



**Overseas
Development
Institute**

**Annual Report and Financial Statements
31 March 2016**



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

Charity registration number: 228248

Contents

Report of the Trustees

Reference and administrative information	2
Objectives and activities	5
Structure, governance and management	7

Strategic Report

Achievements and performance in 2015/16	10
Plans for future periods	19
Financial and Operational Performance	19
Principal risks and uncertainties	20

Independent Auditor's Report	23
-------------------------------------	-----------

Financial statements	25
-----------------------------	-----------

REPORT OF THE TRUSTEES

Reference and Administrative Information

ODI Charity Board of Trustees

James Cameron – Chair

Ann Grant

Isobel Hunter

Richard Laing

Martin Tyler

Elizabeth Ondaatje

Sue Unsworth (resigned 6 January 2016)

Stewart Wallis OBE (resigned 15 December 2015)

Chris West

Sam Sharpe (appointed 1 April 2016)

ODI Sales Ltd (Trading Subsidiary) Board of Directors

Richard Laing – Chair

Martin Tyler

Fraser Winterbottom

Executive Director

Kevin Watkins

Senior Management Team

Karl Askew

Marta Foresti

Edward Hedger

Ishbel Matherson

Dinah McLeod (resigned 30 April 2016)

Claire Melamed

Sara Pantuliano

Christopher Williams

Company Secretary

Moira Malcom (Resigned 29 July 2015)

Teja Zbikwska (Appointed 29 July 2015)

Registered and principal office

203 Blackfriars Road
London
SE1 8NJ

Telephone

020 7922 0300

Facsimile

020 7922 0399

Website

www.odi.org

E-mail

odi@odi.org

ODI Company registration number

661818 (England and Wales)

ODI Sales Ltd Company registration
number

7157505 (England and Wales)

Charity registration number

228248

Auditor

haysmacintyre
26 Red Lion Square
London
WC1R 4AG

Bankers

National Westminster Bank plc
Commercial Banking
3rd Floor
Cavell House
2a Charing Cross Road
London
WC2H 0NN

Investment mangers

**Veritas Investment Management LLP
Elizabeth House
39 York Road
London
SE1 7NQ**

Solicitors

**Blake Laphorn
New Kings Court
Tollgate
Chandler's Ford
Eastleigh, SO53 3LG**

Objectives and Activities

Charitable Objects and Mission

The Institute's primary object, as set out in our Memorandum, is to promote the study and discussion of and the exchange of information upon the economic and social development of nations, and the influence thereon of various policies, actions and institutions.

Our strategic priorities

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

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

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

Our Activities in 2015/16

ODI works across a wide range of sectors that have a direct impact on the well-being of the poorest people in developing countries. We have 11 core research programmes:

- Agricultural Development and Policy (ADP);
- The Centre for Aid and Public Expenditure (CAPE);
- Climate and Environment Programme (CEP);
- Growth, Poverty and Inequality Programme (GPIP);
- Humanitarian Policy Group (HPG);
- International Economic Development Group (IEDG);

- Politics and Governance (POGO);
- Research and Policy in Development (RAPID);
- Social Development (SOCDEV);
- Social Protection (SOCPRO); and
- Water Policy Programme (WPP).

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

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

The ODI Fellowship Scheme has given postgraduate economists an opportunity to work in the public sectors of developing countries since 1963. As of 31 March 2016, there were 110 Fellows in post.

Public Benefit

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

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

Structure, Governance and Management

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

Group constitution

ODI was founded in 1960 and is a charitable company limited by guarantee. The Charity has a wholly owned trading subsidiary, ODI Sales Limited. The company provides an alternative corporate mechanism to further the charitable objectives of ODI. ODI Sales Limited has a Board of three Directors, two of whom are Trustees for the Charity and one of whom is independent. Both the Charity and the trading subsidiary have a Memorandum and Articles of Association as their governing documents.

The Board of Trustees

The Institute is governed by a Board of up to 12 Trustees, chaired by James Cameron.

The terms of reference for the Board are to maintain the values of the organisation and set the overall strategy and direction. It monitors the performance of the Institute and its management, and appoints the Director.

Trustee recruitment and training

Trustees can serve for up to three terms of three years on the Board. ODI aims to maintain a balance amongst the Trustees to include research, academic, business and political expertise and knowledge, as well as a gender balance. Trustees are both Charity Trustees and Directors under company law. In order to maintain an effective Board with the appropriate skills and experience, the trustees undertake a regular skills evaluation.

The Board is self-appointing. When elected, Trustees are provided with a Trustee Pack with information on the constitution, annual cycle, various relevant terms of reference, job descriptions of senior staff, business and strategic plans, accounts, relevant internal policies and references to relevant laws, regulations and sources of information. They are also given a detailed induction.

Members' liability

The Members of the charitable company comprise the Trustees and in the event of the Charity being wound up, the current Trustees, and those who had left the Board in the previous year, are required to contribute an amount not exceeding £1 (as ODI is a company limited by guarantee). The Institute's insurance policies indemnify Trustees up to £5 million.

Statement of Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards. Company law requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the affairs of

the group; the incoming resources and their application, including the income and expenditure of the group. In preparing these financial statements, the Trustees have:

- selected suitable accounting policies and then applied them consistently;
- observed the methods and principles in the Statement of Recommended Practice (Accounting and Reporting by Charities);
- made judgements and estimates that are reasonable and prudent; and
- noted that applicable UK Accounting Standards have been followed and any material departures disclosed and explained in the financial statements, and prepared the financial statements on the going concern basis.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charity and the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Trustees confirms that: so far as they are aware, there is no relevant audit information of which the Charity's auditor is unaware, and that they have taken all the steps that they ought to have taken as a Trustee in order to make themselves aware of any relevant audit information and to establish that the Charity's auditor is aware of that information. This confirmation should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The Trustees are also responsible for the maintenance and integrity of the Charity and financial information included on the ODI website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Organisational Structure and Reporting

The Board meets formally four times a year and is responsible for strategy, reviewing progress against business and strategic plans, results versus the budget, the final income and expenditure for the year, new or amended policy, risk management and other applicable current projects. Its role is to direct and guide management. They also meet informally at least once each year.

The Board also has the following sub-committees:

- Finance Audit and Risk Committee, which meets four times a year in advance of each Board meeting;
- The Reward and Remuneration Committee, which meets at least once a year; and
- The Nominations Committee, which meets once or twice a year depending on requirements

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

Management is responsible for the day to day running of the Institute, the implementation of policy and ensuring that goals and objectives are attained. The Executive Director, Kevin Watkins is supported by a Senior Management Team (SMT) of seven others. The role of the SMT is to provide strategic leadership of the Institute. This involves:

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

The Heads of Programmes and Departments are an important component of the Institute's management framework. Heads of Programmes are at the forefront of ODI's mission and business and are responsible for much of the Institute's direct fundraising, research and advisory support and line management of research staff.

Setting remuneration

Our staff drive ODI's success. As such it is imperative that we strive to recruit and retain the best people. In order to ensure that ODI remains competitive within the marketplace we undertake a regular benchmarking against comparable organisations. This exercise covers all staff, including executive remuneration, and is undertaken by the Hay group. The results of the benchmarking, are analysed alongside our internal operational performance to understand the remuneration options available. These form the basis of recommendations that are discussed by the SMT and Board.

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

Full details of staff costs for the year are shown in note 11 to the accounts on page 38.

STRATEGIC REPORT

Achievements and Performance in 2015/16

ODI is now two years into its forward-looking strategy (Rising to the Global Challenge – Going to the Next Level of Impact, 2014-2017). The strategy sets out the high-level goals for ODI over the period, the major directions of organisational change, and the significant action areas that would need to be dealt with.

ODI has been at the centre of the key global policy debates in the past year. As Europe responded to the largest movement of people across its borders in 50 years and governments wrestled with how to fix a humanitarian system unable to cope with or adapt to modern demands, our evidence-based analysis, critical insights, and guidance has helped frame the terms of these debates and provided sustainable solutions.

In September in New York and in December in Paris, the world committed to ambitious development and climate change goals. At both, ODI was at the centre of the negotiations: a clear voice discussing where governments and international institutions need to go next, supporting decision-makers with reasoned, informed research. Here we summarise some of our key contributions from 2015/16.

1. Leave no-one behind

The Sustainable Development Goals (SDGs) provide an agenda for inclusive sustainable development over the next 15 years. On 25 September 2015 the SDGs were formally adopted at the UN Sustainable Development Summit. ODI had a strong presence throughout the summit, having already established itself as a source of highly-valued, relevant evidence and analysis. ODI's team delivered a number of high-level events, spoke on a range of panel discussions and arranged a number of bilateral meetings with key partners, both current and potential.

On the day of the summit, we published *Projecting progress: reaching the SDGs by 2030*. The report offered the first systematic attempt to show how far countries will get in achieving the SDGs in 15 years' time if current trends continue. The report found that, without increased effort to reach all sections of society, including the most marginalised groups, none of the SDGs will be met. It was launched at a public event in New York, where over 150 people discussed the first steps for the SDGs and how to move beyond standard approaches to development. Our work was referenced in 200 different publications and led to members of the ODI team being interviewed on BBC World Service and BBC One News.

We also supported the UK Government's official 'leave no-one behind' side-event. Speakers at the high-level event included UK Prime Minister David Cameron, US Secretary of State John Kerry, Colombian President Juan Manuel Santos and Liberian President Ellen Johnson Sirleaf. At the event we presented *'Stories from Ghana'*, a new short film showing the human face of those being left behind and who must be included in progress towards the SDGs.

The findings have since been shared at Australia National University's Development Policy Centre; the World Bank and IMF autumn meetings; the first Swedish development day; in the UK Parliament; and with business leaders. We advised governments, including the British and Dutch, as they considered how to implement and build global support for the commitment to 'leave no-one behind'.

