



international
alert

Annual Report and Accounts

For year ended 31 December 2018

Peace
is within
our power

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.

www.international-alert.org

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Layout: D.R. ink

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A message from the Chair of our Board of Trustees

Too little peace in our time

War in Syria. War in Yemen. War in Afghanistan. Major conflict continuing in Iraq, Somalia, Congo, Nigeria and Mali. Burning disputes in at least two dozen more locations, ranging from Ukraine and Kashmir, to Myanmar and Colombia. Around the world, peoples in crisis – and their neighbours – struggle to live with the daunting consequences of violence: economic, social and political upheaval, unprecedented refugee flows, and widespread suffering and loss of life. They desperately need help.

Unfortunately, the rise in conflict we see today has not been matched by a corresponding increase in global capacity to meet this challenge, nor by greater political appetite on the part of key international actors to intervene. Indeed, some major powers appear absorbed with internal issues and short-term interests to the detriment of collaborating on long-term solutions. I believe this situation has placed a considerable premium on engagement by peacebuilding NGOs that work directly with people at the grassroots level and – resources permitting – are in for the long haul.

But is there a solution? What can realistically be done to prevent fighting, contain tensions and advance peace?

One answer is to empower people to resolve their differences peacefully and to beat the drum for managing any conflict that does arise with compassion and wisdom, not anger and violence. Coupled with this is the importance of fostering forgiveness and reconciliation; helping groups come to terms with others who engaged in earlier clashes. These activities centre around **breaking cycles of violence and building cycles of peace** – the thrust of International Alert's new five-year strategy. Our goal is to make peacebuilding become so familiar at the community, national and international level that it develops a self-reinforcing, self-perpetuating momentum of its own.

Recently, I visited Lebanon's Bekaa Valley to witness our strategy in action. There Alert's team has brought together local residents and Syrian refugees to foster

a dialogue to build understanding and cooperation. All declared that not only was this needed, but also that the programme is working! In fact, Lebanese participants lamented that, had such an effort been undertaken when Palestinian refugees first arrived, the past few decades would have been much easier.

In Rwanda, now marking the 25th anniversary of its unthinkable genocide against the Tutsi, Alert is addressing the other end of this equation, helping Hutu and Tutsi communities recover from tragedy and build forgiveness.

Today, we are working with dedicated partners in 21 countries and territories, engaging and supporting over 143,000 people. Our programmes include reducing land-related conflicts in the DRC; building the capacity of journalists in the South Caucasus to provide people-focused, conflict-sensitive reporting; encouraging young Nigerian leaders to stop stigmatising those returning from Boko Haram captivity; helping maintain a conflict-monitoring system in the Bangsamoro (Philippines); and promoting the inclusion of marginalised groups in the Tunisian democratic process. Alert is doing all it can to break cycles of violence and help communities around the world build lasting and sustainable peace.

Our beneficial work would never have been possible without the strong backing of key strategic donors, especially the Dutch Ministry of Foreign Affairs, Ireland's Department of Foreign Affairs & Trade, and the Swedish International Development Agency. We owe you an enduring debt of gratitude for all you have done to champion peacebuilding and support International Alert's work and we look forward to working with you and all our many donors across the world to break cycles of violence and build cycles of peace.



Carey Cavanaugh

US Ambassador (retired), Chair of International Alert

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Organisational details

| | |
|-----------------|---|
| Trustees | Ambassador (retired) Carey Cavanaugh (US) – Chair (appointed 1 August 2018) Christopher John Mullin (UK) – Chair (resigned 1 August 2018) Gregor Stewart* (UK) – Honorary Treasurer Gordana Duspara Moriarty* (UK) (resigned the Board and the Management Advisory Committee 10 December 2018) Dr Dhananjayan Sriskandarajah (UK) (resigned 10 December 2018) Carol Allen-Storey (US) Padma Jyoti (Nepal) Helena Puig Larrauri (Spain) (resigned 17 May 2018) Oliver Kemp* (UK) Christopher Deri (US) Dr Alaa Murabit (Libya/Canada) Lisa Lynn Rose (US/Northern Ireland) Abir Haj Ibrahim (Syria) (appointed 17 May 2018) Hans Bolscher (Netherlands) (appointed 17 May 2018) Erin Segilia Chase (UK) (appointed 7 July 2018)* |
|-----------------|---|

** Denotes member of Management Advisory Committee in 2018*

| | |
|---------------------------|---|
| Principal officers | Harriet Lamb, Chief Executive Officer Susan McCready, Chief Operating Officer, Company Secretary Stephen Pritchard, Director of Programmes (resigned 2 November 2018) 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.

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ево туца
и до мори
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ПАПА Я ВСЕГО
УКОЧЕНО МОДИ
10 УЗОРУСАИ
1,5 МЕСЕЦ

МАМА УКОЧЕНО
УКОЧЕНО ГОРОДОМ
УКОЧЕНО УКОЧЕНО
УКОЧЕНО

1,5 МЕСЕЦ

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 that people and their societies can resolve conflicts without violence, working together to build sustainable and inclusive peace.

Mission

Our mission is to break cycles of violence and to build sustainable peace by:

- working with people directly affected by violent conflict to find lasting solutions;
- shaping policies and practices to reduce and prevent violence, and to support sustainable peace; and
- collaborating with all those striving for peace to strengthen our collective voice and impact.

www.international-alert.org

Our work in 2018

In 2018, we ran projects in 21 countries and territories, with training, research or one-off consultancies in a further 21. In total, we implemented 93 projects and consultancies.

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

143,404 people

through dialogue, training, advocacy, accompaniment, research and outreach activities. Of these, 43% (62,135) were men and 57% (81,117) were women, with 152 people identifying as 'other'.

As in previous years, most activities organised by Alert were dialogue meetings (436), while we also organised 274 trainings and other capacity-building activities, and 98 advocacy and outreach initiatives.



Dialogue meetings

47,820 people

21,924 men

25,856 women

40 other



Advocacy/ outreach

31,378 people

15,097 men

16,234 women

47 other



Trainings

16,367 people

7,290 men

9,051 women

26 other



Other activities

47,839 people

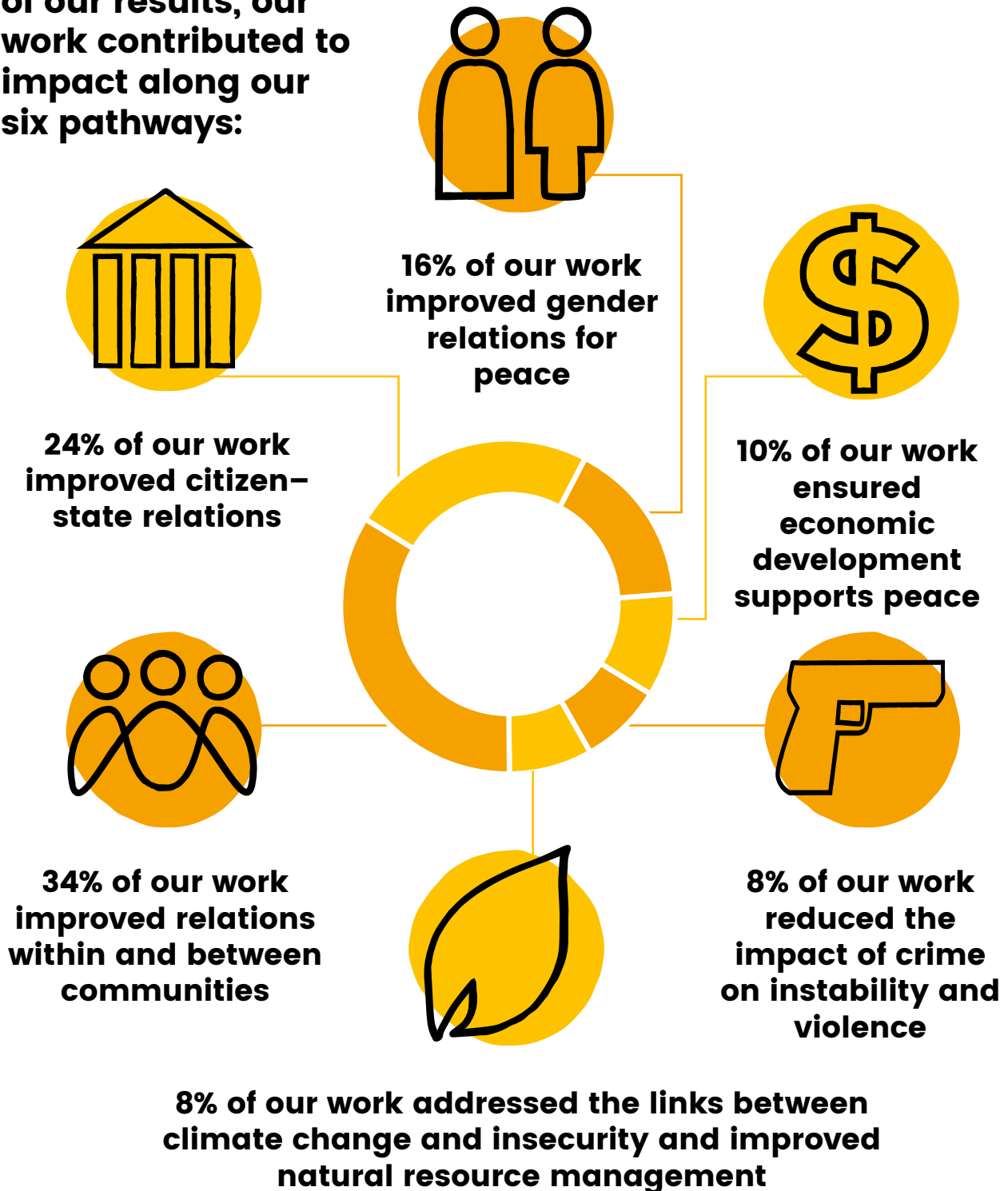
17,824 men

29,976 women

39 other

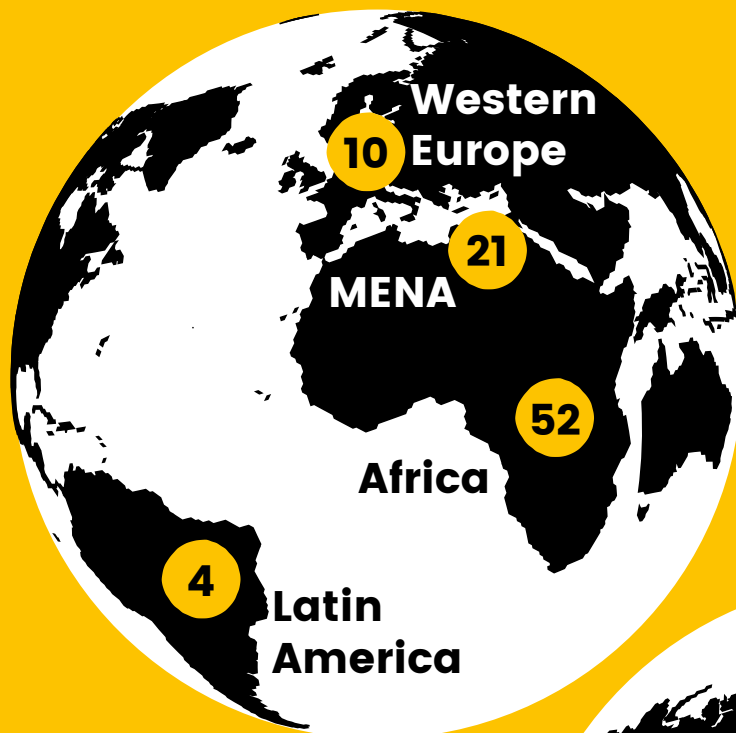
Results we achieved

Looking across all of our results, our work contributed to impact along our six pathways:



Where we worked

Number of projects per region



25 Multiple regions



Key themes

Number of projects per theme

As previously, most of our work focused on governance and state–citizen relations, conflict sensitivity and gender. Compared to 2017, projects have increasingly focused on youth, human rights, economic development and livelihoods, security, DDR (Disarmament, Demobilisation and Reintegration), and refugees and displacements.



