

Organisation Strategy for Denmark's Co-operation with International Institute for Environment and Development (IIED), 2014-2019

1. Introduction

The organisation strategy for IIED forms the basis for the Danish cooperation with and contribution to IIED, and is the key platform for Denmark's dialogue and partnership with the organisation. It sets up Danish priorities for IIED's performance within the overall framework of IIED's own strategy. In addition, it outlines specific goals and results vis-à-vis IIED that Denmark will pursue in the cooperation with the organisation. Denmark will continue to work closely with other partners, especially other core-donors like the Swedish International Development Cooperation Agency (SIDA) and Irish Aid for example in connection with the annual donor dialogue meetings, in the efforts to promote specific goals and priorities.

2. Relevance and justification of future Danish support to IIED

Supporting IIED contributes to fulfilling the policy recommendations outlined in "The Right to a Better Life", the strategy for Denmark's development cooperation. IIED's focus is through research, analysis, advise, brokerage and facilitation to promote sustainable development in poor countries and populations. IIED combines research and action in the interface between development and environment. It is a "think-tank" that tests out ideas in practice, for example by transforming local experiences to national and global advise, learning and implementation. IIED's work has a particular focus on securing sustainable development for those without power and access to resources. The organisation has an inclusive and rights based approach for example with regards to issues such as climate resilience and green economy where the focus is on strengthening of local voices. IIED is recognised for developing methodologies which operationalise inclusion of vulnerable groups such as small-scale farmers, slum-dwellers, and fishermen.

IIED's work should also be seen as an important contribution to the post-2015 agenda as the institution has a comprehensive approach to poverty eradication and sustainable development.

IIED works according to the guidance provided in the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), among other in the biodiversity portfolio, and when developing partners' capacity to meaningfully engage in discussions related to Reducing Emissions from Deforestation and Forest Degradation (REDD+) and forest governance in various countries.

As outlined in Denmark's Strategic Framework for Priority Areas – Natural Resources, Energy, and Climate Strategy, 2013, Denmark will engage in policy dialogue with and support to think tanks such as IIED, which are mandated to promote green growth and advocacy initiatives aimed at advancing goals and targets as outcomes of multilateral negotiations.

In IIED's new strategy from 2014-2019 gender is presented as an important cross-cutting dimension. This is reflected both in IIED's activities and in its research structure where gender is treated as a cross-institute arena.

There are clear synergies with Danish bilateral development activities within the field of natural resources management, water management and climate change adaptation and mitigation. There are opportunities to work more closely with IIED on the promotion of green growth with a focus on equality and to get a better understanding of local contexts when it comes to climate change programmes. IIED is a partner with high credibility also in Danida partner countries; Danida could make stronger use of IIED research in the areas of particular importance, for instance green growth and climate change. A particularly interesting initiative is IIED's work on *Tracking Adaptation and Measuring Development (TAMD)*, which could constitute an interesting accompanying tool to Danida's support programmes. Holding of joint seminars and training events should be further explored throughout the strategy period. In developing the cooperation experience should be drawn from IIED's cooperation with other donors.

IIED also plays an active role as a dialogue partner, for example providing key note speeches at 3GF, at Danida Development Days and in preparation of Danida Strategies. This direct cooperation between the Danish and IIED resource base should continue during the next strategy phase. IIED could also provide valuable input in connection with evaluations of Danida programmes.

3. Brief background

IIED is a policy research organisation with focus on generating, organising and sharing knowledge. It advocates people led development in global fora by transforming local experiences into national/global policy advice, learning and implementation. Furthermore, the organisation facilitates knowledge sharing and learning in national, regional and global networks and partnerships.

In the strategy period from 2009-14 IIED has delivered a number of concrete results both on the international, the regional and the local agenda. To mention a few examples IIED has played an active role on the international scene at Rio+20 setting up the well-conducted brainstorming event Fair Ideas which brought in a range of different stakeholders and highlighted many solutions to environmental scarcity and social inequality. IIED has also provided on-demand legal, technical and strategic advice to the group of Least Developed Countries during the international climate negotiations. IIED has brokered relationships between foresters and forest agencies in a number of African countries. In Uganda IIED has helped to design a pilot Payment for Ecosystem Services scheme to pay small-scale farmers to conserve and restore forests important for chimpanzees. The organisation has also engaged in finding sustainable solutions to overfishing in Bangladesh creating alternative income-generating activities for fishermen.

A thorough external review is undertaken every fifth year; the last one was completed in March 2012. Furthermore, SIDA has made an organisational self-assessment of IIED in May 2013, and in December 2013 DFID made an annual review of its four year accountable grant to IIED. The external reviews have been predominantly positive, and IIED has actively followed up on recommenda-

tions for example on issues such as strengthening cross-research group work, strengthen the focus on gender, further develop its monitoring and evaluation tools, and developing a concise institutional partnership strategy.

IIED's new strategy "Engaging for Change" covers the period 2014-2019. Four new change initiatives underpin this strategy: 1) Inclusive transitions to climate resilience and green economy, 2) International engagement for a sustainable planet, 3) Rights plus action, 4) Fair consumption from sustainable food systems. The foundation for these initiatives is the internationally acknowledged research capacity at IIED which is divided in to the following four research groups 1) Natural resources; 2) Human settlements; 3) Climate change; and 4) Sustainable markets. The new strategy period will put greater emphasis on securing that the research groups work in a more cross-cutting manner.

IIED engages with a broad spectrum of partners from national and local governments, multilateral organisations, NGO's, community based organisations, research networks and the private sector. The most long-standing partnerships are through global, regional or national NGO's, community based organisations and research networks, where IIED facilitates the work of these partners often by channelling funds to them. In connection with the annual donor dialogue meetings framework donors have raised the question whether IIED should apply a more focused partnership approach.

