

Peace
is within
our power



international
alert



Annual Report and Accounts

For year ended 31 December 2017

About International Alert

International Alert works with people directly affected by conflict to build lasting peace. Together, we believe peace is within our power. We focus on solving the root causes of conflict, bringing together people from across divides. From the grassroots to policy level, we come together to build everyday peace.

Peace is just as much about communities living together, side by side, and resolving their differences without resorting to violence as it is about people signing a treaty or laying down their arms. That is why we believe that we all have a role to play in building a more peaceful future.

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A message from our CEO

As we watch the daily stream of news, it's sometimes hard not to feel downhearted. The numbers of people killed and displaced by war are hitting historic highs.

So what can we do? For starters, we can stop just responding to conflict and instead start preventing it. As our patron, Archbishop Desmond Tutu, once said of poverty:

“There comes a point where we need to stop just pulling people out of the river. We need to go upstream and find out why they're falling in.”

Too often, peacebuilding is treated like the poor cousin of humanitarian, military and diplomatic responses to conflict. It's time leaders got behind a longer-term vision for change. Let's start tackling the causes of conflict, so we can stop violence in the first place.

To do that, you have to be ruthlessly optimistic – and also fearlessly pragmatic. There are big steps, but also small steps, taken by millions of ordinary citizens organising in their communities.

From young Syrian refugees coming together to advocate for change, to communities in Mali sitting down with the security forces they once so distrusted, and villagers and authorities in Myanmar discussing how to manage their precious forests cooperatively.

All these efforts rely on dedicated partners. Globally, we are proud to partner with over 800 organisations, who are the heart and soul of peacebuilding. And we are determined to deepen our cooperation with others across the world.

It is only through such a united effort, generating a critical mass for peace, that we can hope to reshape our world in ways that so many millions are crying out for, and for which brave people are mobilising every day.

As Martin Luther King Jr. said: “Those who love peace must learn to organise as effectively as those who love war”.

Harriet Lamb

- The number of people killed in conflict is higher now than at any time in the last 25 years, with over **half a million** killed since 2014 – many of them civilians.
- More people now are displaced from their homes than at any time since the Second World War, with **1 in every 113** people world-wide refugees.
- By 2030, **more than half** of all people living in extreme poverty will live in countries affected by high levels of violence.
- **95%** of the world's production of hard drugs happens in countries experiencing civil war.
- Half of all post-conflict countries relapse into conflict **within a decade**.
- Yet, the world spends **a fraction (0.6%)** on peacebuilding compared with what it spends on the military.

Contents

Organisational details

Annual report 4

About International Alert 6

Our impact in 2017 7

Highlights 7

Our impact in numbers 8

How we spent our funding 11

Stories 12

Mali: Bridging deep divisions 12

Myanmar: Managing fragile resources 14

Syria: Raising young voices 16

Ukraine: Healing hidden wounds 18

Progress against our priorities in 2017 20

2017 organisational priorities 20

2017 programme priorities 22

2017 highlights 22

Priorities for 2018 29

2018 organisational priorities 29

2018 programme priorities 30

Structure, governance and management 32

Organisational structure 32

Decision-making 32

Board of Trustees 32

Financial review 35

Accounts 40

Independent auditor's report 42

Financial statements 45

Notes to financial statements 47

Acknowledgements 62

Donors 64

Partners 66

Organisational details

Trustees

Chris Mullin (UK) – Chair
Gregor Stewart* (UK) – Honorary Treasurer
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Carol Allen-Storey (US)
Padma Jyoti (Nepal)
Helena Puig Larrauri (Spain)
Oliver Kemp* (UK)
Christopher Deri (US)
Dr Alaa Murabit (Libya/Canada)
Lisa Lynn Rose (US/Northern Ireland) (appointed 18 May 2017)

** Denotes member of Management Advisory Committee*

Principal officers

Harriet Lamb, Chief Executive Officer
Susan McCready, Chief Operating Officer, Company Secretary
Philip Vernon, Director of Programmes (until the end of 2017)
Mohsin Baluch, Chief Finance Officer

Auditors

Kingston Smith LLP – Chartered Accountants
Devonshire House, 60 Goswell Road, London, EC1M 7AD, UK

Bankers

National Westminster Bank
PO Box 35, 10 Southwark Street, London, SE1 1TT, UK

Solicitors

YESS Law (employment legal advice)
New Wing, Somerset House, London, WC2R 1LA, UK
Clarkslegal (immigration legal advice)
12 Henrietta Street, London, WC2E 8LH, UK

Status

Company limited by guarantee without share capital, governed by Memorandum and Articles of Association, incorporated on 6 August 1987, registered as a charity on 24 September 1987

Registered office

346 Clapham Road, London, SW9 9AP, UK

International Alert is a registered charity (registration number 327553) and a company limited by guarantee (registration number 2153193) in England and Wales.





Annual Report

Trustees and strategic report

About International Alert

International Alert works with people directly affected by conflict to build lasting peace. Together, we believe peace is within our power.

We focus on solving the root causes of conflict with people from across divides. From the grassroots to policy level, we bring people together to build everyday peace.

Peace is just as much about communities living together, side by side, and resolving their differences without resorting to violence as it is about people signing a treaty or laying down their arms. Peace is when you can walk your children to school in safety, feed your family or make a living, no matter who you are.

That is why we bring people together to inspire and amplify our voice for peace. In collaboration with local communities, partners, businesses and policy-makers, we turn our in-depth research and analysis into practical solutions that make a difference on the ground.

Vision

Our vision is for a world where people seek to resolve their differences peacefully; a world where, when people seek better lives for their families and communities, they are able to manage any conflicts that may arise with honesty and wisdom, without resorting to violence.

Mission

Our mission is to build a more peaceful world by:

- working with people directly affected by conflict to find peaceful solutions;
- shaping policies and practices to support peace; and
- collaborating with all those striving for peace to strengthen our collective voice and impact.

www.international-alert.org

Our impact in 2017

Highlights

Improved relations within and between communities by reducing the stigma of women and girls who escaped from Boko Haram in Nigeria and by training healthcare staff in Lebanon to lessen tensions between Lebanese and Syrian patients.



Strengthened relations between citizens and the state by supporting cooperation between communities and security forces in Mali and Tunisia, and by continuing to support the peace process in the Philippines.



Improved gender relations by supporting dialogue on the role of women and girls in families and communities in Tajikistan and strengthening women's economic and political empowerment in the Democratic Republic of Congo.



Promoted economic development for peace by training and advising businesses in the Caucasus, Colombia, Mali and the Philippines on 'conflict sensitivity' and the positive role businesses can play in supporting peace.



Read more about these successes on pages 22–27.

Our impact in numbers

In 2017, we ran projects in 19 countries and territories, with training, research or one-off consultancies in a further 26. In total, we implemented **106 projects and consultancies**.

Throughout the year, together with our partners, we engaged and supported

177,071 people

through dialogue, training, advocacy, accompaniment, research and outreach activities. 51% (90,426) were women, 48% (85,830) were men and close to 1% (815) identified as 'other'.

ACTIVITIES

DIALOGUE MEETINGS



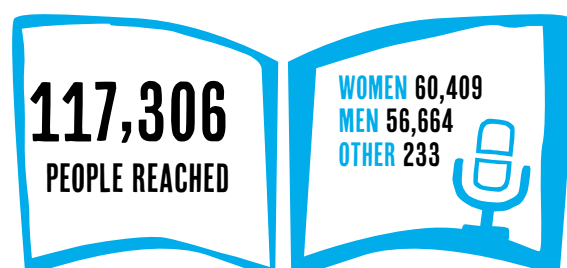
ADVOCACY/OUTREACH



TRAININGS



OTHER TYPES OF ACTIVITIES



RESULTS WE ACHIEVED



37% improved relations within and between communities



27% improved gender relations for peace



17% ensured economic development supports peace



13% improved citizen-state relations

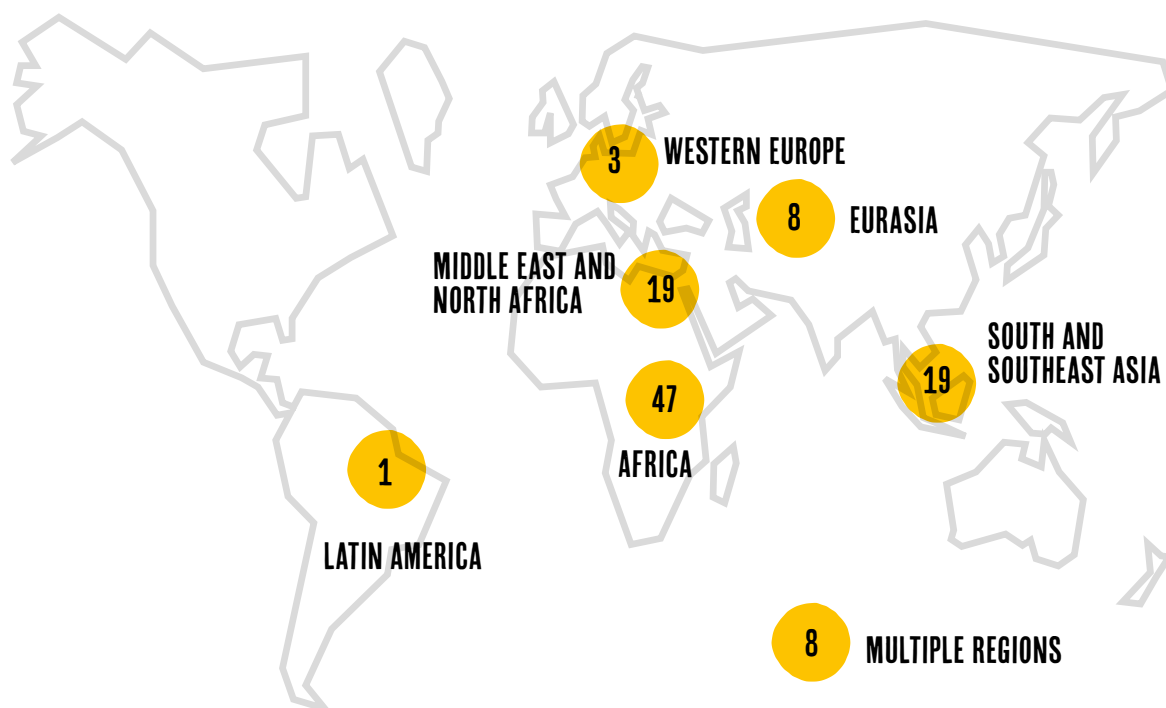


4% addressed the links between climate change and insecurity and improved natural resource management