A special thanks

This work would not have been possible without the support of our strategic donors:



Ministry of Foreign Affairs of the Netherlands



Irish Aid

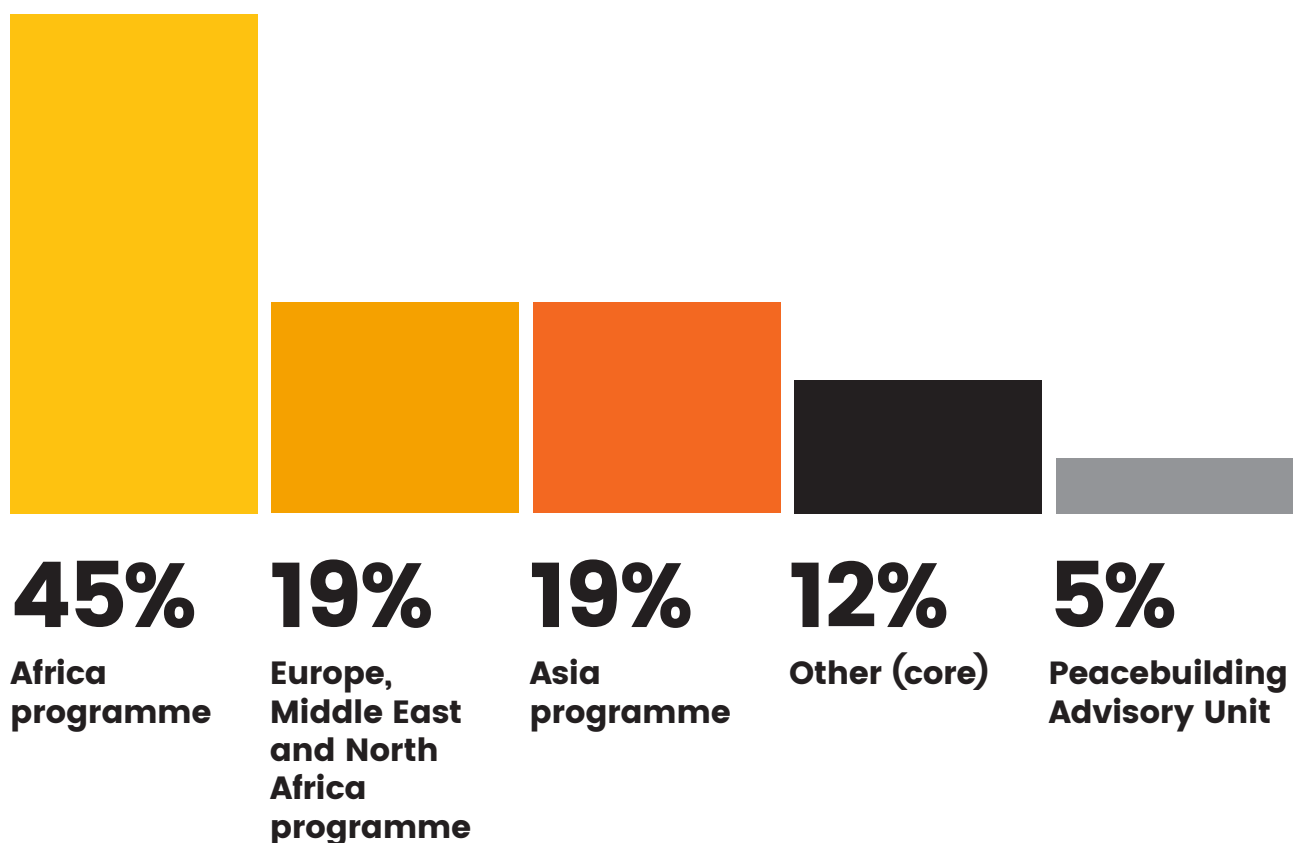
Department of Foreign Affairs
An Roinn Gnóthaí Eachtracha



Sweden

Sverige

How we spent the funds



Stories

Nigeria: Reigniting lost hope

“I was invited to attend victim support and stigma prevention dialogue sessions because they were looking for youth leaders. There, we were encouraged to stop stigmatising those returning from Boko Haram captivity and were told that our actions risked instigating violence. I did not agree with the message, as I believed that the survivors were as much guilty as Boko Haram, so I stood up and left,” recalls Hassan, a 35-year-old youth leader from Goidangari, Bama, who took part in Alert’s sessions in northern Nigeria.

This region and its people have been affected by widespread violence and displacement since 2009, when the Boko Haram insurgency started.

Women and children have borne the heaviest brunt of the conflict. Thousands have been held captive, raped and forced into marriage with Boko Haram fighters, or had to flee their homes due to the fighting with government troops. Many have given birth to children from these repeated rapes. When they return home from captivity, their ordeal isn’t over; they are stigmatised and rejected by their own families and communities.

Hassan was visited by the Bulama and Lawan (local chiefs) and encouraged to attend more sessions, but he kept refusing. Then one day, after morning prayers, the Bulama approached him again. Hassan recalls: “He told me to come to the session again and, if I still was not convinced by the end, he would leave me alone. At the session, the facilitator asked how we would feel if we were rejected after our rescue.” After that, his perception towards Boko Haram survivors shifted. He realised the harmful effect discrimination and rejection was having on

them. He apologised to the survivors and resolved to draw them closer into the community.

“Previously, those who had been in Boko Haram captivity were ridiculed by all of us. They were objects of scorn and we did not want anything to do with them. We even used to refuse to sell them food. They used to hide from us and send their children if they wanted anything from the shop. But things are better now. We have accepted them, and we are united. They can walk into any shop and buy whatever they want. Shopkeepers are even offering gifts (sweets or biscuits) to their children,” adds Hassan.

Since 2017, together with our local partners, we have reached over 19,000 people, including women and girls, youth and religious leaders, community members and local government officials. Our focus has been to ensure that survivors are seen not just as victims but as key players in their own recovery.

We have empowered women and girls to take back control of their lives and contribute to rebuilding their communities. And we have supported the most vulnerable in setting up businesses – such as cap knitting, spaghetti making and charcoal trading – allowing them to make a living and support their families.

By December 2018, 1,525 people had received support for small-scale initiatives. Dooma is a 21-year-old who was abducted by Boko Haram insurgents as a young girl, shared among fighters and then eventually forcibly married. When she arrived at a displacement camp in Barma, she faced rejection and suspicion from community members, and struggled to make a living. Dooma attended Alert’s sessions, and received a spaghetti-making machine.

“I feel at ease at Alert’s sessions. When I came earlier, I didn’t have the esteem and courage to

mingle [...]. Today, I am an example to others and I try to use my experience to enlighten those who discriminate against survivors and returnees like me," she says.

Many women and girls said that their businesses had decreased their dependency on others, instilled in them a sense of self-worth and fulfilment, and improved their interaction with the community.

"I will give you an example: some of the women and girls have been helped to start small businesses, and now those of us who once refused to sell things to them are having to go to their shops or stalls for things that we need. We are going to their weddings, baby-naming ceremonies and funerals. The transformation has been immense," says Hassan cheerfully.

This project is funded by the UK Government through the Conflict, Stability and Security Fund (CSSF). Find out more at www.international-alert.org/nigeria



Hassan, a youth leader from Goidangari





Nepal: Promoting media freedom

“I started out as a photojournalist right at the time when the King took over power and curtailed the rights of the press. International news agencies in Nepal started looking for staff and luckily Reuters offered me a job, starting my work at such a critical juncture. Local news and media were suppressed by the then authority, but they could not do the same to international news agencies. Desk editors and reporters were indirectly under the army command. Correspondents from national media could not write and move as freely as us. The army had taken control of the media houses here,” says Shruti Shrestha, a female photojournalist from Kathmandu and a participant in Alert’s “Right to Voice” project that promotes media and freedom of expression.

Shruti continues, referring to the government takeover by the then King: “Nepal’s situation would have not been understood by the rest of the world if it wasn’t for the journalists working here for international news agencies.”

The media have played a key role in Nepal’s transition from autocratic monarchy to a functioning multi-party democracy, and media houses have become increasingly effective in raising the public’s demand for increased government accountability. The media, in particular local radio, have also been instrumental in raising awareness nationwide of policy debates around the constitution-making process, and have helped ensure that Kathmandu-centric debates are informed by local-level concerns.

However, in 2017 around 15 journalists were physically attacked or manhandled by policemen while covering the legislative elections. And in 2018 Nepal was ranked 106th out of 180 countries in Reporters Without Borders’ 2018 World Press Freedom Index. These personal security risks and threats faced by journalists, combined with the relative lack of professionalism within the media sector and poor oversight and regulation, undermine the media’s potential to play a positive role in the consolidation of peace and democracy and the protection of human rights.

As one of the few international NGOs with a legal mandate from the Government of Nepal to work on security and justice issues, Alert in partnership with

the Federation of Nepali Journalists (FNJ) brought journalists together to increase the media’s freedom of expression and pluralism, reduce threats to journalists and promote marginalised voices. We also worked with people in a position to either support or undermine the freedom of the press, including political parties, security forces and local officials in targeted areas.

“The trainings I did with the ‘Right to Voice’ project challenged me to further investigate the stories I was working on and listen to the voice of the most vulnerable populations. This made me deal with stories and content in a completely different way from what I was doing previously. I was giving a voice to the voiceless,” said one of the project’s participants.

