



The 2001-2002 *Annual Report*  
of the International Institute for Sustainable Development



**sustaining** excellence

**iisd** International Institute for  
Sustainable Development  
Institut International du  
développement durable

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*The full audited financial statements are available at <http://www.iisd.org/about/> or by writing to IISD.*

THE INTERNATIONAL INSTITUTE FOR SUSTAINABLE DEVELOPMENT CONTRIBUTES TO SUSTAINABLE DEVELOPMENT BY ADVANCING POLICY RECOMMENDATIONS ON INTERNATIONAL TRADE AND INVESTMENT, ECONOMIC POLICY, CLIMATE CHANGE, MEASUREMENT AND INDICATORS, AND NATURAL RESOURCES MANAGEMENT. BY USING INTERNET COMMUNICATIONS, WE REPORT ON INTERNATIONAL NEGOTIATIONS AND BROKER KNOWLEDGE GAINED THROUGH COLLABORATIVE PROJECTS WITH GLOBAL PARTNERS, RESULTING IN MORE RIGOROUS RESEARCH, CAPACITY BUILDING IN DEVELOPING COUNTRIES AND BETTER DIALOGUE BETWEEN NORTH AND SOUTH.

***Our Vision | Better living for all—sustainably.  
Our Mission | To champion innovation, enabling societies to live sustainably.***

IISD receives operating grant support from the Government of Canada, provided through the Canadian International Development Agency (CIDA) and Environment Canada, and from the Province of Manitoba. The Institute receives project funding from the Government of Canada, the Province of Manitoba, other national governments, United Nations agencies, foundations and the private sector. IISD is registered as a charitable organization in Canada and has 501(c) (3) status in the United States.

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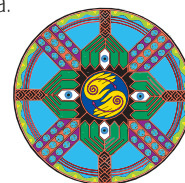
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## Institutional Highlights 2001-2002

- The *Earth Negotiations Bulletin* celebrated its tenth anniversary. A feature story starts on page 4.
- IISD co-convened a very successful, high-level workshop on Trade and Sustainability in the Americas in Quebec City immediately prior to the Summit of the Americas. See page 8.
- The Institute's climate change profile expanded, especially in Canada. Activities included participation on the Manitoba Climate Change Task Force. See page 10.
- Reporting Services diversified its funding base with contributions from 27 different sources. See page 12.
- In the area of energy and climate change policies, IISD's evolving work will provide policy-makers with information to develop energy policies that are sensitive to the demands of the poor. See page 13.
- IISD served as the North American co-facilitator of the Mining, Minerals and Sustainable Development initiative. The project engaged hundreds of interested parties across the continent and helped raise the profile of sustainability in the mining and minerals industry. See page 14.
- IISD published *Strategic Intentions*, a book that captures five years of research and experimentation with networks and communications. See page 16.
- IISD's Dashboard of Sustainability continued to gain functionality and profile. See page 18.
- IISD has renewed its commitment to internal sustainability reporting. See page 22.
- The Institute earned \$7,694,117 in designated grant revenue. See page 24 for a breakdown by activity area.
- The number of people reached by the Research Library's journal review grew to 1,200. A list of articles with abstracts from recent journals is sent to subscribers worldwide every two weeks. This service has proven to be particularly valuable for researchers in developing countries where it is often difficult to obtain journals.
- The Institute launched *IISD News*, a quarterly electronic newsletter available as text only or as a PDF file. To subscribe to the text-only, e-mail version send a blank e-mail to [subscribe-iisdnews@lists.iisd.ca](mailto:subscribe-iisdnews@lists.iisd.ca); to receive the PDF version by e-mail, send a blank e-mail to [subscribe-iisdnews-pdf@lists.iisd.ca](mailto:subscribe-iisdnews-pdf@lists.iisd.ca).



## From IISD's President and Chair



THE WORLD SUMMIT ON SUSTAINABLE DEVELOPMENT THAT WILL TAKE PLACE IN JOHANNESBURG IN AUGUST-SEPTEMBER 2002, IS OFTEN REFERRED TO AS "RIO +10" IN RECOGNITION OF THE 10 YEARS THAT HAVE PASSED SINCE THE EARTH SUMMIT IN RIO. BUT IT COULD ALSO BE KNOWN AS "STOCKHOLM + 30" TO ACKNOWLEDGE THE THREE-DECADE ANNIVERSARY OF THE UNITED NATIONS CONFERENCE ON THE HUMAN ENVIRONMENT, THE FIRST GLOBAL EVENT OF ITS KIND.

Stockholm was a watershed. It was the first thematic, two-week United Nations conference. It was the first high-profile international conference not dealing with war and peace. It was the first to connect environment and development.

In the wake of the successful writings of Rachel Carson, Margaret Mead, Barbara Ward and Barry Commoner, the conference generated considerable media interest. It also saw the emergence of civil society as a force for the first time at an international meeting. The Swedish organizers had thoughtfully provided an NGO site with an alternative program. By the end of the meeting, there were three other sites and the streets of the Swedish capital were full of anti-war, anti-whaling and anti-growth-at-all-costs demonstrators.

Ten years later, Canada called for the creation of a World Commission on Environment and Development. When the resulting Brundtland Commission presented its report in 1987, it pointed out that all of the main environmental and social indicators were heading in the wrong direction, pioneered the concept of sustainable development and called for another global conference in five years to review actions in response to its report.

Maurice Strong, the Secretary-General at Stockholm and a founder of IISD, was called upon to lead the charge in 1992. He understood that there was an audience for these issues. Once again, civil society and the media swarmed a UN conference. By some estimates, more than 20,000

NGOs attended the Rio meeting. Some lobbied the formal conference, influenced the debates and advised governments on their positions. Others formulated their own "treaties" among themselves, held seminars and demonstrations, and "networked." The latest electronic technologies were employed as North-South NGO partnerships formed around specific issues.