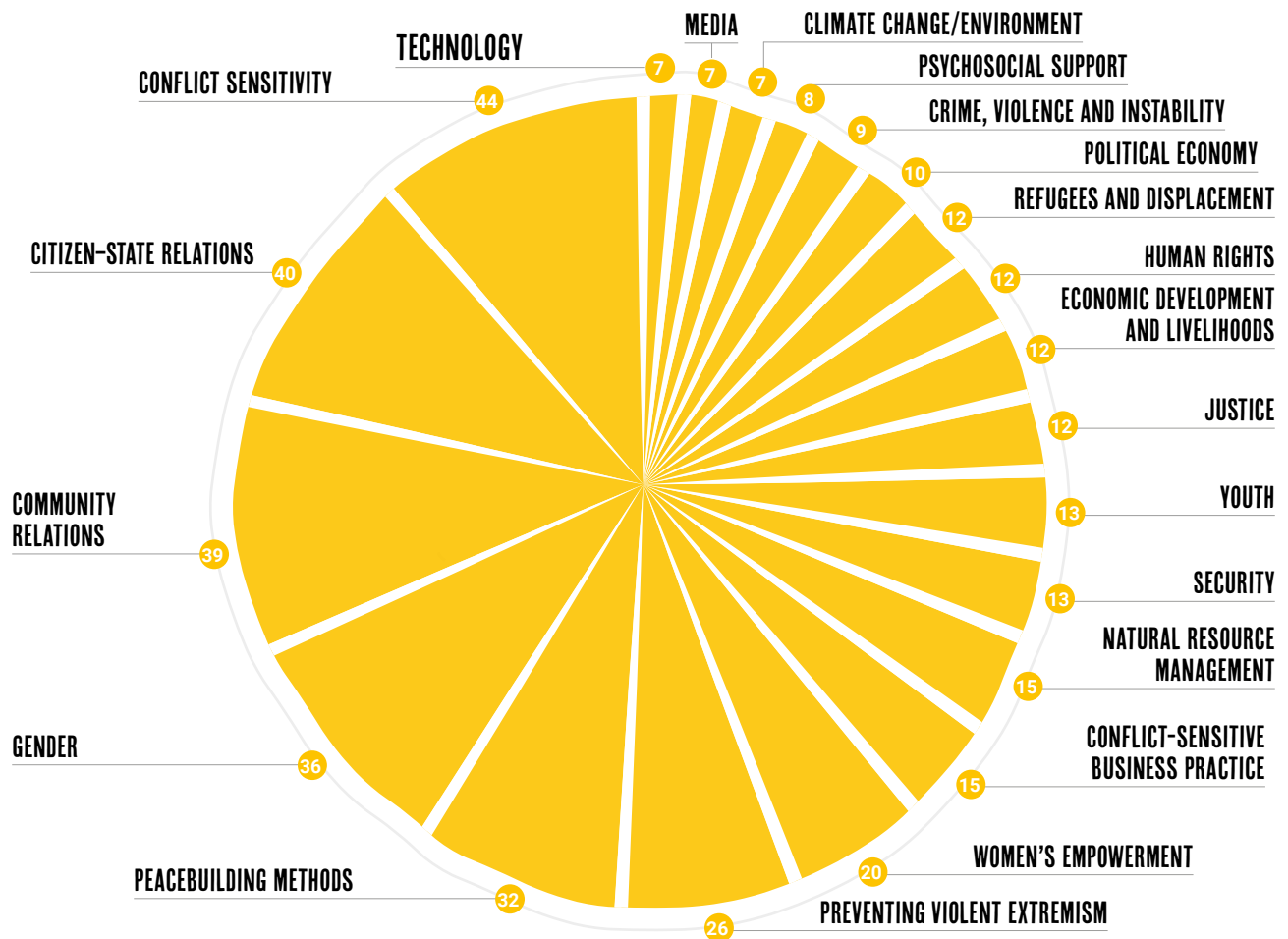
2% reduced the impact of crime on instability and violence

WHERE WE WORKED



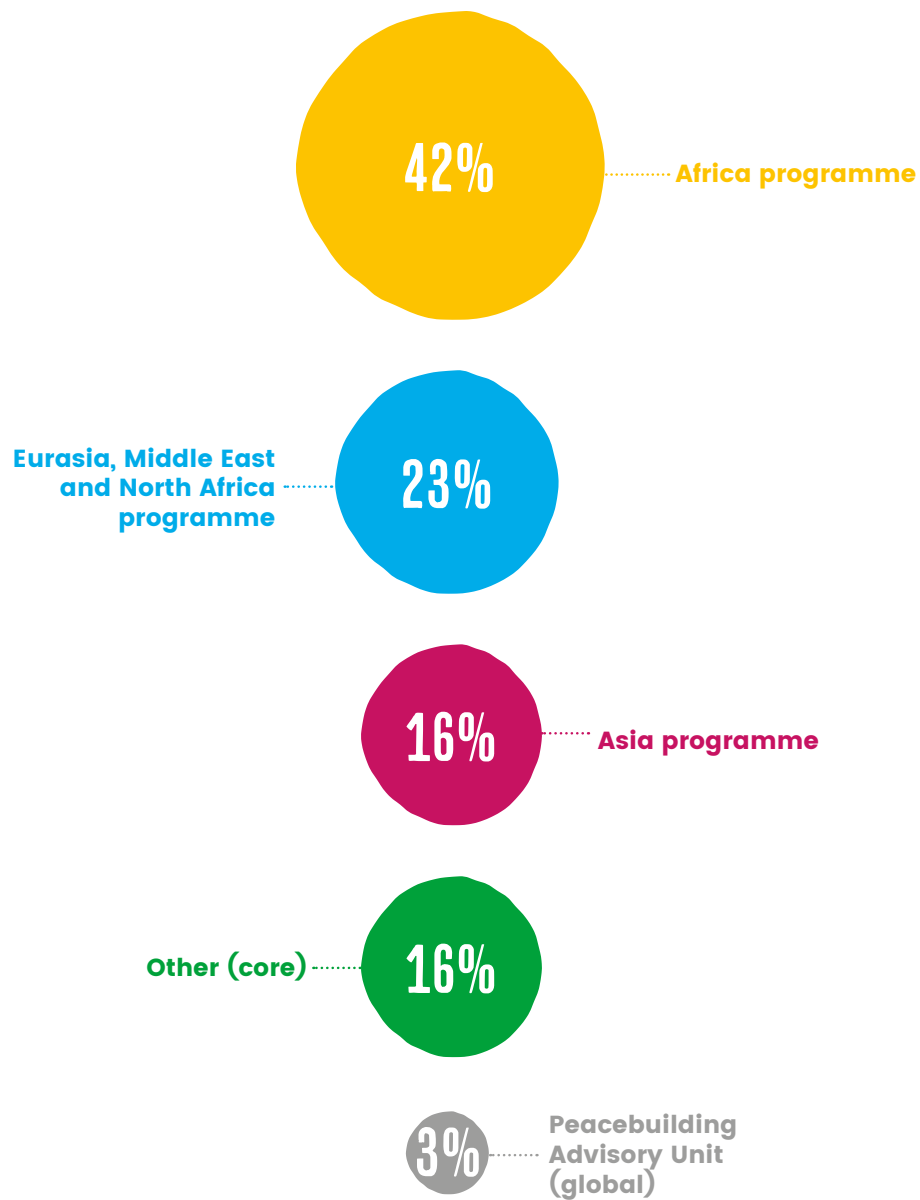
NUMBER OF PROJECTS

KEY THEMES WE WORKED ON



● NUMBER OF PROJECTS

How we spent our funding



Stories

Mali: Bridging deep divisions

“We have seen a change in ourselves, in our own abilities to accept others and hear what they say,” Aminatou reflects of her experience in the local dialogue forum in Borem-Inaly.

The Timbuktu region of northern Mali, where Aminatou lives, has suffered six years of insecurity and violence between secessionist and Islamist militant groups and the central government, backed by French troops and United Nations peacekeepers.

There are reports by Human Rights Watch of extrajudicial killings, kidnappings, torture and arbitrary arrests of those suspected of sympathising with the jihadists – which Islamist groups have in turn used as a recruiting tool.

Trust in the state and its security forces has therefore totally broken down, especially among more marginalised groups. There is also fear and suspicion within and across communities, with deep divisions along ethnic lines.

“These divisions became normal, because we didn’t have a space to talk about what was happening,” explains Aminatou. Her dialogue forum is one of six supported by International Alert and our partner Association Malienne pour la Survie au Sahel (AMSS) – one in Timbuktu city, five in rural areas.

Community members, local authorities and security forces come together in the groups to improve trust and strengthen accountability around security issues locally.

“What we are creating,” explains Elmedhi Ag Wakina, Director of AMSS, “is a permanent framework of local dialogue that allows community members to deal with conflicts as they arise, and to learn about resolving local conflicts at the community level through their own skills.”

Word has gotten around of the forums’ success. In Timbuktu city, when there was a recent assassination of a customs official and calls for people to take up arms, the local forum brought calm to the situation by organising a debate on security issues with local leaders.

In Borem-Inaly, when a conflict broke out between two men vying to be chief of a nearby village, a women’s mediation commission supported by the dialogue forum were asked to intervene and settle the dispute. Now, the two men participate in the forum themselves.

“We get phone calls from people wanting help from us, because now they know we are here and what we are capable of,” says Aminatou. “They are learning to understand each other better and accept each other, and this is helping our whole community.”

Including women in the forums demonstrates the active role they can play in strengthening peace and security in their communities. **“Local men are now seeing local women managing a conflict that they were not able to change,”** explains Aminatou.

For the security forces, the forums have helped them begin to see the value of establishing better relationships with communities. People are even starting to call on the security forces again when in need.

“The fact that they [communities] can express their fears is really supporting them to confront these difficulties, and to work towards trusting and collaborating with security forces,” says Oumou, who coordinates AMSS’s work in Timbuktu.

That is what makes the forums so important, says Oumou, “because if we can really address the causes



of this crisis, then we can overcome it and we can prevent future conflicts growing into crises that confront us all”.

The forums also run small community projects, such as cultural events, debates and trainings, as another way to bring people together and rebuild trust and dialogue.

Already the forums have become bigger than the sum of their parts. “Together we are beginning

to bring back trust and the ability to dialogue over complex issues to the people of this region,” enthuses Elmedhi.

This project is funded by the Canadian government through Global Affairs Canada. It is part of our global work on improving community and citizen–state relations in conflict-affected countries.

Find out more about our work in Mali at **www.international-alert.org/mali**

Myanmar: Managing fragile resources

Long-standing conflicts blight swathes of Myanmar – from Kachin state in the northeast right the way across to Rakhine state in the west, where violence erupted again in 2017, pushing some 700,000 Rohingya people to flee across the border to Bangladesh.

In these conflict-affected areas, most people rely on the land, and in particular the natural forests, for food, shelter, fuel and medicines. Indeed, forests are estimated to contribute to the livelihoods of around 80% of Myanmar's population.

Yet, since 1990 the country has lost more than a quarter of its forests – by some estimates the third-highest rate of deforestation in the world. This has been fuelled by illegal logging, the unsustainable extraction of high-value timber such as teak, and the ever-growing trend of land being cleared for large-scale commercial agriculture, such as palm oil or rubber plantations.

Despite their close relationship to the local environment, communities have historically been marginalised from decision-making about land and natural resources, further fuelling their political, economic and social grievances against the central government.

Myanmar is currently in the middle of a lengthy process to negotiate a 'voluntary partnership agreement' with the European Union, which aims to help countries stop illegal logging by improving regulation and governance.

Together with our partners, we are advising communities, civil society groups, businesses and government officials on how to bring about the changes necessary to reach this agreement without exacerbating existing grievances.

We have supported 20 villages to set up forest committees, trained 346 women and 649 men on how to engage with the government, and facilitated nine dialogue sessions between communities, forest officials and government ministers.

In the Southern Shan and Kayah states, villages set up forest committees so they can "talk about their issues" and "solve the issues together", explains Khun Thant Htun Oo, from our local partner Karuna Mission Social Solidarity.

We trained community members in the two states, and in the Magway region, on how to engage with the government – from forest officials to ministers – on improving forest governance and reducing illegal logging in their areas.

This has meant that local people can have a greater say over how the land and forests on which they so depend are managed.

"Now, the new checkpoint to check and stop illegal logging has been set up by the government after the dialogue," says Salai Yan Naung Tun, a community leader from Magway region.

This project is run in partnership with Karuna Mission Social Solidarity and the Green Network – Sustainable Environment Group, and funded by the UK government.

It is part of our broader efforts in Myanmar to help ensure the country's natural resource wealth can be managed in ways that support long-term peace and stability, and is part of our global work on improving citizen–state relations and natural resource management in conflict-affected countries.

Find out more about our work in Myanmar at www.international-alert.org/myanmar





Syria: Raising young voices

"Active Voices offers Syrians the chance within a new community to not merely be refugees, sometimes stripped of value, degraded to simply a number, but to actually have and be active voices," says Rahaf, originally from Aleppo, now living in the Netherlands.