Other participants confirmed that the trainings have enabled them to explore more aspects of journalism and reporting. This includes having better access to information, fact checking multiple sources, and making journalists more aware of their rights and privileges by disseminating the Media Code of Conduct.

“There is a big difference between now and before being part of this project. Earlier, we didn’t know where and how to start. Now after we have attended the trainings, we have learned how to approach victims and marginalised communities. We also do ample amount of homework before we go out to the community to hear their grievances or even before taking an interview with anybody,” says Ram Dahit Pahura, another project participant.

The inclusion of various stakeholders brought together a greater diversity of perspectives and clarified many misconceptions. “Take me for example, earlier I used to label every journalist as corrupt, biased, divided and unethical. Now my perspective has changed in a positive way. I believe now journalists are more professional. People are trusting the media more than the government. For example, if we have any problem in service delivery, people would say ‘we will report it to the media’. They are becoming true changemakers,” comments another participant.

This work is funded by the European Union through the European Instrument for Democracy and Human Rights (EIDHR). To find out more, visit www.international-alert.org/nepal

Tunisia: Improving healthcare for marginalised communities

In the marginalised governorate of Tataouine on the Tunisian-Libyan border, improving healthcare services is a priority for the local community. There are only 11 specialised doctors covering the whole governorate, approximately 149,000 people, which has contributed to the tragic deaths of a number of women during childbirth.

To find sustainable solutions, Alert produced the first-of-its-kind citizen audit, a participatory study in Tunisia to evaluate public healthcare services across the governorate from the viewpoint of its inhabitants. "My child became ill with a chronic disease because we couldn't find a paediatrician in our region," said a female participant.

Tataouine is the largest governorate in Tunisia, yet the second least populated. Alert believes that involving citizens in evaluating public services is a fundamental pillar in the promotion of participatory democracy in marginalised regions affected by unequal access to basic services.

"Alleviating the suffering of the citizens of Tataouine governorate in terms of public health is a pressing priority that requires special procedures, in particular in the field of specialised medicine," says Jouahor Mezid, representative of the Tunisian Association for the Defense of Public Health and the Rights of its Users.

In 2018, together with our partners, we conducted focus group meetings with doctors, patients, nurses, new mothers and representatives of civil society in order to produce a participatory and comprehensive set of recommendations that reflect local needs. These were then presented through press conferences in Tunis and Tataouine, in the presence

of international donors, civil society organisations and local authorities.

Alert is now planning to extend this citizen audit to another two marginalised areas, focusing on the healthcare services available for young people to push for change.

"Every citizen deserves fair and adequate healthcare services, as stipulated in the constitution," says Mariam Abdel Baky, the project's manager.

"By bringing together field research, norms of community, and health and citizen knowledge on the delicate situation of healthcare in one of the most marginalised border regions in this ground-breaking study, we are showing that citizens' participation is key for a comprehensive evaluation of public services."

We will be taking this work forward with our partners to develop mechanisms of diagnostics that we hope will contribute to an impactful change to the provision of healthcare services in Tataouine."

This study is supported by the European Union and conducted by Alert and its local, national and regional partners: Network of Civil Society Organizations in Tataouine, Tunisian Association for the Defense of Public Health and the Rights of its Users and Shamseya for Innovative Community Healthcare Services. For more information, visit www.international-alert.org/tunisia



Economic development for peace: Working with companies to prevent conflict

“From my work on human rights I know well what the negative consequences of private sector-driven economic development can be. I see engaging with companies to make them change their practices and understand their roles better as core to peacebuilding,” says Trine Pertou Mach, Alert’s Head of Economic Development for Peace.

For 20 years, Alert has worked with the private sector to promote conflict-sensitive business practices and the role of the private sector in peacebuilding. This comes from the belief that when working in conflict-affected areas you have to work with all stakeholders, including those impacted by and impacting conflict, to build peace. Businesses can play a positive role in contributing to a country’s economic development, but they can also exacerbate tensions and fuel violent conflict depending on their conduct and practices.

Alert first started working with Anglo American, the international mining company, in 2009 on the Quellaveco copper project in Peru, a country characterised by uneasy relations between mining companies and communities. We are now supporting all of Anglo American’s more complex operations, including in Brazil, Chile, South Africa and Peru, to ensure the company’s operations in fragile environments do not exacerbate conflict but on the contrary reinforce peace – something we refer to as conflict sensitivity. Through input into company processes and procedures, and direct training and accompaniment to staff and contractors, Alert has helped Anglo American prevent conflict and engage constructively with external stakeholders, including local communities, governments and security providers.

In 2018, Alert trained the company’s staff and contractors on the Voluntary Principles on Security and Human Rights in Brazil, Chile, South Africa and Peru,

and reviewed Anglo American’s plan to further integrate human rights into their operations over the next five years. In 2019, Alert will be expanding the partnership to examine gender issues in the mining industry.

Based on our knowledge and experience of collaborating with companies, in 2018, Alert published a new toolkit on “Human Rights Due Diligence in Conflict-Affected Settings”. This helps companies operating in fragile or conflict-affected contexts ensure that human rights are respected in their operations. While there has been significant progress in following the United Nations Guiding Principles on Business and Human Rights, there is little guidance on what this means for companies operating in conflict-affected settings. Alert’s toolkit helps bridge that gap. In these settings, where human rights violations are likely to be higher, having more robust human rights due diligence is crucial.

Using the toolkit, we have advised an international financial institution on integrating our approaches into their internal guidance on environment and social impact requirements, engaged with hydropower companies, worked with the Dutch government to incorporate Alert’s approaches into their private sector policies, and advocated for the UN Working Group on Business and Human Rights to adopt Alert’s approach.

“We need to support the private sector to change its standards when engaging in conflict-affected settings,” adds Trine. “By integrating the toolkit’s core components into business practices and investment requirements, we will be able to increase protection of human rights to prevent fuelling conflict and promote peace, and this is what Alert is committed to do.”

We work with companies under our Corporate Engagement Principles to help ensure we remain an impartial, independent and effective partner. For more information, see www.international-alert.org/economy



Progress against our priorities in 2018

In 2018, 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 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 2018.

2018 organisational priorities

Develop a new organisational strategy for 2019–2023

With patterns of conflict changing rapidly, in 2018, we reviewed Alert's work and set out our path to the future. We ran an inclusive process, consulting with staff, our partners and donors, our Board and the wider stakeholder community to determine Alert's core strengths and where we want to adapt or sharpen our focus. Our new strategy, "Breaking cycles of violence, building cycles of peace", sets out our core ambitions for 2019–2023, alongside our signature ways of working, and our new business model.

Sharpen the focus on impact

Alert, in common with other peacebuilding organisations, is still seeking to improve monitoring and evaluation (M&E), and using the resulting information to enhance and expand its programming, and in sharing lessons learned with others. Despite significant improvements, this remains a major priority. Progress so far includes the compilation of an annual Results Framework since 2014, better project designs and the incorporation of M&E plans for all significant projects. In 2018, we finalised country or regional strategies to better track progress at a programmatic level. In addition, we designed a process for reviewing longer-term programme quality and trialled it in Nepal, with positive results and useful learning for Alert and partners. We also increased our capacity to provide M&E advisory services to others.



Grow with quality

Continued expansion is vital to allow us to have more impact. Progress has been strong in recent years, including a 6% growth in expenditure in 2018. New long-term funding was secured for projects in the Democratic Republic of Congo (DRC), Nepal, Kenya, Tunisia and Ukraine, demonstrating our and our partners' success in finding positive ways to support sustainable peace. Unfortunately, eighteen international NGOs (including Alert) were not able to renew registration in Pakistan and so we have had to downsize this programme, maintaining only some regional-level activities.

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 work. In recent years, this has involved restructuring our technical support and human resources, and improvements in project design and M&E. We have also developed an in-house project management database. In 2018, we continued our focus on compliance.

2018 programme priorities

Our Strategic Perspective 2015–19 outlined six 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. They are:

1. improve relations within and between communities

2. improve citizen–state relations

3. improve gender relations

4. reduce the impact of crime on instability and violence

5. address the links between climate change and insecurity, and improve natural resource management

6. ensure economic development supports peace

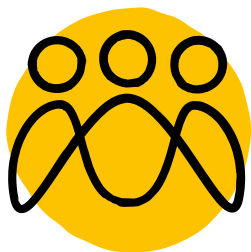
Our progress on these pathways is any change – ideally a sustainable and sustained change – to which we have contributed. Achieving sustained impact can take a long time, hence our interest in project outcomes and steps along the way – 'results'.¹

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.35) and organisational priorities (see p.28).

Almost all the activities were carried out in collaboration with our 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.

2018 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

Mali is facing the repercussions of years of violence between armed opposition groups and the central government. In 2018, we trained young people, including former members of armed groups, on conflict analysis and gender and brought together opposing community members of different ethnic backgrounds. Thanks to our work, **perceptions of insecurity dropped by an average of 36% in the target regions** (Segou, Mopti and Timbuktu) compared to the beginning of 2016.

In **Lebanon**, the Syrian crisis is taking its toll on the country's infrastructure and services. In 2018, we trained 83 healthcare and protection staff from our partner NGO AMEL to reduce tensions stemming from the refugee crisis. We also accompanied them in embedding conflict-sensitive processes in their healthcare services provision and equipped them with tools to deal with the customs and traditions of newly arrived Syrian patients, manage any tensions that may arise between Syrian and Lebanese patients, and lead on advocacy and health campaigns that meet the needs of both the host and refugee communities. AMEL staff were able to directly manage stereotyping between Lebanese and Syrian patients and transform the primary health centres where they operate into safe spaces that promote collaboration and acceptance. As a result, AMEL is now actively working on **reducing tensions** between refugees and host communities in three governorates in Lebanon – the Bekaa, South and Mount of Lebanon.

In the **South Caucasus**, media coverage of the conflict over Nagorny Karabakh is dominated by aggressive, militant and dehumanising language. In

2018, 70 journalists were trained to produce media outputs for our "Unheard Voices" project – the only initiative that brings together journalists from Armenia, Azerbaijan and Nagorny Karabakh in a constructive dialogue process. Online audiences engaged in constructive discussions on the cost of conflict through our social media strategy, with our content being viewed over 61,000 times.

In 2018, we developed a ground-breaking toolkit on "Improving the impact of preventing violent extremism (PVE) programming" for the United Nations Development Programme (UNDP) in the Arab States. The first of its kind, the toolkit provides a comprehensive set of tools on all stages of PVE programming, responding to an urgent need to improve efficiency, targeting and design of such programmes. We then trained 30 representatives from UNDP **Jordan**, on how to design, monitor and evaluate projects aiming to prevent violent extremism and advised other UNDP offices on designing new projects related to PVE.