Support for the data revolution

The data on which governments base key development policies is often inadequate. To meet the SDGs, they need to be able to measure progress better. In April 2015, ODI organised the Cartagena Data Festival in partnership with Africa Gathering, Colombian think tank CEPEI, Data-Pop Alliance, Paris21, UNDP and UNFPA. More than 450 experts and opinion-formers discussed ways to close the gaps in global data gathering. The festival included a transforming data into art session and a data visualisation competition, and was one of the catalysts for the launch of the Global Partnership for Sustainable Development Data. ODI played a key role in the Partnership launch in New York in September.

Alongside the festival, ODI launched a new report, *The data revolution: finding the missing millions*, which revealed that up to 350 million people worldwide could be missing from poverty data. The report showed how better data gathering could pay for itself by allowing governments to target services more effectively. It was featured in over 40 news outlets and blog sites, and generated more than 5,750 page views and over 2,000 downloads.

We carried out research into child marriage to help the Ethiopian government end this widespread practice. We used national census data paired with in-depth community-level work in 22 districts across seven regional states to better understand the patterns and drivers of child marriage.

The data on which governments base key development policies is often inadequate. To meet the SDGs, they need to be able to measure progress better. In April 2015, ODI organised the Cartagena Data Festival in partnership with Africa Gathering, Colombian think tank CEPEI, Data-Pop Alliance, Paris21, UNDP and UNFPA. More than 450 experts and opinion-formers discussed ways to close the gaps in global data gathering. The festival included a transforming data into art session and a data visualisation competition, and was one of the catalysts for the launch of the *Global Partnership for Sustainable Development Data*. ODI played a key role in the Partnership launch in New York in September.

The research team presented its preliminary findings to the National Girls Summit in Ethiopia in June 2015 and followed this with a report, *Surprising trends in child marriage in Ethiopia*, in March 2016. One key findings in the report was that instances of child marriage cut across all religions, ethnicities and regions.

In October 2015, Professor Hans Rosling, co-founder of Gapminder, delivered the keynote speech to a packed audience, as part of ODI's special #DataDay lecture. Professor Rosling reminded his audience that to be effective, data must be not only be collected but also used and understood.

Social protection to reduce inequality

As countries work to meet the SDGs, social protection is crucial to ensuring that no-one is left behind. In 2015, we produced a range of publications to improve the effectiveness of social protection and reduce inequality. We worked with partners to develop the Inter-Agency Social Protection Assessment tools which will help governments and development actors assess and improve their social protection systems, and produced a new toolkit to analyse the net effect of social protection and taxation. We published research on how social protection can support rural smallholders to engage in livelihood and agricultural activities and are continuing our work on how

social protection can effectively respond to poor communities' needs in the face of shocks and disasters.

Empowering women and girls

Women have more presence than ever in developing country parliaments, judiciaries, employment and education, but that doesn't mean that they have real influence. ODI continues to explore what helps and hinders their influence over key decisions.

On 8 March 2016 – International Women's Day – ODI held its first Gender Day conference. We brought together global thinkers, experts and practitioners, with speakers including the Rt. Hon. Justine Greening MP, Secretary of State for International Development and Helle Thorning-Schmidt, former Danish Prime Minister and new Save the Children International CEO.

To coincide with the event we launched ODI's flagship report on childcare, *Women's work: mothers, children and the global childcare crisis*, outlining how 35 million young children are being regularly left at home unsupervised, due to a lack of quality affordable childcare. We published the results of a two-year research project on women's voice and leadership in decision-making, which set out to understand the factors that help and hinder women's access to and influence in decision-making processes in developing countries.

In autumn 2015, the inception phase of the Gender and Adolescence: Global Evidence (GAGE) programme began, with ODI leading a global consortium of university and NGO partners undertaking research focused on advancing the wellbeing of adolescent girls and young women.

The GAGE programme will follow the lives of girls over at least 10 years and will undertake programme impact evaluations and participatory action research in Asia, the Middle East and sub-Saharan Africa. The GAGE programme positions ODI at the heart of debates on adolescence and youth demographics, as well as on social norm change processes.

The programme emphasises the importance of considering both changing contexts and the multiple, interrelated facets of young people's lives, including education and sexual and reproductive health, economic empowerment, freedom from violence and psycho-social wellbeing.

2. Building sustainable futures

ODI is helping policy and economic decision makers to map out low- carbon, sustainable futures.

Energy, climate and poverty

One billion people do not have access to electricity at home, yet this energy poverty has more to do with equitable access to energy than the amount of power being generated. Our May 2015 report, *Speaking truth to power: why energy distribution, more than generation, is Africa's poverty reduction challenge*, found that investment in electricity generation in Africa prioritises power for growing industries and existing consumers, rather than meeting the energy needs of the poor.

ODI also assessed the impact of solar-powered household systems on access to energy in sub-Saharan Africa in partnership with the Global Off-Grid Lighting Association, Practical Action and SolarAid. The research, published in 2016, found that solar energy supports poverty reduction and sustainable livelihoods, and set out policies to increase electricity access through solar power. In

November 2015, we published our *FAQ on coal and energy poverty* in collaboration with CAFOD and Christian Aid. This examined the coal industry's claims that coal is a solution to energy poverty in developing countries, concluding that it has only a limited role in energy access for poor households.

We launched *Zero poverty, zero emissions: eradicating extreme poverty in the climate crisis* at the SDG summit in September 2015, arguing that, contrary to popular belief, low-carbon development is compatible with the zero poverty agenda. Our findings framed the Development and Climate Days that took place during the Paris Climate Conference later in the year, where a number of ODI programmes contributed to high-level convening and analysis.

Ahead of the G20 summit in November, we published *Empty promises: G20 subsidies to oil, gas and coal production*, which showed that support for fossil fuel production by G20 governments represents bad economics, and has potentially disastrous consequences for the climate. The report was featured in news reports globally and was widely acknowledged by key decision-makers. The Canadian Ministry of Finance said the report 'helped to raise the profile of fossil fuel subsidy reform.' Leading economists endorsed our research findings in a public letter to media outlets, including *El Pais*, *the Financial Times* and *The Washington Post*.

In March 2015, our report *Unlocking the triple dividend of resilience* made a new business case for investment in adaptation and resilience, urging decision-makers to consider the full range of benefits of action to manage disaster risks.

Support for climate conference negotiations

ODI played an active role in supporting positive results from the landmark Paris Climate Conference, using our research and networks to inform policy makers on key issues. ODI produced targeted research to address key information gaps, including *What Counts: Tools to Help Define and Understand Progress Towards the \$100 Billion Climate Finance Commitment*. We also provided analytical support to climate-finance negotiators, and published real-time commentary and analysis on major developments in the negotiations, in addition to our annual assessment of trends in climate finance in 2015. We also contributed to events organised by the Climate Investment Funds and the Governments of the Netherlands, Peru and Ghana.

Maintaining our emphasis on the links between climate change and development, we launched *Climate extremes and resilient poverty reduction* in December, to demonstrate the impact of climate extremes on the world's poorest people. Case studies on drought in Mali, heatwaves in India and typhoons in Philippines demonstrated the links between climate extremes, disasters and poverty, and the need for coherence in implementing post- 2015 global agreements.

Healthy diets

In May 2015, we published *The rising cost of a healthy diet*, exploring how governments in Brazil, China, Republic of Korea and Mexico are responding to rising obesity. The research made a strong case for taxing unhealthy foods and subsidising those that are healthier to steer consumers towards healthy options. The research tapped into growing global interest in obesity-related disasters.

Water, Sanitation and Hygiene

ODI is working to promote private sector engagement in water, sanitation and hygiene (WASH) to accelerate progress towards SDG 6: 'Clean water and sanitation'. 2015 highlights included our call to establish an umbrella movement, WASH4Work, to enable businesses to contribute to this goal. This proposal has been taken forward by a coalition of nine international organisations including UNICEF, Unilever and WaterAid.

In May, the *Building adaptive water resources management in Ethiopia* research project contributed to raising awareness with decision-makers of the pressures on water resources in Ethiopia and the need to match water infrastructure development with an appropriate institutional framework.

In November 2015, we hosted a #GlobalChallenges event, *A thirsty world: making local action global*, with World Water Prize Winner 2015, Rajendra Singh as the keynote speaker. The event explored how governments, businesses and communities can work together to improve water security, and ask: in an increasingly thirsty world, how can we ensure water reaches those who need it the most?

3. Saving lives, reducing vulnerability

ODI looks beyond the traditional landscape of humanitarian aid and development to provide fresh research, analysis and guidance on new and protracted crises.

Refugee Movements

Europe's refugee crisis is part of a global trend of large movements of refugees and migrants as people flee violence and search for new opportunities. In September 2015, a landmark study from ODI, *Protracted displacement: uncertain paths to self-reliance in exile*, mapped support for self-reliance and livelihoods among displaced people and provided a tool to gauge where and how to provide assistance. The study, which gained widespread praise, inspired *10 things to know about refugees and displacement* – one of ODI's most popular publications in 2015.

We worked closely with the World Economic Forum (WEF) to inform its approach to refugees. Our research on Rohingya refugees in Malaysia showed how refugees could contribute to their host countries, and the policies that stop them doing so. This work was profiled in the WEF's *Global Risks Report 2016*. ODI's Sara Pantuliano became Vice Chair of the WEF Global Agenda Council on Risk and Resilience, and her influential op-ed piece for the WEF – featured by the *Huffington Post* – positioned support for refugees as an investment in the future.

Shaping the humanitarian system

The humanitarian system is struggling to cope with the ever-growing number and scale of crises. So far, reforms have focused on improving what is already in place, rather than tackling deep-rooted problems within the system. This was the subject of our annual Humanitarian Policy Group lecture, *Beyond the World Humanitarian Summit: addressing political blockages to humanitarian solutions*, by Ambassador Hesham Youssef, Assistant Secretary-General for Humanitarian Affairs from the Organisation of Islamic Cooperation (OIC).