Before and during Rio, civil society pressured governments to bring the negotiations on climate change and biodiversity to a successful conclusion. NGOs pushed the OECD governments to increase development spending as a condition of securing the support of the developing countries, and they involved themselves in the forestry discussions.

Civil society is now a major player in all international environmental negotiations. Quietly, but substantially, IISD has helped. The Institute's *Earth Negotiations Bulletin* has made these meetings far more transparent than any other set of international discussions, thus encouraging accountability and extensive public participation.

As of this writing, it looks as if the theme of partnerships will take centre stage in Johannesburg. This compelling direction can be attributed to government inaction in recent years and to the growing prominence of civil society in the sustainable development arena.

FOR IISD, THE EVOLVING FOCUS ON PARTNERSHIPS IS AN EXCITING DEVELOPMENT. SHARING, GROWING AND LEARNING WITH LIKE-MINDED ORGANIZATIONS HAS LONG BEEN A CORNERSTONE OF OUR IDENTITY. OUR EMPHASIS ON ADVANCED INFORMATION TECHNOLOGY HAS HELPED DEVELOP ACTIVE, WORKING NETWORKS, PARTICULARLY WITH ORGANIZATIONS IN DEVELOPING COUNTRIES.

Through the Trade Knowledge Network, for example, our trade team has been working with institutions in Central America, Argentina, South Africa, Pakistan, Vietnam, Bangladesh and China to build the capacity of these institutions to develop their own analyses of the trade and environment issue from their own national points of view and to communicate these analyses to governments and civil society. We are working with the "RING"—a global alliance of research and policy organizations seeking to promote sustainable development through collaborative research, dissemination and policy advocacy—to develop a Southern agenda on trade and the environment.

We have fostered the development of the Climate Change Knowledge Network with representatives from Western Europe and the developing world. The CCKN's work in training African negotiators on climate change and on developing a comprehensive compendium of resources has been complemented by our close partnership with India's Tata Energy Research Institute on the Clean Development Mechanism, green budget reform and the use of economic instruments.

Our Knowledge Communications program works with partnering institutions throughout the world to enhance the Sustainable Development Communications Network, now in its fifth year. This program also houses "Young Canadian Leaders for a Sustainable Future," a project that sends 30 or

so young interns every year to work with leading sustainable development organizations around the world.

We are beginning to document and share our experience with knowledge networks. Heather Creech, Director of Knowledge Communications, and her colleague, Terri Willard, have recently published *Strategic Intentions: Managing knowledge networks for sustainable development*, which captures some of the lessons we've learned.

We are dealing with issues such as trade and development, and climate change—issues that are fundamentally important to the future of our world. We therefore require strong coalitions and partnerships.

More than ever, we need to share our work and our ideas and build on common strengths. Partnerships have enhanced our reach in the past; they are of strategic importance today.

Our challenge as Board and Staff is to enhance our influence and make a difference by doing good work and by working with others to achieve results.



David Runnalls  
President and CEO



Jacques Gérin  
Chair of the Board

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### Founding Chair

Lloyd McGinnis

*"...I call it the Hansard of sustainable development. Their objectivity is the hallmark. They really stay clear of opinions and report the facts."*

IISD'S EARTH NEGOTIATIONS BULLETIN CELEBRATES 10TH ANNIVERSARY by Gaylene Dempsey

## Sustainable Development Opens Up to the World



WITH TENACITY AND TECHNOLOGY, IISD'S ENB TEAM HAS BEEN ENSURING ACCESS TO INFORMATION AT INTERNATIONAL ENVIRONMENT AND DEVELOPMENT NEGOTIATIONS SINCE 1992.

It began a decade ago as a daring new publication at the United Nations Conference on Environment and Development in Rio de Janeiro. Since then, *Earth Negotiations Bulletin*, a reporting service for environment and development negotiations, has published over 1,300 issues from UN meetings in 36 countries.

During preparations for the 1992 conference, more commonly known as the Earth Summit, three individuals from academic and NGO backgrounds—Pamela Chasek, Johannah Bernstein and Langston James (Kimo) Goree VI—discovered that there was no reliable, timely and neutral source of information available to participants on the negotiations. As an experiment, they summarized the first week of negotiations, posted their report onto the NGO computer networks and caused an immediate sensation among government delegates who ended up with copies. It quickly became apparent that governments and NGOs alike were starving for the kind of succinct, factual reporting the group was providing, recalls Goree, *ENB's* Managing Editor and IISD's Director of Reporting Services.

To continue covering UN negotiations, Goree decided to raise money through an unusual fundraising model that is the underpinning of *ENB's* longevity. Rather than selling advertising or shares, Goree forged a group of government

funders who all supported *ENB's* free information services as a common "informational" good—promoting transparency in international policy-making.

"I started approaching ministries of foreign affairs, ministries of environment, ministries of development cooperation and found that it was possible to raise funds from governments, particularly since they were the end-users of this information," he says. "We're now just about 90 per cent funded directly from governments."

This approach has allowed *ENB* to grow organically and expand its coverage to other UN meetings.

"*ENB* has grown steadily, but I've always tried to avoid what I call the 'soufflé effect'—rapid expansion, a lot of hot air and unfulfilled funding commitments—so we didn't collapse when the tech boom collapsed," says Goree.

Today, IISD sends dozens of teams of writers from about 20 countries to more than 50 international meetings per year. Armed with laptop computers and digital cameras, team members print and distribute daily summaries of the negotiations on-site. They also e-mail and post reports on IISD's Linkages web site for tens of thousands of online readers.

"WE HAVE GIVEN ENB QUITE A BIT OF MONEY ON A REGULAR BASIS," SAYS PETER JOHAN SCHEI, NORWAY'S NATIONAL NEGOTIATIONS DIRECTOR WITH THE DIRECTORATE FOR NATURE MANAGEMENT, OF NORWAY'S LONG-TIME SUPPORT OF THE ENB. "THEIR ABILITY TO CONCENTRATE AND FOCUS A NUMBER OF COMPLEX ISSUES DURING NEGOTIATIONS INTO A COUPLE OF PAGES OF INFORMATION IS REMARKABLY GOOD. THEY ARE ABSOLUTELY UNIQUE IN WHAT THEY ARE DOING."

