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IDEAS INTO ACTION

Working at the Intersection of Environment and Human Needs

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WRI ANNUAL REPORT 2004

Ideas into Action

from the chairman...



I have long admired WRI as a trusted partner of nongovernmental organizations, governments, and corporations throughout the world. In my years as chairman of the U.S. Export-Import Bank, I came to count on WRI as an informed, reasoned voice that was consistently reliable, thoughtful, and fair. I found its people both pragmatic and imaginative, and was pleased to join the Board two years ago.

Still now, I find I learn something new almost daily about the Institute's broad scope of work, exceptional talent, and the extraordinary difference it makes in our world—from the clean air hybrid buses winding their way through the streets of Mexico City and soon Shanghai (a result of EMBARQ's collaboration), to WRI's involvement with the more than 1,300 experts worldwide who banded together for the Millennium Ecosystem Assessment, the most ambitious scientific audit of our planet's health ever undertaken.

Much of WRI's progress and success is due to the visionary leadership of Jonathan Lash, Bill Ruckelshaus, and its founder, Gus Speth. What an extraordinary record of accomplishment they have built.

I want to especially thank Bill for his continued service on the Board and his ongoing counsel as we work to broaden our reach. In recent months, we were pleased to welcome some exceptional leaders to the Board: former U.S. Vice President Al Gore; former President of Brazil Fernando Henrique Cardoso; Lee Thomas, former Administrator of the U.S. Environmental Protection Agency, and President and Chief Operating Officer of Georgia Pacific Corporation; and Nigeria's Minister of Finance, Ngozi Okonjo-Iweala. The men and women who serve on the Board are a powerful testament to the collective will of diverse global leaders to champion real-world environmental solutions.

For nearly 25 years, WRI has dedicated itself to proving that complex global challenges have reasonable and realistic, science-based solutions. Is it a simple message? Yes. But it is a very powerful one. In the coming year, I hope to expand the resources available to WRI to pursue this critical mission.

For nearly a quarter century, WRI has given the global community the means to address the most serious problems facing our planet. I am grateful for the sage counsel WRI has provided to me in the past, and I am honored to now serve as Chairman of the Board. Like all who support the work of this incredible organization, I hope to make a difference.

A handwritten signature in black ink, appearing to read 'James A. Harmon'.

James A. Harmon
Chairman



from the chairman emeritus...



During the past six years as Chairman of the Board, I have had the pleasure of working with an extraordinary team at WRI. Innovative and energetic, they are the heart and soul of this remarkable organization. Their expertise ranges from climate change to sustainable enterprise, from poverty alleviation to biological resources to issues of governance and access.

While I am stepping down as Chairman, I remain strongly committed to the mission and goals of WRI and will continue to serve on the WRI Board and to co-chair the Campaign for the Crucial Generation, WRI's first-ever capital campaign.

In the next few years at WRI, I know that Jim Harmon is going to do a world-class job as Board Chairman. Aside from his boundless energy, he brings to the organization several decades of highly relevant international experience in the private and public sectors.

A respected investment banker, Jim was appointed by President Clinton as Chairman and CEO of the Export-Import Bank of the United States, where he extended the scope of its environmental guidelines and pushed for formal, multilateral adoption of substantive environmental standards by all OECD member country export credit agencies. He chaired the Corporate Council on Africa, and helped launch and chaired the Commission on Capital Flows to Africa.

With Jim as Chairman and Jonathan Lash as President, WRI has an exceptional team at the top. Everyone associated with WRI—board and former board members, staff, partners, funders, and friends—can rest assured that this organization is now and will continue to be an important catalyzing force for change around the world.

A handwritten signature in black ink, appearing to read "William D. Ruckelshaus". The signature is fluid and cursive, with a long horizontal stroke at the end.

William D. Ruckelshaus
Chairman Emeritus, WRI



from the president...



As we look back on the past year, we see a world undergoing extraordinarily rapid change: economic activity that is increasingly global in nature and market-based; virtually instant communication spreading rapidly around the world; a continuing rise in the number and influence of nongovernmental organizations (NGOs); and a hopeful movement in many countries toward democracy and greater public participation.

Yet, growth is dismayingly uneven, and much of the world is being left behind. In sub-Saharan Africa, parts of South Asia, and elsewhere, fertility rates remain high, economic growth relatively slow, and poverty a massive problem. The poor remain generally disconnected, and are often unable to participate in economic opportunities or even in governmental decisions affecting them. Global security remains high on the agenda, yet the world has been fractured by the United States' insistence, as the world's superpower, on unilateral decisions.

And as the evidence of human-caused climate change grows stronger, we need to understand that global inaction is rapidly eliminating options for protecting our world. The poor will be the first victims, but future generations—rich and poor—will wonder why we failed to use our remarkable technology and considerable wealth to slow the buildup of greenhouse gases.

The challenge for this century is to anticipate problems and work to find solutions—solutions that move us toward a rising standard of living, a world without poverty, and a stable and sustainable global environment. Solving many of these complex problems will require change, most fundamentally in our way of thinking and our priorities. We are increasingly—and inevitably—citizens of a global community, and we must learn to think in those terms.

In a sense, we may be coming full circle, since it is clear that poverty alleviation and a stable global environment are fundamental parts of global security. A renewed commitment to poverty reduction, health care, education, and environmental protection in both the industrialized and developing worlds constitutes a positive long-term response to the nihilistic agenda of terrorists. A greatly strengthened effort to support the development of renewable energy sources reduces the world's dependence on oil, and at the same time responds to the increasingly dire need to reduce fossil fuel emissions to help avert massive climate change. The careful management of watersheds and forests could provide the difference between a stable living environment for millions or destabilizing refugee movements.

The global issues that WRI worked to put on the international agenda 20 years ago have emerged as major challenges of the 21st Century: climate change, biodiversity loss, desertification, forest and reef destruction, and growing stress on freshwater resources.



But the job of calling attention to these issues is not as lonely as it once was. In both the industrialized and developing worlds, we now work with a host of partners—governments, nongovernmental organizations, corporations and individual entrepreneurs, and international institutions. We can see a remarkable and hopeful desire to work together across boundaries to create solutions that are simultaneously pro-growth, pro-poor, and pro-environment. WRI has succeeded in constructing a big tent, welcoming partners ranging from small NGOs in developing countries to multinational corporations and international institutions.

As this Annual Report describes, we now focus on four areas: healthy ecosystems, stable climate, sustainable enterprise, and access to environmental information and decisions. Issues such as these drive our work at WRI and produced some remarkable results in 2004, which are described in more detail in this report.

- ◆ *Greenhouse Gas Protocol.* Businesses, organizations, and governments around the world are using the Protocol to more effectively manage and reduce emissions that contribute to climate change.
- ◆ *Green power.* Working with WRI, the Green Power Market Development Group completed deals totaling 62 megawatts of green power projects and purchases. These include one of the largest renewable energy certificate deals in the United States.
- ◆ *The Access Initiative.* In 2004, the Access Initiative network which is committed to improving access to information and decision-making, expanded to include national NGO coalitions in 15 new countries. The TAI network now includes coalitions in 25 countries.
- ◆ *New Ventures.* WRI's New Ventures Project, which supports sustainable enterprise creation in Latin America and Asia, has doubled the number of companies in its portfolio. It has now attracted over \$10 million in investment.
- ◆ *Earth Trends.* EarthTrends continues to fill a vital and rapidly growing role in providing online access to information about the environmental, social, and economic trends that shape our world. Usership has more than doubled over the past year, peaking at 125,000 visitor sessions per month in late 2004.

I deeply appreciate your interest in WRI and I believe you will find the results-oriented information in this Annual Report compelling—not just about the challenges we face, but about the solutions WRI and partners are constantly developing to protect the Earth and improve people's lives.



Jonathan Lash
President



ideas into action



mission

TO MOVE HUMAN SOCIETY TO LIVE IN WAYS THAT PROTECT EARTH'S ENVIRONMENT AND ITS CAPACITY TO PROVIDE FOR THE NEEDS AND ASPIRATIONS OF CURRENT AND FUTURE GENERATIONS.

OUR GOALS

For over 20 years, the World Resources Institute has demonstrated its commitment to helping find solutions to global environmental challenges. WRI's work is concentrated on making progress toward four goals:

- ◆ **Healthy Ecosystems.** Reverse rapid degradation of ecosystems and assure their capacity to provide humans with needed goods and services
- ◆ **Stable Climate.** Protect the global climate system from further harm due to emissions of greenhouse gases and help humanity and the natural world adapt to unavoidable climate change
- ◆ **Sustainable Enterprise.** Harness markets and enterprise to expand economic opportunity and protect the environment
- ◆ **Access to Environmental Information and Decisions.** Guarantee public access to information and decisions regarding natural resources and the environment

HOW WE WORK

WRI's strength is our ability to catalyze change through partnerships that implement innovative, incentive-based solutions that are founded upon hard, objective data. And we know that harnessing the power of markets will ensure real, not cosmetic change. Therefore, WRI's strategy rests on three pillars:

- ◆ **Research.** WRI provides the scientific and analytical underpinning so necessary to move people and their institutions, both public and private, to the difficult decisions that lead to change.
- ◆ **Partners.** WRI works closely with governments, the private sector, and civil society groups around the world to enhance our collective ability to catalyze change.
- ◆ **Results.** Providing authoritative research, getting it to those who need it, and engaging a broad spectrum of stakeholders in decision-making are all means to the ultimate end: changes that protect the planet and improve people's lives.

This report highlights ways in which our research, partnerships, and results have contributed to our goals in 2004.



climate



If trends in greenhouse gas emissions growth are not altered, global temperatures are expected to rise between 1.4 and 5.8° C (2.5 to 10.4° F) by 2100. The effects of such temperature changes may be severely detrimental to agricultural production, water supply, forests, and overall human development for a significant portion of the world's population.



To prevent a potentially catastrophic increase in atmospheric CO₂ concentrations, global emissions would need to decrease dramatically during this century, perhaps on the order of 60 to 80 percent below current levels. Such reductions require large-scale changes. Existing technologies—such as renewable energy—must penetrate the market and start cutting emissions. Business must be engaged and supportive, which requires market incentives and actions to promote them. An international climate change agreement is needed that includes the United States and key developing countries and that contains binding commitments to greenhouse gas reductions.