Our study on the Ebola response in West Africa looked beyond the specific challenges of this crisis to examine deeper flaws in the humanitarian system. The report influenced DFID's post-Ebola strategy, and informed the findings of the High-level Panel on the Global Response to Health Crises.

It was launched in October 2015 around the Global Consultation for the 2016 World Humanitarian Summit at a high-level event in Geneva.

We acted as the Secretariat for the High Level Panel on Humanitarian Cash Transfers, which drew on a decade of research, much of it from ODI, to argue for the transformative potential of large-scale cash programming. The Panel's September 2015 report, *Doing cash differently: how cash transfers can transform humanitarian aid*, informed recommendations from the UN High-Level Panel on Humanitarian Financing and the Secretary-General's report for the World Humanitarian Summit. It was covered by the *Economist*, the BBC and Bloomberg Businessweek, among others. The g7+ group of fragile and conflict-affected countries drew on ODI research for its publication *Aid instruments for peace- and state- building: Putting the New Deal into practice*.

After a successful five-year relationship with the Post-Conflict Reconstruction and Development Unit (PRDU) at the University of York, we partnered with the London School of Economics and Political Science to offer a new annual senior-level course on Conflict and Humanitarian Response. The course attracted senior UN and NGO officials and donor representatives with extensive humanitarian experience, many working on today's most complex crises, including Syria, Iraq and Somalia.

Continuing work on long-term crises

In November 2015, Frank Gardner, the BBC's Security Correspondent, chaired our panel discussion on Iraq: providing aid in a 'protection crisis', launching a special issue of the *Humanitarian Exchange* on the Iraq crisis. Lise Grande, Deputy Special Representative of the Secretary-General for the United Nations Assistance Mission for Iraq, joined discussions on the rise of Islamic State and the impact of political fragmentation on Iraq's humanitarian environment.

In December 2015, humanitarian and security experts considered the plight of Yemen at our event Yemen's forgotten war, held in collaboration with the Royal United Services Institute. Over the past year, the civil war has left 21 million people – more than 80% of the population – in need of humanitarian assistance. The panel, which explored what it will take to end this largely unreported conflict, was addressed by Amat Al Alim Alsoswa, Yemen's former Minister of Human Rights.

In March 2016, our event Five years on, what's next for Syria? marked the fifth anniversary of a conflict that has claimed over 250,000 lives and forced 12 million people from their homes. Bringing together humanitarian officials, Syrian aid workers and experts, the event discussed how to help people survive – and even rebuild – as the war continues. Speakers included Nigel Fisher, former UN Regional Humanitarian Coordinator for the Syria crisis and Wesam Sabaaneh, Director of the Jafra Foundation, a community-based organisation that works in Palestinian refugee camps within Syria.

4. Effective institutions, engaged citizens

ODI has continued to focus on how institutions – from development agencies to electoral systems – can do a better job for the world's poorest people. It is an ambition that, in many cases, requires them to change the way they work.

Doing Development Differently

The Doing Development Differently agenda is moving from theory to practice. In March 2016 we launched *Smart support to economic development*, which set out two cases of successful economic reform in Nigeria and Bangladesh made possible by politically smart and adaptive

approaches. It was launched with a public event introduced by UK DFID Minister of State Desmond Swayne and representatives from CDC and Tulow Oil. ODI is now being asked for advice and input to support the implementation of new development programmes, working closely with DFID and other donors.

Future development agencies

Development agencies face many challenges, including the vast expansion of global goals and financing commitments, the increasing concentration of the poorest people in fragile and conflict-affected countries, and mounting domestic pressures. ODI has set up the Future Development Agencies programme to help bilateral and multilateral development agencies remain relevant, build resilience and deliver their priorities. Our inaugural conference in April 2015 brought together senior directors of development ministries and agencies to share perspectives on how to plan and organise development cooperation over the next decade.

New development banks

The new Asian Infrastructure Investment Bank (AIIB) and the New Development Bank (often referred to as the BRICS bank) both opened in 2015. Our timely analysis of these new development banks was one of the first on this topic. One estimate, in particular, was widely quoted: that the AIIB could easily have a loan portfolio of \$90-100 billion within 10 years, making it one of the world's largest multilateral banks. Our public event on 'The future of multilateral development banks' in December 2015 debated how these banks could better reflect the new realities of the global economy.

Bricks and dollars

The world needs greater infrastructure investment, but past enthusiasm for infrastructure has generated little economic growth. Measures are needed to improve the management of public investment, and this was the subject of ODI's 'Bricks and dollars' conference in November 2015. More than 100 stakeholders from the public finance and infrastructure sectors discussed how governments can invest effectively in infrastructure, with former UK Prime Minister Gordon Brown among the keynote speakers.

Budget Strengthening Initiative (BSI)

We continued to offer practical support to governments trying to improve their budget systems and their levels of transparency. Our work in Uganda has included continued support for the government website, www.budget.go.ug, which allows citizens to scrutinise national and local budgets. An opinion piece arguing that Uganda is now more transparent than Norway was one of ODI's top blogs of the year. BSI is now working with the Ugandan Government on a new system of decentralised allocations to support service delivery that allows citizens to track budget allocations to local authorities. The dissemination of BSI's experiences over the past six years was prioritised in 2015-2016 to capture the lessons learned.

Democracy and political parties

In *The political economy of voter engagement in Niger*, ODI worked with local researchers in Niger to examine how political parties engage voters to identify motivations for behaviour that conflicts with the provision of open and accountable politics. The research found that Niger's

electoral system is built on a network of self-reinforcing political patronage. While voters and politicians benefit in different ways from the patronage-based electoral system, women, particularly those with less education, and men with lower social status benefit less.

The research provided recommendations for how voters could be persuaded to use alternative voting strategies not based on patronage. The findings informed a presidential debate during the country's elections in March 2016 and inform USAID's on-going work on electoral reform.

Making good use of research

As a member of the VakaYiko Consortium – building capacity to make good use of research evidence in Ghana, South Africa and Zimbabwe – we worked closely in 2015 with the South African Department for Environmental Affairs (DEA). Our expertise informed discussions with DEA officials who wanted to improve their use of evidence.

We are also a 'learning partner' for the Youth Forward initiative, which aims to help young people transition out of poverty and into sustainable livelihoods in Ghana and Uganda. In partnership with The MasterCard Foundation, we worked with 28 implementing organisations to develop an evidence-informed understanding of the needs of these young people, and how the initiative can best address them. 2015 was the International Year of Evaluation, and we marked the occasion with our *10 things to know about evaluation* infographic report. This was shared around the world through social media, including by Bill Gates and the World Bank.

5. Transformative growth

While there has been strong economic growth in many developing countries over the past two decades, not all groups in society have benefited from this Transformative growth that creates jobs is needed to build the inclusive societies that can create genuine and lasting progress.

Economic transformation

2015 saw the launch of the Supporting Economic Transformation programme which provides practical policy support to country governments and their partners, including donors and the private sector. Researchers worked with the Tanzania Ministry of Finance and Planning to shape its second Five Year Development Plan (2016/17 – 2020/21) on the theme of 'Nurturing an Industrial Economy'. The work highlighted promising sectors for industrialisation and a new approach to smart implementation of economic strategies.

In December, we held a panel session on trade and economic transformation at the Trade and Development Symposium, alongside the 10th World Trade Organisation Ministerial Conference in Nairobi, where we made the case for a strong role for trade and competitiveness in economic transformation.

We hosted a workshop in Nairobi alongside Vision 2030, assessing the role of services in economic transformation and job creation in Kenya. Vision 2030 is the national long-term development policy that aims to secure a high quality of life in a clean and secure environment for all Kenyans by 2030. At the workshop we put forward the case that the services sector can be an important element in an economic transformation strategy, as long as the links between services (such as ICT, transport, finance) and manufacturing and agriculture continue to be strengthened.

In June 2015, we organised a public lecture by Dani Rodrik, Ford Foundation Professor of International Political Economy at Harvard University, on the future of economic transformation in developing countries. The meeting discussed the scope and limitations of the manufacturing sector in contributing to future growth and transformation.

Our panel discussion with John Page, Senior Fellow at the Brookings Institution, on reversing Africa's deindustrialisation in January 2016 was followed by support for the inaugural African Transformation Forum in March, organised by the African Center for Economic Transformation (ACET). The purpose of the forum was to facilitate knowledge sharing and peer-to-peer learning between global and African experts from the public and private sectors. We worked with ACET to highlight the need for a coherent strategy for Africa's industrialisation, the need to implement plans to facilitate trade, and the need for strong public-private dialogue to implement economic strategies. Our work on Africa's industrialisation received media coverage in Kenya, Nigeria and the UK.

Shockwatch

Our Shockwatch bulletin, *Sub-Saharan Africa and international equity*, in October 2015 found that international private equity could help to accelerate the region's economic development. However, capturing its benefits for the poorest people requires new policies from development finance institutions, national governments and bilateral agencies. These include new standards for responsible investment especially in energy, healthcare and education. The bulletin was covered by BBC World Business news, the *Wall Street Journal* and the *Financial Times*, as well as broadcasters in Kenya and Nigeria. The next Shockwatch bulletin, in March 2016, covered *The triple transition of a slowing China, lower oil prices and a higher US dollar*. The report found that Nigeria, Ghana and the Democratic Republic of Congo were vulnerable to the impact of lower oil prices, a stronger US dollar and a slowing Chinese economy. ODI presented this work at the G20 leaders meeting in Antalya, Turkey in November 2015 and at the Think-20 (T-20) Summit in Shenzhen, China. Following this, Bloomberg, CNBC Africa, CNBC Arabia and the BBC broadcast special segments on this issue.

Our 'ODI in conversation with ...' series featured conversations with Joseph Stiglitz, former World Bank Chief Economist and Nobel Prize winner, in July on the role of finance in development, and Dr Ngozi Okonjo-Iweala, former Nigerian Finance Minister, on economic growth in Africa in October.