ENB's neutrality and, more importantly, the intelligent, subjective selection of objective facts have been fundamental to its success, says Goree. ENB's writers know the background and the processes, have read all the documentation and are involved with negotiations over time. They are also familiar with the national positions and priorities of governments.

"(Our team members) know the personalities and understand these processes are not just state-driven; they're individual-driven as well," explains Goree. "A government's position might be influenced much more by who the delegate went out for dinner with the night before than what the capital has communicated."

Calestous Juma is Program Director for Science, Technology and Innovation at Harvard University's Center for International Development. He thinks ENB has been able to maintain objectivity because of the tone set by the leadership and the selection of people whose focus is to report what is going on, rather than promote a particular agenda.

"This is why I call it the Hansard of sustainable development," says Juma. "Their objectivity is the hallmark. They really stay clear of opinions and report the facts."

Goree says ENB has always been an early adopter of new technologies, which helped it evolve from the printed word to the online "boutique" publication it has become.

"As the need for information and the ways people got their information changed, we were there to fill that space. We were the first organization that I know of to start using list serves and the first NGO we know of to have a worldwide web site back in 1994. We pioneered the usage of Adobe PDF and came up with a PDF e-zine in 1995. In 1996 we started doing this brand new stuff called streaming audio where we would record speeches at the UN, digitize them and provide them off our server," he recalls. "We kept pushing the envelope with all of these new technologies and people just ate it up."

"They added new elements like the photo gallery, the background material, the interlinkages with information related to the negotiation," says Hans Peter Schipulle from the German ministry for Economic Cooperation and Development. "They were very flexible and managed to respond to the needs of delegations, which at the outset were primarily people on the negotiation scene, but more and more a worldwide audience."

The key to success so far, says Goree, is as the niche expanded, so did ENB.

"Boutique journalism—communicating to a small scattered audience on an esoteric subject such as multilateral environmental policy negotiations—could never have happened so cheaply before the Internet revolution. Here we are with a budget of US\$1.4 million communicating to a very specialized audience who follow multilateral negotiations of environment and sustainable development treaties," he says. "If you break down my budget, one of the smallest categories is publishing. You'd think that with an operation that has publishing as its primary objective, that the cost of publishing would be very high. But we don't send out anything by post anymore. It's not sustainable."

### **Earth Negotiations Bulletin: Stats and Facts**

- ⌘ ENB began with an annual US\$60,000 budget. Today, the budget is US\$1.4 million
- ⌘ ENB's office is located in New York City, close to the United Nations.
- ⌘ ENB has six employees as well as a corps of 40 freelance writers and digital editors.
- ⌘ ENB has a sister publication called Sustainable Developments, a for-hire service for meetings, conferences, workshops and symposia not covered by ENB.
- ⌘ Between March 2, 1992, and March 2, 2002, ENB has produced 1,353 issues from 188 different meetings in 51 cities in 36 countries.
- ⌘ ENB teams have included 98 different people representing 29 different countries.
- ⌘ Over the last 10 years, ENB team members have given birth to 12 children.
- ⌘ Each daily issue of ENB is about 2,000 words long. A 9,000–18,000-word final summary / analysis is distributed at the end of a meeting.

For further information about ENB and IISD Reporting Services, visit the IISD Linkages web site at <http://www.iisd.ca>.

**"We kept pushing the envelope with all of these new technologies and people just ate it up."**

## Reflections of IISD Board Members and Staff

*"The past 10 years have been an intensive period of partnership-building at all levels, from the local to the global. In 1992, no one really understood the challenges and opportunities that such multi-stakeholder collaborations would bring to sustainable development. One of the most important things we have learned is that neither need nor communications technology alone can catalyze effective partnerships—human trust is the critical element. The next 10 years will show us to what degree that trust can be drawn upon to enable people from around the world to chart a course together through the difficult changes and transitions ahead."*

Terri Willard, *Project Manager*



*"The future of sustainable development depends critically on our ability to strengthen the global and binding rules on environmental protection and social redistribution. To do this we must move towards free trade. Not because free trade solves the problems,*

*but because free trade forces us to cooperate. We must strengthen the global organizations. Not to lose sovereignty, but to regain sovereignty. We must link the global negotiations closer together. Not to drown in details, but to confront the complexities."*

Christian Friis Bach, PhD, *Board Member*



*"Today, it is uncontested that conflicts in faraway places can have global impacts, reaching even the main streets of the developed world's financial centres. Globalization of economies, ideas and peoples has found its complement in the globalization of violence. There is no 'over there' anymore. At IISD, we are witness to an emerging body of evidence demonstrating that, on the one hand, rising scarcity of basic natural resources can lead to conflict, and that international trade in valuable natural resources—timber, minerals and rare animals—can be both motive and bankroll for violence. It is time to recognize that unregulated resource extraction and the accelerating flow of goods across borders have serious consequences for security, both for the nation and the individual. Acknowledging the links between social unrest and the management of natural systems will be the 'philosopher's stone' that transforms sustainable development from a luxury good to a global imperative."*

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Jason Switzer, *Project Officer*

*"To create a world that is more socially just and environmentally resilient, all its citizens must have access to sustainable livelihoods. In such a world, jobs will have to be created at one hundredth the cost needed today and the productivity of resource use must be raised by at least a factor of 10. This will require very different technologies and a new science of economics. Sustainable industrialization will unquestionably have to be more decentralized, efficient and responsive than it is today—and will need fundamentally different mixes of labour and capital, scales of production, resource pricing and financing systems."*

Ashok Khosla, PhD, *Board Member*



*"Sustainable development is often described as a three-, sometimes four-legged stool, but I could also describe it as a train trying to run on two tracks. One is a track of rhetoric, theory and declarations, and the other is a track of actions and facts on the ground. One has the feeling that these tracks started diverging soon after Rio. I have little doubt that without convergence—actions catching up with words—we are approaching a major derailment."*