The Syrian conflict has left the country and its people devastated, with over 11 million Syrian refugees scattered across Europe and the Middle East. "The beginnings are usually the hardest – getting to know the country and its people," says 22-year-old Tarek, originally from Damascus, now living in Denmark.

Young people like Tarek face many challenges, including dealing with trauma, learning new languages, understanding new cultures, finding education and employment, and staying in touch with family and friends.

The Aswat Faeela ('Active Voices') initiative brings together young Syrians from Europe and the Middle East to build peace and advocate for positive change.

Over the last two-and-a-half years, together with our partners, we have been training them on how to carry out 'action research', conduct advocacy campaigns and run social projects in their communities.

Using these skills, the young activists are transforming the challenges they face into opportunities, creating their own solutions to help build peace, create economic opportunities and support social cohesion.

Their campaigns cover issues including strengthening women's participation in the local economy, improving relations between Jordanian and Syrian youth, preventing Syrian children from dropping out of school in Turkey, and improving relations between Syrians and their 'host communities' in Europe.

Aswat Faeela is developing a network of active citizens who can speak out nationally and internationally about issues affecting their lives wherever they are. So far, there are 21 such groups – in Denmark, France, Germany, Jordan, Lebanon, the Netherlands, Turkey and the UK.

In Jordan and Lebanon, the Syrian participants have also been joined by young Jordanians and Lebanese who want to improve relations with their new neighbours.

In this way, these young people are ambassadors for Syrian refugees in Europe and the Middle East. But more than that, they are bridges – between Syrians everywhere, and between refugees and their host communities.

"Many things are bothering us, especially the emerging gap between the European host communities and Syrians. But there is also a gap between me and my family in Syria, and with my father in Lebanon," explains Tarek. "The gap is widening, and someone must do something about it. This is what the Active Voices project sets out to do."

This project is funded by the European Commission, led by the British Council and implemented through a consortium of partners, including International Alert, Search for Common Ground and Globally Connected. It is part of our global work on improving community relations in conflict-affected countries.

Find out more about the project at www.aswatfaeela.org and about our work on Syria at www.international-alert.org/syria



Ukraine: Healing hidden wounds

"I was injured in the war," explains Vadym, a former soldier. "When I returned home, I was very aggressive and depressed. I didn't want to see people. I started drinking and just wanted to be left alone. I even wanted to divorce my wife."

The Ukrainian conflict is leaving deep scars in society. Around 10,000 people have been killed, including 3,000 civilians, and over 1.7 million have been displaced. While the physical damage inflicted is plain to see, the psychological trauma is often hidden and forgotten.

Our research found that over 30% of those internally displaced by the conflict in Ukraine suffer from post-traumatic stress disorder. Many more suffer from depression and anxiety. Yet, most who need psychiatric care do not receive it. The main reason for this is the high cost of mental health care and medicine.

To fill this gap, we worked with the Global Initiative on Psychiatry to open three support centres in the cities of Dnipro, Lviv and Kyiv, plus six mobile centres closer to the frontline, to provide psychological and social support, as well as legal advice, to people like Vadym.

In a positive development, local authorities in the city of Mariupol are now supporting the centre there. Moreover, in Dnipro they provide the venue for the centre, while regional authorities in Dnipropetrovsk asked the Dnipro staff for advice when setting up similar centres in the province.

Children have been especially traumatised by the conflict. Many have been forced to flee their homes due to the fighting or spent weeks in their basements sheltering from shelling. Some have watched loved ones die. Others have been sexually assaulted. This has left them nervous, closed off from their family and friends, and even aggressive. To help them cope, we organised a series of 'peace education' summer

camps, where they stay for two weeks in the forest, play and receive psychosocial support.

"One 14-year-old girl wouldn't talk to anyone and shrank from being touched," recalls Iryna, one of the volunteer camp leaders. "Eventually, we discovered that she lived near a checkpoint. Her mother died in the war and her grandmother didn't care for her. When she was coming home one day, a drunk soldier took her. He raped her for two days. She had never spoken about her experience; she just wore black and stayed in the house."

While the camps can't undo such horrific experiences, they can help children cope better with their emotions when they go back home, by providing a structured programme that helps build up their resilience.

"We see the difference in their eyes," explains Iryna. **"At the start, they don't look at you, but by the end of the two weeks, they will look you in your eyes, they are breathing normally again and you can see the tension going away."**

Since 2016, we have helped run 25 peace education summer camps, attended by over 3,000 children from across Ukraine.

This project is run in partnership with the Global Initiative on Psychiatry and funded by the European Union.

It is part of our broader efforts in Ukraine to support grassroots civil society peace and social cohesion initiatives, and part of our global work on improving citizen-state relations in conflict-affected countries.

Find out more about our work in Ukraine at www.international-alert.org/ukraine



Progress against our priorities in 2017

In 2017, every three months our management team reported to the Board of Trustees or its sub-committee, the Management Advisory Committee, on progress against our organisational and programme objectives.

A detailed review of performance against these objectives takes place at the December Board of Trustees meeting, when objectives for the coming year are also discussed and agreed upon – based on earlier discussion by the Senior Management Team, programme managers and other staff.

We also report separately to the donors who fund specific projects.

In the following sections, we outline our progress against our organisational and programme objectives in 2017.

2017 organisational priorities

Our Strategic Perspective 2015–19 outlines organisational initiatives to improve our programmes and respond to key operational, financial and management challenges.

In 2016, we amended these to three organisational priority areas, to give them more focus and allow for easier reporting and oversight to the Board of Trustees:

1. improve measurement and analysis of our impact on peace
2. at least 10% annual financial growth with quality
3. improve organisational effectiveness

Improve measurement and analysis of our impact on peace

In common with other peacebuilders, we are learning to improve the monitoring and evaluation of our impact, and use the resulting information to strengthen our programming across the organisation. Despite significant improvements, this remains a major priority.

Progress so far includes the compilation of an annual Results Framework since 2014, better project design, and the incorporation of monitoring and evaluation plans for all significant projects.

In 2017, we developed and rolled out our organisational Impact Plan 2017–19, which seeks to strengthen capacity across the organisation to document, analyse and communicate our results and learning.

In addition, much progress was made in 2017 to ensure that every country has a strategy. We have also started to provide peacebuilding monitoring and evaluation advisory services to other organisations.



At least 10% annual financial growth with quality

Continued expansion is vital to allow us to have more impact. Progress has been strong in recent years, including a 25% increase in 2016 on the previous year.

From 2016 to 2017, our overall expenditure decreased by 4%. This was because 2017 was the first year without core funding from the UK government, which at £1.7 million had accounted for almost 10% of our annual expenditure. Without this core grant, our programmes grew by over 6% – an impressive achievement in a tight environment.

New long-term funding was secured for the Democratic Republic of Congo (DRC), Mali, Nepal, Nigeria, Rwanda, Tunisia and the Philippines, demonstrating our and our partners' success in finding positive ways to support sustainable peace.

Unfortunately, despite positive evaluations, we were unable to secure continued funding in either Liberia or Uganda. Consequently, we ended our work in both countries in ways that ensure our successful activities have continued through local partner and community efforts.

Improve organisational effectiveness

We keep our effectiveness under constant review, always seeking efficiency gains in order to ensure that a 'value for money' approach is embedded across all our programmes and operations.

In recent years, this has involved restructuring our headquarters-based technical support, human resources, fundraising and communications functions, and improvements in project design, monitoring and evaluation. We have also developed an in-house project management database – PROMPT.

In 2017, following audit recommendations from our Uganda office, we began the process of strengthening compliance and risk assessments in our country offices and at headquarters; agreed and started rolling out updated policies on our ethics and value for money; and took steps to improve oversight and accountability on compliance issues, as well as to ensure the policies that govern compliance and value for money are clear and consistently applied – including among partners.

Furthermore, we implemented a major new human resources system with a whole new focus on performance management.

2017 programme priorities

Our Strategic Perspective 2015–19 outlines interlinked ‘pathways to peace’ where we can have the greatest impact and add the most value. They also allow us to capture knowledge and replicate our programming more effectively.

At the end of 2016, we merged our work on climate change and natural resource management, so that we had six pathways:

- improve relations within and between communities
- improve citizen–state relations
- improve gender relations
- reduce the impact of crime on instability and violence
- address the links between climate change and insecurity, and improve natural resource management
- ensure economic development supports peace

Our progress on these pathways is any change – ideally a sustainable and sustained change – to which we have contributed. Achieving sustained impact can take a long time, hence our interest in project outcomes and steps along the way – ‘results’.¹

Our achievements are measured on a project-by-project basis, using ‘theories of change’, goals and indicators designed per project and context. These achievements also fit within our three mission goals (see p.6) and organisational priorities (see p.20).

In the following examples, we have not mentioned partners by name, but almost all the activities were carried out in collaboration with civil society, governmental, intergovernmental or business partners.

¹ Project staff were asked to answer questions based on an ‘outcome harvesting’ monitoring methodology. These questions included ‘Who did something differently?’, ‘What did they do differently as a result of our work?’, ‘How significant is it’, among others. The answers were then put together and related to the context in which the project is being implemented and the project approach to form a story of change. Some respondents included quantified data, while others gave individual stories of change.

2017 highlights



Community relations

We work with communities to identify what connects and divides them, and help them to strengthen the connections and overcome the divisions

In **Kyrgyzstan**, a lack of interaction between the religious and secular parts of society has contributed to a breakdown in trust. In 2017, we created a working group on religious–secular dialogue, comprising religious leaders, civil society members, journalists, academics and government officials. Last year, the group met four times and submitted recommendations to the government on the updated law on religious freedom and religious organisations, as well as on the programme on combatting extremism and terrorism, with the aim of ensuring equality in the rights of minority religious groups.

In **Lebanon**, the Syrian refugee crisis has increased pressure on public services. In 2017, we provided training and support to social and health workers in 26 social centres, 13 health centres and three mobile clinics, to help them build greater trust between Lebanese and Syrians. “One year ago, they wouldn’t sit together; they barely greeted each other,” recalls one social worker, who runs trust-building activities between the communities. “Now you walk into the session and you can’t tell who is Lebanese and who is Syrian.”

In **Nigeria**, women and girls who escape from Boko Haram often face suspicion, rejection and even violence from their families and communities when they return. In 2017, we provided peer-to-peer support for 5,120 women and girls to help them cope with their trauma. We facilitated dialogue between

3,720 family members (2,632 women, 1,088 men), leading to at least 170 families reuniting. And we held community 'sensitisation' sessions for 28,211 people (17,276 women, 10,935 men) to improve understanding of the challenges these women and children face. "The session helped me to accept them and have a change of heart towards them," said one attendee.

In **Pakistan**, relations between ethnic and religious communities are incredibly fractious, occasionally leading to intercommunal violence. In 2017, we helped set up four 'Inclusive Media Forums' to discuss ways of supporting media coverage of minorities, bringing together 57 media outlets, 15 civil society organisations and five government officials. One of the forums began a public campaign on the absence of local cremation grounds for the Sikh minority in Peshawar, leading to the provincial government agreeing to fund a new site. We also trained 170 journalists and other media workers (26 women, 144 men) on inclusive, objective and responsible reporting.

In the **South Caucasus**, media coverage of the Nagorny Karabakh conflict is dominated by aggressive, militant and dehumanising language. In 2017, the journalists from our 'Unheard Voices' project produced media outputs highlighting the costs of the conflict and humanising 'the enemy' instead. This is the only initiative that brings together journalists from Armenia, Azerbaijan and Nagorny Karabakh in a constructive dialogue process. Last year, the Unheard Voices news website was visited nearly 30,000 times and its Facebook page received 11,747 likes, comments and shares.

In **Syria**, seven years of civil war have left many young people with extreme trauma. In 2017, we ran 71 informal peace education classes for 281 children (159 girls, 122 boys) in Lebanon, Syria and Turkey, providing them with safe spaces to feel physically secure and receive psychosocial support. Our **partnership with The Body Shop** during their Christmas Appeal last year, which raised an amazing £0.24 million, will fund one of these peace education centres in Lebanon for all of 2018.