WRI's climate goal encompasses three objectives: achieving international agreements, reducing U.S. domestic emissions, and working with key developing country cities to address urban transportation problems.

goal I

PROTECT THE GLOBAL CLIMATE SYSTEM FROM FURTHER HARM DUE TO EMISSIONS OF GREENHOUSE GASES AND HELP HUMANITY AND THE NATURAL WORLD ADAPT TO UNAVOIDABLE CLIMATE CHANGE

HIGHLIGHTS IN 2004

PARTNERS

“This program (Mexico GHG Program) will provide tools and training to Mexican businesses, helping them to apply accounting approaches to quantify GHG emissions, identify GHG reduction opportunities, and attract new technologies and investments.”

Ing. Alberto Cárdenas Jiménez
Secretary of SEMARNAT

Greenhouse Gas Protocol (GHG Protocol) — Mexico signs up; new edition released

The GHG Protocol—the international accounting and reporting standard used by businesses and other climate initiatives to inventory, report and track greenhouse gas emissions—continued to expand in 2004. Activities included the launch of a pilot program by the Government of Mexico and the release of a revised edition of the Protocol.

In August 2004 the Mexico GHG Pilot Program, was launched with the signing of an agreement between Mexico's Secretariat for the Environment and Natural Resources (SEMARNAT), WRI, and the World Business Council for Sustainable Development (WBCSD). The two-year partnership will develop a voluntary reporting platform for Mexican businesses that follows the WRI/WBCSD GHG Protocol.

The program will be coordinated by SEMARNAT, with technical support from WRI and WBCSD. During the first phase of the program the GHG Protocol Corporate Standard will design Program Specifications that serve Mexico's local conditions and needs. Implementation will begin in January 2005. The program will help businesses in Mexico prepare GHG inventories, identify GHG reduction opportunities, and participate in programs to reduce emissions.

Mexico's adoption of the GHG Protocol is a significant step to the further standardization and harmonization of GHG accounting and reporting frameworks worldwide. India, Philippines, South Africa, and South Korea have indicated their interest in using the *GHG Protocol Standards* and tools as an accounting and reporting basis for national climate initiatives and programs.

In partnership with WBCSD, WRI released *The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition* in May 2004. The new edition—which is available online (<http://www.ghgprotocol.org>)—adds more case studies and guidelines, including a new chapter on how to set credible GHG reduction targets.

First launched in 2001, the GHG Protocol has become the most widely used global standard for corporate accounting of greenhouse gas emissions. It has been adopted by over 150 companies, as well as numerous climate reduction programs, trading schemes, environmental standards, and registries. This list includes the Global Reporting Initiative, The WWF Climate Savers Program, California Climate Action Registry, World Economic Forum Global GHG Register, the UK Trading Scheme, the Chicago Climate Exchange, and the monitoring protocols of the EU Trading Scheme.

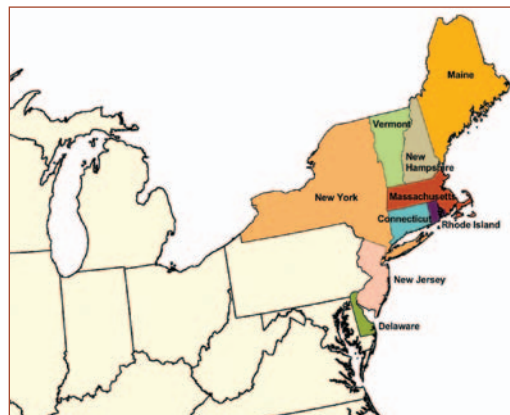


“Today, we are pursuing a course of cooperation and we are confident this will achieve meaningful reductions in harmful emissions without disrupting electricity markets.”

*New York State Governor George Pataki
In launching the Regional Greenhouse Gas Initiative (RGGI)*

Regional Greenhouse Gas Initiative

State action on climate change and greenhouse gas emissions took a leap forward in 2004 with the Regional Greenhouse Gas Initiative (RGGI) in the Northeast. Catalyzed by a 2003 call for collaboration from New York Governor George Pataki (R), nine states—Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, and Vermont—began an effort to cap and then trade carbon dioxide (CO₂) emissions from power plants.



Representatives from state environmental and energy agencies met throughout 2004 to hammer out the design details of a market-based “cap and trade” system to reduce CO₂ emissions. While RGGI is aimed at emissions from power plants, it could include additional emissions sources and types of greenhouse gases in the future. To launch the program, the states are first developing a “model rule” covering the many facets of an emissions trading system, which must be approved and implemented in each participating state. Completion is anticipated in Fall 2005 with the market becoming operational in 2008.

Analyses undertaken so far, including by WRI and others, will guide recommendations on the design of the system and the level of the cap. The “project offsets” component of the program would allow investors to implement projects that reduce emissions, and then trade the reductions credits to power companies for use in compliance. Similar to the Kyoto Protocol’s Clean Development Mechanism, the RGGI project offsets program will drive investment into clean technologies and will rely on a system of performance standards to evaluate the emissions reductions.

WRI was invited by the Northeast States to serve on the RGGI Resources Panel—a team of individuals from respected organizations, agencies, and firms who provide critical technical information and analysis to help construct and implement the trading system. In 2004, WRI helped to convene workshops on critical design issues such as the method for distributing the tradable permits, known as “allocation,” and the use of project-based emissions offset credits. WRI participated in numerous staff and stakeholder meetings, and prepared a research paper on the performance of state-based emissions trading systems. WRI is currently facilitating the meetings of the heads of the NE State Environment Agencies and Public Utility Commissions which are negotiating the model rule.

State actions such as RGGI are expected to serve as a model for broader emissions controls at the national level in the United States.



Climate data now available on-line

WRI's comprehensive database on global climate change was made available on-line in time for the Climate Change Convention's 10th Conference of the Parties (COP-10) in Buenos Aires, Argentina in December 2004.

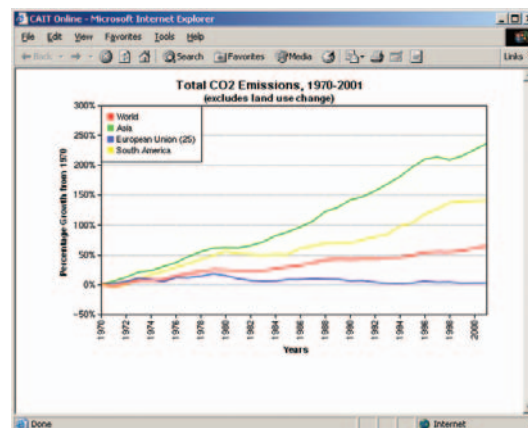
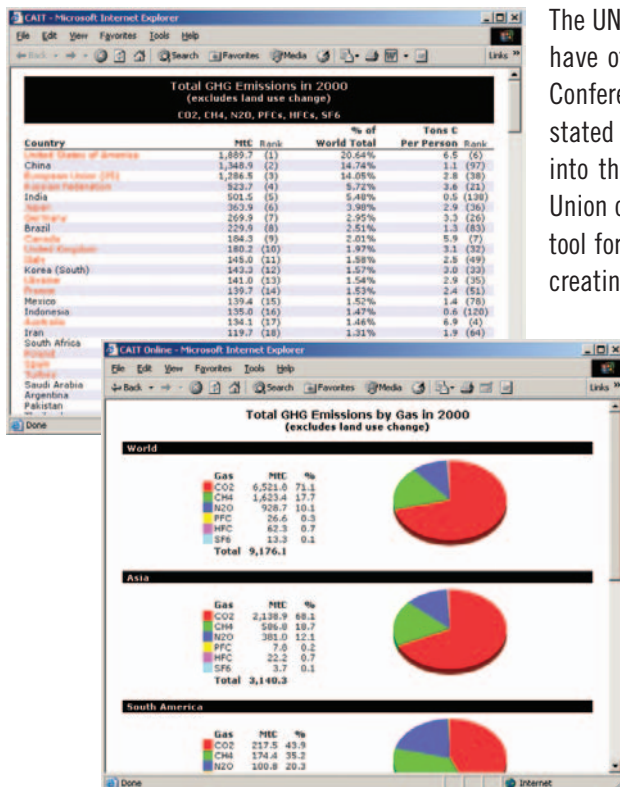
“In reviewing the several data sets, the European Union found that the WRI – CAIT performed best in these respects and can at present be considered the best example of the way forward and a useful tool for serving Parties’ needs.”

August 2, 2004

The Climate Analysis Indicators Tool (CAIT) (<http://cait.wri.org>) includes a comprehensive and comparable database of greenhouse gas emissions data (including all major emission sources and sinks) and other climate-relevant indicators covering 186 countries. CAIT allows users to choose particular years, sectors, gases, and countries to display, thus enabling a wide range of analyses and comparisons. It also provides socioeconomic and other indicators related to economic development, energy use, and fossil fuel reserves.

WRI's goal is for CAIT to become a common information platform used by all stakeholders to evaluate climate change policy; the primary resource for researchers, advocates, policy-makers, the media, and the academic community. We are already moving rapidly toward this goal. Just over a year after its original release, more than 1,800 individuals from 108 countries are already using this tool. NGOs are using CAIT to help formulate advocacy strategies. Researchers are using CAIT to analyze the evolution of the climate change policy and the Kyoto Protocol. Government delegates and policy-makers use CAIT to better understand their own countries' circumstances relative to others. CAIT also serves the needs of journalists, consultants, corporate executives, educators, students, and others.

The UN Climate Convention negotiations, as well as many individual governments, have officially recognized or endorsed CAIT. For example, in advance of the 10th Conference of the Parties (COP-10) to the Climate Convention, Australian officials stated that “CAIT has been of great use and has afforded policy makers insights into the significance of a wider range of variables to climate policy.” European Union officials found CAIT to be “the best example of the way forward and a useful tool for serving Parties’ needs,” while the New Zealand government recommended creating opportunities “for all Parties to become familiar with the use of CAIT.”



EMBARQ launches new efforts, continues work with Mexico City and Shanghai

WRI's Center for Transport and the Environment (*EMBARQ*)—founded in 2002 to act as a catalyst for socially, financially, and environmentally sound solutions to the problems of urban mobility in developing country cities—is making significant progress in its partner cities of Mexico City and Shanghai and has started several new initiatives in Asia and Brazil.