During the last strategy period from 2009-14 IIED has increased the number of staff from 71 to 103, and in the new strategy period IIED expects further staff increase. IIED has moved to a new office in London, which has significantly improved the work environment, team dynamics and public engagement. IIED has also developed new management processes including the creation of a Strategy Team and a Management Team.

4. Intended results of Danish support

In its work with IIED Denmark will focus attention on the following issues:

- A more concise strategy for engagement with partners acknowledging the need for engaging with a broad spectrum of partners while at the same time focusing on key partners.
- Making better use of IIED research products and knowledge of local contexts with a special focus on vulnerable groups, Green Economy, climate change and resilience for example through joint seminars, training events, and dialogue between Danish and IIED resource bases.
- Continue a dialogue on IIED's work to secure capacity building of civil society and private sector in the developing countries.
- Enhancing IIED's focus on gender.
- Follow organisational reforms and changes of IIED.
- Further development and streamlining of IIED's monitoring and evaluation tools and systems together with other frame donors.
- IIED's effort to combat corruption and misuse of funds.

5. Preliminary budget

Since 1989 Denmark has supported the work of IIED with an accumulated amount of approximately DKK 100 million. In IIED's last strategy period from 2009-2014 Denmark's contribution to the organisation amounted to DKK 25 million. Together with DFID and SIDA, Denmark is one of the main bilateral donors, which contributes to IIED's work. The planned support to IIED's new strategy framework from 2014-2019 amounts to DKK 30 million, i.e. at the same level as the previous contribution in relative terms due to price regulations. The contribution will be drawn from "Øvrige Miljøbidrag" (25 million DKK) and "Rio+20 opfølgingsmidlerne" (5 million DKK).

Overview projection of IIED budget based on IIED's outline business model 2014-15 to 2018-19 in GBP mill.:

	2014-15	2015-16	2016-17	2017-18	2018-19	5 year total 2014-19
Programme Activities	10,088	10,500	10,912	11,324	11,736	54,559
Partnership and strategic development	1,452	1,522	1,591	1,661	1,731	7,957
Communication	960	1,012	1,064	1,116	1,167	5,320
Subtotal	12,500	13,034	13,567	14,101	14,634	67,835
Grants to partners	8,000	8,341	8,683	9,024	9,366	43,415
Total budget	20,500	21,375	22,250	23,125	24,000	111,250
Total core donors (Frame + DFID Accountable Grant)	7,462	7,471	7,481	7,490	7,500	37,404
	DKK mill.	DKK mill.	DKK mill.	DKK mill.	DKK mill.	DKK mill.
Of which Danish contribution	6,0	6,0	6,0	6,0	6,0	30,0

In the last 5 years IIED has seen a shift from a situation in which 45% of the organisation's income came from frame funds to less than 20% today. Furthermore, there has also been a reduction in the number of passthrough funding, where IIED acts as a conduit to major donors (mostly American foundations who are grant making and may not be able to manage the support to southern organisations). On the other hand, earmarked funding is projected to grow in the new strategy period.

The Danish contribution will be pooled with contributions from other core donors (SIDA, Irish Aid) in order to obtain a more strategic and coherent usage of the core funding. Financial reports will reflect the usage of core funds which will mainly be used for strategic priorities, including change initiatives and organizational development.

6. Monitoring and Reporting

IIED has during the last years worked consistently to establish a result-based management system, which has been discussed with the framework donors. IIED's yearly work plan "Work Books" seek to define 1) a theory of change for the projects, 2) Strategy and outputs/results for the year and 3) 5-year outcome/targets. The annual report highlights results of some of the major achievements and is supplemented by a more detailed reporting on each goal and objective and a section with more detailed results for all goals and objectives. The thematic teams have for each objective area a more detailed reporting.

Every year a donor dialogue meeting is held with IIED and the framework donors (SIDA, Irish Aid, Danida) as well as DFID. As mentioned above a thorough external review is carried out every fifth year and is supplemented by other reviews on more specific areas.

In discussion with the framework donors SIDA, Irish Aid and Danida IIED is currently working on applying a more thorough monitoring and evaluation model which DFID has introduced in connection with its accountable grant. The idea is that this results framework should be applied to the rest of IIED's work. This would allow IIED to have a single accountability system for monitoring their targets, milestones and achievements on an annual cycle. The application of one consistent system would also strengthen the organisation's learning on the effectiveness of the activities. The annual cycle of reporting allows some room for flexibility as targets and indicators could be revised in light of experience and changing circumstances. Among the framework donors SIDA is monitoring this work.

IIED has an Anti-Fraud and Bribery Policy, which for example encompasses regular training of staff, risk assessment of new partners and declaration of board members interests.

7. Risks and Assumptions

Donor countries are generally under pressure to reduce budgets and in the last years IIED has witnessed a fall in the number of core donors. As fundraising is a collective responsibility it is essential that research groups receive more targeted central support to fundraising, that IIED's leadership acknowledges the importance of fundraising and that IIED staff receives adequate training in business development skills. There is also a challenge connected with meeting increased donor reporting requirements.

There is a risk that increased earmarked contributions may drive the IIED agenda rather than IIED's own strategy. Therefore it is important that the scope of usage of Denmark's share, together with other core donors share, is made clear in IIED's financial reporting.

In order to make the new strategy and change initiatives a success it is important that IIED will continue to be guided by a leadership that has a high international profile and can promote IIED's work externally and at the same time is able to strengthen IIED's cross-organisational work with clear responsibilities and structures.

IIED's research products is very much dependant on the organisations ability to attract high-profiled and strong researchers. It is a risk if research is concentrated on a few senior researchers. To avoid this risk IIED is increasingly drawing in younger researchers.