In **Ukraine**, local volunteers have been at the heart of much of the humanitarian and psychosocial support delivered since the conflict began in 2014. In 2017, we continued to support their efforts by training 80 volunteers living close to the frontline in peacebuilding methods and providing small grants to volunteer groups to run local peacebuilding initiatives. These have included an NGO in Kharkiv providing dialogue training and support to demobilised soldiers, and a creative space in Berdyansk teaching young people to use animation to support peace – with two of the **short animations** they created being shown on local TV.

See also: Syria: *Raising young voices* (p.17)



Citizen–state relations

We help citizens and authorities establish constructive and peaceful relationships, so they can work together to solve the problems causing conflict in their communities

In **DRC**, the continued postponement of elections has led to widespread activism and demonstrations in major cities, and worsening insecurity in the eastern provinces. In 2017, we trained 108 young

leaders (24 women, 84 men) on how to take conflict and gender into account in their decision making, and trained 450 young people (229 women, 221 men) on leadership and responsible social activism. We also produced 41 radio spots on these topics and set up three ‘listening clubs’, where we engaged 73 more young people (22 women, 51 men). We produced a further 1,092 radio spots on the importance of peaceful community relations.

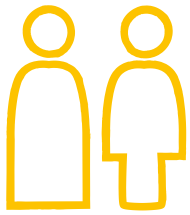
In **Nepal**, self-censorship, threats to journalists and a lack of marginalised voices in the press have challenged free and independent media. In 2017, we helped set up six ‘Free Media Networks’, to provide a platform for journalists, civil society members and authorities to discuss and jointly address issues affecting press freedom of expression, journalists’ safety and the lack of inclusive voices in the media. Last year, the networks held 18 dialogue sessions and carried out six media missions, engaging over 500 journalists and policy-makers.

In **Tunisia**, government neglect, unemployment and lack of development across the border regions have fuelled mistrust between citizens and the state. In 2017, using a ‘bottom-up’, participatory approach to engage citizens in institutional reform, we ran dialogue sessions between 159 representatives (86 women, 73 men) from civil society organisations and local authorities to discuss the key issues of lack of social care, school dropouts and unemployment. The groups are now

building on this dialogue with tailored projects to tackle these problems, such as a women's cooperative and cultural spaces. We also produced a documentary, '**Voices from Kasserine**', about life in the border regions.

See also: Mali: *Bridging deep divisions* (p.12)

Ukraine: *Healing hidden wounds* (p.18)



Gender relations

We help improve relations between women and men at home and in their communities, strengthening their capacity to respond peacefully to problems when they arise, and to build a peaceful future for them and their societies

In **Afghanistan**, women and girls face huge inequality and poor treatment, and have very little voice in society. In 2017, we ran local advocacy

projects in five provinces to increase support for the National Action Plan for Women, which aims to eliminate discrimination against women and increase their participation in decision making. In Herat and Nangarhar provinces, those we taught are now improving protection for women in their communities and enhancing their participation in local decision-making processes.

In **Myanmar**, sexual and gender-based violence are a major problem and undermine long-term peace. In 2017, we trained 334 people (240 women, 66 men, 28 identifying as 'other') and engaged a further 1,282 people (666 women, 534 men, 82 other) in six townships on preventing such violence. Among the attendees were community members, civil society, government officials and police officers. By using 'multipliers' such as training of trainers and theatre groups, our messages reached a further 10,000 people.

In **Somalia**, prevention of and responses to violence against women and girls have been historically poor. In 2017, we continued to support dialogue sessions in two districts in Mogadishu, which meet regularly to provide a safe space to build trust and discuss and find



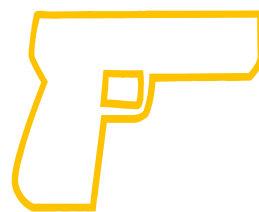


ways of addressing sensitive issues such as sexual and gender-based violence. These sessions are now continuing independently. “I have started sharing all the things discussed,” said one attendee, “first with my family, then relatives, then some of the villagers. They liked what we are doing and asked if they can join us.”

In **Tajikistan**, over half of all women are thought to be victims of physical, sexual and emotional violence by their partners and family. In 2017, we continued to implement the Zindagii Shoista (‘Living with Dignity’) project in two districts with 81 families, totalling 270 people, to improve how women and girls are treated – especially by husbands and mothers-in-law. Among the families we supported, violence against the women more than halved, as did their rates of depression, while those experiencing suicidal feelings dropped from around 20% to 6% – among men, this went from almost 9% to 0%. Four-and-a-half times more of the women also reported earning a living.

Globally, gender affects how women, men, girls, boys and those with other gender identities experience conflict, and gender inequality undermines long-term prospects for peace and development. In 2017, we strengthened the skills of

our staff and partners to ensure that the different needs and interests of women and men are properly integrated in our projects, from Afghanistan to Somalia to Nagorny Karabakh. We also contributed research on sexual and gender minorities in conflict, displacement and peacebuilding, and on masculinities and gender, peace and security.

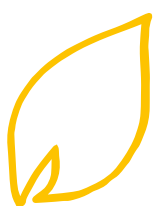


Crime, violence and instability

We seek to reduce the violence and harm done to ordinary people when criminals exploit instability and make conflicts worse

In the **Philippines**, violent conflict and extremism continue to threaten the country’s stability and development. Conflict Alert, our subnational conflict monitoring system which tracks the incidence, causes, and human costs of violent conflict in parts of the country, has recorded some 39,000 incidents

to date. Conflict Alert aims to shape policy-making, development strategies and peacebuilding approaches by providing relevant, robust and reliable conflict data. Conflict Alert's website was visited 219,984 times in 2017, with users downloading statistics as well as thematic reports. The data and our expert analysis have provided nuance to the discourse on violent extremism happening in parts of Mindanao.



Natural resource management and climate change

We work with communities and governments to help manage and use their natural resources peacefully, and help communities affected by climate change to respond and adapt in ways that improve the conditions for peace and reduce the risk of violent conflict

In **Rwanda**, 90% of poor people live in rural areas, dependent on agriculture. In 2017, we helped set up 32 new community dialogue groups to improve coordination over, and involvement in, district-level planning and budgeting on agriculture. This took the total number to 46 groups and 1,890 farmers – of whom 55% are women. We provided mentorship on creating community saving schemes for farmers, now set up by 40 of the dialogue groups. And we helped around 3,000 farmers complete a 'community score card' about local agricultural services, with recommendations for district officials. Last year, 70% of these recommendations were implemented.

In **Mali**, local conflicts over natural resources can spill over into other national and regional conflicts. In 2017, we facilitated the working session on Mali at the Planetary Security Initiative and reviewed The Hague Declaration on Planetary Security. As a result of our research and advocacy, the declaration commits to ensuring that development interventions

in Mali are both 'climate sensitive' and 'conflict sensitive'. The declaration has now been signed by over 100 representatives from governments, NGOs and companies across the world, and was discussed at an informal United Nations Security Council meeting on climate change and security in late 2017.

See also: Myanmar: *Managing fragile resources* (p.14)



Economic development for peace

We help businesses, communities and governments ensure that economic development in conflict-affected countries is inclusive and sustainable, so that peace and prosperity go hand in hand

In **Colombia**, operations by extractives companies can contribute to development, but also create tensions with local communities. In 2017, we worked extensively with a national network of companies, NGOs and government officials called Guías Colombia on two guidelines for improving standards on human rights in the private sector. We also accompanied, advised and trained a national hydroelectric company and national oil pipeline on how to ensure their business practices are 'conflict sensitive', and began advising a multinational energy company on their conflicts and human rights risk assessments.

In **DRC**, thousands of women traders face harassment when crossing the border to trade in neighbouring countries. In 2017, we ran five trainings with customs and border officials (42 women, 107 men) about the rights of these traders, and held four 'exchange' workshops between officials and traders (112 women, 71 men), to improve understanding and trust between them. There has been a 60% drop in cases of physical and verbal abuse and extortion at the border since this work began in 2009.



Priorities for 2018

2018 organisational priorities



Sharpen our focus on impact

Build on our progress to date, further sharpening our focus on impact as we deliver our Impact Plan 2017–19. We will aim to ensure that we are reinforcing programme quality and impact, as well as longer-term financial sustainability. We will continue to push on the learning from monitoring and evaluation, as well as better making the case for peacebuilding and highlighting the impact of our work. At the international policy level, we will aim to support the growth of a wider movement advocating for more and better peacebuilding, and implement a first coalition action.



Grow with quality

In order to remain sustainable and relevant everywhere we work, we recognise that we need to grow the scale and impact of our programmes in each country. Our three-year funding plan sets out clear measures to achieve this in a manner that enables programme quality to be the main goal across all our work.



Develop a new organisational strategy

Develop a new organisational strategy for 2019–22 through an inclusive process led by senior managers with the Board of Trustees, and consulting with external stakeholders including partners, donors and think tanks. The first draft of the new strategy will be presented to the Board of Trustees in September 2018, ready for implementation from January 2019. In parallel, we will develop an accompanying organisational budget and business plan, and update the fundraising strategy.



Improve organisational effectiveness

Continue to build the Global Leadership Team and more collaborative cross-organisation ways of working, balanced by strong country and thematic strategies. We will redouble our emphasis on ensuring we deliver value for money and that we are operating in compliance with International Alert and donor policies, and the prevailing legislation in each country where we work – including a renewed focus on strengthening safeguarding procedures. We will implement a new Continuous Professional Development Strategy for all staff (including inductions) and embed the new performance

management system. We will review our organisational tools and decide on the priorities for improving efficiency, while ensuring newly-introduced organisational effectiveness tools such as PROMPT, PeopleHR and the Security Resource Centre are delivering on improved knowledge management and time saving for all staff. We will also consider how best to follow the principles and practices of the new Charity Governance Code (2017).

2018 programme priorities



Community relations

- strengthen transitional justice and reconciliation processes in Nepal, and provide support to the Colombian peace process around reintegration and reconciliation;
- improve reporting practices in social and traditional media in Nepal, Pakistan and the South Caucasus;
- strengthen civil society engagement in the Syrian peace processes;
- support and advocate for improved national and district reconciliation approaches in Rwanda; and
- support the reintegration of women and girls returning from Boko Haram in Nigeria, and assess how to do the same for men and boys.



Citizen–state relations

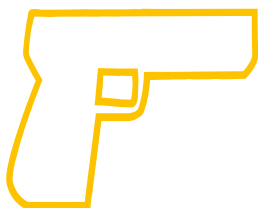
- train, engage with and empower young people to increase their participation and sense of agency in DRC, Kyrgyzstan, the Philippines and Tunisia, to help prevent violent choices including violent extremism; and research and raise awareness of young people's vulnerability and resilience to violent extremism in Mali, the Philippines and Tajikistan;
- advise the United Nations, NGOs, donors, governments and others on preventing violent extremism programming, particularly in Africa and the Middle East;

- research the incidence and causes of violence in the Philippines, and advise and advocate for formal peace processes;
- broaden the space for and support civil society action and peacebuilding among Syrians, and in Jordan and Ukraine – especially among young people; and
- bring together communities and local authorities to resolve conflicts in DRC, and develop, implement and monitor local plans to improve participation and stability.



Gender relations

- research the role of masculinity in extremism and armed violence in Syria and Ukraine; share learning and advocate on masculinity more broadly as a useful peacebuilding lens; and develop new projects on harmful forms of masculinity in Pakistan; and
- promote women's advocacy for greater participation in decision making in DRC.



Crime, violence and instability

- advocate with bilateral and multilateral organisations, and in collaboration with the UK-based Development Sector Drug Policy Forum, on the importance of understanding the long-term impacts of the drug trade on conflict drivers, and addressing them in policy and programming.