In May 2002, *EMBARQ* agreed with Mexico City authorities to create and implement an integrated strategy to address the city's transport-related problems. The agreement created the Center for Sustainable Transport (CST), *EMBARQ*'s local representative in Mexico City, and committed the city to developing bus rapid transit (BRT).

In December 2004, construction began on the BRT project. By the end of 2005 this corridor will stretch 20 kilometers along one of Mexico City's most prominent and heavily traveled streets, Avenida Insurgentes. This will help save travel time for riders and is expected to help decrease street congestion, lower air pollution, and reduce CO₂ emissions from transportation.

The Mexico City project also includes testing of emissions and other characteristics of new buses. An ambitious pilot effort to retrofit 20 diesel buses with advanced emissions control technology will reduce particulate emissions and other pollutants, and should reduce respiratory diseases.

In 2003, *EMBARQ* launched the Shanghai Sustainable Transport Partnership (SSTP) in collaboration with the Shanghai city government. The partnership has focused on creating a set of sustainable transport indicators to develop, test, and implement transport and air quality policies, and to design an innovative mass transit system emphasizing bus rapid transit. Shanghai authorities have embraced the key concepts of BRT and are now engaged in planning and designing such a BRT system.

In June 2004, WRI and the Asian Development Bank—with funding from the Swedish International Development Cooperation Agency (Sida—announced plans for the Partnership for Sustainable Urban Transport in Asia (PSUTA). The project will review existing experience and transport capacity in Asia, draw up a set of key indicators for selected cities, and create a strategic framework for sustainable transport strategies. *EMBARQ* conducted case studies of sustainable transport in Pune, India; Hanoi, Vietnam; and Xian, China.

EMBARQ is rapidly expanding into new cities. In October 2004, *EMBARQ* joined forces with local experts in Brazil to help them develop a combined BRT and urban development initiative in Porto Alegre. Discussions are under way with Istanbul, Turkey regarding future collaboration.



“ I applaud the accomplishments of WRI and its Green Power Group. Such large purchases by Fortune 500 companies signal that renewable energy is coming into the mainstream. ”

Michael Eckhart
President
American Council on Renewable Energy

Green Power Market Development Group Honored

WRI and its Green Power Market Development Group received the 2004 National “Green Power Pilot Award” from the U.S. Environmental Protection Agency (EPA), the U.S. Department of Energy (DOE), and the Center for Resource Solutions.

Selected as the best of nearly 50 nominees, WRI and its Green Power Group were honored at the Ninth National Green Power Marketing Conference in October 2004. For the past four years, the National Green Power Pilot Award has been given to an individual or organization that has made significant, groundbreaking contributions to the development of markets for renewable energy in the United States.

Created by WRI in 2000, the Green Power Group is a unique commercial and industrial partnership dedicated to building corporate markets for renewable energy. Its members are Alcoa Inc., Cargill Dow LLC, Delphi Corporation, The Dow Chemical Company, DuPont, FedEx Kinko's, General Motors, IBM, Interface, Johnson & Johnson, Pitney Bowes, and Staples. The collaboration seeks to develop 1,000 megawatts of new, cost-competitive green power in the United States by 2010.

To date, all 12 group members and WRI have completed green power projects and purchases totaling 174 megawatts, enough capacity to power more than 90,000 homes. These purchases have occurred at 330 facilities across 31 states. Members have become the nation's largest corporate users of renewable energy certificates, energy from landfill gas, on-site solar power, and hydrogen fuel cells. These members now lead the way in buying power from wind farms and on-site solar photovoltaic systems.

As a result of recent purchases, three corporate members of the group were also honored this year by US EPA and DOE. Staples was named Corporate Green Power Partner of the Year, while Johnson & Johnson and Interface both received Corporate Green Power Purchaser awards.



people and ecosystems



Three premises underpin the People and Ecosystems Goal.

First, ecosystems and human well-being are inextricably linked. Human well-being has significantly improved over the last two centuries, and ecosystem services—such as food, water, wood, fish, climate, and recreation—have underpinned much of these improvements.

Second, growing demand for ecosystem services is placing unprecedented stress on these resources. The resulting costs and benefits are not equitably distributed. The resource-dependent poor often bear the greatest costs associated with degraded ecosystems.

Third, governance, institutions, and policies have largely failed to foster effective stewardship of ecosystems.

Over 10 percent of Earth's land surface is protected—one of the great accomplishments of the 20th Century. While protected areas will continue to play an important role in WRI's work, this goal focuses on the stewardship of the remaining 90 percent of land that is unprotected, with special attention on reversing ecosystem degradation and improving human well-being. WRI's efforts will concentrate on getting the right information to the right people at the right time.

goal 2

REVERSE RAPID DEGRADATION OF ECOSYSTEMS
AND ASSURE THEIR CAPACITY TO PROVIDE HUMANS
WITH NEEDED GOODS AND SERVICES

HIGHLIGHTS IN 2004

PARTNERS



GFW develops new approach to promote sustainable forestry

In globally important forest areas such as Central Africa, Russia, Indonesia, and the Amazon Basin, the proportion of certified logging operations remains low and is growing slowly. In response, GFW is developing a new Timber Compliance Assessment Partnership (TCAP) approach to identify areas with acceptable forest management practices and increase progress toward forestry certification.

The TCAP approach is designed to provide a low-cost way to assess forest management practices over large areas. In each area, GFW works with a partnership of nongovernmental organizations, research institutions, government agencies, and private corporations to produce timely, accurate, and reliable information on forests and forest use. Generally, TCAPs (a) identify and agree on criteria for acceptable forest management that are easy and cost-effective to assess; (b) share and collect data relevant to the chosen criteria; (c) assess actual forest practices against these criteria; and (d) communicate the results to the public, concerned producers, and jurisdictions.

The techniques for data collection include a combination of remote sensing, voluntary self-reporting, questionnaires, media surveys, and ground observation, as appropriate to the conditions. GFW will contribute expertise, quality control, and material from its library of thousands of satellite images and digital spatial databases of ecologically sensitive areas, protected areas, forest tenure, transportation infrastructure, mill locations, and other relevant data.

TCAPs are under development in three major forest regions:

- ◆ *Central Africa.* GFW has begun testing TCAP in Central Africa (see next story).
- ◆ *Russia.* The Russian Federal Forest Agency and GFW have agreed to sign a memorandum of understanding to cooperate and share information in national and regional assessments. Large producers in Russia, including IKEA, International Paper, Stora Enso, UPM-Kymmene, and Volga PPM have expressed interest in participating. GFW Russia's partner organizations include Greenpeace Russia, Socio-Ecological Union International, Biodiversity Conservation Center, WWF in the Russian Far East, the International Forest Institute, and the Space Engineering Center ScanEx.
- ◆ *Indonesia.* With World Bank support, GFW has developed a prototype forest monitoring and governance system in partnership with the Ministry of Forestry and other key experts and stakeholders.

“ I believe that Global Forest Watch's Timber Compliance Assessment Partnership offers a practical approach to improving forest monitoring both to combat illegal logging as well as to help establish legality of source. ”

Alex Moad
Assistant Director for Technical Cooperation
U.S. Forest Service, International Programs



“Stora Enso considers illegal logging as a very important issue in Russian forestry. Thus, better definition of legal and illegal actions would be useful for all forest stakeholders, including the forest industry. WRI’s concept of using satellite images is very good and promising as this methodology is objective and provides many of the needed sustainable indices with low costs.”

Kauko Parviainen
Senior Vice President
Stora Enso OYL, Wood Supply Russia



Timber companies agree to oversight in Central Africa

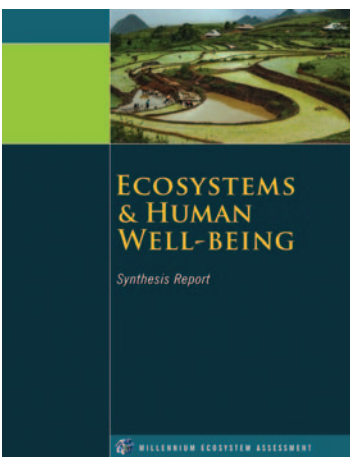
At a March 2004 Global Forest Watch (GFW) workshop in Douala, Cameroon, stakeholders agreed to develop and test an independent forest concession monitoring system (based on GFW’s TCAP approach—see previous story). If successful, this will represent a significant breakthrough in the management of Central Africa’s forests.

The Central African rainforest—the second largest after the Amazon—has long been characterized by poor forest management. Illegal activities are commonplace, logging often extends into protected areas, and harvests may surpass the allowable timber cut. Under growing pressure from consumers, particularly in the European Union, more responsible logging companies are seeking ways to show that the timber they sell is responsibly harvested.

The Douala workshop was organized in partnership with the Interafrican Forest Industries Association (IFIA), the World Conservation Union (IUCN), and the World Wildlife Fund (WWF). Some 60 participants attended, including forest concession holders, timber importers and exporters, international and African NGOs, research institutes, and all Central African governments. Participants agreed on a preliminary set of indicators of legality and sustainable forest management that would underpin the forest concession monitoring system. A summary of the workshop and progress to date is available online at the GFW website (www.globalforestwatch.org).

As a next step, GFW and its partners will conduct field tests in three Central Africa countries. Participating companies will be monitored on more than 30 performance measures designed to track their compliance with laws, and their efforts to minimize environmental impacts. The results will be used to finalize the indicators and governance structure of an independent forest concession monitoring system to be launched across Central Africa once financial backing has been secured.

RESEARCH



Millennium Ecosystem Assessment releases findings-

After more than four years of work, on March 30, 2005, the Millennium Ecosystem Assessment (MA) presented the results of its comprehensive study of the conditions and trends of the world’s ecosystems and the linkages to human well-being.

The MA is an independent, collaborative four-year effort by 1,300 scientists in 95 countries. It has working groups, focusing on (1) changes in ecosystems and their services; (2) the consequences of future changes in ecosystems and human well-being; (3) the viability of various policy response options; and (4) ecosystem change and human well-being across different spatial scales. These working groups and 16 unique sub-global assessments will produce a variety of technical and synthesis reports aimed at policy-makers, business, and the public. More information is available at the MA website www.maweb.org.



people and ecosystems

WRI staff members were involved in writing the initial conceptual framework, drafting sections on freshwater, dryland systems, and biodiversity, and providing scientific and policy reviews for numerous sections. The Institute is also leading the engagement and outreach activities. As the MA ends, WRI is in position to help bring the MA findings to bear upon policy decisions at both the global and sub-global levels.