The ODI Fellowship Scheme

The Fellowship Scheme posted 59 new Fellows to 25 governments and regional organisations in 2015- 2016, with a focus on low-income countries and middle-income countries with high poverty rates. The year saw our first Fellows take up positions in Guinea-Bissau, Somaliland and Thailand, in addition to seven new Statistics Fellows, and two Financial Inclusion Fellows in Nigeria and India. Our relationship with the network of former Fellows has proven critical to establishing the Fellowship Scheme in new countries.

Fellows continued to provide valuable assistance to Liberia and Sierra Leone, which were badly hit by the Ebola epidemic. They played important roles in ensuring local ministries of health coordinated local and international assistance to fight Ebola, as well as providing critical data to maximise the effectiveness of measures taken.

Both countries have been declared Ebola-free and the Fellowship Scheme has returned in strength to help their recovery. We had to withdraw four Fellows from Burundi in April as a result of political instability and reassigned a further four Fellows from Madagascar.

The Scheme signed a new five-year agreement with DFID that makes provision for statisticians as well as economists, after a review of our previous successful three-year agreement. The Fellowship Scheme continues to develop new relationships with key partners, with posts at the Centre for Health Economics (CHE) at the University of York, the Health Intervention and Technology Assessment Programme (HITAP) in Bangkok, the Economic Policy Analysis Unit in Addis Ababa, and the Centre for Advanced Financial Research and Learning at the Reserve Bank of India. The post at HITAP will allow the Fellowship Scheme to contribute to work on health in low-income countries in Asia while the post at CAFRAL allows the Fellowship Scheme to make a contribution to work on financial inclusion which the Indian Government has made a priority. The relationship with CHE resulted in a health economics training session for health Fellows, to bring them up to speed with current issues in health economics, as well as technical support during their Fellowships.

Plans for future periods

The world looks very different today than it did two years ago. Having been through a phase of intensive summit activity, governments must now address the challenge of implementation. The refugee crisis unfolding in the EU raises wider concerns over global governance arrangements for migration. As the focus shifts from multilateral negotiation to implementation of the Paris climate agreement, there are critical questions to be addressed in the richest and poorest countries over low-carbon energy transitions. Old distinctions between the transformative growth and low carbon transition agendas are becoming increasingly irrelevant. Similarly, approaches to financing have to integrate development and climate in a fashion that has not always been apparent. Despite persistently low real interest rates and potentially high social and economic returns, many of the world's poorest countries and emerging markets remain unable to attract the financing needed to underwrite investments in infrastructure – and aid levels continue to fall far short of those required to achieve the SDG ambition.

Translating the 'leave no one behind' agenda underpinning the Sustainable Development Goals from words into action will require new approaches to data, a greatly strengthened focus on equity and economic growth strategies that generate jobs, raise productivity and support inclusive development. Delivering high quality services to marginalised groups is critical to the expansion of opportunity. An already crowded humanitarian agenda faces the prospect of growing demands associated with persistent conflict, record levels of displacement, and systematic failures of compliance with humanitarian law and wider human rights provisions. Meanwhile, global economic imbalances and failures of global economic governance threaten to destabilise and depress economic growth, with attendant implications for jobs and poverty.

In all of these areas ODI is well placed to inform the debates and policy choices that will shape the future.

Financial and Operational Performance

ODI continues from strength-to-strength, evolving and developing to reflect the changing development landscape. Our organisational changes and strategic partnerships ensure we are in the best possible shape moving forwards.

Strengthening partnerships

ODI continued to strengthen relationships with its core partners in 2015/16, while also attracting new donors. Over the past year, ODI has secured new funding to support some of our most successful and well-established programmes, such as the ODI Fellowship Scheme and the Budget Strengthening Initiative. We have continued to develop fruitful partnerships with the Bill & Melinda Gates Foundation, the World Resources Institute and The Rockefeller Foundation – among others. We also signed an agreement to work with DFID on Gender and Adolescence: Global Evidence (GAGE), a major nine-year programme to pinpoint the policies that help girls to shape their own futures. As a result of these efforts, ODI's income increased for the fourth year in a row, rising to £38 million in 2015/16.

This was the first financial year in which ODI adopted the new accounting standard FRS 102 and the related Statement of Recommended Practice. As a result, we have had to change the way we present our financial information to include a provision for our share of the deficit in a multi-funder pension scheme of £2.1 million. We have also had to restate our results for 2014/15.

Investing in infrastructure and global reach

ODI employs research associates spread across 16 countries and works with research partners in 55 countries, with roughly half of our project activities taking place in sub-Saharan Africa. To match our global reach, we continue to invest in up-to-date infrastructure and technology to ensure effective working. ODI has built on the 2014/15 restructuring of its management structure to further embed strategic leadership across the institute, break down barriers between research programmes and maximise our resources, from our work around the adoption of the SDG's, to the Paris Climate Summit and the data revolution.

Our commitment to developing our staff to ensure they have the right skills has continued this year. Staff can access a range of professional development options from research skills, to effective writing and management courses. This year saw a 50% increase in the number of staff attending these courses. Responding to a fast-changing and ever more uncertain world, we have introduced the role of Global Security Manager. His priority is to ensure the safety of all those working for ODI around the world.

Reserves policy

The creation and maintenance of reserves is critical to enabling ODI to manage risk and respond to unexpected shocks. As such, the charity's fulfil an important element of Trustees' responsibilities towards the charity's stakeholders.

During 2014/15 the trustees commissioned an independent review to determine the level of reserves that would be appropriate for the organisation. This review was focused around organisational risk and the potential impact of a major incident. As a result of this review, the trustees agreed that ODI should aim for a target level for free unrestricted reserves of £4m to be achieved within four years. This target excludes any designated funds. As at 31 March 2016, two years into the four-year timeframe, the Charity held unrestricted free reserves of £3.5m, representing 87.5% of the target.

ODI also has a designated fund that represents the net book value of the tangible fixed assets held by the Charity. These assets are of fundamental importance to the Charity in carrying out its objectives. As such, a decision was made to separate the fund from the "free" unrestricted funds in order to

demonstrate that the value does not comprise assets that can be realised with ease in order to meet ongoing expenditure. As at 31 March 2016 the value of the assets held as designated fund was £1m.

ODI also has restricted funds that are used for specified purposes laid down by the donor. A summary of the main restricted funds held at 31 March 2016 is outlined below:

Description	Balance at 31 March 2016 (£'000)
Bill and Melinda Gates Foundation (Research and Engagement Policy)	1,183
DFID (Fellowship Scheme)	716
DFID (Budget Strengthening Initiative)	586
Bill and Melinda Gates Foundation (Fellowship scheme)	508
HPG Integrated Programme Support (Multifunder)	440
Active Learning Network for Accountability and Performance (Multifunder)	290
Integrated Regional Information Networks	244
New Climate Economy	63
DFID (Accountable Grant)	2
Other Research Projects	<u>2,815</u>
	<u>6,847</u>

A full description of each fund can be found in note 20 to the financial statements on page 44.

Investment policy

The Institute's investments are managed by Veritas Investment Limited. The funds are held in a variety of market investments and are being managed in accordance with the risk, liquidity and ethical requirements of ODI. As at the 31 March 2016 the investment portfolio was valued at £1.9m, representing an unrealised gain of £80k. Investment performance is regularly reviewed by the trustees against a benchmark of CPI + 3%. Further details of the investments can be found in note 15 to the financial statements on page 40.

Principal Risks and Uncertainties

The Trustees undertake a full risk assessment on an annual basis and monitor progress quarterly. This process is supported by the new Finance, Audit and Risk Committee of the Board, who assess risk in detail at each of their quarterly meetings. The aim is to identify the major risks to the Institute and to ensure that measures are taken to mitigate the impact of these risks as far as is practical. The internal risk-management processes are integrated into the annual business planning and reporting cycle, which has enabled improved decision-making by the Board. The key risks identified by the Board during 2015/16 were:

- **Strategic** – there is a risk that continuing changes in the external funding environment will make it more difficult for ODI to deliver its mission. We continue to mitigate this risk by working to diversify our income wherever possible and seek out new audiences and partnerships. We have also implemented a programme reinvestment scheme to allow research teams to invest in innovative new lines of research that might not otherwise be funded. We will closely monitor the impact to the organisation of the UK leaving the European Union.

- **Capacity** – while failure to attract and retain quality human resources is always a potential risk for ODI, the Board currently assess the likelihood of this risk occurring as low. We are working with the HR team to put in place procedures and structures that will allow us to diversify our staffing base and draw in more in-country expertise.
- **Operational delivery** – risks around operational delivery include threats to traveller safety and the possible financial and reputational impacts of the failure of a major high profile contract. Travel security remains fundamental to our operations and our systems for ensuring the safety of those who travel are robust following the appointment of a travel security manager during the year; incorporating traveller tracking, alert services, training prior to high risk travel and full security inductions. Contract management and quarterly financial review processes have also been developed considerably to allow the early identification of potential issues.
- **Funding environment** – Increasingly challenging commercial procurement practices and contractual terms are placing pressure on ODI's ability to recover the costs of and invest in its core infrastructure. ODI is working to mitigate this by increasing efficiency and generating new business propositions.
- **Resilience** – financial resilience and liquidity are been monitored on a regular basis. A review of processes is being undertaken in the coming year that will enable ODI to identify issues at an early stage.

Trustees Report and Strategic Report signed on behalf the Board:



James Cameron, Chair

Approved by the Board on 11 July 2016

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OVERSEAS DEVELOPMENT INSTITUTE

We have audited the financial statements of Overseas Development Institute for the year ended 31 March 2016 set out on pages 25 to 47. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, section 151 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditors under the Companies Act 2006 and section 151 of the Charities Act 2011 and report to you in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2016 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Group Strategic Report.