Natural resource management and climate change

- strengthen policy frameworks and mechanisms for resolving land-based conflicts in DRC, the Philippines and Rwanda; and
- conduct research, training and dialogue to improve natural resource management in Mali and Myanmar.



Economic development for peace

- work with and support business and economic development actors as agents of reconciliation and change in Lebanon, Myanmar, Nepal, Pakistan, the Philippines and the South Caucasus;
- support livelihoods programming in DRC, Lebanon and Rwanda in ways that also improve social cohesion; and
- support companies in extractives industries to use our toolkit, **Human rights due diligence in conflict-affected settings**, to understand conflicts and identify and respond to any human rights implications relevant for their operating contexts.

Structure, governance and management

Organisational structure

International Alert is a London-based NGO, registered with Companies House and the Charities Commission, with a European office in The Hague. The charity is a company limited by guarantee and has no share capital.

We are governed by a Board of Trustees (Board). The Board has established a sub-committee, the Management Advisory Committee (MAC), which includes the Treasurer and two further trustees. The MAC advises on and monitors the work of the Senior Management Team (SMT).

The SMT comprises the Chief Executive Officer (CEO), the Director of Programmes, the Chief Operating Officer and the Chief Finance Officer.

There are around 240 staff based in London and the 19 countries where we work. There is also a team of thematic experts on peacebuilding. The programmes' work is supported by administrative, financial, fundraising, human resources, technology and communications teams.

Decision-making

The Board meets three times a year and is responsible for governance, establishing the organisation's strategic framework and annual objectives, and agreeing the annual budget.

The Board are directors of the organisation for the purposes of company law and, in line with that responsibility, oversee the financial reporting by the organisation and ensure that proper financial statements are made for each financial year to give

a true and fair view of the organisation's financial activities and its financial position at the end of the year.

The MAC meets at least three times a year – unless required to meet more frequently to deal with specific matters – and is the key committee of the Board. The MAC has been entrusted with the more detailed oversight of key areas of the charity, including finance and all budgetary issues, fundraising, security and human resources issues.

The CEO is accountable to the Board for all the organisation's work, and the three other members of the SMT report to the CEO. The SMT reports to each Board and MAC meeting on the organisation's work, activities and finances, presenting progress in relation to the budget, annual objectives and strategic framework.

Board of Trustees

The Board may consist of 3 to 15 members. Generally, the number has ranged between 9 and 13 members. The Board is international, in order to reflect the diversity of the organisation's work.

New trustees are elected at the Annual General Meeting or by the Board at a regular meeting, and serve for a period of three years. Trustees may be re-elected for one further term of three years. Before a decision is taken to appoint a trustee, meetings are arranged for the potential new trustee with the CEO and one or two senior Board members, normally including the Chair. On appointment, new trustees receive a full induction on their responsibilities under company law and charity law, and on the organisation. The process includes both a pack of relevant documentation and a series of meetings with senior and middle management.



During 2017, one new trustee was appointed to the Board, while two trustees completed their term. We ended 2017 with a total of 11 trustees (five women, six men), of whom six are based outside the UK, including three from the main geographic areas we work in (Africa, Asia and the Middle East).

The Board, as directors of the organisation for the purposes of company law, is responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Board to prepare financial statements for each financial year that give a true and fair view of the charity's state of affairs and of its income and expenditure for that period.

In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice (SORP);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards, including the Financial Reporting Standard (FRS 102), have been followed, subject to any material departures disclosed and explained in the financial statements;

- state whether a SORP applies and has been followed, subject to any material departures, which are explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the charity will continue on that basis.

The Board is responsible for keeping proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the charity and that enable the Board to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps to prevent and detect fraud as well as other irregularities.

Insofar as the Board is aware:

- there is no relevant audit information of which the charity's auditors are unaware; and
- the trustees have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. UK legislation governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Financial review

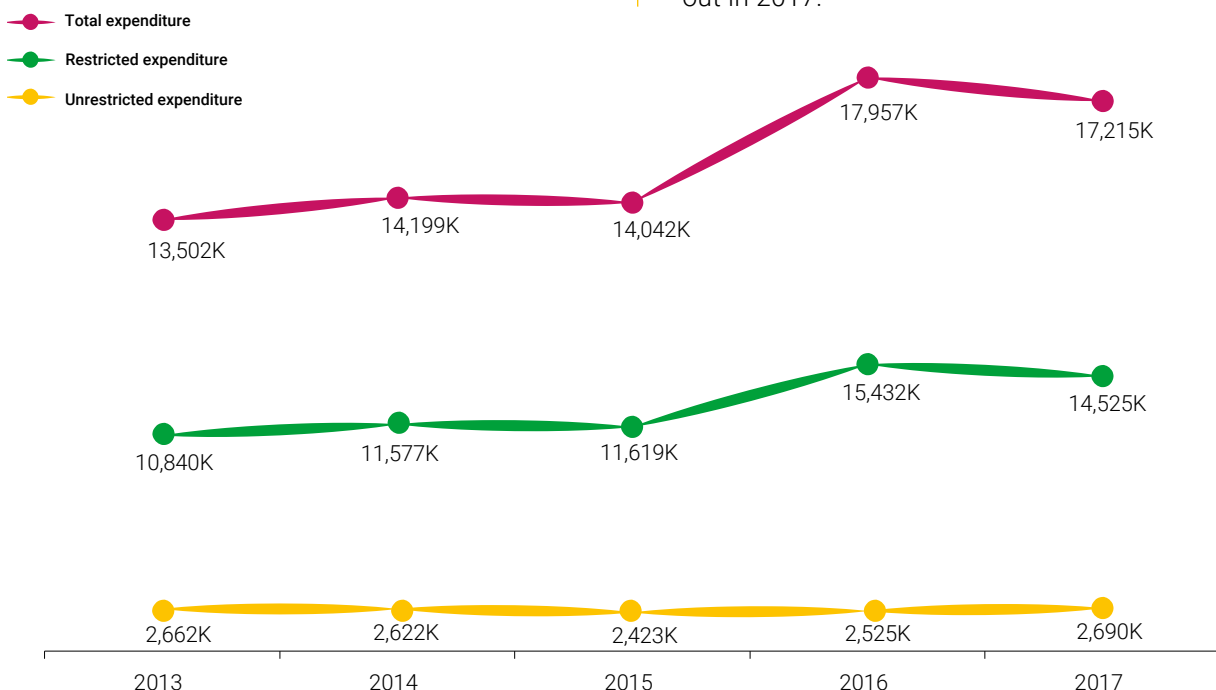
Over the past five years (2013–2017), our expenditure has grown by over a quarter. The chart below shows there was a slight dip in expenditure in 2017 compared with 2016. This is because almost 9.6% of total expenditure for 2016 was under the UK Department for International Development's Programme Partnership Agreements (PPA) core funding, a scheme which ceased for all NGOs at the end of 2016. If PPA funded expenditure is excluded from the 2016 figures, we grew by 6%, or £0.99 million, during 2017.

It should further be noted that we grew by over 25% from 2015 to 2016. Therefore, over the two years from 2015 to 2017, we exceeded our goal of 10% growth a year – a very good achievement in a difficult funding environment.

The long-term trend of growth in expenditure has helped geographical expansion as well as the scale of our programme delivery and ability to make a positive impact on peacebuilding.

With sound financial management systems, effective fundraising and robust management, we emerged in a positive financial position at the end of 2017.

Total income for the year ending 31 December 2017 was £15.91 million (£17.92 million in 2016). Total expenditure in 2017 was £17.22 million (down by 4% from £17.96 million in 2016). This was mainly due to timing differences in receipts of restricted grants towards the end of 2016 for activities carried out in 2017.



Note: We use expenditure as a measure to record growth.

Unrestricted income in 2017 was £2.25 million (£3.30 million in 2016). Unrestricted expenditure in 2017 was £2.69 million (£2.53 million in 2016) and comprised £2.39 million (£2.32 million in 2016) on charitable activities and £0.30 million in costs of raising funds (£0.20 million in 2016). The balance of unrestricted funds at the end of the year was £2.18 million (£2.96 million in 2016).

Restricted income in 2017 was £9.62 million (£11.67 million in 2016), whereas the total restricted expenditure was £14.53 million (£15.43 million in 2016). The balance of restricted funds at the end of 2017 was £2.78 million (£3.51 million in 2016).

The breakdown of total expenditure of £17.22 million in 2017 was:

- Mission goal 1: Working with people to make a positive difference for peace: £11.88 million (£13.39 million in 2016)
- Mission goal 2: Improving policies that affect the prospects for peace: £4.26 million (£3.87 million in 2016)
- Mission goal 3: Collaborating with the peacebuilding sector: £0.78 million (£0.49 million in 2016)
- Raising funds: £0.30 million (£0.21 million in 2016)

Our Reserves Policy requires that General Unrestricted Reserves, excluding any part that represents the book value of fixed assets and designated funds, should be sufficient to cover two months of unrestricted expenditure and programme employment costs in order to cover core contractual obligations to staff and for rent, leases and associated costs. The General Unrestricted Reserves at the end of the year was in line with this policy, standing at £1.50 million (£1.50 million in 2016). In addition, we designated, in an Organisational Investment Fund, a further £0.30 million to support investment needs – for example, to develop new programming ideas. The Reserves Policy is subject to annual review.

Although slightly behind in expenditure by the end of 2017 compared with 2016, £0.13 million still remains in a temporary Designated Fund for Development. This will provide much-needed flexibility to meet our objectives. These funds will be utilised during 2018.

Unlike 2015 and 2016, in 2017 we suffered losses of £0.20 million (£0.41 gain in 2016) due to foreign exchange movements. These losses were covered from funds set aside in a Designated Fund for Foreign Exchange Movement aggregating £0.45 million at the end of 2016. The Designated Fund for Foreign Exchange Movement amounted to £0.25 million at the end of 2017. This fund will be used to provide cover for exchange losses during 2018.

A sum of £0.50 million was brought forward in an Organisational Investment Fund from 2016. As planned, £0.33 million was invested in programme development activities and in the organisation during 2017. However, the stable finances at the end of 2017 provided an opportunity to put £0.12 million back into the fund for programme investment in 2018 and beyond. The balance in the Organisational Investment Fund amounted to £0.30 million at the end of 2017.

Total unrestricted funds, including General Unrestricted Reserves at 31 December 2017, were £2.18 million (compared with £2.96 million at 31 December 2016).

Building on a stable financial picture at the end of 2017, overall funds being carried forward to 2018 are £4.96 million (£6.47 million in 2016), split between unrestricted funds of £2.18 million and restricted funds of £2.78 million. This level of unrestricted funds provides us with stability and the ability to invest in future development. As highlighted earlier in the report, restricted funds held are due to the timing of receipt of funds. Restricted funds held at the end of the year will be spent on specific projects, in line with commitments to funders, during 2018.

Our balance sheet at the end of 2017 reflects this secure position. We are hopeful, depending on donations, that we will grow in 2018, notwithstanding the current economic and political climate.

Risk management

The Board is responsible for the management of risks and is assisted by the SMT in the implementation. Risk management priorities are assessed and agreed at the Board meeting. A risk management report was presented to three MAC meetings during the year, and experience during the year is assessed at the December Board meeting as part of the basis for preparing the next year's priorities. The Board recognises that risk is relative, that the organisation works in conflict zones, and that systems can provide reasonable but not absolute assurance that major risks are adequately managed. The Board is satisfied that the risk management process established is identifying the correct risks and allowing these to be managed adequately.

Remuneration policy

Our Salary Policy aims to adhere to quality standards that will ensure that its implementation will be fair, open, objective, responsible and effective. The policy is implemented through clearly defined salary procedures. The policy aims to reflect good practice, including:

- a clear policy on salaries, which is linked to organisational objectives, with the SMT taking responsibility for the review and implementation of the policy; and
- guidelines for the impartial review of jobs and a process for making valid and reliable market comparisons.