Finding solutions to the global fishing crisis

The devastating depletion of global fisheries, increasing conflicts between small-scale fishers and large-scale commercial operators, and the elements of a transition toward more sustainable exploitation of fishery resources are among the subjects addressed in WRI's new report *Fishing for Answers: Making sense of the global fish crisis*.



The numbers are stunning: over the last 100 years, new technology—from diesel engines to driftnets—and a rapid expansion in fishing capacity has swept aside the limits that once kept fishing a mostly coastal and local affair. Seventy-five percent of commercially important marine and most inland fish stocks are either currently overfished, or are being fished at their biological limit. Of the 200 most valuable fish stocks, 35 percent show declining yields, and a few commercial fish species are even listed as threatened by the World Conservation Union (IUCN). The situation could easily worsen: demand is expected to continue growing at 1.5 percent per year through 2020, and the number of fishers and fish farmers is growing markedly as well.

The report identifies a variety of strategies that could contribute to more sustainable fishing practices, including improving licensing and monitoring regimes; developing more refined fishing gears; establishing additional marine protected areas; supporting better stock assessments; and putting in place economic policies that give fishers incentives to reduce fleet sizes and that reward responsible fishing practices.



people and ecosystems

RESULTS

Poverty mapping demand increases

WRI's initiative to help produce poverty maps in East Africa—notably Uganda and Kenya—is paying off with a rapid expansion in the demand for such maps.

The initiative began in 2002 with the WRI and UNEP/Grid-Arendal publication of *Where are the Poor? Experiences with the Development and Use of Poverty Maps*. This report presented an approach called small-area estimation, for developing these maps. Poverty maps are being used in poverty reduction strategies to target investments for the most needy, to allocate funds in emergencies and famines, to redistribute revenues at provincial and municipal levels, to control disease outbreaks, and even to improve tax collection.

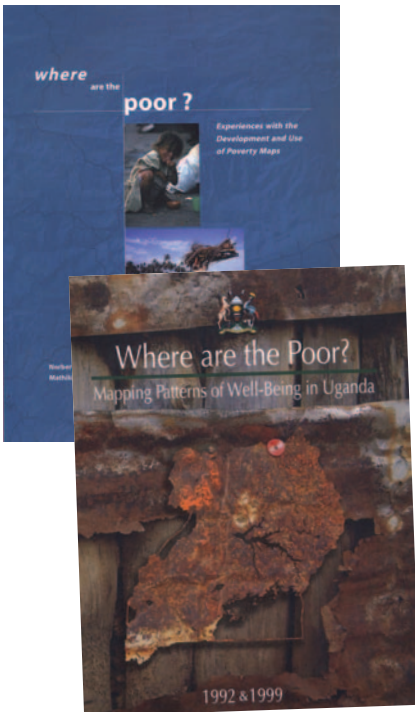
Over the past three years we have helped to build a partnership on poverty mapping for East Africa. Partners include the International Livestock Research Institute, the International Food Policy Research Institute, the World Bank, the African Economic Research Consortium, and national organizations (the bureaus of statistics in Kenya and Uganda).

In October 2003, the Government of Kenya released reliable, high-resolution poverty data for 2,070 rural Locations and 496 urban Locations. Past poverty data covered only Kenya's 63 Districts. The Uganda Bureau of Statistics released similar maps in October 2004. These new maps provide—for the first time—poverty indicators for 149 rural “counties” and 171 urban “sub-counties”, which are much more detailed than previous maps. Estimates for 1992 and 1999 allow changes in poverty levels to be examined.

In March 2003, six months after the release of *Where are the Poor*, 10 countries had completed poverty maps based on small-area estimation techniques. A year later, 20 countries had completed new high-resolution maps and 8 countries were planning to do so.

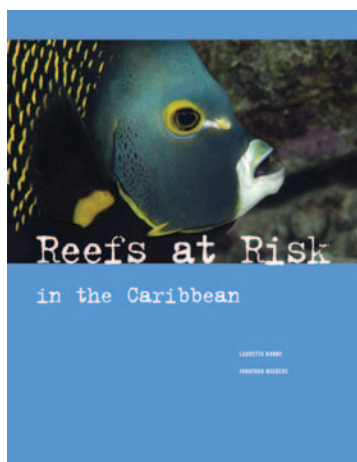
WRI has increased the supply of sub-national poverty maps and moved one step closer to regional and global maps showing the incidence of poverty at sub-national scales. Together with the World Bank and the Center for International Earth Science Information Network (CIESIN), WRI compiled sub-national indicators of poverty and human well-being for about 50 developing countries and made this information available in one location (EarthTrends Poverty Resource: <http://earthtrends.wri.org/povlinks/index.cfm>).

Over the past year, WRI has brought together an alliance of institutions and individuals to investigate the spatial relationships between poverty and ecosystem services in Kenya. The resulting maps, to be published in 2005, will support poverty reduction strategies that better integrate ecosystem, governance, and poverty considerations.



“*Reefs at Risk in the Caribbean* clearly outlines the critical steps required for building capacity and improving management. The focus on socioeconomic issues is crucial to ensuring that future generations will continue to benefit from coral reefs.”

— Jean-Michel Cousteau
Ocean Futures Society



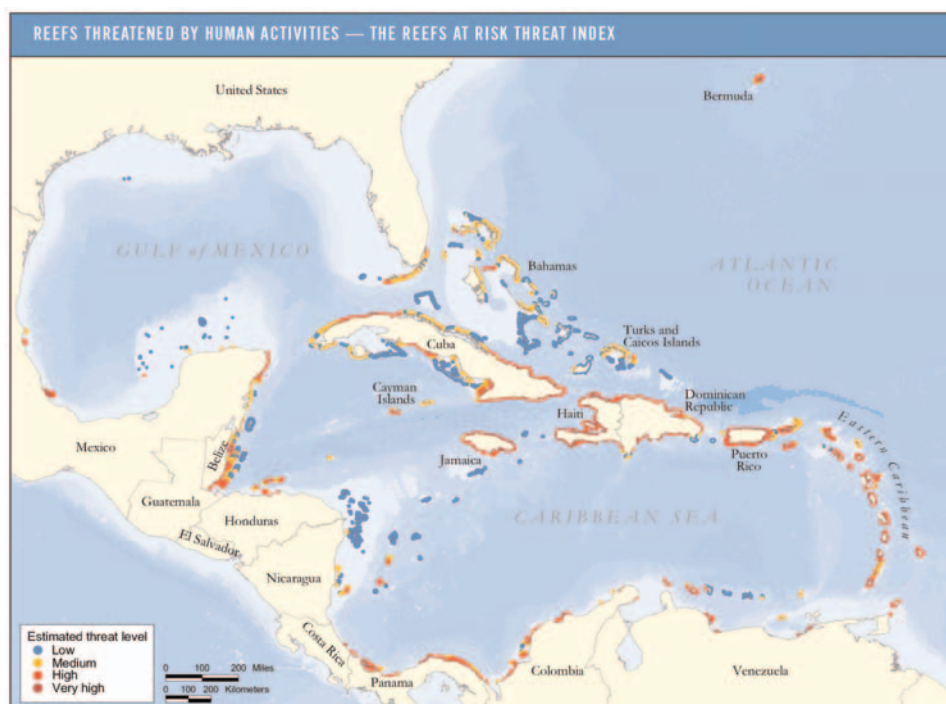
Increasing threats to coral reefs in the Caribbean

A new WRI report on the condition of coral reefs in the Caribbean found that nearly two-thirds of the region’s reefs are threatened by human activities.

Reefs at Risk in the Caribbean found that a combination of factors—direct human threats such as overfishing and runoff of pollution and sediment from land, plus broader threats such as coral bleaching from warming oceans, coral disease from new pathogens, and perhaps increased hurricane frequency—were contributing to reef degradation.

Coral reefs have enormous value. The authors estimated that, in 2000, Caribbean coral reefs provided goods and services with an annual net economic value in 2000 between US \$3.1 billion and \$4.6 billion from fisheries, dive tourism, and shoreline protection services. For example, by dissipating wave and storm energy, reefs play an important role in reducing damage from hurricanes—protection that saves the region between \$700 million and \$2.2 billion per year. Dive tourism, which earned an estimated \$2.1 billion in 2000, could lose as much as \$300 million per year by 2015 as a result of reef degradation.

The report utilized WRI’s Reefs at Risk Threat Index, which uses geographic information system (GIS) data to determine potential reef degradation from four primary sources: coastal development, runoff of fertilizers from farms, marine-based pollution, and over-fishing. The Caribbean study also explores the importance of coral bleaching and coral diseases.



The Caribbean project relied heavily on the expertise and knowledge of more than 20 local, regional, and international partner organizations. The report was released under the framework of the International Coral Reef Action Network and UNEP’s Caribbean Environment Programme. It served as a contribution to the objectives of the Cartagena Convention, in particular its two protocols on Specially Protected Areas and Wildlife, and on Land-based Sources and Activities of Marine Pollution.



sustainable enterprise



Private enterprise has an enormous influence on human and economic development around the world. Businesses provide goods and services that meet essential human needs, create jobs and wealth in communities, and produce technologies that enhance the quality of life and productivity of the economy. These important functions, however, often come at the expense of the environment and social conditions. Industrial activities can also directly impact human health and access to resources on which communities depend.

Whether viewed as a provider of solutions or source of problems, the private sector has a critical role to play in moving society to live in ways that meet the needs of current and future generations. As the influence of the private sector grows around the world, there is a unique opportunity for NGO advocacy and collaboration with the private sector to steer business investment and innovation toward finding solutions to environment and development challenges.

WRI actively works with the private sector on market-based strategies that protect Earth's climate and ecosystems, as well as on government policies that support these markets.



HIGHLIGHTS IN 2004

PARTNERS

Northeast companies act to reduce greenhouse-gas emissions

Companies are finding that taking action on environmental issues is more than being a good environmental citizen; it is also good business.

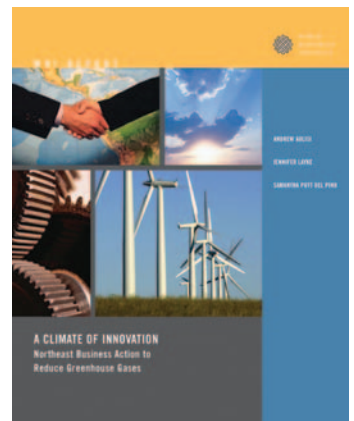


In October 2004, WRI released a report—*A Climate of Innovation: Northeast Business Action to Reduce Greenhouse Gases*—describing case studies from nine companies in the northeast United States that make up the Climate Northeast initiative.