László Pintér, PhD,  
*Senior Project Manager*





*"Sustainable development is an ideal construct. The current challenge is to identify measures that make it practical. It is easy to overlook the progress of the last decade: tentative steps in many countries, new approaches in industry and commerce, further development of international environmental governance, and a vigorous debate on the role of trade policy and investment. Sustainable development is the only alternative to the 'Washington Consensus,' the macroeconomic perspective on development. It is vital for the future of international relations to make it work."*

Konrad von Moltke, PhD, Senior Fellow

*"What we have come to learn is that sustainable development is a complex web of interdependent factors culminating from various disciplines—ecology, economics, anthropology, sociology and psychology, and computer science. Measuring progress towards sustainability in the future will require the application of system science and non-linear dynamics and complex adaptive/simulation models. We will need to first better understand the underlying theory, operationalize the concepts by continuing to develop appropriate metaphors and models, and, finally, measure the progress using appropriate indicators and assessment processes."*



Pumulo Muyatwa, PhD, Project Officer



*"Sustainability as a principle is not new; rather, the ideology and practice of over-consumption encouraged by the dominant economic system has displaced our knowledge of sustainable living. In a world fragmented by borders, beliefs and power imbalances, hope, paradoxically, exists in globalization. For one, globalization has brought renewed understanding that the Earth and its inhabitants are inextricably interdependent. Further, through the creation of binding international agreements on one hand, and the increasing exchange of ideas, values and solutions among people on the other, alternatives to over-consumption are re-emerging. We have begun crafting the prologue to a just and equitable era—one which will bridge the chasm between 'sustainable' and 'development.' Indeed, we must."*

Jennifer Castleden, Project Officer

MEMBERS OF THE INTERNATIONAL INSTITUTE FOR SUSTAINABLE DEVELOPMENT TEAM TRULY REFLECT A DIVERSITY OF BACKGROUNDS, TALENTS AND INTERESTS. THE FOLLOWING PEOPLE SERVED WITH IISD DURING THE 2001-2002 FISCAL YEAR.

Rod Araneda  
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# Strategic Objective:

To design and advocate trade and investment policies that advance sustainable development.

## Trade and Investment



TRADE AND INVESTMENT ARE EACH CRUCIAL TO SUSTAINABLE DEVELOPMENT. WHETHER THEY IN FACT CONTRIBUTE TO THAT GOAL, THOUGH, DEPENDS ON HOW TRADE AND INVESTMENT ARE LIBERALIZED AND MANAGED, AND HOW POLICIES ARE CRAFTED. CURRENTLY, BOTH TRADE AND INVESTMENT ARE UNDERMINING SUSTAINABLE DEVELOPMENT IN SIGNIFICANT WAYS. IISD'S GOAL IS TO BRING ABOUT MODIFICATIONS TO THE TRADE REGIME, AND TO THE EMERGING INTERNATIONAL INVESTMENT ARRANGEMENTS, SO THAT BOTH CONTRIBUTE OPTIMALLY TO THE ACHIEVEMENT OF SUSTAINABLE DEVELOPMENT.

### Achievements and Highlights

- IISD co-convened a very successful, high-level workshop on Trade and Sustainability in the Americas in Quebec City immediately prior to the Summit of the Americas. Three Canadian Federal Ministers addressed the high-profile workshop, as did one each from Latin America and the Caribbean. The workshop's home page is at <http://www.iisd.org/trade/qc2001/>.
- The Trade and Environment Working Group of the China Council for International Cooperation on Environment and Development (CCICED) successfully completed its five-year mandate. Unlike other Working Groups, its mandate has been renewed and strengthened, and the project base expanded. With China's recent accession to the World Trade Organization, it is anticipated that this Working Group will take on a central importance in the CCICED.
- IISD achieved a breakthrough in its request to submit an *amicus curiae* (friend of the court) brief in the Methanex case, in which a Canadian company has brought action against the government of California under NAFTA Chapter 11. This is the first time that the principle of relevant outside opinion in a NAFTA dispute has been accepted, with significant implications for the future. The doors to a previously opaque process are opening.
- IISD has essentially uncovered a major policy issue relating to bilateral investment treaties and has planned a program of work around the issue. We have discovered that many of the over 2,000 bilateral investment treaties give investors powers that are being used to block or "chill" social and environmental progress in developing countries.
- IISD was the only non-governmental organization invited to join the International Organization for Standardization (ISO) Future Vision Task Force. The group will examine where the field of environmental standards is going, and how it can best contribute to sustainable development.

- In partnership with the International Centre for Trade and Sustainable (ICTSD) Development, IISD has launched the second phase of its Trade Knowledge Network (TKN). Expanded to eight developing countries, the network has launched a new cycle of research on key issues relating to trade liberalization and the current WTO negotiations. Already funded in the amount of CDN\$1.7 million, the TKN is due to be expanded further, as the importance of capacity building for trade and sustainable development is increasingly recognized. The TKN's web site is at <http://www.iisd.org/tkn/default.htm>.
- Also in partnership with ICTSD, IISD has completed the first phase of work on A Southern Agenda on Trade and Environment. Based on desk research and extensive consultations with developing country trade representatives in Geneva, the project has identified developing country environmental interests in the trade context, as a basis for a more balanced negotiation agenda on trade and environment. In the second phase, beginning mid-2002, the project will undertake five or six regional consultations, aimed at drawing out new ideas and perspectives from NGOs, governments, academic institutions and the private sector in developing countries. The project will develop a manual on trade and environment for Southern negotiators and it will launch a research agenda on developing country priorities on trade and environment.