Senior executive remuneration

In deciding remuneration for senior executives (SMT), the charity considers the potential impact of remuneration levels and structures on the wider workforce as well as the following additional principles:

- to ensure we can access the skills, experiences and competencies needed in senior executives, the specific scope of these roles in the charity and the link to pay; and

- the nature of the wider employment offer made to senior executives, where pay is one part of a package that includes personal development, personal fulfilment and association with the public benefit delivered.

Grant making

Just over a quarter of our annual expenditure is passed on as grants to partner organisations. In some cases, this is because we lead in a consortium, while in other cases the project involves building the capacity of a specific recipient organisation. In addition, a number of local NGOs receive small grants for their own specific projects.

We conduct due diligence to ensure that our charitable purposes and aims will be furthered by the grant, and to establish that the grant is in line with the agreed strategy for the particular programme of work within which it falls. Before any grant is agreed, we ensure we are able to monitor the use of the grant, that the required work is done, and that the funds are properly managed and spent for the purposes intended.

Fundraising activities

We receive most of our funds in the form of restricted (project) or unrestricted (general support) grants from institutional funders – primarily governments, together with some charitable trusts and foundations. To diversify our financial base, in recent years we have begun exploring fundraising from private individuals and companies. In 2017, the charity raised £0.07 million (£0.13 million in 2016) from donations and gifts from sponsored activities and corporate funding. Donations from the Body Shop's Christmas Appeal is worth a further £0.24 million in 2018, and we plan to continue to invest in this area of fundraising in the future.

Although raising funds from the public still represents a small percentage of our income, we are compliant with the Charities (Protection and Social Investment) Act 2016, including the guidance outlined by the Charity Commission for England and Wales (CC20

and CC15d) regarding trustee duties and reporting, respectively. We have never received a complaint regarding our fundraising approach from the general public or any corporates, institutions or foundations with whom we engage. All staff or others working on our behalf follow the Code of Fundraising Practice as outlined by the UK's Fundraising Regulator. We do not employ any third-party organisation to conduct fundraising activities on our behalf. All corporate partnerships are agreed after a full due diligence and conflict of interest check has been passed, and the relationship is based on a contract stipulating clear monitoring and reporting requirements. In 2018, we will review all our fundraising systems and approaches to ensure that they are fully compliant with the European Union's General Data Protection Regulation 2016/679.

Factors affecting performance

The following four key factors affect our performance, and the degree to which we can control each one varies. Regular reporting on our risk management forms the framework within which we assess and respond to these factors.

- **Stability of income:** Much of our income derives from eight government donors, as well as the European Union and the United Nations. Our activities are therefore dependent on their policy decisions, including major changes such as the UK leaving the European Union. We work closely with our major donors to ensure the best possible communication and mutual understanding, and to ensure that we receive the earliest possible indications of potentially relevant policy changes. In 2017, we established our European head office in The Hague in order to strengthen our policy and funding links with the European Union, with plans to ensure that this becomes a fully functioning operation during 2018. We are engaged in a long-term effort to diversify our funding base to ensure that we do not become reliant on undependable or single sources of income.

- **Operating environment:** The environment in which we work around the world is often volatile and, even when not actively hostile or dangerous, is complex and difficult. We maintain close communications between country and headquarters staff, constantly monitoring security issues and the local political environment. We select staff who are capable of working in such environments, and they develop a network of local contacts for implementing their tasks and staying abreast of developments. The SMT regularly reviews the security situation in our programme countries as well as the security plans and preparations of our country offices.
- **Organisational structure:** We regularly review our management structure and the financial model. In early 2016, we produced our Business Model and Plan 2016–19. In light of financial challenges, we undertook an internal reorganisation to improve effectiveness and efficiencies, which helped to reduce our cost base, and we continued to make improvements in 2017. Our organisational structure and approaches still offer the robustness of up-to-date systems and flexibility of process that are required in a globally dispersed organisation.
- **Quality of staff:** We are currently focusing on how to improve our recruitment, training, performance management and development of high-quality staff at all levels within the organisation. However, with Brexit looming we may face recruitment and retention challenges among EU citizens, who have historically held many key roles within Alert.

Independent auditors

Kingston Smith LLP were reappointed as auditors at the Annual General Meeting held in May 2017.

The Board of Trustees of International Alert present this report for the year ended 31 December 2017 for the purposes of Section 162 of the Charities Act 2011 and Section 415 of the Companies Act 2006.

The financial statements comply with current statutory requirements, the Memorandum and Articles of Association, and the Financial Reporting Standard (FRS 102).

The Board has also complied with Section 17 of the Charities Act 2011 to have due regard to the guidance on public benefit published by the Charity Commission. In particular, the Board considers how planned activities will contribute to the aims and objectives set for 2018.

The report was approved by the Board on 17 May 2018 and signed by the Chair on its behalf.

A handwritten signature in black ink, appearing to read 'Chris Mullin', is positioned above the printed name.

Chris Mullin

Chair, Board of Trustees
International Alert





Accounts

For the year ended 31 December 2017

Independent auditor's report to the Trustees of International Alert

Opinion

We have audited the financial statements of International Alert ('the company') for the year ended 31 December 2017, which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2017 and of its 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in

the UK, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you, where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial

statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the trustees' annual report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the trustees' annual report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns;
- 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.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 34, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

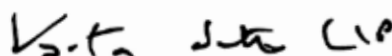
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charitable company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees;
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Neil Finlayson

Senior Statutory Auditor
for and on behalf of Kingston Smith LLP,
Statutory Auditor
Devonshire House, 60 Goswell Road,
London, EC1M 7AD, UK

17 May 2018

Financial statements

Statement of financial activities (including income and expenditure account)

For the year ended 31 December 2017

	Notes	Unrestricted funds 2017 £'000	Unrestricted funds 2016 £'000	Restricted funds 2017 £'000	Restricted funds 2016 £'000	Total 2017 £'000	Total 2016 £'000
Income and endowments from:	4						
Donations and legacies							
Institutional grants		946	1,965	-	-	946	1,965
Donations		69	131	-	-	69	131
Charitable activities							
Working with people to make a positive difference for peace		738	844	9,621	11,669	10,359	12,513
Improving international policies that affect the prospects for peace		431	318	3,571	2,770	4,002	3,088
Strengthening the peacebuilding sector		62	44	466	174	528	218
Investments		-	2	2	4	2	6
Total income		2,246	3,304	13,660	14,617	15,906	17,921
Expenditure on:							
Raising funds		303	209	-	-	303	209
Charitable activities							
Working with people to make a positive difference for peace		1,175	1,316	10,704	12,075	11,879	13,391
Improving international policies that affect the prospects for peace		857	701	3,402	3,165	4,259	3,866
Strengthening the peacebuilding sector		355	299	419	192	774	491
Total expenditure	2	2,690	2,525	14,525	15,432	17,215	17,957
Net (expenditure)/income		(444)	779	(865)	(815)	(1,309)	(36)
Transfers between unrestricted and restricted funds		(144)	(199)	144	199	-	-
Exchange rate (losses/gains)		(196)	406	-	-	(196)	406
Net movement in funds		(784)	986	(721)	(616)	(1,505)	370
Total funds brought forward at 1 January		2,963	1,977	3,505	4,121	6,468	6,098
Total funds carried forward at 31 December		2,179	2,963	2,784	3,505	4,963	6,468

The Statement of Financial Activities includes all gains and losses recognised in the current and preceding year and has been prepared on the basis that all operations are continuing operations.

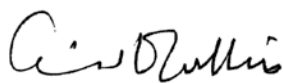
The notes on pages 47–61 form part of these financial statements.

Balance sheet

At 31 December 2017

	Notes	2017 £'000	2016 £'000
Fixed assets			
Tangible assets	10	-	1
Current assets			
Debtors	11	1,561	970
Cash at bank and in hand		5,069	6,335
		6,630	7,305
Creditors			
Amounts falling due within one year	12	1,667	838
		1,667	838
Net current assets		4,963	6,467
Total net assets	14	4,963	6,468
Funds			
Unrestricted			
<i>General funds</i>		1,500	1,500
<i>Designated Fund for Foreign Exchange Movement</i>		250	446
<i>Designated Fund for Development</i>		129	510
<i>Designated to Organisational Investment Fund</i>		300	507
		2,179	2,963
Restricted		2,784	3,505
	15	4,963	6,468

Approved by the Board of Trustees and authorised to issue on 17 May 2018 and signed on its behalf by:



Chris Mullin

Chair



Gregor Stewart

Honorary Treasurer

Company registration number 2153193

The notes on pages 47–61 form part of these financial statements.

Statement of cash flow

For the year ended 31 December 2017

	Notes	2017 £'000	2016 £'000
Cash flows from operating activities:			
Net cash provided by operating activities	17	(1,268)	1,035
Cash flows from investing activities:			
Interest from deposits		2	6
Net cash provided by investing activities		2	6
Change in cash and cash equivalents in reporting period		(1,266)	1,041
Cash and cash equivalents at the beginning of the reporting period		6,335	5,294
Cash and cash equivalents at the end of the reporting period	17	5,069	6,335

The notes on pages 47–61 form part of these financial statements.

Notes to the financial statements

1. Accounting policies

- a) These financial statements are prepared on a going concern basis, under the historical cost convention, modified to include certain financial instruments at fair value. The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest pound. The principal accounting policies adopted are set out below.

The financial statements have been prepared in accordance with the Financial Reporting Standard Applicable in the UK and the Republic of Ireland (FRS 102). The charitable company is a public benefit company for the purposes of FRS 102, and the charity has also prepared its financial statements in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and the Republic of Ireland (The FRS 102 Charities SORP), the Companies Act 2006 and the Charities Act 2011.

The Trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the charity to continue as a going

concern. The Trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. In particular, the Trustees have considered the charity's forecasts and projections and have taken account of pressures on donation and investment income. After making enquiries, the Trustees have concluded that there is a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

In preparing financial statements, it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements. In the view of the Trustees in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements and no estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

- b) Incoming resources are accounted for when receivable. Grants receivable are credited to the Statement of Financial Activities as soon as the conditions of receipt have been satisfied. Income is classified under two principal categories of Grants and Donations, and

Charitable Activities. Incoming resources for charitable activities are analysed using the same categories as used for resources expended.

c) Restricted funds are grants received for specific purposes as laid down by the donor. Expenditure that meets these criteria is charged to these funds. Funds unspent at the end of the year that will be spent in future accounting periods are carried forward as restricted funds.

d) Unrestricted funds are funds that can be freely used in accordance with International Alert's charitable objectives at the discretion of the Trustees. Organisational Investment Funds are funds set aside by the Trustees out of unrestricted general funds for specific future purposes or projects. Designated Fund for Development has been created to set aside funds for development work of the charity's objectives during 2017.

e) Grants to partner organisations are included in the Statement of Financial Activities when payment is incurred, as defined in the terms and conditions for the grant.

f) Depreciation is provided in order to write off the cost of the assets over their estimated useful lives on a straight-line basis as follows:

- office equipment and computers over three years
- property improvement over seven to ten years
- motor vehicles over three years

Assets over a capitalisation limit of £1,500 are treated as fixed assets. Those not over £1,500 are written off to expenditure. Assets purchased from restricted funding are written off to expenditure when acquired.

g) Expenditure is classified under the two principal categories of Raising Funds and Charitable Activities. Costs of raising funds comprise salaries, direct costs and overheads of staff engaged in fundraising.

Charitable activities are all the resources expended on programme and project work that is directed at the achievement of its charitable aims and objectives. Such costs include the direct costs of the charitable activities together with those support costs incurred that enable these activities to be undertaken. Direct project costs have been allocated in accordance to resources expended against the stated activities.

Support costs have been apportioned on a reasonable, justifiable and consistent basis to each of the activity cost categories being supported. Support costs have been allocated either on the basis of time spent on the activity or on the basis of usage – that is, on the same basis as expenditure incurred directly in undertaking the activity.