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

Although **Rwanda** has made great progress in strengthening state institutions, the journey to lasting peace and reconciliation is still long and complex. In 2018, International Alert enhanced the technical skills of public officials to improve their capacity to engage effectively with communities through training and accompaniment. Together with the district officials and input from communities, reconciliation issues were identified and prioritised for inclusion in the District Development Strategies and Action Plans. From this, the ability of officials to analyse reconciliation issues has increased. Some districts have already included the issues into their strategic plans and are using their own budget to implement

the programmes in a more effective and efficient way. Thanks to our engagement, local officials realised the need to involve community-based organisations, local NGOs, faith-based organisations and the private sector in reconciliation programming, which they have now done and it is yielding great results.

In **DRC**, instability, poor job prospects and high levels of inter-community conflicts have seen many young people turn to armed groups to defend themselves, their families and communities. In 2018, we brought together youth from four communities (Banyamulenge, Babemba, Bafuliru and Banyindu) who have been in conflict for decades and encouraged them to publicly advocate for their rights. Previously, it was a taboo within these communities for women and young people to speak in public. Our public-speaking campaigns inspired confidence, and enabled members of these communities to freely express their views and put their needs to local governments. Twenty-six young women were trained on leadership, conflict and gender sensitivity. As a result of these activities and our support, local governments started to facilitate the registration of newly formed women's movements and associations, legalising their statuses and reducing their initiation fees.

In **Nigeria**, vigilante groups have gained prominence in response to what was perceived as uncoordinated and ineffective military action against the insurgency in the northeast. Officially armed and authorised by authorities, the Civilian Joint Task Force (CJTF)

conducts security operations alongside government security forces. In 2018, we worked on improving relationships and collaboration between community members and the CJTF, including on local security issues. The CJTF and community leaders learned more about the root causes of the conflicts between them, but also more about the positive roles they each played. They also increased their knowledge of the tools and methods for peacefully managing community disputes, and their understanding that they are accountable for their actions. CJTF members began using their new knowledge to mediate issues in their communities and community leaders started sensitising communities on the role of the CJTF. CJTF members also started encouraging their peers to refrain from interfering in areas outside their mandates, which was one of the biggest points of contention with community members.

In the **Philippines**, less than a year after the government declared the city of Marawi liberated from the ISIS-affiliated Maute terrorist group, International Alert convened the Marawi Reconstruction Conflict Watch (MRCW) – an autonomous and neutral multi-stakeholder group of locals that critically engages with government, the military, aid agencies, private sector partners and civil society to help mitigate violent conflict that may result from the reconstruction process. MRCW met monthly to discuss pressing issues on the ground. Through the MRCW, we monitored and flagged critical developments around the reconstruction process that threaten the fragile peace in Marawi. MRCW amplified efforts to call on the





national government to speed up the reconstruction, ensure the process is conflict-sensitive, mitigate land-based conflicts, and prioritise a compensation bill for those affected by the Marawi siege. This demand-driven process is seen as crucial in preventing extremist groups from exploiting grievances and anti-government sentiments among community members that extremist groups could weaponise.



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

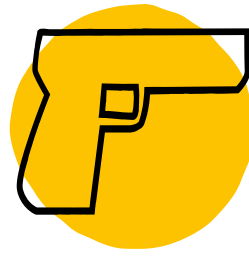
In **Afghanistan**, national policies have not generated palpable change for most women, with a disconnect

between national and provincial practices. In 2018, we worked with 144 female peacebuilders and 96 male champions to overcome these gaps by promoting local-level implementation of the National Action Plan through community-led microprojects. Community attitudes towards male–female cooperation changed in a majority of the 24 districts across five provinces where religious and other thought leaders have accepted joint male–female working groups and their peacebuilding initiatives. During the implementation of our project, we found that we were able to bring these mixed groups of men and women together a lot more quickly than we expected. When we asked what had caused this acceptance of interaction, the feedback received was that it was mainly attributable to the relationships and trust we have built, our transparency in communicating exactly what the project was about, and the buy-in we had been able to get from local religious leaders.

In **Myanmar**, more and more people are talking about gender when discussing politics, conflict and peace, though women and considerations of gender remain side-lined in the formal peace process. In 2018, we trained 90 peacebuilding and gender actors in Yangon, Taunggyi and Dawei to broaden

their understanding of gender and to support future project design and implementation. We have also increased the overall levels of awareness about what it means to consider masculinities through the publication of two research reports and an animation video, promoting this as an entry point for engaging men on gender issues.

National level data in **Tajikistan** shows that half of all women are thought to be regularly subjected to physical, psychological and sexual violence by their husbands or in-laws. In 2018, we worked to protect at-risk women from the possibility of violence by creating a more positive environment and helping to promote financial independence. We also brought whole families together to discuss the situation of wives and daughters within the family. We witnessed a significant positive change in incidents of violence, relationship dynamics, mental health and socio-economic status of target families. From data collected from interactions with 80 families in 4 locations, we saw a **drop in reported emotional, physical or sexual intimate partner violence from 66.4% to 33.1%** (over 50%). In addition, the number of women reporting earnings quadrupled and the number of women reporting savings increased eight times.



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. In 2018, we strengthened the Early Response Networks (ERN) in various communities in Mindanao by introducing the Critical Events Monitoring System (CEMS), an SMS-based platform which allows for real-time, on-the-ground reporting of tensions and events. This information is crucial in identifying risks and conflict trends, and engaging with local governments, conflict-resolution bodies, academia and businesses to deploy quick context-specific and multi-faceted multi-stakeholder responses that counter extremists' influence and acts of violence in Mindanao



and Metro Manila. We also analyse information stored in the CEMS database and issue fortnightly bulletins that complement the annual reports we publish using data from our existing conflict monitoring system. The network's growing influence is evident in the active participation of key agencies, including local chief executives, the security sector and traditional leaders in regular meetings to resolve inter-municipality issues that pose ongoing threats.



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 Eastern **DRC**, land is an extremely valuable asset: it is the main source of income in the area, and owning a lot of land also means that you have more influence over other matters locally. Land is managed either under customary law dictated by traditional chiefs, or through more modern state land governance authorities. The state is pushing for farmers and pastoralists to get titles to clearly demarcate boundaries and ownership, as a means of preventing conflict. However, in some cases land is owned by groups or communities rather than one individual and the boundaries are known by the leaders of that group, but are not formally written down. Some lands have been historically occupied by specific ethnic groups and have therefore also become part of how they identify themselves and are perceived by others. Therefore, conflicts between farmers and pastoralists occur often and can easily escalate. To prevent this, Alert established local mixed farmer/pastoralist conflict-resolution committees, which have led to a considerable drop in the number of cases of land conflict that local authorities are called upon to resolve. Today, whenever either a farmer or a pastoralist has a case, they bring it straight to the

mixed committee who rapidly convene and are able to resolve the conflict quickly. Prior to Alert's project, land conflict accounted for 80% of the local chief's case load; as of January 2019, he reported that he was presented with only seven cases in three months.



Economic development for peace

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

In **Tunisia**, our aim is to support and reinforce peaceful democratic transition through the inclusion of marginalised regions and communities. Two-thirds of all waste recycling is done by self-organised scavengers (*barbechas*). Despite playing a vital role in Tunisia's recycling, their profession is not yet recognised. In 2018, Alert supported the establishment of a formal scavengers' association in the Tunis quartier of Ettadhamen. Being part of an organisation offers these workers access to social and economic rights, a sense of belonging and status. Fifty scavengers were given training on social rights and work safety, and a recycling unit was established based on social economy principles. The scavengers are now able to recycle on a bigger scale and the unit is generating an income.



Priorities for 2019

Organisational priorities

1. Roll out the new strategy

Alert's new strategy was published in April 2019, and all country offices and teams are developing their plans accordingly. We will develop guidance notes, methodologies and toolkits and roll these out to staff and partners as appropriate.

2. Build our capacity to influence

Recognising the need to improve our own and our partners' influencing capabilities, reach and impact, we will build our capabilities, often learning from our partners. We will continue to play a leading role in building the +Peace peacebuilding coalition and support their actions.

3. Develop our work with those affected by violence

Our new strategy sees a sharpened focus on working with formal and informal security forces and armed groups. In 2019, we will review learning from our existing work and identify areas for improvement – such as developing methodologies for dialogue across conflict lines between communities and security actors.

4. New business and financial models and systems

Implementing the new strategy will require a shift in our business model, alongside developing a new finance system and new funding strategy.

Programme priorities

As part of our work with communities, we will:

- Support and advocate for improved national and district reconciliation approaches in Rwanda;
- Support the reintegration of women and girls returning from Boko Haram in Nigeria;
- Facilitate community dialogues in eastern DRC to address the root causes of sexual and gender-based violence (SGBV) and jointly identify practical strategies to address this; and
- Support 40 civil society organisations in Ukraine to identify conflict drivers and use the evidence to engage in constructive dialogue with local and national authorities and the media, with the aim of influencing decision-makers and resolving tensions as they occur.

As part of our work with business, we will:

- Strengthen the capacities of small-scale cross-border women traders in DRC to organise themselves to bring together women from across ethnic divides and across borders (DRC, Rwanda and Burundi), to jointly develop business for peace initiatives and to advocate for greater stability and social cohesion through regional economic integration;
- Support conflict-affected communities in Myanmar, Kenya and Kyrgyzstan to better understand natural resource management and how to engage in constructive dialogue with local authorities and companies;

- Develop our approach to go beyond conflict sensitivity towards businesses actively contributing to sustainable peace, aligning it to the outcomes of SDG16; and
- Continue to engage in the Voluntary Principles Initiative and the UN Working Group on Business and Human Rights, and leverage our existing partnerships to further develop our approach on moving from conflict-sensitive business practices (CSBP) to business contributing proactively to peace.

As part of our work with governments, we will:

- Advise the United Nations, NGOs, donors, governments and others on preventing violent extremism programming, particularly in Africa, the Middle East and Central Asia;
- Support the effective social and economic (re)integration of young Congolese men and women at risk of recruitment by armed groups and demobilised young men and women formerly associated with armed groups, through leadership activities, joint economic initiatives and increased participation in state-led decision-making processes on how to address peace and conflict issues;
- Increase trust among and between communities and security forces in Mali and Nepal, and improve accountability and operating practices of the security services;
- Promote greater tolerance and sensitivity towards other religions in Kyrgyzstan, and work with young people on the issues of religion and democracy; and
- Support young Tunisian people from Ettadhamen, Douar Hicher, Kasserine and Tataouine to use a participatory diagnostic tool to identify their needs and priorities in health, education and culture, resulting in evidenced recommendations for local and national policy-makers.