- Developing countries are suffering from their lack of access to the standard-setting process, and are therefore often forced to comply with standards that are not appropriate for them, and which they have had no say in developing. IISD has launched a project on Standards for Sustainable Trade, in conjunction with the Ring alliance of policy research organizations. The project is aimed at identifying capacity needs in developing countries in the increasingly critical area of environmental standards relevant to trade.
- In the months leading up to the Fourth WTO Ministerial Conference in Qatar (November 2001), IISD published *IISD Viewpoint*, a series of four information and opinion pieces on trade and sustainable development. *IISD Viewpoint* was circulated widely and received warmly. All four issues and a post-Doha commentary are available online at <http://www.iisd.org/trade/qatar.htm>.



- IISD published *Private Rights, Public Problems: A guide to NAFTA's controversial chapter on investor rights* in conjunction with World Wildlife Fund-U.S. The book, widely circulated within the NAFTA community, has had a major impact and led to the approval of a project in Investment Law and Sustainable Development. A copy of the publication *Private Rights, Public Problems* can be downloaded from [http://www.iisd.org/trade/private\\_rights.htm](http://www.iisd.org/trade/private_rights.htm).



**From the Director of Trade and Investment...**

*"IISD has aimed to strike a balance between pressure for World Trade Organization reform and constructive engagement with the WTO. Proof that we are on the right track was obtained late in 2001 with the nomination of IISD's Konrad von Moltke to a select, high-level group of advisers to WTO Director General, Mike Moore. Konrad is one of only two civil society representatives in the group, and certainly the member with the greatest history of criticism of the multilateral trading system. In this capacity, Konrad attended the WTO Ministerial Conference in Qatar in November as a member of the Secretariat, and had privileged access to the meetings not enjoyed even by most delegates! A great opportunity to promote IISD's ideas!"*



- Mark Halle

## Long-term Vision

IISD'S LONG-TERM TRADE AND INVESTMENT AIMS ARE TO RAISE THE PROFILE AND IMPORTANCE OF SUSTAINABLE DEVELOPMENT AS THE OVERALL GOAL OF THE REGIMES GOVERNING INTERNATIONAL TRADE AND INVESTMENT, AND TO ESTABLISH IISD AS A KEY PARTNER TO THE MULTILATERAL REGIMES IN MAPPING OUT THE TRANSITION TO SUSTAINABLE DEVELOPMENT.

# Strategic Objective:

*To develop and promote creative responses to climate change and its impacts.*

## Climate Change and Energy



IN A YEAR THAT SAW THE CLIMATE CHANGE AND ENERGY TEAM TACKLE 35 NEW PROJECTS, IISD HAS GAINED INCREASED EXPOSURE AND INFLUENCE IN THE DEBATE. IN CANADA, IISD WORKS WITH GOVERNMENTS TO GALVANIZE CANADIANS SO THAT THEY CAN BECOME A MORE EFFECTIVE PART OF THE SOLUTION TO CLIMATE CHANGE. INTERNATIONALLY—PARTICULARLY WITH DEVELOPING COUNTRIES—THE GOAL IS TO EXPLORE HOW TO INTEGRATE CLIMATE CHANGE ISSUES MORE EFFECTIVELY WITH THEIR PRIORITIES FOR SUSTAINABLE DEVELOPMENT AND POVERTY REDUCTION.

### **Achievements and Highlights**

- Over the past year, IISD has developed a strong profile around Canada's Kyoto Protocol ratification debate. John Drexhage, Director of the Climate Change and Energy team, participated actively in the Analysis and Modelling Group and the Domestic Emissions Trading Working Group, and was invited regularly by the Liberal Party caucus in Ottawa to discuss the costs and benefits of Kyoto ratification.
- IISD worked closely with a number of provinces on the issue of climate change. Staff in Calgary, Winnipeg, Ottawa and New York provided intelligence on national and international climate change developments. The Institute's strategic advice was sought by Manitoba, Alberta and Ontario.
- President David Runnalls and Board member James Carr served on the Manitoba Climate Change Task Force, led by the Honourable Lloyd Axworthy. A number of IISD staff supported the province's Clean Environment Commission in organizing the public consultations and in developing the Task Force's Final Report. The Task Force's web site, designed and hosted by IISD, is at <http://www.iisd.org/taskforce/default.htm>.
- In collaboration, with the Canadian Energy Research Institute, IISD organized a conference in February 2002 that considered the development of a Continental Energy Strategy and its implications for addressing climate change in North America. For coverage, see <http://www.iisd.ca/sd/sdcem/>.
- IISD continued to work with Canadian companies taking a proactive role on the climate change issue. Intelligence and strategic advice were provided to Shell Canada, Manitoba Hydro, Ontario Power Generation, Pan Canadian and Trans Canada Pipelines.

- IISD continued to focus on how it can help strengthen the voice of the indigenous peoples of the Arctic in the Canadian ratification process. Building upon its success in Sachs Harbour and the Inuit Observations on Climate Change project, IISD representatives visited six other communities in the North, working with the First Nations people to report on and monitor the climate change impacts in the North.
- IISD strengthened its working relationship with the Canadian International Development Agency (CIDA) on the issue of climate change. A second phase of the Climate Change Knowledge Network was approved. Working with 14 other institutions around the world, CCKN II will focus on decentralized renewable energy strategies for developing countries; building capacity for developing country negotiators; and broadening local capacities to address climate change. Two projects in India—one examining implications for agriculture and the other focusing on economic instruments and green budget reform—continued over the year. In addition, IISD is concluding a negotiation with CIDA for a project in Chile that would explore the potential application of the Clean Development Mechanism as a tool for reducing emissions from the transportation sector.

- IISD worked closely with the Government of Canada in helping Morocco as hosts of the Seventh Conference of the Parties to the UN Framework Convention on Climate Change in the fall of 2001. This included a number of orientation sessions with government officials, helping them become more familiar with the issues under international negotiation.
- IISD continued its work with a network of institutes in Europe, Japan and Russia to study how emissions trading investments could be used to help the Russian government develop and implement a national strategy on climate change.
- The Institute redesigned and expanded the web site content of the Climate Change Knowledge Network at <http://www.cckn.net/compendium/>.