Nine diverse corporations—Bristol-Myers Squibb Company, Citigroup, Consolidated Edison of New York, Eastman Kodak Company, General Electric, Johnson & Johnson, Northeast Utilities Service Company, Pfizer, and Staples—teamed with WRI in 2003 to form the Climate Northeast initiative (www.climate-northeast.org). It focuses on climate change management strategies for energy use, emissions tracking, and innovations such as green power purchasing.

For example:

- ◆ Citigroup invested \$2.5 million to upgrade its lighting, heating, ventilation, and air conditioning at 270 retail branches in the New York City-Connecticut-New Jersey metropolitan area. With a half-million dollars in efficiency rebates, it was able to pay back this investment in a single year. Electricity and natural gas use were cut by 15 percent and the number of service calls to these branches was reduced by 30 percent.
- ◆ Staples decreased its energy use by 12.3 percent since 2001. In 2003, Staples took the money it saved from this \$6.5 million energy-efficiency gain and used it to buy renewable energy. At no additional cost, Staples was able to green 10 percent of its total energy use.
- ◆ General Electric continues to diversify into renewable power technologies. In addition to its higher-efficiency appliances and turbines, the company has made major investments in solar power and wind power—and is bringing world-class design and manufacturing skills to these smaller-scale technologies.



sustainable enterprise



WRI Hosts 7th Sustainable Enterprise Summit

Forty-two corporate leaders and sustainability experts addressed WRI's seventh Sustainable Enterprise Summit held in Washington, DC in March 2004.

The theme of the summit, which attracted an estimated 200 executives from leading U.S. and international corporations, was "Today's Challenges, Tomorrow's Markets." The meeting included panels on serving the needs of the poor, providing healthy food to deal with malnutrition and obesity, responding to water scarcity, harvesting natural resources in sustainable ways, integrating carbon value into strategic business decisions, and overcoming barriers to renewable energy.

Many of these issues were also discussed in a WRI report entitled *Tomorrow's Markets: Global Trends and their Implications for Business*. The report identified 19 powerful trends that are reshaping global markets and changing the roles and strategies of corporations.

RESEARCH

China BELL starts pilot course on environment

After working for over a decade with business schools in Latin America and North America, WRI's Business-Environment Learning and Leadership (BELL) program has expanded to China.

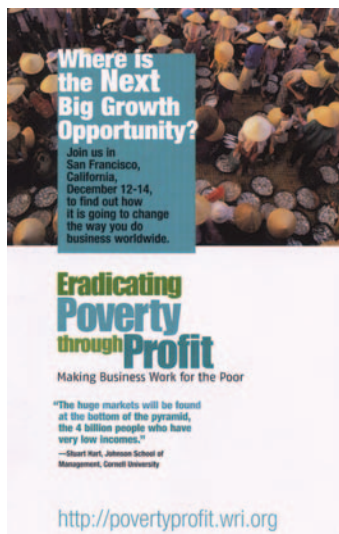
In 2003, China's National MBA Curriculum Advisory Committee—the body that determines what is taught in Chinese business schools—developed the first standard environmental management textbook for MBA students. The text is comprised of materials written by WRI's China-BELL curriculum team leaders.

In 2004, China BELL initiated a ground-breaking multi-university, cross-discipline pilot course on the environment in China, which demonstrates the value of collaborative teaching in environmental and management education. Hosted by Peking University, one of the leading schools in China, the BELL pilot course was attended by 79 graduate students and doctoral candidates. This course will serve as a model for universities interested in integrating business and environment topics. The course was videotaped and will be made into a DVD series and distributed to business schools throughout China.



“The trillion dollar market for new products, services, and technologies at the base of the economic pyramid will belong to the companies who learn to sell solutions to the world’s social and environmental problems — solutions that benefit low-income communities and their environments, as well as shareholders.”

— Stuart Hart, Johnson School of Management, Cornell University



Serving the needs of the poor, profitably

Through conferences, research, and engagement, WRI is leading the way in promoting the view that the world’s 4 billion poor people are an untapped source of innovation and economic growth.

WRI’s research—led by Dr. Allen Hammond, WRI’s vice president for innovation, and WRI Board member and University of Michigan Business School Professor, C. K. Prahalad—has been instrumental in advancing the case in favor of the market potential of the world’s poor. Hammond and Prahalad spelled out the case in “Selling to the Poor,” an article that appeared in the May/June 2004 issue of *Foreign Policy* magazine. In August, Prahalad also released *Fortune at the Bottom of the Pyramid*, published by Wharton School which was favorably reviewed by the *Economist*, *Financial Times*, and other publications.

To further explore these issues, WRI hosted an international conference in San Francisco in mid-December 2004 focusing on “Eradicating Poverty Through Profit: Making Business Work for the Poor.” (<http://povertyprofit.wri.org>)

A growing body of evidence, compiled by WRI and others, indicates that the poor represent the largest untapped consumer market in the world. Business engagement with the poor serves two critical purposes: it is a source of growth for business, and a means for the poor to end economic isolation and expand opportunities. In just 18 countries, this bottom of the pyramid (BOP) market amounts to \$1.7 trillion, roughly equivalent to the annual gross domestic product of Germany; worldwide, it is significantly larger.

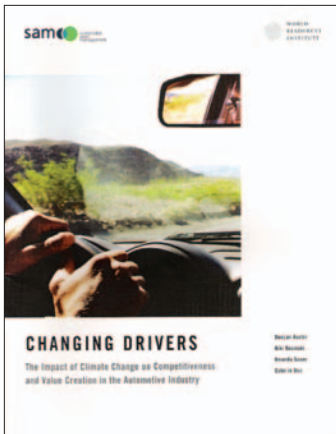
WRI and its partners are documenting how businesses can tap these new opportunities using specific case studies of successful models in many sectors of the economy and several regions. In India, for example, small-scale farmers traditionally have had limited access to price trends and are thus at a disadvantage when dealing with traders. ITC, one of India’s leading private corporations, initiated an “e-Choupal” effort that places computers with Internet access in rural farming villages. The farmers can use the computer to access daily closing prices at local, government-mandated marketplaces. The e-Choupal system gives farmers more control over the choices they make, a higher profit margin on their crops, and access to information that improves their productivity.

(http://www.digitaldividend.org/case/case_echoupal.htm)

WRI has worked to help Microsoft understand the needs of low-income markets in developing countries. Microsoft has subsequently released a low-cost, local language version of Windows in half a dozen countries and has tested new, affordable on-line services in four additional countries.



RESULTS



Changing Drivers has continuing impact

WRI's 2003 study on the environmental risks facing the automobile industry—*Changing Drivers: The Impact of Climate Change on Competitiveness and Value Creation in the Automotive Industry*—has continued to have a significant impact on the industry and capital markets.

The report, which WRI published in partnership with Sustainable Asset Management of Zurich, quantified the risks and opportunities facing ten auto companies from the introduction of carbon constraints in global auto markets. It found great differences in the ability of car companies to meet increased fuel economy standards and to develop and commercialize lower-carbon emitting technologies such as hybrids, clean diesel, and fuel cells. For the various car companies, the study also estimated how their competitive positions might impact future earnings and stock price. Toyota, Renault, and Nissan emerged as the companies best positioned to benefit financially from carbon constraints.

The analysis from *Changing Drivers* has resulted in two follow-up reports, one on the new Chinese fuel economy standards and another on the lack of transparency in the auto industry's agreement to reduce CO₂ emissions in Europe. These reports have continued to generate interest on the competitive implications of environmental regulations in the auto sector.

In 2004:

- ◆ *Changing Drivers* was a factor in contributing to significant changes in two major auto companies' long-term strategies on improving fuel economy and advancing low carbon technologies.
- ◆ Deutsche Bank included a chapter on climate risks and opportunities in its August 2004 annual report on the auto industry. This report, which included large sections of text and graphs from *Changing Drivers*, is widely distributed among the Bank's analysts and investors.
- ◆ Top-ranking auto analysts on Wall Street responded with great interest to WRI's research and have requested further information from companies on their ability to meet fuel economy standards in major auto markets.



sustainable enterprise

“ *New Ventures is a valuable program because it promotes environmentally responsible businesses in countries such as China where the sustainable use of natural resources is critical to long-term economic growth.* ”

Richard Stanley
Country Corporate Officer
Citibank China

Investments in New Ventures portfolio reach \$10 million

WRI's New Ventures Project, which supports sustainable enterprise creation in Latin America and Asia, organized four Investor Forum initiatives in 2004 and welcomed over 40 new sustainable companies into its portfolio. With these four initiatives, New Ventures has doubled the number of companies in its portfolio. It has now attracted over US \$10 million in investment.

New Ventures believes that the most effective way to help the private sector contribute to sustainable economic growth is by helping it prosper in new markets—specifically (1) markets that meet the needs of the poor, and (2) markets that deliver goods and services that generate economic, social, and environmental benefits.

In 2004, New Ventures also continued to consolidate its in-country programs in China, Brazil, and Mexico. In Brazil, WRI has partnered with the Center for Sustainability at Fundação Getulio Vargas São Paulo (FGVSP), Brazil's premier graduate business school, with extensive support from ABN AMRO/Banco Real, Brazil's fourth largest bank; in Mexico, with the Mexican Nature Conservation Fund; and in China, with Leadership for Environment and Development (LEAD). In 2005, New Ventures will expand into two additional emerging economies, Indonesia and India. In partnership with the International Finance Corporation (IFC), it will officially launch the Indonesia program in 2005.

In 2004, each New Ventures country program—in China, Brazil, and Mexico—organized an Investor Forum. In addition, New Ventures Global organized a Biodiversity Investor Forum for the Andean and Amazonian region in partnership with the Andean Finance Corporation (CAF) and the United Nations Conference on Trade and Development (UNCTAD). The judges selected the three winners as the companies with the greatest potential for economic growth, social benefits, and biodiversity conservation:

- ◆ *Agroalegre* (Ecuador) has a long tradition of producing natural ingredients for the cosmetics, food, and pharmaceutical industries.
- ◆ *Coronilla* (Bolivia) produces pastas and snacks derived from organic gluten-free Andean grains.
- ◆ *Ornamental Amazon Fish* (Peru) sustainably harvests ornamental fish for markets in the United States, Europe, and Asia.