As part of our work with peace processes and initiatives, we will:

- Support marginalised communities in Nepal so that they are able to shape transitional justice processes to meet their needs;
- Support more diverse voices to be actively involved in different levels of peace processes

and governance initiatives, leading to gender-responsive outcomes of the negotiations and dialogues in DRC, Myanmar, Nepal and the Philippines; and

- Facilitate key political and economic actors in the Philippines to pass inclusive legislation that enhances Bangsamoro autonomy and strengthens anti-discrimination policies at the national and regional level; and enable the establishment of ERNs in parts of Mindanao composed of youth, women and religious leaders working to monitor critical events, such as tensions and violent flashpoints, and harness traditional, formal and hybrid institutions to resolve disputes before they escalate.

As part of our work with gender and conflict sensitivity, we will:

- Based on a review of our gender work, integrate the learning including the delivery of practical support to country and thematic teams in adopting a comprehensive approach to gender mainstreaming and regularly review learning;
- Provide advice, analysis and training to communities, donors, governments, companies and NGOs on integrating a combined conflict- and gender-sensitive approach;
- Improve reporting practices in social and traditional media in Nepal, Afghanistan, the Philippines and the South Caucasus so that reports carry greater analysis of the conflict and survivor-centred reporting, and promote positive social norms; and
- Undertake training of local peacebuilding organisations on masculinities, gender-relational peacebuilding, community action and advocacy to strengthen the role of men in prevention of SGBV across Myanmar.



Structure, governance and management

Organisational structure

International Alert is a UK-based NGO, registered with Companies House and the Charities Commission. 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 of the Chief Executive Officer (CEO), the Director of Programmes, the Chief Operating Officer and the Chief Finance Officer.

There are around 230 staff based in London and in our 16 offices around the world, including a team of thematic peacebuilding experts. The programmes' work is supported by administrative, financial, fundraising, human resources, IT and communications teams. We also have a European office in The Hague, which is registered as an affiliate – a *Stichting* (foundation).

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 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 year end.

The MAC meets at least three times a year 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, 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 2018, four trustees were appointed to the Board, while another four either completed their term or resigned. We ended 2018 with a total of 11 trustees (five women, six men), six of whom 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 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.



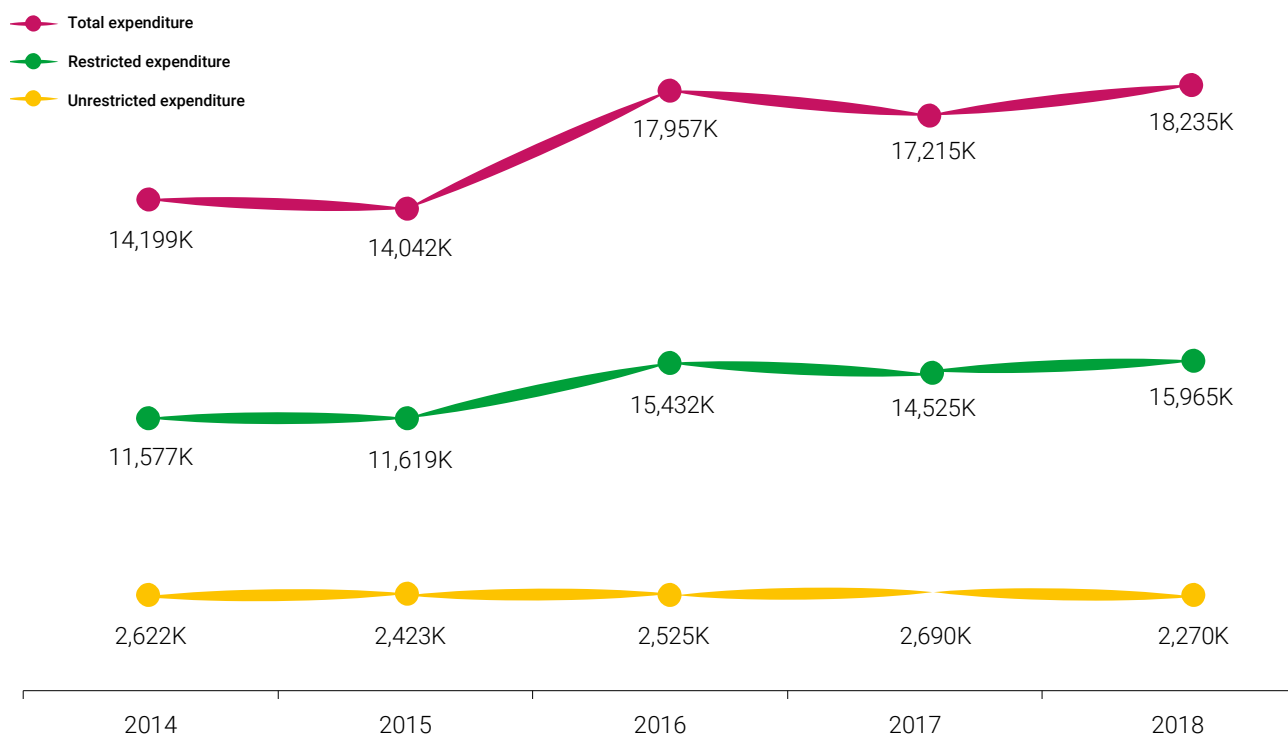
Financial review

Over the past five years (2014–2018), our expenditure has grown by over a quarter. The chart below shows an increase of 6% (£1.02 million) in expenditure in 2018 compared to 2017 due to growth in project expenditure in DRC, Rwanda and Nepal, while new projects also started in Kenya and Ukraine.

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 2018.

Total income for the year ending 31 December 2018 was £18.16 million (£15.91 million in 2017). This increase (£2.25 million) was due to growth (£1.4 million) and timing differences in receipts of restricted grants towards the end of 2018 for activities to be carried out in 2019 (£0.85 million).



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

Total expenditure in 2018 was £18.24 million (up by 6% from £17.22 million in 2017).

Unrestricted income in 2018 was £2.46 million (£2.25 million in 2017). Unrestricted expenditure in 2018 was £2.27 million (£2.69 million in 2017) and comprised £1.83 million on charitable activities and £0.44 million in costs of raising funds. The balance of unrestricted funds at the end of the year was £2.23 million (£2.18 million in 2017).

Restricted income in 2018 was £15.70 million (£13.66 million in 2017), whereas the total restricted expenditure was £15.97 million (£14.53 million in 2017). The balance of restricted funds at the end of 2018 was £2.69 million (£2.78 million in 2017). This is due to grants received in advance for activities to be undertaken in 2019.

The breakdown of total expenditure of £18.24 million in 2018 was:

- Mission goal 1: Working with people directly affected by conflict to find peaceful solutions: £12.84 million (£11.88 million in 2017)
- Mission goal 2: Shaping policies and practices to support peace: £4.54 million (£4.26 million in 2017)
- Mission goal 3: Collaborating with all those striving for peace to strengthen our collective voice and impact: £0.42 million (£0.78 million in 2017)
- Raising funds: £0.44 million (£0.30 million in 2017)

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. In addition, we designated, in an Organisational Investment Fund, a further £0.26 million to support investment needs – for example, to develop new programming ideas. The Reserves Policy is subject to annual review by the Board.

At the end of 2018, the temporary Designated Fund for Development stood at £0.19 million. This will provide much-needed flexibility to meet our objectives

and unforeseen expenses, particularly due to greater uncertainty in our economic environment surrounding Brexit. These funds will be utilised during 2019.

In 2018, we made small book gains of £0.03 million (£0.20 million loss in 2017) due to foreign exchange movements. These gains were set aside in a Designated Fund for Foreign Exchange Movement amounting to £0.28 million at the end of 2018. This fund will be used to provide cover for exchange losses during 2019.

A sum of £0.30 million was brought forward in an Organisational Investment Fund from 2017. £0.04 million was invested in programme and organisational development activities during 2018. The balance in the Organisational Investment Fund amounted to £0.26 million at the end of 2018.

Total unrestricted funds, including General Unrestricted Reserves, at 31 December 2018 were £2.23 million (compared to £2.18 million at 31 December 2017).

Building on a stable financial picture at the end of 2018, overall funds being carried forward to 2019 are £4.92 million (£4.96 million in 2017), split between unrestricted funds of £2.23 million and restricted funds of £2.69 million. This level of unrestricted funds provides us with stability and the ability to invest in future development. 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 2019.

We are hopeful, depending on funding support, that we will grow in 2019, 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 meetings. 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

Over a quarter of our annual expenditure is passed on as grants to partner organisations. In some cases, this is because we lead a consortium, while in other cases the project involves building the capacity of a specific recipient organisation, or Alert learning from them. In addition, a number of 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 carried out 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 2018, the charity raised £0.02 million from donations and gifts from sponsored activities and corporate funding. The charity also received £0.25 million from The Body Shop to support our work with Syrian refugees.

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 reviewed and updated all our fundraising systems and approaches to ensure that they are fully compliant with the European Union's General Data Protection Regulation 2016/679 (GDPR).

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 is derived 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's moves to leave 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 2018, our new European headquarters in The Hague were officially launched so that we can better maintain our close policy and funding links with the European Union. 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 consistently 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: In 2018, we produced a new Business Model and Plan for 2019–2023 to accompany our new strategy. We continued to seek opportunities for reorganisation to improve effectiveness and efficiencies, which helped to further reduce our cost base, and we significantly improved our systems for managing and reporting on compliance (safeguarding, dishonest practices, anti-terrorism, GDPR and whistleblowing) in a globally dispersed organisation.

Quality of staff: We are always seeking 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. Our new office in The Hague should help offset some of those risks.

The Board of Trustees of International Alert present this report for the year ended 31 December 2018 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 2019.

The report was approved by the Board on 14 May 2019 and signed by the Chair on its behalf.



Carey Cavanaugh
Chair, Board of Trustees
International Alert





Accounts

**For the year ended
31 December 2018**

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 2018 which comprise the Statement of Financial Activities, 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 Republic of 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 2018 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 FRC'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.

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; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on pages 31-32, 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

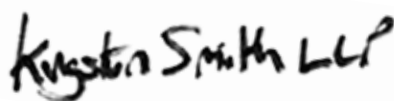
our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- 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.
- 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.

Use of our report

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.