Murtaza Jessa (Senior Statutory Auditor)

for and on behalf of

haysmacintyre
Statutory Auditors
26 Red Lion Square
London
WC1R 4AG

Date: 11 July 2016.

haysmacintyre are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

Overseas Development Institute
Consolidated Statement of Financial Activities (including income and expenditure account)
for the year ended 31 March 2016

	Notes	Unrestricted funds £'000	Restricted funds £'000	Total funds 2016 £'000	Total funds 2015 £'000
Income from					
Charitable activities:					
Research and Fellowship scheme	5	2,593	32,212	34,805	32,138
Investments		51	-	51	33
Other trading activities	6	2,914	-	2,914	2,613
Other income		51	-	51	4
Total income		5,609	32,212	37,821	34,788
Expenditure on					
Charitable activities:					
Research and Fellowship scheme	7	1,663	32,512	34,175	27,075
Raising funds					
Other trading activities	10	1,859	-	1,859	1,701
Total expenditure before pension deficit revaluation		3,522	32,512	36,034	28,776
Pension deficit revaluation	19	1,432	-	1,432	164
Total expenditure		4,954	32,512	37,466	28,940
Net income before transfers and investment gains / losses		655	(300)	355	5,848
Net realised and unrealised gains (losses) on revaluation and disposal of investments	15	16	-	16	64
Net income		671	(300)	371	5,912
Total funds brought forward at 1 April 2015		3,795	7,147	10,942	5,030
Total funds carried forward at 31 March 2016		4,466	6,847	11,313	10,942

All of the results in the consolidated statement of financial activities are derived from continuing activities. The Statement of Financial Activities includes all gains or losses recognised during the year. The notes on pages 28 to 47 form part of these financial statements. Full comparative figures for the year ending 31 March 2015 are shown in note 3.

Overseas Development Institute
Balance sheet
at 31 March 2016

Company number: 661818

	Notes	Charity 2016 £'000	Group 2016 £'000	Charity 2015 £'000	Group 2015 £'000
Fixed assets					
Tangible assets	14	987	987	1,186	1,186
Investments	15	1,886	1,886	1,846	1,846
		<u>2,873</u>	<u>2,873</u>	<u>3,032</u>	<u>3,032</u>
Current assets					
Debtors	16	11,068	9,918	9,893	8,688
Short-term deposits		2,678	2,678	1,845	1,845
Cash at bank and in hand		2,730	4,107	2,409	3,947
		<u>16,476</u>	<u>16,703</u>	<u>14,147</u>	<u>14,480</u>
Creditors					
amounts falling due within one year	17	(5,945)	(6,172)	(5,338)	(5,671)
Net current assets		<u>10,531</u>	<u>10,531</u>	<u>8,809</u>	<u>8,809</u>
Amounts falling due in more than one year					
Pension liability	19	(2,091)	(2,091)	(899)	(899)
Total net assets		<u>11,313</u>	<u>11,313</u>	<u>10,942</u>	<u>10,942</u>
Represented by:					
Unrestricted funds					
Designated fixed assets fund	20	987	987	1,186	1,186
General funds		3,479	3,479	2,609	2,609
		<u>4,466</u>	<u>4,466</u>	<u>3,795</u>	<u>3,795</u>
Restricted funds					
	20	6,847	6,847	7,147	7,147
		<u>11,313</u>	<u>11,313</u>	<u>10,942</u>	<u>10,942</u>

The notes on page 28 onwards form part of these financial statements.

Approved by the Board of Trustees on 11 July 2016 and signed on their behalf by:



James Cameron, Chairman

Overseas Development Institute
Consolidated cash flow statement
for the year ended 31 March 2016

	Notes	2016 £'000	2015 £'000
Cash flows from operating activities	A	1,038	3,248
Cash flows from financing activities			
Interest received		51	33
Cash flows from investment activities			
Purchase of property, plant and equipment		(72)	(71)
Proceeds from sale of investments		-	-
Purchase of investments		(24)	(1,782)
Management of liquid resources			
Short-term deposits		(833)	357
Increase / (decrease) in cash	B	160	1,785

Notes to consolidated cash flow statement

A. Adjustment of net incoming resources before transfers and net investment gains to net cash inflow from operating activities	2016 £'000	2015 £'000
Net cash provided by operating activities	355	5,848
Depreciation	271	276
Interest receivable	(51)	(33)
Increase in debtors	(1,230)	(742)
Increase / (Decrease) in creditors	1,693	(2,101)
Net cash flow from operating activities	1,038	3,248

B. Analysis of changes in net funds	At 1 Apr 2015 £'000	Cash flows £'000	At 31 Mar 2016 £'000
Short-term deposits	1,845	833	2,678
Cash at bank and in hand	3,947	160	4,107
	5,792	993	6,785

Overseas Development Institute
Notes to the financial statements
For the year ended 31 March 2016

1 Principal accounting policies

The principal accounting policies adopted, judgements and key sources of uncertainty in the preparation of financial statements are as follows:

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) - (Charities Sop (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

The Charity meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated below.

b) Preparation on a going concern basis

The trustees consider there are no material uncertainties about the Charity's ability to continue as a going concern. The review of the financial position, reserve levels and future plans give the trustees confidence that the charity remains a going concern.

c) Group financial statements

These financial statements consolidate the results of the Charity and its wholly owned subsidiary, ODI Sales Limited, on a line by line basis. A separate statement of financial activities is not prepared by the Charity itself following the exemption afforded by section 408 of the Companies Act 2006. In the year under review, the charity made a surplus of £371,043 (2015: £1,798,840).

d) Income recognition

Income is recognised once the charity has entitlement to the funds, when receipt is probable and when the amount receivable can be measured reliably.

Incoming resources receivable under contract for services are recognised to the extent that the relevant work has been performed. Income received in advance of work performed is deferred and income that has been earned but not invoiced is accrued.

Restricted grants are recognised in full in the statement of financial activities in the year in which the Charity becomes entitled to the income. Any surplus remaining at year-end is carried forward as a restricted fund, in-line with the terms of the donor. Where a restricted grant requires that conditions are met before entitlement to the income passes, the funds are treated as a Performance Related Grant. In such instances income is recognised to the extent that ODI has entitlement.

e) Investment income

Investment and other income is recognised on a receivable basis once the amounts can be reliably measured. This is normally upon the receipt of confirmation from the Bank or investment broker.

Overseas Development Institute
Notes to the financial statements
For the year ended 31 March 2016

1 Principal accounting policies (continued)

f) Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified into the following:

- The costs of charitable activities comprise expenditure on the Charity's primary charitable purposes, namely: "Research and dissemination of information" and the "Fellowship activities and services"
- Wherever possible, costs are directly attributed to specific activities. Certain shared support costs which cannot be directly attributed are apportioned to charitable activities on the basis of staff employed in those activities.

g) Tangible fixed assets & depreciation

All assets with a cost of more than £3,000 and with an expected useful life exceeding one year are capitalised.

Depreciation is provided at the following annual rates, on a straight-line basis, in order to write off all other assets over their estimated useful lives:

- Leasehold improvements - over the remaining life of the lease
- Furniture, fixtures and fittings - 20% on cost
- Equipment - 33.33% on cost
- Computer software - 33.33% on cost

h) Investments

Investments in the form of listed investments are initially shown in the financial statements at market value. Movement in the market value of such investments are shown as unrealised gains or losses in the Statement of Financial Activities.

Profits and losses on the realisation of investments are shown as realised gains and losses in the Statement of Financial Activities.

The investment in the subsidiary undertaking, ODI Sales Limited, is stated at cost.

i) Debtors

Trade and other debtors are recognised at the settlement value due, net of any discounts offered or impairment provision.

j) Cash and short term deposits

Cash and short-term deposits includes short-term, highly liquid assets. The Charity operates a corporate sweep where any excess cash on the sterling account at the end of each working day is transferred to a money market account (or deficiency in cash is transferred from a money market account). The balance on the money market account is classified as a short term deposit.

k) Creditors and provisions

Creditors and provisions are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party, and the amount due can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount.

Overseas Development Institute
Notes to the financial statements
For the year ended 31 March 2016

1 Principal accounting policies (continued)

l) Accrued & deferred income

Income is recognised on the basis of entitlement, the probability of receipt and the reliability of estimation. Where income is received but entitlement but recognition is not possible it is deferred. Where work has been undertaken creating the ability to recognise income that has yet to be invoiced, that income is accrued on the basis of entitlement, probability of receipt and the reliability of estimation.

m) Fund accounting

Funds held by the charity are classified as one of:

Designated funds: These are unrestricted funds, which have been designated for specific purposes by the Trustees.

Unrestricted funds: Funds that can be used in accordance with the charitable objectives of the Charity.

Restricted funds: Funds that can only be used for a particular restricted purpose. Such restrictions arise when specified by the funder or when funds are raised for a specific purpose.

n) Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange prevailing at the date of the transaction. Exchange differences are taken into account in arriving at the net movement in funds.

o) Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight-line basis over the lease term.

p) Staff holiday accrual

In line with the new requirements of FRS 102 a provision is maintained to cover the liability arising from holiday that staff accrue but have not taken at the year-end. This provision is calculated based on the value of the days carried forward, to the extent that it is approved within the Charity's staff policies.

Overseas Development Institute
Notes to the financial statements
For the year ended 31 March 2016

1 Principal accounting policies (continued)

q) Pension costs

The Institute participates in two pension schemes: the Universities Superannuation Scheme ("USS") and the Superannuation Arrangements of the University of London ("SAUL"). Each of these are multi-employer defined benefit schemes.

Contributions to the schemes are calculated based upon rates set by the scheme administrators. Contributions due to the schemes are accounted for in the period to which the liability arose.

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

Under FRS 102 the Charity is required to recognise the present value of its future contributions towards these deficit reduction plans.

