAINABLE AGRICULTURE AND RURAL LIVELIHOODS PROGRAMME

Food sold in supermarkets is produced and processed by workers from all over the world. Many of them face poor working conditions, low wages and little protection from exploitation. Our project Race to the Top brought together farming, conservation, labour, animal welfare and sustainable development organisations as well as the big UK supermarkets. A report and action plan were published in 2004, along with case studies of best practice by supermarkets and their suppliers.

The 50th anniversary issue of Participatory Learning and Action took the theme of multi-stakeholder engagement in environment and development. This special collection of papers offers critical reflections on the recent history of participation, power and knowledge. Contributors to this landmark issue also identify newly emerging challenges for ‘participation’ in a variety of fields.
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 15th 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 auditors’ 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 SORP. Our responsibility is to report to you our opinion on the consistency of the summarised financial statements and Trustees’ Report. We also read the other information contained in the Trustees’ Report and consider the implications for our report if we become aware of any apparent mis-statements 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.

Kingston Smith, Chartered Accountants and Registered Auditors

Devonshire House, 60 Goswell Road, London EC1M 7AD

Income & Expenditure for Year Ended 31st March 2004

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<tr>
<th></th>
<th>£</th>
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<td><strong>Incoming Resources</strong></td>
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<td></td>
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<td>Government &amp; Government Agencies</td>
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<td>3,935,844</td>
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<td>International &amp; Multilateral Agencies</td>
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<td>Foundations &amp; NGOs</td>
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<td>878,166</td>
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<td>Corporate</td>
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<td><strong>Movements in Deferred Income</strong></td>
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<td>(469,242)</td>
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<td>Investment Income</td>
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<td>7,715</td>
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<td>Trading Activities (Publishing)</td>
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<td>74,160</td>
<td>76,692</td>
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<td><strong>Other</strong></td>
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<td>29,574</td>
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<td><strong>Total Incoming Resources</strong></td>
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<td><strong>Resources Expended</strong></td>
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<tr>
<td>- Cost of generating funds</td>
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<td>Fundraising &amp; Publicity</td>
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<td>-</td>
<td>-</td>
<td>63,215</td>
<td>52,649</td>
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<tr>
<td>- Charitable Expenditure</td>
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<td>Payments to Partners</td>
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<td>Programme Direct Costs</td>
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<td>Management &amp; Administration</td>
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<td><strong>Total Resources Expended</strong></td>
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<td>Net Income/(Expenditure) for the year before transfers</td>
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<td>(225,646)</td>
<td>(692,042)</td>
<td>(700,466)</td>
<td>(650,030)</td>
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<td><strong>Transfer between Funds</strong></td>
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<tr>
<td>(167,608)</td>
<td>167,608</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td><strong>Balance</strong></td>
<td>49,615</td>
<td>(58,038)</td>
<td>(692,042)</td>
<td>(700,466)</td>
<td>(650,030)</td>
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**Funds as at 31st March 2004**

<table>
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<td>Funds Brought Forward 1st April 2003</td>
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<td>446,375</td>
<td>1,222,629</td>
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<td>Income &amp; Expenditure</td>
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<td>360,573</td>
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<td><strong>Balance</strong></td>
<td>3,636,427</td>
<td>806,948</td>
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* The increase in financial assets relates to the deferral of income in those accounting periods where contributions are in the making of the use of funds over a period longer than one year.

**DONORS**

Government and Government Agencies

- Royal Danish Ministry of Foreign Affairs (DANIDA)
- UK Department for Environment, Food and Rural Affairs (DEFRA)
- UK Department for International Development (DFID)
- Irish Embassy (Tanzania)
- London Development Authority (LDA)
- Netherlands Ministry of Environment
- Netherlands Ministry of Foreign Affairs (DGIS)
- Norwegian Ministry for Foreign Affairs
- Norwegian Ministry for Foreign Affairs
- Norwegian Ministry for Foreign Affairs
- Norwegian Ministry for Foreign Affairs
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