**From the Director of Climate Change and Energy...**

*"Since coming on board with IISD a little more than a year ago, I have grown to appreciate two critical elements: how complex and far reaching the issue of climate change has become and how committed and capable IISD staff are on this issue. From Moscow to Yellowknife, from Marrakech to New Delhi, IISD carries a strong reputation throughout and clearly makes a difference in the national and international debate on this most perplexing of global environmental issues."*

- John Drexhage



## Long-term Vision

WITHIN THE LARGER OBJECTIVE OF INTEGRATING CLIMATE CHANGE ACTIONS WITH SUSTAINABLE PRIORITIES, IISD'S LONG-TERM CLIMATE CHANGE AND ENERGY VISION IS TO:

- play a substantive and influential role at the national level in advancing the climate change issue;
- provide strong, in-house expertise on the critical policy issues being considered in Canada, including, for example, domestic emissions trading;
- convene and/or facilitate conferences and meetings among the major actors on the climate change file in Canada and internationally;
- champion the cause of that segment in the private sector that is prepared to treat the issue of climate change seriously and develop substantive policies and practices that will work to effectively reduce greenhouse gas emissions;
- develop and enhance understanding of climate change impacts in Canada's regions, particularly the north;
- work at the community level to develop appropriate adaptation/mitigation responses;
- work with provinces to help develop action programs on climate change; and
- build on IISD's ability to enhance capacities of developing countries to participate in the international negotiations and in implementing actions at the ground level.

# Strategic Function:

To provide real-time information to decision-makers and promote transparency in multilateral policy-making, using the latest information technologies. The products of IISD Reporting Services fill an important niche in international policy-making for sustainable development by providing negotiators, United Nations staff, NGOs and the media with timely information on often complex issues under debate.

## Reporting Services

IISD'S NEW YORK-BASED REPORTING SERVICES CONTINUED TO PRODUCE A STEADY STREAM OF INFORMATION ON INTERNATIONAL ENVIRONMENT AND SUSTAINABLE DEVELOPMENT NEGOTIATIONS. THE PRODUCTS OF IISD REPORTING SERVICES INCLUDE: THE EARTH NEGOTIATIONS BULLETIN (ENB); LINKAGES JOURNAL, THE MONTHLY ROUNDUP OF MEETINGS, RECENTLY REPOSITIONED AS AN E-MAIL PRODUCT; AND SUSTAINABLE DEVELOPMENTS, A "FOR HIRE" SERVICE FOR CONFERENCES, SYMPOSIA AND WORKSHOPS. IISD REPORTING SERVICES HAS ALWAYS CAPTURED THE FORMAL PROCEEDINGS AND INFORMAL HALLWAY BANTER THAT INFORM DECISION-MAKING. IISD LINKAGES, A GATEWAY TO ALL REPORTING SERVICES ACTIVITY, CAN BE FOUND AT <http://www.iisd.ca/>. A FEATURE ARTICLE ABOUT THE ENB'S TENTH ANNIVERSARY CAN BE FOUND ON PAGE 4 OF THIS REPORT.

### From the Director of Reporting Services...

*"It was 10 years ago this summer, immediately following the Earth Summit in Rio, when IISD asked us if the 'Earth Summit Bulletin' needed an institutional home. What started as the three of us (Pam Chasek, Johannah Bernstein and myself) sitting at the back of the negotiations armed with laptop computers, has become IISD's flagship product. I look back over this last decade with some pride in what we created: putting bright people, good ideas, an organization not afraid to embrace innovation and some creative fundraising together to produce something quite remarkable."*



-Langston James Goree VI ("Kimo")

## Achievements and Highlights

- Reporting Services continued to provide the world's diplomatic and sustainable development policy communities with a great deal of high quality news and analysis from 35 multilateral negotiations, conferences, workshops and symposia.
- In addition, IISD was hired by clients to provide *Sustainable Developments* coverage of 24 other international meetings.
- In preparation for the World Summit on Sustainable Development, IISD has launched a comprehensive Summit portal at <http://www.iisd.ca/wsssd/portal.html>.
- Reporting Services expanded and diversified its funding base. Funders in 2001-2002 were:

### GOVERNMENT MINISTRIES AND AGENCIES

The Netherlands Ministry of Foreign Affairs – Sustaining Donor  
The Canadian International Development Agency (CIDA) – Sustaining Donor  
United States Agency for International Development (USAID) – Sustaining Donor  
Switzerland Agency for Environment, Forests and Landscape – Sustaining Donor  
United Kingdom Department for International Development – Sustaining Donor  
The European Community (DG-XI) – Sustaining Donor  
Denmark Ministry of Foreign Affairs – Sustaining Donor  
German Ministry for Development Cooperation (BMZ) through GTZ and the German Ministry of Nature Management, Forests and Nuclear Safety (BMU) – Sustaining Donor  
Swedish Ministry of Foreign Affairs, Ministry of Environment and Ministry of Agriculture  
Austrian Ministry of Foreign Affairs and Ministry of Environment  
The Government of Australia  
Norwegian Ministry of Environment and the Ministry of Foreign Affairs  
Finland Ministry of Environment and Ministry of Foreign Affairs  
The Environment Ministry of Japan (through the Institute for Global Environmental Strategies – IGES)  
The Government of New Zealand  
Resources Conservation Division, Forestry Department, Council of Agriculture,  
Taiwan (through Swan International)

French Ministry of Foreign Affairs (for publishing in French)

### INTERGOVERNMENTAL ORGANIZATIONS AND SPECIALIZED AGENCIES OF THE UNITED NATIONS

Global Environment Facility (GEF)  
The United Nations Department of Economic and Social Affairs (DESA)  
The Secretariat for the Convention on Biological Diversity  
The Secretariat for the United Nations Framework Convention on Climate Change  
The United Nations Development Programme (UNDP)  
The United Nations Environment Programme (UNEP)  
The Ozone Secretariat of UNEP (for coverage of the Montreal Protocol MOP-12)  
The UNEP Chemicals Unit (for coverage of the Stockholm Convention and Rotterdam Convention negotiations)

### PRIVATE FOUNDATIONS, INDUSTRY AND NON-GOVERNMENTAL ORGANIZATIONS

The Rockefeller Foundation  
The Joyce Foundation

## Long-term Vision

IISD REPORTING SERVICES INTENDS TO PROMOTE TRANSPARENCY IN INTERNATIONAL ENVIRONMENT AND SUSTAINABLE DEVELOPMENT POLICY-MAKING BY EXPANDING THE NUMBER AND SCOPE OF THE MEETINGS COVERED WHILE USING THE NEWEST IN INFORMATION TECHNOLOGIES.