USS is a defined benefit scheme which is contracted out of the State Second Pension ("S2P"). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme wide contribution rate is set. The Institute is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent basis and therefore, accounts for the scheme as if it were a defined contribution scheme in accordance with paragraphs 28.11 of FRS102. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The Institute is a Participating Employer of SAUL. The actuarial valuation applies to SAUL as a whole and does not identify surpluses or deficits applicable to employers. As a whole, the market value of SAUL's assets was £1,927million representing 97% of the liabilities for benefits accrued up to 31 March 2014. It is not possible to identify an individual employer's share of the underlying assets and liabilities of SAUL. The Institute accounts for its participation in SAUL as if it were a defined contribution scheme and pension costs are based on the amounts actually paid (ie cash amounts) in accordance with paragraphs 28.11 of FRS 102.

2 Significant Judgements and Estimates

Preparation of the financial statements requires management to make significant judgements and estimates. Judgements and estimates have been made for the following items:

a) Pension scheme deficit

As disclosed in note 20, the organisation is now required to recognise a liability relating to the deficits of the two pension schemes.

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

USS: The liability is based on a repayment of 2.1% of salaries over the next fifteen years ending 31 March 2031 as recommended by USS.

The Institute has made certain assumptions around future salary increases, discount rates and staff changes based on information available at the time of preparation of the financial statements. The Institute will review the factors supporting these judgements and will amend the estimates in future accounting periods as and when deemed necessary.

Overseas Development Institute
Notes to the financial statements
For the year ended 31 March 2016

2 Significant Judgements and Estimates (continued)

b) Bad debt provision

Trade debtors included in the balance sheet are based on actual amounts less a provision for bad debts.

The provision is calculated based on providing for specific debts that, at the date the accounts were signed were deemed not be recoverable, and then a percentage of the balance as a general provision, which the management team deem to be a reasonable estimate of the amount that may or may not have to be written off in future periods. The Institute will review the factors supporting these estimates and will amend the estimates in future accounting

3 Reconciliation with previous UK generally accepted accounting principles

In preparing the financial statements the trustees have considered whether in applying the accounting policies required by FRS102 and the Charities SORP, the restatement of comparatives was required.

At the date of transition ODI was required to recognise liabilities relating to its share of the deficits for the employee pension schemes and accrued holiday not taken. The initial liabilities recognised at the date of transition has been restated. No other restatements were required. In accordance with the requirements of FRS 102 a reconciliation of opening balances is provided.

Reconciliation of funds	At 1 April 2014 £'000	At 31 March 2015 £'000
Fund balances as previously stated	6,084	12,014
Pension scheme deficits	(950)	(899)
Accrued holiday pay not taken	(104)	(173)
Fund balances as restated	5,030	10,942

Reconciliation of reported net income	2014 £'000
Net income as previously stated	5,930
Pension scheme deficit payments charged during the year	215
Increase in pension scheme deficit	(164)
Accrued holiday pay not taken during the year	(69)
Net income as restated	5,912

Overseas Development Institute
Notes to the financial statements
For the year ended 31 March 2016

4 Comparative figures for the year ending 31 March 2015

	Unrestricted funds £'000	Restricted funds £'000	Total funds 2015 £'000
Income from			
Charitable activities:			
Research and Fellowship scheme	505	31,633	32,138
Investments	33	-	33
Other trading activities	2,613	-	2,613
Other income	4	-	4
Total income	<u>3,155</u>	<u>31,633</u>	<u>34,788</u>
Expenditure on			
Charitable activities:			
Research and Fellowship scheme	409	26,666	27,075
Raising funds	-	-	-
Other trading activities	1,701	-	1,701
Total expenditure prior to pension	<u>2,110</u>	<u>26,666</u>	<u>28,776</u>
Pension deficit revaluation	164	-	164
Total expenditure	<u>2,274</u>	<u>26,666</u>	<u>28,940</u>
Net income before transfers and	881	4,967	5,848
Net realised and unrealised gains on	64	-	64
Transfers between funds	-	-	-
Net income	<u>945</u>	<u>4,967</u>	<u>5,912</u>
Total funds brought forward at 1 April 2014	<u>2,850</u>	<u>2,180</u>	<u>5,030</u>
Total funds carried forward at 31 March 2015	<u><u>3,795</u></u>	<u><u>7,147</u></u>	<u><u>10,942</u></u>

Overseas Development Institute
Notes to the financial statements
For the year ended 31 March 2016

5 Incoming resources from research activities and the Fellowship scheme

Incoming resources for the year are broken down as follows:

	2016 £'000	2015 £'000
Research grants & Project Finance	33,154	30,613
Fellowship scheme	4,526	4,101
Group research grants and project finance receivable	37,680	34,714
ODI Sales Limited research grants and project finance	(2,875)	(2,576)
Charity research grants and project finance receivable	34,805	32,138

Notable research grants during the year included:

		2015/16 £
DFID London	Accountable Grant	1,536,680
DFID South Sudan	Budget Strengthening Initiative	1,447,742
Swedish International Development Co-operation Agency	Budget Strengthening Initiative	634,067
African Development Bank	Budget Strengthening Initiative	458,458
DFID	Budget Strengthening Initiative	456,471
UNDP	Budget Strengthening Initiative	100,641
European Union	Budget Strengthening Initiative	88,829
DFID Ethiopia	Budget Strengthening Initiative	9,038
DFID Glasgow	Secure Livelihoods Research Consortium	1,636,424
Irish Aid	Secure Livelihoods Research Consortium	249,839
Swedish International Development Co-operation Agency	Active Learning Network for Accountability and Performance	194,624
Federal Foreign Office, Germany	Active Learning Network for Accountability and Performance	144,916
Department of Foreign Affairs & Trade Australia	Active Learning Network for Accountability and Performance	141,893
Office of US Foreign Disaster Assistance (USAID)	Active Learning Network for Accountability and Performance	134,348
Irish Aid	Active Learning Network for Accountability and Performance	73,432
Ministry of Foreign Affairs Netherlands	Active Learning Network for Accountability and Performance	50,000
AECID	Active Learning Network for Accountability and Performance	39,307
Canadian International Development Agency	Active Learning Network for Accountability and Performance	30,678
Swiss Development Corporation Agency	Active Learning Network for Accountability and Performance	25,000
Ministry of Foreign Affairs Belgium	Active Learning Network for Accountability and Performance	29,076
OCHA	Active Learning Network for Accountability and Performance	7,292
IKEA	HPG Integrated Programme Support	263,936
Ministry of Foreign Affairs Denmark	HPG Integrated Programme Support	252,827
Swiss Department of Foreign Affairs	HPG Integrated Programme Support	174,274

Overseas Development Institute
Notes to the financial statements
For the year ended 31 March 2016

5 Incoming resources from research activities and the Fellowship scheme (continued)

Notable research grants (continued):		2015/16 £
Swedish International Development Co-operation Agency	HPG Integrated Programme Support	168,438
Office of US Foreign Disaster Assistance (USAID)	HPG Integrated Programme Support	149,963
Department of Foreign Affairs & Trade Australia	HPG Integrated Programme Support	128,994
Ministry of Foreign Affairs Norway	HPG Integrated Programme Support	114,731
Department of Foreign Affairs Trade & Development Canada	HPG Integrated Programme Support	98,408
Irish Aid	HPG Integrated Programme Support	88,883
Oxfam	HPG Integrated Programme Support	15,000
Mercy Corps	HPG Integrated Programme Support	5,000
World Vision International	HPG Integrated Programme Support	7,206
DFID London	Supporting Economic Transformation	954,072
Office of US Foreign Disaster Assistance (USAID)	ALNAP Global Forum	609,209
DFID London	European Cooperation Strengthening Programme	292,464
Office of US Foreign Disaster Assistance (USAID)	Political Economy Action Research Activity (PEA)	104,324
Swedish International Development Co-operation Agency	Integrated Regional Information Networks	77,849
International Disability Alliance	Disability Poverty and Poverty Dynamics Economic Dialogue on Inclusive Growth - Bangladesh	75,100
DFID London		59,275
GIZ	Libya: Understanding the needs of civilians	45,360
DFID London	Bangladesh Education Programme	40,430
DFID London	National Memorial Event for Humanitarian Aid Workers	38,695
Embassy of the Kingdom of the Netherlands	Roundtable seminar on Ethiopian Developmental State	34,581
DFID Glasgow	Rapid Evidence Assessments: Urbanization and development	33,350
OCHA	The role of the private sector in Yemen on the Somalia Crises	32,203
Norwegian Refugee Council	BRCIS Project	24,814
Swiss Federal Department of Foreign Affairs	Supporting SDC's Justice Sector Engagement	24,549
DFID London	Disaster Risk Reduction: Mitigation and preparedness in development and Production of Visual Materials	21,900
Paul Hamlyn Foundation	accompanying research to illustrate factors of migration	20,000
DFID London	Humanitarian Response Topic Guide for Evidence on Demand	11,200
Office of US Foreign Disaster Assistance (USAID)	Regional Organisations Conference in Dubai	7,748
Ministry of Foreign Affairs Denmark	Participation of Randolph Kent in an Evaluation Expert Panel on Humanitarian Assistance	4,096
Ministry of Foreign Affairs Denmark	Participation in a Evaluation Expert Panel on Humanitarian Assistance	4,096

Overseas Development Institute
Notes to the financial statements
For the year ended 31 March 2016

5 Research and Fellowship scheme (continued)

Notable research grants (continued):		2015/16
		£
GIZ	Disaster Risk Reduction: Mitigation and preparedness in development and	2,000

In addition DFID London awarded ODI a grant for supporting AU and UNECA research on trade policy in Africa for which nothing was received during the year.