New Ventures supports sustainable enterprise creation in Latin America and Asia by accelerating the transfer of investment to outstanding small- and medium-sized enterprises. Based on economic, social, and environmental criteria, selected enterprises receive intensive mentoring to help them improve their business plans. This mentoring prepares the entrepreneurs for a subsequent presentation at a New Ventures Investors Forum where the winners are chosen.



access



Access to data and information about environmental conditions is essential for informed participation in decision-making. It enables members of the public to make informed decisions about how to improve their overall well-being and minimize the risks to their health and welfare. But access to information is not sufficient. It must be accompanied by opportunities to use it to influence public policy.

Meaningful public access to decision-making further requires that all affected stakeholders have access to the process. Innovations in access at the regional and global levels are particularly important in the context of economic globalization, as many people feel alienated from decision-making that takes place in remote capitals and international institutions.

In order to enforce access to information and participation in decision-making, members of the public and public interest groups also must have access to justice and redress.

WRI houses a global portal to environmental information, empowers civil society groups to evaluate their governments' performance in providing access, and conducts research on how changes in institutions and governance regimes can lead to better access.



goal 4

GUARANTEE PUBLIC ACCESS TO INFORMATION AND DECISIONS
REGARDING NATURAL RESOURCES AND THE ENVIRONMENT

HIGHLIGHTS IN 2004

PARTNERS

“*The Access Initiative contributes to supporting and accelerating changes in the behavior of the concerned parties to ensure informed public participation in decision-making at the policy level.*”

Somrudee Nicro
Thailand Environment Institute
Thailand

The Access Initiative: a growing partnership

The Access Initiative (TAI)—a global coalition of public interest groups are working together to promote access to information, public participation, and justice in environmental decision-making. TAI is designed to accelerate implementation of Principle 10 of the Rio Declaration (see separate story) by developing common standards and a tool for assessing government performance in policy and practice. The assessment tool, composed of more than 100 indicators, enables national-level civil society to identify constraints to Principle 10 implementation by reviewing legal and regulatory frameworks and examining specific cases.

In 2004, the global network expanded to include NGO coalitions in over 15 new countries. New TAI assessments were initiated in Argentina, Bolivia, Bulgaria, Costa Rica, Ecuador, El Salvador, Estonia, Kazakhstan, Kenya, Latvia, Lithuania, Peru, Poland, Portugal, Tanzania, and Ukraine. Second TAI assessments (building on the pilot assessments conducted in 2002) were conducted in Chile, Hungary, Mexico, and Uganda. The TAI network now includes coalitions in 25 countries.

The Chilean and Mexican TAI national coalitions worked together to obtain over £450,000 from the British Government to support TAI and PP10 activities in Latin America. This funding has enabled five new countries in Latin America to join TAI and begin new national assessments.

Results of the original nine TAI pilot assessments conducted in 2002 illustrated the significant challenges governments face in providing adequate access to justice in environmental decision-making. In 2004, WRI worked closely with an international working group of partners and experts to develop new access-to-justice indicators. Feedback from the TAI coalitions in some 15 countries performing pilot tests of these indicators will be incorporated into the next version of the TAI methodology, expected to be released in late 2005.

TAI is also developing new governance indicators for the electricity and water sectors. In 2004, TAI collaborated with WRI's International Financial Flows and the Environment (IFFE) project and civil society organizations in India, Indonesia, Thailand, and the Philippines to develop indicators of “good governance” in the electricity sector. These results have served as the basis for a new set of indicators loosely based on the TAI methodology, but going into significantly more detail relevant to the sector—for example, in terms of the transparency of independent regulators. These indicators will be pilot-tested in at least four countries in 2005, and WRI expects to release a final version in early 2006. Developing indicators of good governance in the water sector is the next priority, based on the significant interest TAI has encountered among partners and the donor community.



RESEARCH

New Study on Legislators and the Environment in Africa

With constitutional review processes under way in both Kenya and Uganda, WRI completed a timely new study on African legislators' effectiveness in representing their constituent's environmental interests.

The study—*Serving Constituents, Servicing Nature: Legislative Representation and the Environment in Africa*—found that most African legislators do not routinely use their lawmaking and oversight authorities to address the high-priority environmental needs of their constituents, especially when these concerns conflict with national or party interests, or threaten powerful political and economic elites.

Written by WRI Senior Associate Peter Veit and co-authored by nine analysts from African non-governmental organizations (NGOs), *Serving Constituents* studied 13 African nations, examining incentives and disincentives that shape the decisions and actions of legislators.

They found that:

- ◆ There are few incentives (and significant disincentives) to encourage legislators to represent the environmental interests of their constituents.
- ◆ Environmental issues are important for many poor people in the rural regions, but for most legislators, the environment is secondary.
- ◆ Attempts to strengthen legislatures by internal mechanisms alone, without reshaping power structures, will not promote legislative representation.
- ◆ Initiatives to strengthen legislative representation of local environmental matters can promote governance reforms and democracy.



The mix of reforms needed to encourage and empower legislators to represent their constituents' environmental interests varies from country to country. Some involve reforms in political systems and fundamental governance structures that require constitutional changes. Others include monitoring the environmental performance of legislators, making the environment a campaign issue, and training legislators on sustainable development.

Serving Constituents, Servicing Nature comes at a particularly timely moment. In Kenya, a new constitution is being debated, and in Uganda, the 1995 constitution is being reviewed.





New Spanish and Portuguese editions of World Resources 2002–2004

World Resources 2002–2004, Decisions for the Earth: Balance, Voice, and Power, expanded its reach in 2004 with the publication of foreign language editions. The latest Report presents a primer on environmental governance and contains a series of rich case studies which reflect current trends and challenges in how environmental decisions are being made at local, national, and global levels in civil society, government, and business.

In October, 2004, the Spanish edition, *Recursos Mundiales 2004: Decisiones para la Tierra: equilibrio, voz y poder*, was released in Madrid and Washington. The newly elected government of Spain hosted the publication launch and prepared the foreword to this edition. *Recursos Mundiales 2004* was translated and published by Ecoespaña—a nongovernmental organization, with support from the Ministerio de Medio Ambiente, and Fundación Biodiversidad.

To reach a wider audience, particularly government and civil society in Latin America, Ecoespaña in collaboration with Fundación Biodiversidad has compiled the last five editions of *Recursos Mundiales* on a single CD-ROM, which is available through the Ecoespaña website, www.buenosdiasplaneta.org/.

In 2005, a special release of *Recursos Mundiales* will take place in Latin America in collaboration with WRI and its TAI partners, Corporación Participa and IA-Mex (Access Initiative Mexico) as part of the growing interest in making environment and development information available to the public.

The Portuguese edition, *Recursos Mundiais 2002–2004, Decisões Pela Terra: Equilíbrio, Voz e Poder* was translated and released late in 2004 by the nongovernmental organization, Centro Terra Viva-Estudos e Advocacia Ambiental, which is located in Maputo, Mozambique.

The 11th edition in the series, *World Resources 2005, The Wealth of the Poor: Managing Ecosystems to Fight Poverty* will be released in Summer 2005.

RESULTS

EarthTrends usership doubles for the second consecutive year

The EarthTrends website continues to fill a vital and rapidly growing role in providing free online access to information about the environmental, social, and economic trends that shape our world. The site offers the public a comprehensive collection of vital statistics, maps, graphics, and stories for over 200 countries drawing on data and information from more than 40 of the world's leading statistical agencies. Topics include poverty, education, economics, agriculture, and governance, as well as the more “traditional” environmental themes of water resources, biodiversity, and forestry.

“The World Resources and EarthTrends series...make my work as an environmental educator and author much easier and more effective.”

Bill Freedman
 Professor and Chair
 Department of Biology, Dalhousie University
 Halifax, NS, Canada

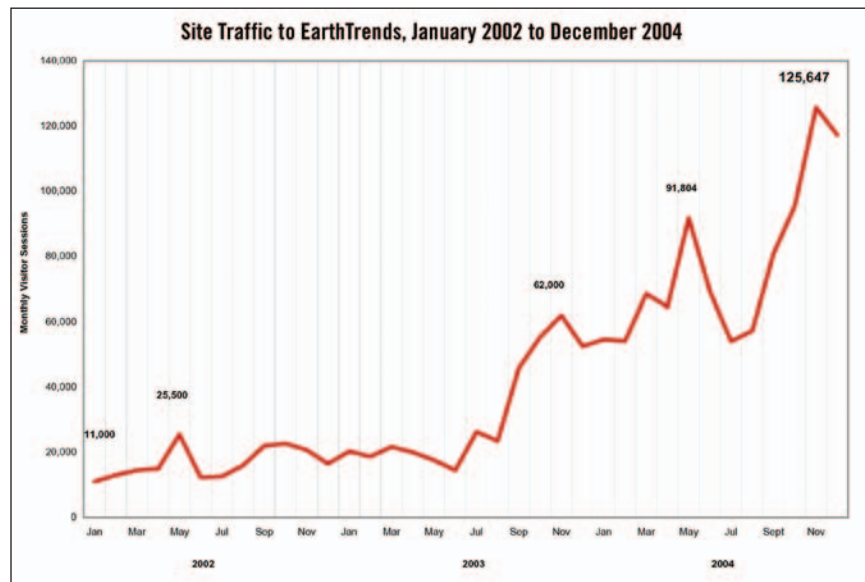
Usership has more than doubled since last year, with some 900,000 site visitors in 2004. The average EarthTrends visitor remains on the site for 12 minutes. EarthTrends' information has been cited in major news media such as CNN, the *New York Times*, and *U.S. News and World Report*; incorporated into school curricula in Asia, Australia, Latin America, and North America; translated by international organizations; and utilized in briefings and strategy sessions at all levels of government.

To underscore the importance of the HIV/AIDS crisis and other public health issues, EarthTrends added new health-related variables to the searchable database, created new data tables, and circulated a monthly update highlighting the 15th International AIDS Conference and the challenges that public health issues pose to sustainable development. Users can now compare different countries' access to retroviral therapy, their contraceptive use, number of malaria cases, incidence of tuberculosis, and public health expenditures among other things.