Expenditure is accounted for on an accruals basis. Irrecoverable VAT is included with the item of expense to which it relates.

h) Transactions in foreign currencies are translated into sterling at the rates of exchange ruling at the date of the transaction. Assets and liabilities at the end of the year are translated into sterling at the rate of exchange ruling at the balance sheet date. Exchange differences are accounted for in the Statement of Financial Activities. We have segregated foreign exchange gains and losses in separate designated funds as shown in Note 15.

i) No provision has been made for taxation since all income is charitable and charitable status was obtained following incorporation.

j) The charitable company as an employer contributes to the personal pension plans of its employees. The contributions are equal to 10% of basic salary and are available to all employees with contracts over one year and who have successfully completed the first six months of their employment.

k) Rentals payable under operating leases where substantially all the risks and rewards of ownership remain with the lesser are charged to the Statement of Financial Activities in the period in which they fall.

l) Other financial instruments:

- Cash and cash equivalents: Cash and cash equivalents include cash at banks and cash in hand and in short-term deposits with a maturity date of three months or less.
- Debtors and creditors: Debtors and creditors receivable or payable within one year of the reporting date are carried at their transaction price. Debtors and creditors that are receivable or payable in more than one year and not subject to a market rate of interest are measured at the present value of the expected future receipts or payment discounted at a market rate of interest.

2. Total resources expended

Activity or programme	Activities undertaken directly £'000	Direct staff costs £'000	Grant funding of activities £'000	Support costs £'000	2017 total £'000
Raising funds	165	114	-	24	303
Working with people to make a positive difference for peace	3,400	3,805	3,494	1,180	11,879
Improving international policies that affect the prospects for peace	1,377	1,549	800	533	4,259
Strengthening the peacebuilding sector	206	172	197	199	774
	5,148	5,640	4,491	1,936	17,215
			(Note 6)	(Note 3)	

Activity or programme	Activities undertaken directly £'000	Direct staff costs £'000	Grant funding of activities £'000	Support costs £'000	2016 total £'000
Raising funds	44	138	-	27	209
Working with people to make a positive difference for peace	4,735	3,781	3,746	1,129	13,391
Improving international policies that affect the prospects for peace	1,413	1,371	555	527	3,866
Strengthening the peacebuilding sector	125	111	51	204	491
	6,317	5,401	4,352	1,887	17,957
			(Note 6)	(Note 3)	

3. Support cost breakdown by activity

Support cost	Raising funds £'000	Working with people to make a positive difference for peace £'000	Improving international policies that affect the prospects for peace £'000	Strengthening the peacebuilding sector £'000	2017 total £'000	Basis of allocation
Management	3	61	56	41	161	Time
Finance	3	191	64	8	266	Usage
Information technology	4	282	101	19	406	Usage
Human resources	2	141	54	13	210	Usage
Facilities	5	353	123	22	503	Usage
Communications	7	152	135	96	390	Time
	24	1,180	533	199	1,936	

Support cost	Raising funds £'000	Working with people to make a positive difference for peace £'000	Improving international policies that affect the prospects for peace £'000	Strengthening the peacebuilding sector £'000	2016 total £'000	Basis of allocation
Management	4	75	66	44	189	Time
Finance	4	220	81	17	322	Usage
Information technology	4	248	90	18	360	Usage
Human resources	3	141	54	14	212	Usage
Facilities	5	302	109	21	437	Usage
Communications	7	143	127	90	367	Time
	27	1,129	527	204	1,887	

4. Total incoming resources

	2017 £'000	2016 £'000
Institutional funding		
Agence Française de Développement	159	41
Australian Department of Foreign Affairs and Trade (Australian Aid)	465	1,118
British Council	485	571
Conflict, Stability and Security Fund, UK	211	389
Department for International Development, UK	677	1,287
Department for International Development, UK – PPA	-	1,739
Department for International Development, UK – Global Security Rapid Analysis project	86	-
Department for International Development, UK – Oxford Policy Management funds (2 contracts)	31	9
Department of Foreign Affairs and International Trade, Canada	510	14
Department of Foreign Affairs and Trade, Republic of Ireland – Core grant	127	-
Deutsche Gesellschaft für Internationale Zusammenarbeit	79	175
European Commission	3,397	2,999
Federal Department of Foreign Affairs, Switzerland	296	289
Foreign and Commonwealth Office, UK	307	2,017
Ministry for Foreign Affairs, Finland	154	143
Ministry of Foreign Affairs, Denmark	173	366
Ministry of Foreign Affairs, France	217	-
Ministry of Foreign Affairs, Netherlands	1,440	1,077
Ministry of Foreign Affairs, Norway	72	192
Swedish International Development Cooperation Agency, Sweden – Core grant	728	905
Swedish International Development Cooperation Agency, Sweden – Earmarked grant	400	-
Swedish International Development Cooperation Agency, Sweden – Restricted	1,717	2,009
Swiss Agency for Development and Cooperation	-	12
United Nations Development Programme	1,172	216
United Nations Entity for Gender Equality and the Empowerment of Women	30	53
United Nations International Children's Emergency Fund	314	105
United Nations Office for the Coordination of Humanitarian Affairs	32	57
United States Agency for International Development	1,279	1,282
United States Department of State	105	41
	14,663	17,106
Foundations, trusts and other organisations		
Action for Change	-	8
Adelphi	-	1
Centre Internationale des Sciences de l'Homme de l'UNESCO	-	10
Change for Results EEIG	2	10
Conciliation Resources	3	-
Economic and Social Research Council	25	10
Foundation Open Society Institute	-	98
Geneva Graduate Institute	-	5
Global Center on Cooperative Security, Inc.	2	-
Global Giving Foundation	3	-
Henry Dunant Centre for Humanitarian Dialogue	4	-
King's College London	48	51
Knowledge Platform Security and Rule of Law	29	11

	2017 £'000	2016 £'000
Mindanao Business Council	47	-
Misereor	-	24
Montrose LLP	1	-
Netherlands Organisation for Scientific Research	-	9
Norwegian Refugee Council	5	-
Now-Worto	-	25
Open Society Foundation	138	-
Overseas Development Initiatives	-	14
Oxfam	115	6
Peace Direct	2	-
PeaceNexus Foundation	-	10
Saferworld	4	-
Stichting Network University	3	15
The Allan and Nesta Ferguson Charity	100	-
The Christina Goodall Trust	27	-
The Danish Institute for Human Rights	-	5
The Peace Support Fund, Myanmar (multi-donor trust fund)	74	-
Three Faiths Forum	1	-
United States Institute of Peace	32	27
World Bank Group	378	34
Zentrum für Internationale Friedenseinsätze	-	4
Zivik	-	58
	1,043	435
Corporate and private individuals, bank interest and other donations/income		
Anglo American Services Ltd	50	135
Bank interest	2	6
BHP Billiton	-	12
ISAGEN	-	8
Other donations/income	19	98
Resolute Mining Limited	5	8
Roskilde University	-	55
TFS Stockholm	-	12
The Body Shop	11	-
Total Exploration and Production, Democratic Republic of Congo	58	-
Trans Adriatic Pipeline AG	50	46
Unilever UK Ltd	5	-
	200	380
Total income	15,906	17,921

5. Staff numbers and costs

The average numbers of employees during the year were as follows:

	2017 No.	2016 No.
Raising funds	6	5
Charitable activities – direct	47	47
Charitable activities – support	22	24
Overseas staff	163	138
	238	214

Staff costs during the year were as follows:

	2017 £'000	2016 £'000
Salaries	3,645	4,058
Employer's National Insurance contributions	380	380
Pension costs	357	415
Overseas staff costs	3,054	2,433
	7,436	7,286

During the year, redundancy payments made amounted to £115,010 (2016: £150,795) as a result of a restructuring of the Charity.

The numbers of employees receiving emoluments in the following ranges were:

	2017 No.	2016 No.
Between £60,000 and £69,999	6	8
Between £70,000 and £79,999	1	1
Between £80,000 and £89,999	2	2
Between £90,000 and above	1	1

Pension contributions amounting to £79,520 were made during 2016 for employees whose emoluments for the year exceeded £60,000 (2016: £85,148).

Key management personnel include the Chief Executive Officer/Secretary General and senior staff reporting directly to the Chief Executive Officer/Secretary General. The total employee remuneration of the charity for 2017 for key management personnel was £346,580 (2016: £344,633) and for pensions was £34,658 (2016: £34,463).

6. Grants to partners

	2017 £'000	2016 £'000
AboitizPower	1	(17)
Action Chrétienne pour la Paix et le Développement	-	5
Action des Chrétiens Unis pour le Développement Intégral	-	7
Action pour la Protection des Droits de l'Homme	-	48
Action pour la Solidarité et la Paix	43	7
Action pour le Développement des Populations Défavorisées	35	34
Action pour le Développement et la Paix Endogènes	63	3
Adyan Village	-	181
Afia Mama	23	4
Agence de Développement Territorial en Région de Kayes	(1)	52
Aide et Action pour la Paix	42	44
Aktis Strategy Ltd	-	72
Alliance pour Refonder la Gouvernance en Afrique	-	103
Amaliyot Taraqiyot Obodoni	11	14
Anticafé 'Chas E'	-	1
Appui à la Promotion de l'Entrepreneuriat Local au Kivu	-	8
Appui Conseil en Développement et Réduction de la Pauvreté	19	(1)
Arc en Ciel	57	-
Association – New Horizons	4	-
Association Communautaire pour la Consolidation de la Paix et le Développement	-	4
Association des Femmes des Médias	37	38
Association for Repatriated Women in Burundi	24	49
Association Malienne pour la Survie au Sahel	42	71
Association Paysanne pour le Développement Intégral	19	-
Association pour la Promotion de l'Entrepreneuriat Féminin	2	17
Association Rwandaise des Conseillers en Traumatisme	31	2
Basmeh and Zeitooneh	60	388
Boris Belash Foundation	4	-
Bureau d'Étude et d'Appui Développement de Walikale	-	6
Caritas	(38)	41
Caritas Development Uvira	20	-
Caritas Goma	39	10
Caritas Poltava	26	-
Caucus des Femmes du Sud-Kivu	72	83
Center for Community Support	4	-
Center for European Initiatives	-	19
Center of Social Initiatives and Partnership	5	-
Centre for Cultural Relations – Caucasian House	32	22
Centre for Humanitarian Programmes	35	25
Centre for Justice and Peace Studies	58	82
Cesvi	72	68
Child Smile	26	-
Children's Youth Press Club – Horlivka	20	-
Civil Society Institute	11	-
Collectif Alpha Ujuvi	84	71
Commission Diocésaine Justice et Paix	-	72
Conciliation Resources	94	224
Congo Men's Network	45	38
Cooperative des Agriculteurs Moderne de Murori	2	-