6 Income from trading subsidiary

The Charity has a wholly owned subsidiary, ODI Sales Limited, which is incorporated in the UK for the purposes of generating income for the charitable purposes of the Charity. A summary of the full trading result of the company is shown in note 10 to the accounts but a breakdown of the research income of ODI Sales Limited is provided below:

	2016	2015
	£'000	£'000
Income from Trading Subsidiary		
Research grants and project finance	2,875	2,576
Publications and other income	39	37
Total Income from Trading Subsidiary	2,914	2,613

7 Resources expended

	2016	2015
	£'000	£'000
a) Research and dissemination		
Direct project costs		
Staff costs (note 11)	10,288	9,202
Temporary staff	188	206
Research fees payable to consultants and related costs	8,121	5,424
Fellowship Scheme supplementation award costs	2,652	2,116
Knowledge exchange and dissemination	5,436	3,304
Travel	2,625	1,955
Other costs	1,298	1,169
	30,608	23,376
Support costs (note 9)	5,422	5,396
Group research and fellowship costs	36,030	28,772
ODI Sales Limited research costs	(1,851)	(1,697)
Charity research and dissemination of information costs	34,179	27,075

	2016	2015
	£'000	£'000
b) Fellowship activities and services		
Supplementation award costs	2,652	2,116
Staff costs	249	226
Support costs allocation (note 9)	135	109
Other costs	779	859
	3,815	3,310

8 Governance costs

	2016	2015
	£'000	£'000
Auditor's remuneration	18	22
Legal fees	-	9
Other costs	3	3
	21	34

Overseas Development Institute
Notes to the financial statements
For the year ended 31 March 2016

9 Support costs

	2016	2015
	£'000	£'000
Staff costs (note 11)	2,216	2,077
Staff overheads	591	691
Premises	1,112	1,111
Depreciation	271	276
Governance	21	34
Other costs	1,211	1,206
	<u>5,422</u>	<u>5,396</u>

The above support costs are apportioned to charitable activities on the basis of the number of staff members employed by each activity as follows:

	2016	2015
	£'000	£'000
Support costs allocation		
Research and dissemination of information	5,287	5,287
Fellowship activities and services	135	109
	<u>5,422</u>	<u>5,396</u>

10 ODI Sales Limited

The Overseas Development Institute owns the entire called up share capital of ODI Sales Limited, a trading company registered in England and Wales, Company Registration Number 7157505, incorporated on 15 February 2010. A summary of the trading results of ODI Sales Limited for the year ended 31 March 2016 are given below. All taxable profits each year are transferred to the Charity.

	2016	2015
	£'000	£'000
ODI Sales Limited		
Income	2,914	2,613
Cost of sales	(1,851)	1,692.99
Gross Surplus	1,063	920
Administrative expenses	(4)	(4)
Operating surplus	1,059	916
Other interest receivable and similar income	-	-
Surplus on ordinary activities before taxation and Gift Aid	1,059	916
Taxation	-	-
Surplus on ordinary activities before Gift Aid	1,059	916
Gift Aid donation to parent undertaking	(1,059)	(916)
Surplus / Deficit for the financial year	<u>-</u>	<u>-</u>

At 31 March 2016, the total capital and reserves of the company was £10 (2015: £10).

Overseas Development Institute
Notes to the financial statements
For the year ended 31 March 2016

11 Staff costs and Trustees' remuneration

	2016	2015
a) Staff costs during the year were as follows:	£'000	£'000
Wages and salaries	10,337	9,254
Termination payments	12	77
Social security costs	923	835
Pension costs	1,232	1,113
	<u>12,504</u>	<u>11,279</u>
Temporary and other staff costs	455	484
	<u>12,959</u>	<u>11,763</u>

Pension costs include a contribution offset in respect of the pension deficit of £239,655 (2015: £215,040) as outlined in note 20. The total amount paid to the pension provider was £1,471,444 (2015: £1,329,379).

b) Staff cost (excl. temporary staff) by function was as follows:	£'000	£'000
Research and dissemination	10,288	9,202
Support	2,216	2,077
	<u>12,504</u>	<u>11,279</u>

Employee benefits to senior management personnel for the year (including payments to the pension schemes) totalled £828,001 (2015: £946,402).

The number of employees who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the year was as follows:

	2016	2015
£60,001 - £70,000	16	16
£70,001 - £80,000	8	8
£80,001 - £90,000	3	5
£90,001 - £100,000	2	3
£110,001 - £120,000	1	1

Employer contributions of £352,733 (2015: £387,269) were made to the charity's defined benefit pension schemes for all employees who earned £60,000 or more during the year (as defined above).

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

	2016	2015
Research and Fellowship scheme	242	230
Support	73	55
	<u>315</u>	<u>285</u>

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

	2016	2015
Research and Fellowship scheme	194	182
Support	52	43
	<u>246</u>	<u>225</u>

During the year ended 31 March 2016 expenses of £232 (2015: £396) were reimbursed to 1 Trustee (2015: 1 Trustee) for attending Board, Council and Sub-Committee meetings.

Overseas Development Institute
Notes to the financial statements
For the year ended 31 March 2016

11 Staff costs and Trustees' remuneration (continued)

No other Trustees were paid for any project or research work in the year ended 31 March 2016.

The Trustees have taken out Trustee indemnity insurance to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of trust or breach of duty of which they may be guilty in relation to ODI.

12 Net movement in funds

This is stated after charging:	2016 £'000	2015 £'000
Auditor's remuneration		
- Current year audit services – ODI	15	15
- Prior year audit services – ODI	(2)	(1)
- Current year audit services – ODI Sales Limited	5	5
- Prior year audit services – ODI Sales Limited	-	(1)
- Other audit and accounting services	88	19
	106	37
Depreciation	271	268
Operating lease rentals		
- Premises	729	751
- Equipment	11	15
	747	816

13 Taxation

The charity is a registered charity and therefore it is not liable for income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

The subsidiary, ODI Sales Limited, donates its taxable profits, if any, to ODI each year.

Overseas Development Institute
Notes to the financial statements
For the year ended 31 March 2016

14 Tangible fixed assets

Group and Charity	Leasehold improvements £'000	Computers £'000	Furniture and Fittings £'000	Total £'000
Cost				
At 1 April 2015	1,086	658	627	2,371
Additions	62	10	-	72
Disposals	-	-	-	-
At 31 March 2016	1,148	668	627	2,443
Depreciation				
At 1 April 2015	254	581	350	1,185
Charge for year	88	56	127	271
Disposals	-	-	-	-
At 31 March 2016	342	637	477	1,456
Net book values				
At 31 March 2016	806	31	150	987
At 31 March 2015	832	77	277	1,186

15 Investments

Group			Total £'000
Listed investments			
Market value at 1 April 2015			1,846
Cost of new investments			24
Unrealised gain on investments			16
Market value at 31 March 2016			1,886
Historical cost of listed investments at 31 March 2016			1,806
Charity			
	Shares in subsidiary company £'000	Listed investments £'000	Total £'000
Market value at 1 April 2015	-	1,846	1,846
Cost of new investments	-	24	24
Unrealised gain on investments	-	16	16
Market value at 31 March 2016	-	1,886	1,886
Historical cost of investments at 31 March 2016	-	1,806	1,806

The listed investments are held with a fund manager, who has authority to buy and sell shares and bonds subject to the restrictions as noted in the organisation's investment policy. The market value of the portfolio held by the investment manager on behalf of the organisation was £1,885,746 and other than a cash balance of £233,083, there was no one holding greater than 5% of the value of the portfolio.

At 31 March 2016 the Charity owned 10 £1 shares, being the entire called up share capital, of ODI Sales Limited, which is incorporated in the UK for the purposes of generating income for the charitable purposes of the Charity. A summary of the financial results of the company is shown in note 10.

Overseas Development Institute
Notes to the financial statements
For the year ended 31 March 2016

16 Debtors

	Charity 2016 £'000	Group 2016 £'000	Charity 2015 £'000	Group 2015 £'000
Grants receivable and accrued income	7,701	9,158	7,286	8,294
Other debtors	309	309	7	7
Prepayments	450	451	387	387
Amount due from subsidiary	2,608	-	2,213	-
	11,068	9,918	9,893	8,688

Included in other debtors is £308,205 (2015: £nil) relating to monies forming two bank guarantees. These monies are being held by the bank on behalf of ODI in order to secure grant funding with the EU and the African Development Bank.

17 Creditors

	Charity 2016 £'000	Group 2016 £'000	Charity 2015 £'000	Group 2015 £'000
Grants received in advance	1,806	1,846	1,624	1,658
Expense creditors	1,887	1,938	1,314	1,386
Social security and other taxes	278	397	261	472
Accruals and deferred income	1,974	1,991	2,139	2,155
	5,945	6,172	5,338	5,671

18 Deferred income

Deferred income arises when the organisation receives funds which do not meet the conditions required for them to be recognised as income. Where such funds are received they are recognised as cash with a corresponding liability within creditors. As the recognition criteria is met the funds are released to income.

	Charity 2016 £'000	Group 2016 £'000
Deferred income as at 1 April 2015	1,624	1,660
Released during the year	(1,624)	(1,660)
Income deferred in the year	1,806	1,846
Deferred income as at 31 March 2016	1,806	1,846

19 Provisions and liabilities

As a result of adopting FRS 102, the organisation is now required to recognise a liability relating to the deficits within the two pension schemes of which it is a member. The value of the provision is calculated based upon the present value of the organisation's future contributions towards the deficit recovery plans. These contributions are set by the scheme administrators and are included within the annual contributions payable, as follows:

Overseas Development Institute
Notes to the financial statements
For the year ended 31 March 2016

19 Provisions and liabilities (continued)

SAUL: The Trustee and Employers have agreed that the Technical Provisions deficit at 31 March 2014 valuation will be addressed by employer contributions of 3% of salaries between 1 April 2016 and 31 March 2018 (inclusive). The defined benefit liability recognised by the Institute in respect of the deficit contributions due to SAUL (ie the present value of the deficit contributions is £169,985 (2015: £0). This liability is based on a projection of salaries over the period to 31 March 2018.