Andrew Stickland

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

21 May 2019

Financial statements

Statement of financial activities (including income and expenditure account)

For the year ended 31 December 2018

| | Unrestricted funds 2018 £'000 | Unrestricted funds 2017 £'000 | Restricted funds 2018 £'000 | Restricted funds 2017 £'000 | Total 2018 £'000 | Total 2017 £'000 |
|---|--|--|--------------------------------------|--------------------------------------|------------------------|------------------------|
| Notes | | | | | | |
| Income and endowments from: | | | | | | |
| Donations and legacies | | | | | | |
| Institutional grants | 1,263 | 946 | - | - | 1,263 | 946 |
| Donations | 18 | 69 | - | - | 18 | 69 |
| Charitable activities | | | | | | |
| Working with people directly affected by conflict to find peaceful solutions | 693 | 738 | 11,688 | 9,621 | 12,381 | 10,359 |
| Shaping policies and practices to support peace | 425 | 431 | 3,920 | 3,571 | 4,345 | 4,002 |
| Collaborating with all those striving for peace to strengthen our collective voice and impact | 58 | 62 | 85 | 466 | 143 | 528 |
| Investments | 5 | - | 3 | 2 | 8 | 2 |
| Total income | 2,462 | 2,246 | 15,696 | 13,660 | 18,158 | 15,906 |
| | 4 | | | | | |
| Expenditure on: | | | | | | |
| Raising funds | | | | | | |
| Raising funds | 443 | 303 | - | - | 443 | 303 |
| Charitable activities | | | | | | |
| Working with people directly affected by conflict to find peaceful solutions | 820 | 1,175 | 12,015 | 10,704 | 12,835 | 11,879 |
| Shaping policies and practices to support peace | 698 | 857 | 3,838 | 3,402 | 4,536 | 4,259 |
| Collaborating with all those striving for peace to strengthen our collective voice and impact | 309 | 355 | 112 | 419 | 421 | 774 |
| Total expenditure | 2,270 | 2,690 | 15,965 | 14,525 | 18,235 | 17,215 |
| | 2 | | | | | |
| Net income/(expenditure) | 192 | (444) | (269) | (865) | (77) | (1,309) |
| Transfers between funds | (170) | (144) | 170 | 144 | - | - |
| Exchange rate gain/(loss) | 29 | (196) | | | 29 | (196) |
| Net movement in funds | 51 | (784) | (99) | (721) | (48) | (1,505) |
| Total funds brought forward at 1 January | 2,179 | 2,963 | 2,784 | 3,505 | 4,963 | 6,468 |
| Total funds carried forward at 31 December | 2,230 | 2,179 | 2,685 | 2,784 | 4,915 | 4,963 |

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 45-59 form part of these financial statements.

Balance sheet

At 31 December 2018

| | Notes | 2018 £'000 | 2017 £'000 |
|---|-------|---------------|---------------|
| Fixed assets | | | |
| Tangible assets | 10 | 23 | - |
| Current assets | | | |
| Debtors | 11 | 649 | 1,561 |
| Cash at bank and in hand | | 6,825 | 5,069 |
| | | 7,474 | 6,630 |
| Creditors | | | |
| Amounts falling due within one year | 12 | 2,582 | 1,667 |
| | | 2,582 | 1,667 |
| Net current assets | | 4,892 | 4,963 |
| Total net assets | 14 | 4,915 | 4,963 |
| Funds | | | |
| Unrestricted | | | |
| General funds | | 1,500 | 1,500 |
| Designated Fund for Foreign Exchange Movement | | 279 | 250 |
| Designated Fund for Development | | 193 | 129 |
| Designated to Organisational Investment Fund | | 258 | 300 |
| | | 2,230 | 2,179 |
| Restricted | | 2,685 | 2,784 |
| | 15 | 4,915 | 4,963 |

Approved by the Board of Trustees and authorised to issue on 14 May 2019 and signed on its behalf by:



Carey Cavanaugh
Chair



Gregor Stewart
Honorary Treasurer

Company Registration Number 2153193

The notes on pages 45-59 form part of these financial statements.

Statement of cash flow

For the year ended 31 December 2018

| | Notes | 2018 £'000 | 2017 £'000 |
|---|-------|---------------|----------------|
| Cash flows from operating activities: | | | |
| Net cash provided by operating activities | 16 | 1,779 | (1,268) |
| Cash flows from investing activities: | | | |
| Interest from deposits | | 8 | 2 |
| Purchase of Tangible fixed assets | 10 | (31) | - |
| Net cash provided by investing activities | | (23) | 2 |
| Change in cash and cash equivalents in reporting period | | 1,756 | (1,266) |
| Cash and cash equivalents at the beginning of the reporting period | | 5,069 | 6,335 |
| Cash and cash equivalents at the end of the reporting period | | 6,825 | 5,069 |

The notes on pages 45-59 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 grant 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 there is entitlement, probability of receipt and the amount can be reliably measured. 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 year-end 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. A Designated Fund for Development has been created to set aside funds for development work of the charity's objectives during 2019.
- e) Grants to partner organisations are included in the Statement of Financial Activities when a liability or obligation is created, 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 improvements 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 donor 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 published by International Alert. Assets and liabilities at the year-end 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 10% of basic salary to the personal pension plans of its employees on the UK payroll who choose to take advantage of this scheme.

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 | 2018 total £'000 |
|---|---|-----------------------------|--------------------------------------|------------------------|---------------------|
| Raising funds | 133 | 276 | - | 34 | 443 |
| Working with people directly affected by conflict to find peaceful solutions | 3,579 | 3,577 | 4,513 | 1,166 | 12,835 |
| Shaping policies and practices to support peace | 1,461 | 1,739 | 790 | 546 | 4,536 |
| Collaborating with all those striving for peace to strengthen our collective voice and impact | 50 | 80 | 51 | 240 | 421 |
| | 5,223 | 5,672 | 5,354 | 1,986 | 18,235 |

(Note 6) (Note 3)

| 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 directly affected by conflict to find peaceful solutions | 3,400 | 3,805 | 3,494 | 1,180 | 11,879 |
| Shaping policies and practices to support peace | 1,377 | 1,549 | 800 | 533 | 4,259 |
| Collaborating with all those striving for peace to strengthen our collective voice and impact | 206 | 172 | 197 | 199 | 774 |
| | 5,148 | 5,640 | 4,491 | 1,936 | 17,215 |

(Note 6) (Note 3)

3. Support cost breakdown by activity

| Support cost | Raising funds | Working with people directly affected by conflict to find peaceful solutions | Shaping policies and practices to support peace | Collaborating with all those striving for peace to strengthen our collective voice and impact | 2018 total | Basis of allocation |
|------------------------|---------------|--|---|---|--------------|---------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | |
| Management | 3 | 60 | 52 | 43 | 158 | Time |
| Finance | 8 | 213 | 69 | 11 | 301 | Usage |
| Information technology | 6 | 229 | 79 | 17 | 331 | Usage |
| Human resources | 3 | 136 | 62 | 25 | 226 | Usage |
| Facilities | 6 | 334 | 112 | 22 | 474 | Usage |
| Communications | 8 | 194 | 172 | 122 | 496 | Time |
| | 34 | 1,166 | 546 | 240 | 1,986 | |

| Support cost | Raising funds | Working with people directly affected by conflict to find peaceful solutions | Shaping policies and practices to support peace | Collaborating with all those striving for peace to strengthen our collective voice and impact | 2017 total | Basis of allocation |
|------------------------|---------------|--|---|---|--------------|---------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | |
| 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 | |

4. Total incoming resources

| | 2018 £'000 | 2017 £'000 |
|---|---------------|---------------|
| Institutional funding | | |
| Agence Française de Développement | 34 | 159 |
| Australian Department of Foreign Affairs and Trade (Australian Aid) | 1,158 | 465 |
| British Council | 213 | 485 |
| Conflict, Stability and Security Fund, UK | 828 | 211 |
| Department for International Development, UK | 370 | 677 |
| Department for International Development, UK – Global Security Rapid Analysis project | 450 | 86 |
| Department for International Development, UK – Oxford Policy Management funds (2 contracts) | - | 31 |
| Department of Foreign Affairs and International Trade, Canada | 533 | 510 |
| Department of Foreign Affairs and Trade, Republic of Ireland – Core grant | 132 | 127 |
| Deutsche Gesellschaft für Internationale Zusammenarbeit | 76 | 79 |
| European Commission | 2,328 | 3,397 |
| Federal Department of Foreign Affairs, Switzerland | 740 | 296 |
| Foreign and Commonwealth Office, UK | 605 | 307 |
| Ministry for Foreign Affairs, Finland | - | 154 |
| Ministry of Foreign Affairs, Denmark | (37) | 173 |
| Ministry of Foreign Affairs, France | 250 | 217 |
| Ministry of Foreign Affairs, Netherlands | 1,030 | 1,440 |
| Ministry of Foreign Affairs, Norway | 5 | 72 |

| | | |
|--|---------------|---------------|
| Swedish International Development Corporation Agency, Sweden – Core grant | 657 | 728 |
| Swedish International Development Corporation Agency, Sweden – Earmarked grant | 75 | 400 |
| Swedish International Development Corporation Agency, Sweden – Restricted | 1,425 | 1,717 |
| United Nations Development Programme | 3,891 | 1,172 |
| United Nations Entity for Gender Equality and the Empowerment of Women | - | 30 |
| United Nations International Children's Emergency Funds | 503 | 314 |
| United Nations Office for the Coordination of Humanitarian Affairs | - | 32 |
| United States Agency for International Development | 920 | 1,279 |
| United States Department of State | 763 | 105 |
| | 16,949 | 14,663 |

Foundations, trusts and other organisations

| | | |
|--|------------|--------------|
| Catholic Agency for Overseas Development (CAFOD) | 6 | - |
| Change for Results EEIG | - | 2 |
| Conciliation Resources | 1 | 3 |
| Economic and Social Research Council | - | 25 |
| Global Center on Cooperative Security, Inc. | 2 | 2 |
| Global Giving Foundation | 2 | 3 |
| Henry Dunant Centre for Humanitarian Dialogue | - | 4 |
| King's College London | 26 | 48 |
| Knowledge Platform Security and Rule of Law | - | 29 |
| Mindanao Business Council | - | 47 |
| Montrose LLP | - | 1 |
| Norwegian Refugee Council | 17 | 5 |
| Nordic International Support Foundation | 159 | - |
| Open Society Foundation | 130 | 138 |
| Oxfam | 8 | 115 |
| Oxford Policy Management | 16 | - |
| Peace Direct | - | 2 |
| Saferworld | - | 4 |
| Search for Common Ground | 4 | - |
| SOAS, University of London | 17 | - |
| Stichting Network University | - | 3 |
| The Allan and Nesta Ferguson Charity | - | 100 |
| The Christina Goodall Trust | - | 27 |
| The Peace Support Fund, Myanmar (multi-donor trust fund) | - | 74 |
| The South African Medical Research Council | 101 | - |
| Three Faiths Forum | - | 1 |
| United States Institute of Peace | 64 | 32 |
| World Bank Group | 153 | 378 |
| | 706 | 1,043 |

Corporate and private individuals, bank interest and other donations/income

| | | |
|--|------------|------------|
| Anglo American Services Ltd | 54 | 50 |
| Bank interest | 8 | 2 |
| Other donations/income | 137 | 19 |
| Resolute Mining Limited | - | 5 |
| The Body Shop | 247 | 11 |
| Total Exploration and Production, Democratic Republic of Congo | - | 58 |
| Trans Adriatic Pipeline AG | 57 | 50 |
| Unilever UK Ltd | - | 5 |
| | 503 | 200 |

Total income

| | |
|---------------|---------------|
| 18,158 | 15,906 |
|---------------|---------------|

5. Staff numbers and costs

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

| | 2018 | 2017 |
|---------------------------------|------------|------------|
| | No. | No. |
| Raising funds | 6 | 6 |
| Charitable activities – direct | 45 | 47 |
| Charitable activities – support | 20 | 22 |
| Overseas staff | 168 | 163 |
| | 239 | 238 |

Staff costs during the year were as follows:

| | 2018 | 2017 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Salaries | 3,457 | 3,645 |
| Employer's National Insurance contributions | 321 | 357 |
| Pension costs | 356 | 380 |
| Overseas staff cost | 3,156 | 3,054 |
| | 7,290 | 7,436 |

During the year redundancy payments made amounted to £67,122 (2017: £115,010) as a result of a restructuring of the Charity.