	2017 £'000	2016 £'000
Coopérative des Riziculteurs dans le Marais de Rurambi	1	-
Crisis Management Initiative	298	352
Development Fund of Spiritual Culture 'lyman'	84	-
Development Network Ukraine	4	-
Dnipropetrovsk Oblast Equal Opportunities	4	-
Duterimbere-IMF	-	2
Énergie pour la Paix Mondiale	1	8
Equal Opportunity Space	20	-
European Movement in Artsakh	9	-
European Movement Serbia	6	-
European Peacebuilding Liaison Office	14	-
Farodis	-	31
Federation of Muslim Women's Associations in Niger	162	78
Federation of Nepali Journalists	17	23
Fityanul Islam of Nigeria	20	-
For the Right to Life	1	50
Forte pour le Développement Intégral	-	5
Forum for Women, Law and Development	26	22
Foundation for United Hearst	5	3
Frame	(14)	26
Global Initiative on Psychiatry Tbilisi	32	107
Green Network	38	-
Groupe d'Appui-Conseils aux Réalisations pour le Développement Endogène	-	4
Groupe Milima	22	-
Guichet d'Économie Locale du Sud-Kivu	40	25
Health Care Development Focus Initiative	127	-
Heritage	-	29
Herwa Community Development Initiatives	186	82
Hromadske TV: Cherkassy	3	-
Ihuriro Ry'Amakoperative Ahinga Imyumbati ya Bugese	2	-
Imbaraga	2	28
Info Resource Centre for Cultural Dialogue	4	-
Initiative pour la Promotion de la Famille	2	-
Innovation et Formation pour le Développement et la Paix	49	-
Institute for Peace and Common Grounds	4	-
Journalists for Democracy and Human Rights	145	17
Justicia	7	-
Kabarole Research and Resource Centre	-	7
Karuna Mission Social Solidarity	41	-
Kenya Muslim Youth Alliance	-	6
Kharkiv Community Development Center	4	-
Kharkiv Region Association of Community Initiatives	4	-
Kings N Queens	11	9
Kitara Heritage Development Agency	-	12
Koperative Glingufu Muhinzi Wa Kawa	1	-
Koperative Isano mu Kwigira	3	-
Koperative y' Abavomerera Imyaka Gashora na Rilima	1	-
Kvinna till Kvinna	256	205
Lebanese Center for Policy Studies	-	2
Lebanese Observatory for Workers and Employees Rights	13	-

	2017 £'000	2016 £'000
Legal Agenda	7	-
Legal Aid and Consultancy Centre	-	(1)
Liberia National Law Enforcement Association	34	36
Lighthouse Communications Company, Inc.	12	15
LINKS	221	156
Living Earth	-	15
Lupah Sug Bangsamoro Women Association	35	29
Madesh Human Rights – Mahuri-Home	26	-
Mariupol Union of Youth	42	-
MBDN	23	210
Mental Health and Traumatherapy Centre	50	-
Mindanao Business Council	20	10
Mindanao Peacebuilding Institute	12	16
Mindanao State University, Iligan Institute of Technology	21	7
Muslim Sisters' Organization	20	-
Nadiyni Tyl – Ukraine	42	-
Nasnaga	48	-
New Donbass	4	-
Notre Dame University	24	6
Noyau de Réflexion sur les Actualités Sociopolitiques	-	8
Observatoire de la Parité	22	13
Observatoire Gouvernance et Paix	-	6
Organisation pour la Paix et le Développement	-	4
Pailig Development Foundation, Inc.	12	9
Parliamentary Forum on Oil and Gas	-	5
Phan Tee Eain	29	7
Podykh Nadii	21	-
Pokrovsk League	4	-
Pole Institute	218	-
Pro-Femmes Twese Hamwe	60	90
Public Committee for Development Tajikistan	-	(7)
Public Union Free Community City	7	-
Regional Analytical Center Ukraine	4	-
Réseau d'Innovation Organisationnelle (Centre Region)	25	-
Réseau des Associations des Femmes Juristes de l'Est	25	31
Réseau des Femmes pour un Développement Associatif	32	32
Rural Initiative for Community Empowerment West Nile	-	15
S. Relief	-	248
Services au Développement des Associations	2	-
Solidarité des Femmes Activistes pour la Défense des Droits Humains	47	70
Solidarité des Femmes de Fizi pour le Bien-Être Familial	60	21
Solidarité des Volontaires Pour l'Humanité	40	-
Solidarité Féminine pour la Paix et le Développement Intégral	-	56
SOS Villages	-	47
Stepanakert Press Club	15	-
Strategic Capacity Group	157	59
Svoyi	8	-
Symbiosis	-	7
TASBIKKa, Inc.	36	31
Thard Alliance	8	-

	2017 £'000	2016 £'000
The Power is in Unity	4	-
Thingaha Gender Organisation	32	5
Tunisia Network for Ecotourism	-	2
Ukrainian Catholic University	24	24
Ukrainian Center for Independent Political Research	12	19
Ukrainian Society for Overcoming the Consequences of Traumatic Events	31	-
UMUCYO	1	-
Umuseke	-	1
Union des Coopératives Agricoles Intégrées	(11)	-
Union des Coopératives de Producteurs du Riz de Bugesera	3	-
Union des Coopératives Rizicoles de Huye	2	-
Union des Groupes d'Actions Fitz-Itombwe	21	-
United Youth Community Nepal	10	-
Vosstanovlenie	4	-
Western Mindanao State University	22	8
Women of the Future	9	-
Women of the Orient	11	14
Youth Association for Human Rights Promotion and Development	65	-
Total grants to partners	4,491	4,352

7. Trustees' remuneration

Trustees received no remuneration in 2017 (2016: nil). In 2016, the costs of travel, accommodation and related expenses reimbursed to nine trustees amounted to £10,552 (in 2016, seven trustees received £12,661).

8. Trustees' liability insurance

The cost of trustees' liability insurance for 2017 was £2,920 (2016: £2,937).

9. Included in income and expenditure are:

	2017 £'000	2016 £'000
Statutory audit fees	(10)	(10)
Project audit fees	(81)	(80)
Depreciation	(1)	(2)
Foreign exchange (losses)/gains	(196)	406

10. Tangible fixed assets

	Property improvements £'000	Office equipment and computers £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 January 2017	286	134	62	482
At 31 December 2017	286	134	62	482
Accumulated depreciation				
At 1 January 2017	286	133	62	481
Charge for year	-	1	-	1
At 31 December 2017	286	134	62	482
Net book values				
At 31 December 2017	-	-	-	-
Net book values				
At 31 December 2016	-	1	-	1

11. Debtors

	2017 £'000	2016 £'000
Grant income	1,421	755
Prepayments	116	179
Sundry debtors	24	36
	1,561	970

Included in the above are financial instruments of the charity amounting to £1,445,000 (2016: £791,000).

12. Creditors

	2017 £'000	2016 £'000
Trade creditors	71	100
Taxation and social security	94	92
Accrued expenditure	113	139
Deferred income	1,164	345
Pension creditors	148	140
Sundry creditors	77	22
	1,667	838

Note 12a

Included in the above are financial instruments of the charity amounting to £503,000 (2016: £493,000).

12a. Deferred income

	2017 £'000	2016 £'000
Opening balance	345	570
Less: Realised during the year	(345)	(570)
Add: Deferred income during the year	1,164	345
	1,164	345

Deferred income relates to grants received in 2017 for 2018 projects.

13. Commitment

At 31 December 2017, International Alert was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2018.

Operating leases which expire	Land and buildings		Other	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Within one year	173	150	17	24
Within two to five years	642	600	26	41
Over five years	-	113	-	-

14. Analysis of net assets between funds

	Unrestricted funds 2017 £'000	Restricted funds 2017 £'000	Total funds 2017 £'000	Unrestricted funds 2016 £'000	Restricted funds 2016 £'000	Total funds 2016 £'000
Fixed assets	0	-	0	1	-	1
Current assets	3,481	3,149	6,630	3,340	3,965	7,305
	3,481	3,149	6,630	3,341	3,965	7,306
Less: Creditors	1,302	365	1,667	378	460	838
	2,179	2,784	4,963	2,963	3,505	6,468

15. Movement on funds

The overall movement on funds is shown below. The restricted funds comprise unexpended balances of grants held on trust to be applied for specific purposes.

	At 1 January 2017 £'000	Movements between funds £'000	Incoming resources £'000	Outgoing resources £'000	Other transfers	At 31 December 2017 £'000
Restricted funds						
Africa	1,499	45	6,996	(7,287)	-	1,253
Asia	281	39	2,170	(2,815)	-	(325)
Europe, Middle East and North Africa	1,440	25	3,718	(3,940)	-	1,243
Peacebuilding Advisory Unit/Global issues	285	35	776	(483)	-	613
	3,505	144	13,660	(14,525)		2,784
Unrestricted funds						
General funds	1,500	188	2,246	(2,180)	(254)	1,500
Designated Fund for Foreign Exchange Movement*	446	-	-	(196)	-	250
Designated Fund for Development**	510	-	-	(510)	129	129
Designated to Organisational Investment Fund***	507	(332)	-	-	125	300
	2,963	(144)	2,246	(2,886)	-	2,179
Total funds	6,468	-	15,906	(17,411)	-	4,963

* Designated Fund for Foreign Exchange Movement: This fund denotes net book gains made on foreign currency accounts. During 2017, the company incurred exchange losses aggregating £196,000, leaving a balance of £250,000, which will be used for exchange losses during 2018 and beyond.

** Designated Fund for Development: As planned during 2017, £510,000 was used towards designed expenditure. However, due to a higher surplus, £129,000 was set aside in the fund surplus to sustain the organisational development in line with its objective during 2018. These funds will be utilised during 2018.

*** Organisational Investment Fund: As planned during 2017, £332,000 was drawn from the investment fund for longer-term programme development and organisational development. However, given a good year-end outcome, a sum of £125,000 was put back into the fund to allow flexibility towards programme investment during 2018 and 2019 to sustain organisational growth.

15. Movement on funds (continued)

	At 1 January 2016 £'000	Movements between funds £'000	Incoming resources £'000	Outgoing resources £'000	Other transfers £'000	At 31 December 2016 £'000
Restricted funds						
Africa	2,894	85	5,754	(7,234)	-	1,499
Asia	118	73	1,947	(1,943)	-	195
Eurasia	614	-	2,858	(2,613)	-	859
Global issues	335	16	759	(832)	-	278
Middle East and North Africa	119	25	3,087	(2,565)	-	666
Emerging programmes	41	-	212	(245)	-	8
	4,121	199	14,617	(15,432)	-	3,505
Unrestricted funds						
Unrestricted funds	1,430	-	3,304	(2,525)	(709)	1,500
Designated Fund for Foreign Exchange Movement*	40	-	406	-	-	446
Designated Fund for Development**	-	-	-	-	510	510
Designated to Organisational Investment Fund***	507	(199)	-	-	199	507
	1,977	(199)	3,710	(2,525)	-	2,963
Total funds	6,098	-	18,327	(17,957)	-	6,468

* Designated Fund for Foreign Exchange Movement: This fund denotes book gains made on foreign currency accounts held during the year. This fund will be used for exchange gains and losses during 2017 and beyond.

** Designated Fund for Development: This fund is reinstated from 2016 surplus to sustain the organisational development in line with its objective during 2017 and partly to fill the funding left by the UK Department for International Development's Programme Partnership Arrangement (PPA) funding agreement that ended in 2016. These funds will be used during 2017.

*** Organisational Investment Fund: During 2016, £199,000 was drawn from the investment fund for longer-term programme development. However, given a good year-end outcome, £199,000 was put back into the fund to maintain the fund at over £500,000. There is a plan to spend £232,000 during 2017, with further plans to then maintain the fund level between £150,000 and £200,000 to sustain organisational growth.

16. Notes to the cash flow statement

Reconciliation of net income to net cash flow from operating activities

	2017 £'000	2016 £'000
Net income for the period	(1,309)	(36)
Interest from deposits	(2)	(6)
Depreciation	1	5
Exchange rate gain/(loss)	(196)	406
(Increase)/decrease in debtors	(591)	906
Increase/(decrease) in creditors	829	(240)
Net cash inflow/(outflow) from operating activities	(1,268)	1,035

17. Related party transactions

- (i) During 2017, International Alert registered an affiliate 'Stichting International Alert' in the Netherlands. The Chairperson and members of key management personnel are on the Board of Trustees of the Dutch entity.
- (ii) During 2017, International Alert received £1,000 for the project work done for another charity, where one member of key management personnel of International Alert is a trustee.





Acknowledgements

Donors

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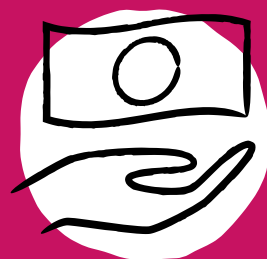
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346 Clapham Road, London, SW9 9AP, United Kingdom

Tel +44 (0)20 7627 6800 **Fax** +44 (0)20 7627 6900

info@international-alert.org

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