The EarthTrends Poverty Resource, a collection of subnational data, maps, and analysis launched in December 2004, shows development organizations and national governments where the poor are located. The Poverty Resource demonstrates how poverty, nutrition and human well-being are connected to environment and governance issues, acting as a portal to previously inaccessible and nondigitized information that is not catalogued elsewhere. With knowledge of the location and condition of infrastructure and natural resource assets that are critical to poverty reduction, policy-makers can deploy highly targeted funds and interventions to reach the neediest people by the most effective and affordable means.

“The whole set of country profiles is very impressive indeed... Thank you so much for assisting us with this important effort. WRI has the best information and presentation of such of any organization I know.”

— Janel Hopper
 Vice President of Development
 The Siméus Foundation for Haiti



Partnership for Principle 10

The Partnership for Principle 10 (PP10)—a voluntary partnership of governments, international organizations, and NGOs that supports efforts to translate the Access Initiative’s research into action—convened its second annual Committee of the Whole (CoW) meeting in June 2004 in Washington, D.C. Hosted by the World Bank, the meeting served as a forum for partners to revise and approve procedures to implement the governance provisions and strategic directions for the Partnership set out at the first Committee of the Whole in 2003 in Lisbon, Portugal. Representatives from thirteen NGOs, ten governments, and five international organizations attended the meeting.

Over the course of the two-day meeting, members described how their involvement in PP10 had helped their citizens gain access to information, public participation, and justice in decisions affecting the environment. Two notable success stories come out of Mexico and Chile.

The Mexico TAI/PP10 coalition includes members from four NGOs and officials from The Ministry of the Environment and Natural Resources (SEMARNAT). A formal agreement between the NGOs and SEMARNAT establishes guidelines for projects that strengthen access to information in environmental decision-making. Outreach strategies include information transfer workshops, radio programs, and workshops to train members of the public and government officials. In 2005, the IA-Mex coalition will release the second version of its Citizens’ Guide to Access to Information which will be promoted jointly with SEMARNAT.

In Chile, progress on environmental democracy has been strengthened by the concrete commitments made under the Partnership for Principle 10. These commitments facilitate collaboration between the government (CONAMA) and two NGOs—Participa and RIDES. Both the Access Initiative assessment and PP10 commitments help to provide direction for government and civil society organizations in Chile who work on issues of access in environmental decisions.



One important example of our successful work with CONAMA is the implementation of a Pollutant Release and Transfer Register (PRTR) in Chile. As part of their commitment to PP10, CONAMA included Participa and RIDES in designing the Chilean PRTR. This partnership ensures that the design of this system is much more participatory than it would otherwise have been.

wri web tools

The WRI Home Page



<http://www.wri.org>

With an average of more than 260,000 users every month, WRI's website and related subdomains serve as a clearinghouse of data, research, and policy ideas. Organized by research topic, the website is easy to navigate, highly structured, and attractive. The site provides high quality, reliable information and helps to promote the Institute's reputation as an international, independent, science-based organization. As a clearinghouse, WRI's website invites exploration by providing information on projects, partners, publications, personnel, news releases, success stories, multimedia resources, and a host of other material. There is no cost for accessing or downloading information from WRI's website and content is provided in multiple languages whenever possible. User feedback—encouraged throughout the site through email links, surveys, and comment forms—is captured for analysis and response. A search engine also offers users the opportunity to find information resources by keyword, ISBN number, year, or author. A secure server allows supporters of the Institute's work to make donations online that help WRI turn ideas into action.

EarthTrends: The Environmental Information Portal

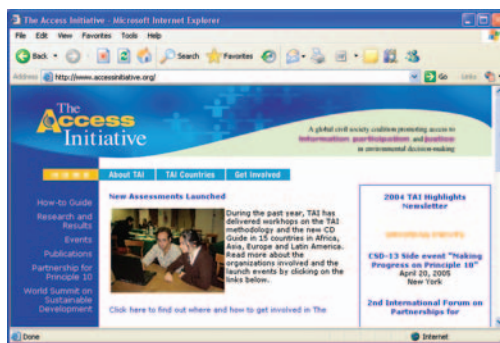


<http://earthtrends.wri.org/>

The EarthTrends site provides a searchable database, data tables, country profiles, maps, and stories on the environmental, social, and economic trends that shape our world. Tracking more than 600 variables on 200 countries, the database is updated periodically using the latest information from over 40 internationally recognized sources.

Searchable data and information are organized into 10 topic areas—coastal and marine; freshwater; climate and atmosphere; population and health; economics and business; energy and resources; biodiversity and protected areas; agriculture and food; forests, grasslands, and drylands; and environmental governance and institutions. All information is documented and links provided to original sources. In an effort to broaden global access to sustainable development information, ET has developed a low-bandwidth companion at: <http://earthtrends.wri.org/text>.

The Access Initiative



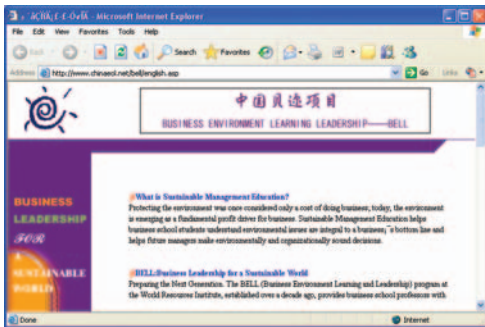
<http://www.accessinitiative.org>

The Access Initiative is a global coalition of civil society groups, convened by WRI and partners, working to promote national-level implementation of access to information, participation, and justice in decisions affecting the environment. The number of countries participating in TAI is expanding and is expected to reach 30 by 2009. The site lists the countries, their assessments of access to information at national level, and provides information tools with which to develop indicators for monitoring access. Country assessments are available for Chile, Hungary, India, Indonesia, Mexico, South Africa, Thailand, Uganda, and the United States.



for policy-makers

BELL and China BELL



<http://bell.wri.org> <http://www.chinaeol.net/bell/>

BELL (Business-Environment Learning and Leadership) works closely with researchers and educators at leading business schools in North America, Latin America, and Asia to provide them with the tools they need to effectively educate and train the next generation of leaders in sustainable enterprise. The BELL site contains a web-based annotated guide to environment and business teaching cases, a newsletter, and business and environment case studies. A database of business school course syllabi from leading faculty incorporating these cases is available in Chinese from the China BELL site.

Beyond Grey Pinstripes: Preparing MBAs for Social and Environmental Stewardship



<http://BeyondGreyPinstripes.org>

Beyond Grey Pinstripes is a biennial report published by WRI in partnership with the Aspen Institute. The website provides profiles of more than 100 MBA programs in colleges and universities in the United States that have been rated by the integration of sustainability into their programs. The site provides information that helps prospective students find the right MBA program for their needs, helps employers identify which schools offer training they want their employees to have, and helps innovative practices spread among schools. Not only is this website an information dissemination tool, it is an information collection tool—prior to each new edition schools are directed to complete the survey online, making data collection, analysis, and dissemination more efficient.

Climate Analysis and Indicators (CAIT)



<http://cait.wri.org>

The CAIT project provides access to information and analysis tools for the development of global climate change policy. CAIT provides the most comprehensive and complete database of greenhouse gas emissions available—including all major sources and sinks—for 185 countries plus regions. Its database includes all major greenhouse gases and sectors, incorporating the official inventories submitted to the Secretariat of the United Nations Framework Convention on Climate Change (UNFCCC).

CAIT analyzes current emissions, historical trends, and future projections, and can produce results in a variety of graphical and tabular formats. It is being used to analyze a wide range of climate-related issues, supports future policy decisions made under the Climate Convention and other forums, and informs emerging discussions on vulnerability and adaptive capacity.



Digital Dividends



<http://www.digitaldividend.org>

The Digital Dividends project identifies, documents, and disseminates innovative ways of meeting the needs of poor communities through both private sector strategies and bottom-up development approaches. It offers a Digital Dividend Clearinghouse that identifies groups working to bridge the digital divide, a Resource Marketplace that contains an extensive list of sources for possible funding, free computers and software, Web development assistance, and almost any other resource dealing with the needs of the digitally poor. The site also contains What Works Case Studies, the Digital Dividend Digest – a biweekly e-mail newsletter, and numerous publications.

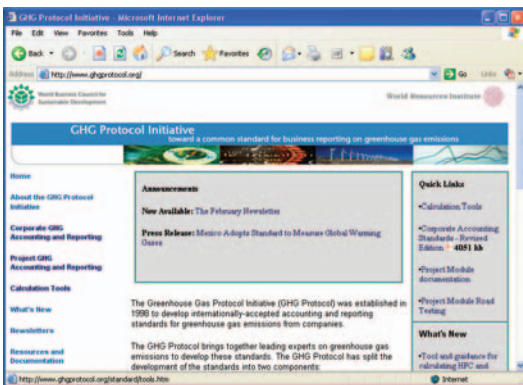
Global Forest Watch



<http://www.globalforestwatch.org>

Global Forest Watch is an international partnership of nongovernmental organizations, research institutes, governments, and private corporations. GFW uses remote sensing and other information technologies to map and monitor the condition of priority forests and works to get this information into the hands of decision-makers at local, national, and international levels. The site contains publications, a data warehouse, and interactive mapping tools. For example, users can create their own maps online for Central Africa, Canada, Indonesia, Russia, and Venezuela.

Greenhouse Gas (GHG) Protocol

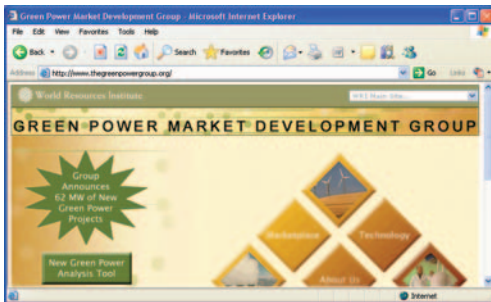


<http://www.ghgprotocol.org>

Convened by WRI and the World Business Council for Sustainable Development, the GHG Protocol Initiative develops internationally accepted accounting and reporting standards for greenhouse gas emissions through a multi-stakeholder process. The GHG Protocol Initiative has split the development of standards into two components: the corporate and the project modules. The GHG Protocol Corporate Accounting and Reporting Standard (first and revised editions) is posted on the website, the Project Accounting Standard will be available in late 2005. The site also provides 16 free calculation tools for companies developing a GHG inventory. Both sector-specific tools, e.g., pulp and paper, iron and steel, and cement; and cross-sector tools, e.g., stationary combustion, and uncertainty tools, are available. The site contains a list of companies, governments, and other organizations using the Corporate Accounting and Reporting Standard and its related tools. A quarterly newsletter is also available on the website.