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

| | 2018 | 2017 |
|-----------------------------|------|------|
| | No. | No. |
| Between £60,000 and £69,999 | 7 | 6 |
| 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 £78,007 were made during 2018 for employees whose emoluments for the year exceeded £60,000 (2017: £79,520).

Key management personnel include the Chief Executive Officer and Principal Officers reporting directly to the Chief Executive Officer. The total employee remuneration including employer's national insurance and pension contributions of the charity for 2018 for key management personnel was £379,630 (2017: £426,054).

6. Grants to partners

| | 2018 | 2017 |
|--|--------------|--------------|
| | £'000 | £'000 |
| AboitizPower | - | 1 |
| Actif pour les Valeurs Démocratiques | 14 | - |
| Action pour la Solidarité et la Paix | 76 | 43 |
| Action pour le Développement des Populations Défavorisées | 20 | 35 |
| Action pour le Développement et la Paix Endogènes | 243 | 63 |
| Afia Mama | 8 | 23 |
| AGAPE Hauts-Plateaux | 4 | - |
| Agence de Développement Territorial en Région de Kayes | - | (1) |
| Aide et Action pour la Paix | 60 | 42 |
| Association de la Jeunesse pour la Promotion des Droits de l'Homme et Développement (AJPRODHO JIJUKIRWA) | 104 | - |
| Alliance for Peacebuilding | 5 | - |
| Amaliyot Taraqqiyot Obodoni | 2 | 11 |
| Appui à la Promotion de l'Entrepreneuriat Local au Kivu | 12 | - |
| Appui au Développement de l'Enfant en Détresse | 23 | - |
| Appui Conseil en Développement et Réduction de la Pauvreté | - | 19 |
| Arc en Ciel | 89 | 57 |
| Areg Balayan | 1 | - |
| Association – New Horizons | - | 4 |
| Association Communautaire pour la Consolidation de la Paix et le Développement | 2 | - |
| Association des Femmes des Médias | 2 | 37 |
| Association des Femmes des Médias du Sud-Kivu | 7 | - |
| Association des Jeunes d'Itombwe pour la Paix | 2 | - |
| Association for Repatriated Women in Burundi | 25 | 24 |
| Association Malienne pour la Survie au Sahel | 61 | 42 |
| Association Paysanne pour le Développement Intégral | 191 | 19 |
| Association pour la Promotion de l'Entrepreneuriat Féminin | 2 | 2 |
| Association pour le Développement des Communautés | 2 | - |
| Association Rwandaise des Conseillers en Traumatisme | 41 | 31 |
| Basmeh and Zeitooneh | 142 | 60 |
| BBC Media Action | 214 | - |
| Benishyaka Association | 5 | - |
| Boris Belash Foundation | - | 4 |
| Brigade des Jeunes Leaders Intercommunautaires | 2 | - |
| Caritas | - | (38) |
| Caritas Development Uvira | 129 | 20 |
| Caritas Goma | - | 39 |
| Caritas Poltava | - | 26 |
| Caucus Bukavu | 12 | - |
| Caucus des Femmes du Sud-Kivu | 23 | 72 |
| CDA Collaborative Learning Projects | 16 | - |
| Center for Citizen Initiatives | 15 | - |
| Center for Community Support | - | 4 |
| Centre for Cultural Relations – Caucasian House | 33 | 32 |
| Centre for Humanitarian Programme | 40 | 35 |
| Center for International Private Enterprise | 21 | - |
| Centre for Justice and Peace Studies | - | 58 |
| Center of Social Initiatives and Partnership | - | 5 |
| Cesvi | 23 | 72 |

| | | |
|--|-----|------|
| Child Smile | - | 26 |
| Children's Youth Press Club – Horlivka | - | 20 |
| Civil Society Institute | 5 | 11 |
| Club Dufatanye Kubaka Amahoro | 2 | - |
| Collectif Alpha Ujuvi | 10 | 84 |
| Collectif des Associations Féminines | 11 | - |
| Commission Diocésaine Justice et Paix | 5 | - |
| Conciliation Resources | 345 | 94 |
| Congo Men's Network | 19 | 45 |
| Coopérative des Agriculteurs Moderne de Murori | 1 | 2 |
| Coopérative des Riziculteurs dans le Marais de Rurambi | 1 | 1 |
| Crisis Management Initiative | 150 | 298 |
| Damma Foundation | 3 | - |
| Development Fund of Spiritual Culture 'lyman' | 85 | 84 |
| Development Network Ukraine | - | 4 |
| DFAIT – CANADA | 4 | - |
| Dnipropetrovsk Oblast Equal Opportunities | - | 4 |
| Dorcas Legacy Organisation | 4 | - |
| Énergie pour la Paix Mondiale | - | 1 |
| Equal Opportunity Space | - | 20 |
| European Movement in Artsakh | 7 | 9 |
| European Movement Serbia | - | 6 |
| European Peacebuilding Liaison Office | - | 14 |
| Farodis | 3 | - |
| Federation of Muslim Women's Associations in Niger | 171 | 162 |
| Federation of Nepali Journalists | 5 | 17 |
| Fityanul Islam of Nigeria | 3 | 20 |
| For the Right to Life | - | 1 |
| Forum for Women, Law and Development | - | 26 |
| Foundation for United Hearst | - | 5 |
| Frame | - | (14) |
| Gayane Hambardzumyan | 1 | - |
| Global Initiative on Psychiatry Tbilisi | - | 32 |
| Globally Connected Stichting Foundation | 9 | - |
| GO Group Media/JAMnews | 16 | - |
| Green Network | - | 38 |
| Groupe Milima | 143 | 22 |
| Guichet d'Économie Locale du Sud-Kivu | 109 | 40 |
| Health Care Development Focus Initiative | 155 | 127 |
| Herwa Community Development Initiatives | 105 | 186 |
| Hope and Peace Foundation | 2 | - |
| Hromadske TV: Cherkassy | - | 3 |
| I Change | 11 | - |
| Ihuriro Ry'Amakoperative Ahinga Imyumbati ya Bugese | 1 | 2 |
| Imbaraga | 2 | 2 |
| Inyenyeri Itazima Association | 1 | - |
| Info Resource Centre for Cultural Dialogue | - | 4 |
| Initiative pour la Promotion de la Famille | 2 | 2 |
| Innovation et Formation pour le Développement et la Paix | 191 | 49 |
| Institute for Peace and Common Grounds | - | 4 |
| Jeunes Méthodistes | 2 | - |
| Journalists for Democracy and Human Rights | 120 | 145 |
| Justicia | - | 7 |
| Kachinland Research Centre | 25 | - |

| | | |
|---|-----|-----|
| Karuna Mission Social Solidarity | 13 | 41 |
| Kaw Lah Foundation | 10 | - |
| Kharkiv Community Development Center | - | 4 |
| Kharkiv Region Association of Community Initiatives | - | 4 |
| Kings N Queens | - | 11 |
| Koperative Giringufu Muhinzi Wa Kawa | 1 | 1 |
| Koperative Isano mu Kwigira | 2 | 3 |
| Koperative y' Abavomerera Imyaka Gashora na Rilima | 1 | 1 |
| Kvinna till Kvinna | 129 | 256 |
| Lebanese Observatory for Workers and Employees Rights | - | 13 |
| Lebanese Women Democratic Gathering | 5 | - |
| Legal Agenda | - | 7 |
| Legal Aid and Consultancy Centre | 33 | - |
| Liberia National Law Enforcement Association | (2) | 34 |
| Lighthouse Communications Company, Inc. | - | 12 |
| LINKS | 168 | 221 |
| Lupah Sug Bangsamoro Women Association | 26 | 35 |
| Madhesh Human Rights – Mahuri-Home | 25 | 26 |
| MAGIRIRANA Development for Peace | 2 | - |
| Maksym Serhiyovych Ieligulashvili | 8 | - |
| Manoilenko Hanna Konstyantunivna PE | 6 | - |
| Mariupol Union of Youth | (2) | 42 |
| MBDN | - | 23 |
| Mental Health and Traumatherapy Centre | - | 50 |
| Mindanao Business Council | 3 | 20 |
| Mindanao Peacebuilding Institute | - | 12 |
| Mindanao State University, Iligan Institute of Technology | 4 | 21 |
| Muslim Sisters' Organization | 3 | 20 |
| Nadiyni Tyl – Ukraine | - | 42 |
| Nasnaga | - | 48 |
| Nepal Madhesh Foundation | 19 | - |
| New Donbass | - | 4 |
| Notre Dame University | 4 | 24 |
| Observatoire de la Parité | 8 | 22 |
| Open Society NGO - Artsakh | 6 | - |
| Pailig Development Foundation, Inc. | - | 12 |
| Phan Tee Eain | 8 | 29 |
| Podykh Nadii | - | 21 |
| Pokrovsk League | - | 4 |
| Pole Institute | 180 | 218 |
| Pro-Femmes Twese Hamwe | 49 | 60 |
| Public Union Free Community City | 6 | 7 |
| Regional Analytical Center Ukraine | - | 4 |
| Réseau d'Innovation Organisationnelle (Centre Region) | 153 | 25 |
| Réseau des Associations des Femmes Juristes de l'Est | 1 | 25 |
| Réseau des Femmes pour un Développement Associatif | 29 | 32 |
| Saferworld | 320 | - |
| Services au Développement des Associations | 2 | 2 |
| Shalom Community Organization | 2 | - |
| Solidarité des Femmes Activistes Pour la Défense des Droits Humains | 345 | 47 |
| Solidarité des Femmes de Fizi pour le Bien-Être Familial | 14 | 60 |
| Solidarité des Volontaires Pour l'Humanité | - | 40 |
| Stepanakert Press Club | 8 | 15 |
| Strategic Capacity Group | 18 | 157 |

| | | |
|--|--------------|--------------|
| Sushan Ghahriyan | 3 | - |
| Synergie Paroisse Mater Dei Minembwe et Groupement | 2 | - |
| SVOYI | - | 8 |
| TASBIKka, Inc. | 57 | 36 |
| THRD Alliance | 45 | 8 |
| The Power is in Unity | - | 4 |
| The Story Kitchen | 5 | - |
| Thingaha Gender Organisation | 10 | 32 |
| Truth Hounds NGO | 17 | - |
| UCU Model Centre | - | 24 |
| Ukrainian Centre for Independent Political Research | - | 12 |
| UMUCYO | 1 | 1 |
| UN Development Programme | 1 | - |
| Union des Coopératives Agricoles Intégrées | 1 | (11) |
| Union des Coopératives de Producteurs du Riz de Bugesera | 1 | 3 |
| Union des Coopératives Rizicoles de Huye | 2 | 2 |
| Union des Groupes d'Actions Fitz-Itombwe | 156 | 21 |
| Union des Jeunes Leaders Intercommunautaires | 2 | - |
| United Youth Community Nepal | 12 | 10 |
| USOFTA | - | 31 |
| Vosstanovlenie | - | 4 |
| Western Mindanao State University | 15 | 22 |
| Women of the Future | - | 9 |
| Women of the Orient | 2 | 11 |
| Youth Association for Human Rights Promotion and Development | 15 | 65 |
| Total grants to partners | 5,354 | 4,491 |

7. Trustees' remuneration

Trustees received no remuneration in 2018 (2017: nil). In 2018 costs of travel, accommodation and related expenses reimbursed to nine Trustees amounted to £20,559 (in 2017, nine Trustees received £10,552).