# Strategic Objective:

To promote government expenditure and taxation policies

that encourages the transition to sustainable development.

## Economic Policy

IISD LOOKS AT THREE ECONOMIC POLICY ISSUES PERTINENT TO SUSTAINABLE DEVELOPMENT. THE FIRST ISSUE REVOLVES AROUND THE POVERTY-ECOSYSTEM NEXUS. THE SECOND AREA OF WORK LOOKS AT ENERGY EFFICIENCY AND EQUITY ISSUES ARISING FROM CLIMATE CHANGE POLICIES. THE RESEARCH INVESTIGATES THE IMPACTS FULL COST PRICING WILL HAVE ON THE DISTRIBUTIONAL IMPACTS OF KYOTO-ORIENTED POLICIES. THE THIRD LINE OF WORK INVESTIGATES THE ROLE OF STAKEHOLDERS AND INSTITUTIONS IN THE DEVELOPMENT AND IMPLEMENTATION OF ECONOMIC INSTRUMENTS TO INTERNALIZE ENVIRONMENTAL EXTERNALITIES.

### Achievements and Highlights

- IISD was approached by the United Nations Environment Programme to draft a concept paper on the poverty-environment nexus and a set of guidelines. These two documents will be presented by the director of UNEP to the Governing Council as the response to GC21/15. Drafts of the conceptual framework can be found at [http://www.iisd.org/economics/pov\\_sd/documents.asp](http://www.iisd.org/economics/pov_sd/documents.asp).
- IISD launched *Nexus*, a newsletter designed to enhance the poverty-environment dialogue. This newsletter comes at an appropriate time in light of the growing appreciation among policy-makers of the critical role ecosystems play in poverty reduction but also of increasing confusion because of the complexity of the relationship.
- Another major international initiative looking at ecosystems and human well-being is the Millennium Ecosystem Assessment. This five-year, US\$20 million project's main aim is to carry out an integrated ecosystem assessment but with the understanding that human well-being plays a central role in this assessment. IISD was invited to participate in this initiative by contributing its expertise on well-being and poverty reduction.
- In the area of energy and climate change policies, IISD had just completed estimating—using a combination of econometric techniques—demand functions that capture the demand for energy by various income groups. These demand functions are unique in the sense that they capture the demand for *output* energy (space heating, hot water, appliances) rather than the standard energy demand functions that capture the demand for *input*

energy (electricity, gas, oil). Output energy is what consumers need and finally use while input energy is the raw form of energy before being transformed into output energy. Increases in energy prices are always at the input energy level but the impacts are felt at the output energy stage. This work will provide policy-makers with information to develop energy policies that are sensitive to the demands of the poor.

- IISD was able to advance earlier Canadian emission cost studies by using a geographic information systems (GIS) approach to link emissions data to population distribution, giving a better picture of the distribution of the health costs of air pollution than was previously available. In order to calculate these public health costs of electricity generation in Canada, IISD combined the methodology from the European ExternE project with existing Canadian data and models.
- In the field of full cost pricing, IISD produced a paper for Environment Canada that looks beyond the economic efficiency arguments of economic or market-based instruments to address pollution problems. The paper addresses the political economy of institutions and the interplay among various stakeholders in the success or failure of the implementation of pollution policies. A complex adaptive management approach for the design of economic instruments was formulated.

### From the Director of Economic Policy...

*"IISD has been given a unique opportunity to play an instrumental role in the field of poverty reduction and ecosystems. The production of a pragmatic, yet substantially radical approach to poverty reduction through the development and extension of the freedom framework developed by Nobel Laureate Amartya Sen will put IISD as a fore-runner in the sustainable development community. More importantly, IISD will be seen as a champion of the impoverished."*



- Anantha Duraiappah, PhD



## Long-term Vision

ECONOMIC POLICY'S LONG-TERM AIMS ARE THREEFOLD: **1.** to raise the profile and importance of the poverty-ecosystem nexus and to sensitize policy-makers to the critical multi-dimensional role ecosystems play in reducing poverty and to establish IISD as a key resource centre for advice in formulating policies in this complex and evolving area; **2.** to advance the state of art in energy modelling by introducing the equity dimension; and **3.** to advance the concept of complex adaptive management as a framework for economic instrument design in the field of full cost pricing.

# Strategic Objective:

To encourage more sustainable forms of agriculture and other natural resource use through the development of incentives and increased community participation in decision-making.

## Natural Resources Management



THE NATURAL RESOURCES MANAGEMENT PROJECT LIST LAST YEAR WAS DYNAMIC AND VARIED. AS A CO-FACILITATOR OF THE NORTH AMERICAN SECTION OF MINING, MINERALS AND SUSTAINABLE DEVELOPMENT, IISD HELPED TO PLACE THE ISSUE OF SUSTAINABILITY ON THE NORTH AMERICAN MINING AGENDA. TWO IMPORTANT LONG-TERM, COMMUNITY PROJECTS—SKOWNAN AND MYRADA—DREW TO A CLOSE; WORK PROCEEDED IN THE AREA OF ENVIRONMENT AND SECURITY; AND ART HANSON CONTINUED TO ADVOCATE FOR CREATIVE AND SUSTAINABLE OCEAN POLICY.