Green Power Market Development Group (GPMDG)



<http://www.thegreenpowergroup.org>

Convened by WRI, the GPMDG is a unique commercial and industrial partnership dedicated to building corporate markets for green power. The Group is advancing a clean energy future by developing 1,000 megawatts of cost-competitive green power by 2010. The site provides information on the types, costs, and amounts of green power purchased by the GPMDG on a year by year basis. The site also contains a marketplace, descriptions of green power technologies, and the Green Power Analysis Tool for estimating costs and environmental characteristics of green power projects.

Millennium Ecosystem Assessment



<http://www.maweb.org>

The Millennium Ecosystem Assessment (MA) is a four-year international program designed to meet the needs of decision-makers for scientific information on the condition of ecosystems and the linkages between ecosystem change and human well-being. During 2005, four technical volumes aimed at specialists will be published, along with six synthesis reports that are intended for various audiences. All of these reports will be available in the MA online document library. This library also includes information about the MA framework in English, Czech, Portuguese, Spanish, Chinese, French, and Arabic; conference proceedings; and related outreach materials, including articles and newsletters. Over the next two years, more than 30 sub-global studies will be completed and the reports will also be posted on the website. The site will become an important source for ecosystem maps and data through a partnership with the United States Geological Survey and UNEP-WCMC.

New Ventures



<http://new-ventures.org>

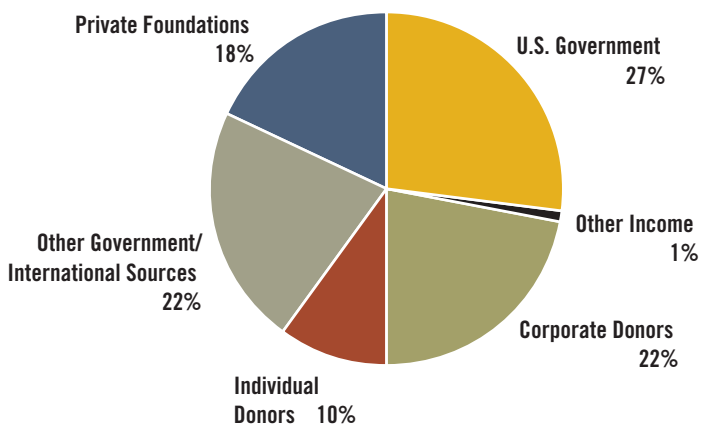
New Ventures is a business accelerator that works toward the long-term sustainable use of natural resources. It employs market-driven solutions that focus on supporting environmentally and socially responsible enterprises in emerging economies.

The site contains materials from Investor Forums and other services provided by the project; opportunities for investors, entrepreneurs, and students; and descriptions of successful New Venture enterprises. The site also leads one to a list of potential investors and those who certify the quality of products and services.

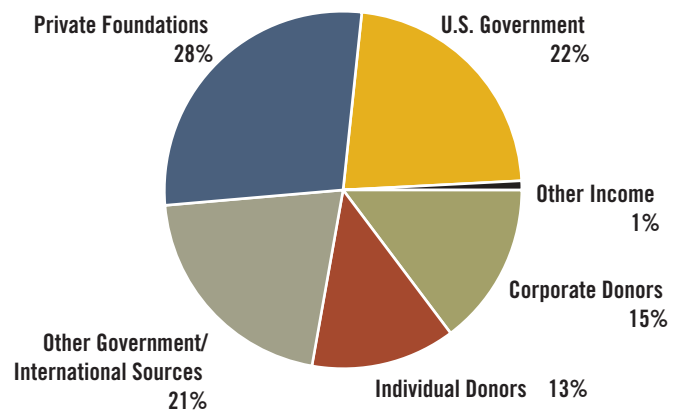


financials

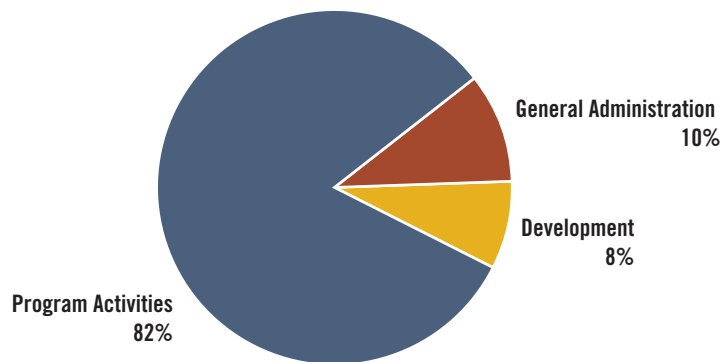
Sources of Revenue
FY2004



Sources of Revenue
FY2003



Uses of Operating Funds
FY2004



WRI Financial Statements

At September 30, 2004, with comparative totals for 2003

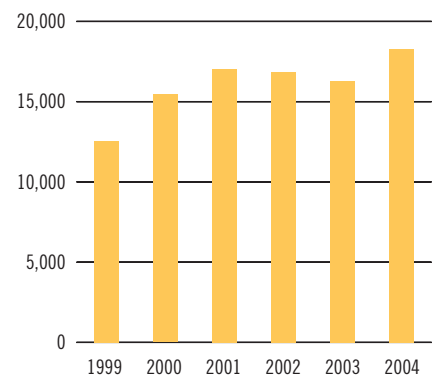
STATEMENT OF CONSOLIDATED ACTIVITIES

	TOTAL 2004	TOTAL 2003
Changes in Unrestricted Net Assets		
Revenues, and Other Support		
Grants/Contributions	\$4,840,000	\$4,305,000
Federal Grants	3,623,000	2,743,000
Publications/Others	91,000	128,000
Net assets released from restrictions	9,731,000	9,121,000
Total Unrestricted Revenues and Other Support	18,285,000	16,297,000
Expenses		
Program Activities	17,162,000	16,079,000
General Administration	2,050,000	1,704,000
Development	1,753,000	1,908,000
Total Expenses	20,965,000	19,691,000
Results from Operations	(2,680,000)	(3,394,000)
Investment Loss/Gain	3,895,000	6,536,000
Change in Unrestricted Net Assets	1,215,000	3,142,000
Changes in Temporarily Restricted Net Assets		
Revenue Grants/Contributions	4,877,000	4,957,000
Net assets released from restrictions	(9,731,000)	(9,121,000)
Change in Temporarily Restricted Net Assets	(4,854,000)	(4,164,000)
Changes in Permanently Restricted Net Assets		
Revenue Grants/Contributions	0	100,000
Change in Net Assets	(3,639,000)	(922,000)
Net Assets at Beginning of Year	48,521,000	49,443,000
Net Assets at End of Year	\$44,882,000	\$48,521,000

KEY INDICATORS OF FINANCIAL POSITION

TOTAL ASSETS	\$47,816,000	\$53,293,000
TOTAL LIABILITIES	\$2,934,000	\$4,772,000
Total Unrestricted	9,809,000	8,593,000
Temporarily Restricted	9,974,000	14,828,000
Permanently Restricted	25,100,000	25,100,000
TOTAL NET ASSETS	\$44,883,000	\$48,521,000
TOTAL LIABILITIES AND NET ASSETS	\$47,816,000	\$53,293,000

Total Unrestricted Revenue and Other Support
(in thousand dollars)



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October 1, 2003 to September 30, 2004

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Changing Drivers: The Impact of Climate Change on Competitiveness and Value Creation in the Automotive Industry, by Duncan Austin, Niki Rosinski, Amanda Sauer, and Colin le Duc.

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publications

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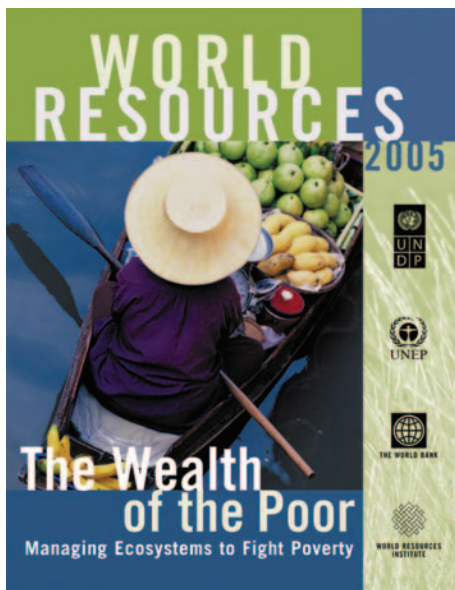
Watersheds of the World CD, by Carmen Revenga, Janet Nackoney, Eriko Hoshino, Yumiko Kura, and Jon Maidens. WRI, IUCN/The World Conservation Union, International Water Management Institute, RAMSAR.

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Can Nature Work for the Poor?



World Resources 2005
The Wealth of the Poor:
Managing Ecosystems to Fight Poverty

United Nations Development Programme
United Nations Environment Programme
The World Bank
World Resources Institute

Available Summer 2005

Ecosystems are—or can be—the wealth of the poor. For many of the 1.1 billion people living in severe poverty, nature has always been a daily lifeline—an asset for those with few other material assets. But programs to reduce poverty often fail to account for the important link between environment and the livelihoods of the poor. *World Resources 2005* argues that the generative power of nature—the bounty of ecosystems—can act as a fundamental stepping stone in the economic integration of the poor.

This requires, first, that the poor manage ecosystems so that they attain—or regain—stable productivity over time. But it also requires that the poor are able to reap the benefits of this good stewardship. Unfortunately, those in poverty are rarely in such a position of power over natural resources. An array of governance failures typically intervenes: lack of legal ownership and access to ecosystems, political marginalization, and exclusion from the decisions that affect how these ecosystems are managed. Without addressing these failures, there is little chance of using the economic potential of ecosystems for reducing poverty.

World Resources 2005 details the steps necessary to empower the poor to use ecosystems both wisely and for wealth. Using examples and case studies, the report traces a route to greater environmental income. Working at the cutting edge of sustainable development, it lays out the governance changes necessary for the poor to have the legal, financial, and management capacity to use nature for wealth creation that does not deplete their fragile resource base.



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