8. Trustees' liability insurance

The cost of trustees' liability insurance for 2018 was £1,662 (2017: £2,920).

9. Included in the income and expenditure are:

| | 2018 | 2017 |
|-------------------------------|-------|-------|
| | £'000 | £'000 |
| Statutory audit fees | (11) | (10) |
| Project audit fees | (73) | (81) |
| Depreciation | (8) | (1) |
| Foreign exchange gains/(loss) | 29 | (196) |

10. Tangible fixed assets

| | Property improvements £'000 | Office equipment and computers £'000 | Motor vehicles £'000 | Total £'000 |
|--------------------------|-----------------------------------|--|----------------------------|----------------|
| Cost | | | | |
| At 1 January 2018 | 286 | 134 | 62 | 482 |
| Additions | - | - | 31 | 31 |
| At 31 December 2018 | <u>286</u> | <u>134</u> | <u>93</u> | <u>513</u> |
| Accumulated depreciation | | | | |
| At 1 January 2018 | 286 | 134 | 62 | 482 |
| Charge for year | - | - | 8 | 8 |
| At 31 December 2018 | <u>286</u> | <u>134</u> | <u>70</u> | <u>490</u> |
| Net book values | | | | |
| At 31 December 2018 | <u>-</u> | <u>-</u> | <u>23</u> | <u>23</u> |
| Net book values | | | | |
| At 31 December 2017 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

11. Debtors

| | 2018 £'000 | 2017 £'000 |
|----------------|---------------|---------------|
| Grant income | 486 | 1,421 |
| Prepayments | 157 | 116 |
| Sundry debtors | 6 | 24 |
| | <u>649</u> | <u>1,561</u> |

Included in the above are financial instruments of the charity amounting to £486,000 (2017: £1,1445,000).

12. Creditors

| | 2018 £'000 | 2017 £'000 |
|------------------------------|---------------|---------------|
| Trade creditors | 633 | 71 |
| Taxation and social security | 94 | 94 |
| Accrued expenditure | 118 | 113 |
| Deferred income | 1,533 | 1,164 |
| Pension creditors | 182 | 148 |
| Sundry creditors | 22 | 77 |
| | <u>2,582</u> | <u>1,667</u> |

Included in the above are financial instruments of the charity amounting to £1,036,000 (2017: £503,000).

12a. Deferred income

| | 2018 | 2017 |
|--------------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Opening balance | 1,164 | 345 |
| Less: Realised during the year | (1,164) | (345) |
| Add: Deferred income during the year | 1,533 | 1,164 |
| | 1,533 | 1,164 |

Deferred income relates to grants received in 2018 for 2019 projects.

13. Commitment

At 31 December 2018, International Alert was committed to making the following payment under non-cancellable operating leases in the year to 31 December 2019.

Operating leases which expire

| | Land and buildings | | Other | |
|--------------------------|--------------------|-------|-------|-------|
| | 2018 | 2017 | 2018 | 2017 |
| | £'000 | £'000 | £'000 | £'000 |
| Within one year | 173 | 173 | 17 | 17 |
| Within two to five years | 469 | 642 | 11 | 26 |
| Over five year | - | - | - | - |

14. Analysis of net assets between funds

| | Unrestricted funds | Restricted funds | Total funds | Unrestricted funds | Restricted funds | Total funds |
|-----------------|--------------------|------------------|--------------|--------------------|------------------|-------------|
| | 2018 | 2018 | 2018 | 2017 | 2017 | 2017 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Fixed assets | 23 | - | 23 | - | - | - |
| Current assets | 3,949 | 3,525 | 7,474 | 3,481 | 3,149 | 6,630 |
| | 3,972 | 3,525 | 7,497 | 3,481 | 3,149 | 6,630 |
| Less: Creditors | 1,742 | 840 | 2,582 | 1,302 | 365 | 1,667 |
| | 2,230 | 2,685 | 4,915 | 2,179 | 2,784 | 4,963 |

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 2018 | Movements between funds | Incoming resources | Outgoing resources | Other transfers | At 31 December 2018 |
|---|-------------------------|-------------------------------|-----------------------|-----------------------|--------------------|---------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Restricted funds * | | | | | | |
| Africa | 1,253 | 142 | 7,792 | (8,205) | - | 982 |
| Asia | (325) | - | 3,726 | (3,380) | - | 21 |
| Europe, Middle East and North Africa | 1,243 | 18 | 3,386 | (3,437) | - | 1,210 |
| Peacebuilding Advisory Unit/Global issues | 613 | 10 | 792 | (943) | - | 472 |
| | 2,784 | 170 | 15,696 | (15,965) | - | 2,685 |
| Unrestricted funds | | | | | | |
| Unrestricted funds | 1,500 | - | 2,462 | (2,270) | (192) | 1,500 |
| Designated Fund for Foreign Exchange Movement ** | 250 | - | 29 | - | - | 279 |
| Designated Fund for Development *** | 129 | (128) | - | - | 192 | 193 |
| Designated to Organisational Investment Fund **** | 300 | (42) | - | - | - | 258 |
| | 2,179 | (170) | 2,491 | (2,270) | - | 2,230 |
| Total funds | 4,963 | - | 18,187 | (18,235) | - | 4,915 |

* Restricted funds: The restricted balance of £2.69 million includes negative balances aggregating £1.18 million at the end of 2018. These balances are in line with the project activities. Funds are forthcoming in 2019 to recover the deficits in all projects.

** Designated Fund for Foreign Exchange Movement: This fund denotes net book gains made on foreign currency accounts. During 2018, the company made net book exchange gains aggregating £29,000, bringing the balance to £279,000, which will be used for exchange losses during 2019 and beyond.

*** Designated Fund for Development: As planned during 2018, £128,000 was transferred from the Designated Fund to restricted funds and used for programme development and operations. £192,000 was transferred from the General Unrestricted Fund to assist with organisational development and operations, in line with the charity's objectives during 2019. These funds will be utilised during 2019 and beyond.

**** Organisational Investment Fund: During 2018, £42,000 was drawn from the Investment Fund and transferred to restricted funds to support project work being undertaken. The balance on the fund will allow the charity flexibility towards programme investment and organisational growth during 2019 and 2020.

15. Movement on funds continued

| | At 1 January 2017 | Movements between funds | Incoming resources | Outgoing resources | Other transfers | At 31 December 2017 |
|---|-------------------------|-------------------------------|-----------------------|-----------------------|--------------------|---------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'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 | | | | | | |
| Unrestricted funds | 1,500 | 188 | 2,246 | (2,180) | (254) | 1,500 |
| Designated Fund for Foreign Exchange Movement ** | 446 | - | - | (196) | - | 250 |
| Designated 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 |

* Restricted funds: The restricted balance of £2.78 million includes negative balances aggregating £1.02 million at the end of 2017. These balances are in line with the project activities. Funds are forthcoming, in 2018, to recover the deficits in all projects.

** 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: During 2017, £332,000 was transferred from the Investment Fund to restricted and unrestricted funds for longer-term programme 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.

16. Notes to the cash flow statement

Reconciliation of net income to net cash flow from operating activities

| | 2018 | 2017 |
|--|--------------|----------------|
| | £'000 | £'000 |
| Net income for the period | (77) | (1,309) |
| Interest from deposits | (8) | (2) |
| Depreciation | 8 | 1 |
| Exchange rate gain/(loss) | 29 | (196) |
| (Increase)/decrease in debtors | 912 | (591) |
| Increase/(decrease) in creditors | 915 | 829 |
| Net cash inflow/(outflow) from operating activities | 1,779 | (1,268) |

17. Related party transactions

- (i) A Trustee and members of key management personnel are on the board of Stichting International Alert in The Netherlands, an affiliate of the charity. During the year, £15,000 (2017: Nil) was paid on behalf of Stichting which will be settled during 2019.
- (ii) During 2018, International Alert received nil (2017: £1,000) for the project work for Faith and Belief Forum, where one member of key management personnel of International Alert is a Trustee.





Acknowledgements

Donors

We would like to thank our key donors:



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Arabaev Kyrgyz State University
Association Communautaire pour la Consolidation de la Paix et le Développement
Association des Femmes des Médias
Associations des Femmes des Médias du Sud-Kivu
Association des Jeunes d'Itombwe pour la Paix
Association de la Jeunesse pour la Promotion des Droits de l'Homme et Développement (AJPRODHO JIUKIRWA)
Association for Repatriated Women in Burundi
Association Malienne pour la Survie au Sahel
Association Paysanne pour le Développement Intégral
Association pour la Promotion de l'Entrepreneuriat Féminin
Association pour le Développement des Communautés
Association Rwandaise des Conseillers en Traumatisme
Bahai Community, Kyrgyz Republic
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Hope and Peace Foundation
Hromadske TV: Cherkassy
Human Rights Legal Clinic
Humanitarian Research Public Union
I Change
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 Solidarité des Volontaires Pour l'Humanité
 Spiritual Board of Muslims of Kyrgyzstan
 State Agency for local government and inter-ethnic relations under the Government of the Kyrgyz Republic
 State Committee of National Security of the Kyrgyz Republic
 State Commission on religious affairs under the President of the Kyrgyz Republic
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 The Power is in Unity
 The Story Kitchen
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