USS: The deficit recovery plan, based on the latest actuarial valuation, is to run until 2031. Of the employer contribution of 18%, 2.1% goes towards reducing the deficit. The liability is calculated based on salary growth of 2% a year and a discount rate of 4%

	Charity 2016 £'000	Group 2015 £'000
Opening pension provision at 1 April 2015	899	950
Released during the year	(240)	(215)
Increase in provision	1,432	164
Pension provision as at 31 March 2016	2,091	899

Overseas Development Institute
Notes to the financial statements
For the year ended 31 March 2016

20 Funds

	At 1 April 2015	Incoming Resources	Resources expended	Unrealised gains and losses	Transfers	At 31 March 2016
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds						
<i>Designated</i>						
Tangible fixed assets fund	1,186	-	-	-	(199)	987
<i>General funds</i>						
Income and expenditure account	2,609	5,609	(4,954)	16	199	3,479
Total unrestricted funds	3,795	5,609	(4,954)	16	-	4,466
Restricted funds						
Bill and Melinda Gates Foundation (Fellowship)	580	-	(72)	-	-	508
DFID (Fellowship)	-	4,224	(3,508)	-	-	716
DFID (Accountable Grant)	2	2,218	(2,218)	-	-	2
DFID (Budget Strengthening Initiative)	380	4,241	(4,035)	-	-	586
DFID (Secure Livelihoods Research Consortium)	-	193	(193)	-	-	-
Bill and Melinda Gates Foundation (Development Progress Stories)	-	997	(997)	-	-	-
Bill and Melinda Gates Foundation (Research and Policy Engagement)	1,183	569	(569)	-	-	1,183
ALNAP (multifunder)	422	914	(1,046)	-	-	290
HPG Integrated Programme (multi-funder)	218	1,436	(1,214)	-	-	440
DFID (Building Resilience and Adapting to Climate Extremes Disasters Programme)	-	2,555	(2,555)	-	-	-
Integrated Regional Information Networks	1,328	(58)	(1,026)	-	-	244
International Development Research Centre - Canada	-	654	(654)	-	-	-
New Climate Economy	62	1,166	(1,165)	-	-	63
Gender and Adolescence: Global Evidence	-	411	(411)	-	-	-
Other research projects	2,972	12,692	(12,849)	-	-	2,815
	7,147	32,212	(32,512)	-	-	6,847
Total funds	10,942	37,821	(37,466)	16	-	11,313
Analysis of net assets between funds				Unrestricted funds	Restricted funds	Total Funds
				£ 000	£ 000	£ 000
Tangible fixed assets				987	-	987
Net current assets				3,479	6,847	10,326
Total net assets				4,466	6,847	11,313

20 Funds (continued)

Designated Funds

Designated funds represent monies that have been set aside by the Trustees for specific purposes.

Tangible fixed assets fund

The tangible fixed assets fund represents the net book value of the tangible fixed assets owned by the Charity. These assets are of fundamental importance to the Charity in carrying out its objectives. As such, a decision was made to separate this fund from general funds in order to demonstrate that the value does not comprise assets that can be realised with ease in order to meet ongoing expenditure.

Restricted Funds

Restricted funds are to be used for specified purposes laid down by the donor. Expenditure for those purposes is charged to the relevant fund.

Bill and Melinda Gates Foundation (Fellowship)

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

Department for International Development (Fellowship)

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

Department for International Development (Accountable Grant)

This fund represents a restricted grant from DFID to fund a range of ODI core development programmes.

Department for International Development (Budget Strengthening Initiative)

This fund represents a restricted grant from DFID to fund ODI BSI's Programme which is part of the Centre for Public Expenditure Programme.

Department for International Development (Secure Livelihoods Research Consortium)

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

Bill and Melinda Gates Foundation (Development Progress Stories)

This fund represents a restricted grant from the Bill and Melinda Gates Foundation to support ODI's Development Progress project.

Bill and Melinda Gates Foundation (Research and Policy Engagement)

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

Active Learning Network for Accountability and Performance (in Humanitarian Action) (multifunder)

This fund represents restricted grants from a range of funders to support ODI's ALNAP Programme.

Humanitarian Policy Group (multifunder)

This fund represents restricted grants from a range of funders to support ODI's HPG Integrated Programme.

Department for International Development (Building Resilience and Adapting to Climate Extremes Disasters Programme)

This fund represents a restricted grant from DFID to fund a multi year project to support ODI's BRACED Programme.

Integrated Regional Information Networks

This fund represents funds received from various organisations to support the transition of IRIN towards independence from the UN.

International Development Research Centre (Canada)

This fund represents a restricted grant from the IDRC (Canada) to fund ODI's PRISE project.

New Climate Economy

The New Climate Economy is an international project of the Global Commission on the Economy and Climate, undertaken by 8 partner institutes. In addition to providing research support and serving on the project's Delivery Steering Group, ODI hosts members of the New Climate Economy project team, and has received funds from various donors in respect of this.

Gender and Adolescence: Global Evidence

This fund represents a restricted grant from DFID to fund a multi year project to support ODI's Gender and Adolescence Global Evidence Research Programme.

Other research projects

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

21 Lease commitments

At 31 March 2016 the Charity had total commitments under a non-cancellable operating leases as set out below:

	2016	2015
	£'000	£'000
Group and charity		
Land and buildings		
Operating leases which expire:		
After more than five years	8,132	9,008
Equipment		
Operating leases which expire:		
Within one year	11	13
Between one and two years		

With regard to the lease for land and buildings, the actual payment by the Charity in the year to 31 March 2016 will differ from the charge to the statement of financial activities for the year shown above as a consequence of the lease containing a provision for an initial rent free period.

22 Pensions

Retirement benefits for employees are provided by two independently administered schemes, which are funded by contributions from the employer and employees. Contributions to the schemes are charged to the statement of financial activities so as to spread the cost of the pensions over the employees' working lives.

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

The Universities Superannuation Scheme (USS)

The information below was provided by USS to the Institute in September 2015 and is therefore under FRS 17. USS will be providing updated figures, as calculated under FRS102, but these will not be available until after the financial statements have been signed.

USS is a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The Institute is required to contribute a specific percentage of payroll costs to the pension scheme to fund the benefits payable to the company's employees. In 2016 the percentage was 16% (2015: 16%). The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 102, accounts for the scheme as if it were a defined contribution scheme.

At 31 March 2016 the Institute had 152 (2015: 134) members participating in the scheme. The total pension costs for the Institute under this scheme charged to the Income and Expenditure account (excluding amounts paid to offset the pension deficit) were £888,181 (2015: £796,914). There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions. The disclosures below represent the position from the scheme's financial statements.

The latest triennial actuarial valuation of the scheme was 31 March 2014 ("the valuation date"), which was carried out using the projected unit method and is currently being audited by the scheme auditor. Based on his 2014 valuation employer contributions will increase to 18% from 1 April 2016.

22 Pensions (continued)

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6bn and the value of the scheme's technical provisions was £46.9bn, indicating a shortfall of £5.3bn. The assets were sufficient to cover 83% of the benefits which has accrued to members after allowing for expected future increases in earnings.

FRS 17 liability numbers have been produced for the scheme using the following assumptions:

	2015
Discount rate	3.3%
Pensionable salary growth	3.5% in first year and 4% thereafter
Price inflation (CPI)	2.2%

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

Male members' mortality	S1NA ["light"] YoB tables - No age rating
Female members' mortality	S1NA ["light"] YoB tables - rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism. To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS17 figures. For the March 2015 figure the long term rate has been increased to 1.5% and the CMI 2014 projections adopted and the tables have been weighted by 98% for males and 99% for females. The assumed life expectations on retirement at age 65 are :

	2015
Males currently aged 65 (years)	24.2
Females currently aged 65 (years)	26.3
Males currently aged 45	26.2
Females currently aged 45	28.6

The financial position of the scheme is as follows:

	2015 £'bn
Scheme assets	49.0
FRS 17 Liabilities	67.6
FRS 17 Deficit	18.6
FRS17 Funding level	72%

Superannuation arrangements of the University of London (SAUL)

The Charity also participates in the Superannuation Arrangements of the University of London ("SAUL"), which is a centralised defined benefit scheme and is contracted-out of the Second State Pension (prior to April 2016). SAUL is an independently managed pension scheme for non-academic staff of over 50 colleges and institutions with links to higher education. Pension benefits accrued within SAUL currently build up on either a final salary basis or a career average revalued earnings ("CARE") basis. Following consultation with members, the SAUL Final Salary Section was closed on 31 March 2016 and all members will build up benefits on a CARE basis from 1 April 2016

22 Pensions (continued)

The Charity is not expected to be liable to SAUL for any other current participating employer's obligations under the rules of SAUL, but in the event an insolvency event of any participating employer within SAUL, an amount of any pension shortfall (which cannot otherwise be recovered) in respect of that employer, may be spread across the remaining participating employers and reflected in the next actuarial valuation.

SAUL's statutory funding objective is to have sufficient and appropriate assets to meet the costs incurred by the Trustee in paying SAUL's benefits as they fall due ("Technical Provisions"). The Trustee adopts the assumptions which, taken as a whole, are intended to be sufficiently prudent for pensions and benefits already in payment and continue to be paid and for commitments which arise from Members accrued pension rights to be met.

The Technical Provisions assumptions include appropriate margins to allow for the possibility of events turning out worse than expected. However, the funding method and assumptions do not completely remove the risk that the Technical Provisions could be insufficient to provide benefits in future.

A formal actuarial valuation of SAUL is carried out every three years by a professionally qualified and independent actuary. The last actuarial valuation was carried out with an effective date of 31 March 2014. Informal reviews of SAUL's position, reflecting changing in the market conditions, cash flow information and new accrual of benefits are being carried out between formal valuations.

The funding principles were agreed in November 2015 and are due to be reviewed at SAUL's next formal valuation in 2017.

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

As at 31 March 2016, the Institute had 89 (2015: 86) members participating in the scheme. The total pension costs for the Institute under this scheme were £349,399 (2015: £317,324). The contribution rate payable by the Charity was 13% (2015: 13%) of pensionable salaries.