### **Achievements and Highlights**

- As part of the Mining, Minerals and Sustainable Development (MMSD) global initiative, MMSD North America was created to contribute suggestions as to how the North American Mining and Minerals industry could achieve sustainable development. Activities last year included a groundbreaking dialogue on mining and sustainability attended by 100 people in Vancouver; six workshops; and two publications. So far, MMSD North America has engaged numerous communities of interest across the continent and has helped put sustainability on the industry's agenda. The International Institute for Environment and Development (IIED) was commissioned by the World Business Council for Sustainable Development to manage the global MMSD initiative. IISD's partner for the North American portion of the project is the Mackay School of Mines, University of Nevada, Reno.
- IISD concluded a two-and-a-half-year partnership with MYRADA, an India-based organization working in the

areas of community development, poverty alleviation and micro-credit. The project was established to field-test the use of appreciative inquiry, a methodology that celebrates local history and achievements, and uses these discovered strengths to develop and achieve a vision for the future. IISD published a field guide—*The Positive Path: Using Appreciative Inquiry in Rural Indian Communities*—as a lasting legacy of the project and a resource for practitioners. The publication is available at [http://www.iisd.org/pdf/2001/ai\\_the\\_positive\\_path.pdf](http://www.iisd.org/pdf/2001/ai_the_positive_path.pdf).

- The project "Integrating Aboriginal Values into Land Use and Resource Management" also wrapped up this year. Working in partnership with Manitoba's Skownan First Nation, the project used appreciative inquiry and participatory video to explore and report on the values community members hold with respect to the land and their vision for its future use. Project activities included the production of two videos and the organization of several community workshops and focus group meetings. The project's final report is posted at [http://www.iisd.org/pdf/skownan\\_final\\_nopics.pdf](http://www.iisd.org/pdf/skownan_final_nopics.pdf).



- In collaboration with IUCN – The World Conservation Union, IISD launched a program on environment and security. The goal is to translate the emerging understanding of the links between natural resource management and human security into practical tools for decision-makers. Among other achievements, the IISD-IUCN partnership collaborated on the production of draft guidelines on conflict prevention for the UN Global Compact's Business and Conflict Dialogue and launched a Climate Change Vulnerability and Adaptation task force. A book on conservation and human security, including a collection of case studies from around the globe will be published in time for the World Summit on Sustainable Development. The Environment and Security web site is at <http://www.iisd.org/natres/security>.
- The oceans have been an important part of Interim Director Art Hanson's workload over the past year as Oceans Ambassador for the Minister of Fisheries and Oceans. Art facilitated three meetings of federal officials representing various departments as part of the preparations prior to a cabinet submission this past fall. The subjects of the meetings were socio-economic, environmental and international aspects that would be important to consider within a national ocean strategy. He testified at a special meeting of the Canadian Senate Fisheries Committee convened so that the Ocean Ambassadors could provide direction to the Committee on the issue of ocean habitat use. Art was called upon frequently this year as a speaker and advisor in the development of materials and ideas in the lead-up to the World Summit on Sustainable Development.

- Agriculture and water were prominent elements of our advisory services. In his role as Special Advisor to the National Round Table on the Environment and the Economy (NRTEE), Art Hanson supported a major study on how ecological fiscal reform could be applied for conservation on agricultural lands. He also has worked closely with NRTEE Conservation of Natural Heritage Program to develop new approaches for protection of whole landscapes. As a member of the Canadian Biotechnology Advisory Committee (CBAC), Art collaborated on a major report addressing genetically modified food regulation and research needs. Finally, he is assisting Environment Canada on the global water agenda and on the Canada-UNDP Equator Initiatives.

### From the Interim Director of Natural Resources Management...

*"Sustainable development is clearly influencing how both natural resource business and the 'Five-NR' federal departments are conducting their activities. It is a pivotal time for moving towards integrative, adaptive management. We see effective champions emerging and will continue to support their efforts and provide context on key drivers. Many of the drivers are related to international trade, but increasingly it is factors such as carbon dioxide emissions, human health concerns and concern for nature that have become significant.*

*The other side of our work—environment and security—will continue to grow in significance. Unless underlying problems such as poverty and poor governance are addressed, unsustainable resource use will contribute to the worst headlines of human suffering."*

- Arthur J. Hanson, PhD



## Long-term Vision

WITHIN THE LARGER CONTEXT OF INTEGRATED AND ADAPTIVE MANAGEMENT POLICIES, IISD'S LONG-TERM NATURAL RESOURCE VISION IS:

- to clarify and recommend better models for sustainable natural resource use;
- to assess the strengths, needs and role of local people and communities
- in developing and implementing sustainable resource management strategies;
- to encourage altered trade and investment patterns and the
- removal of perverse policies at all levels; and
- to better understand the role of conflict, governance and institutions as we progress toward sustainability.

# Strategic Function:

To deliver IISD's knowledge base to a global audience of decision-makers, enriched by the best of other sources of sustainable development information, anchoring and integrated with the knowledge of its partners in the knowledge networks.

## Knowledge Communications



STRATEGIC COMMUNICATIONS BRIDGE THE GAP BETWEEN KNOWLEDGE AND ACTION. IISD'S INTENTION IS TO STRENGTHEN AND EXPAND THE KNOWLEDGE BASE FOR DECISION-MAKING, TO MOVE KNOWLEDGE INTO THE HANDS OF DECISION-MAKERS, AND TO ENGAGE THEM DIRECTLY IN USING THAT KNOWLEDGE TO CHANGE POLICIES AND PRACTICES.

### *Achievements and Highlights*

- IISD published *Strategic Intentions: Managing knowledge networks for sustainable development*. The publication, available online at [http://www.iisd.org/pdf/2001/networks\\_strategic\\_intentions.pdf](http://www.iisd.org/pdf/2001/networks_strategic_intentions.pdf), is the result of five years of research and experimentation with networks and communications. We started out looking at technology applications, but discovered something far more significant about the power of knowledge networks to engage stakeholders and decision-makers.
- IISD's leadership role in knowledge networks was recognized by several organizations and networks this year. The Institute was approached for input and advice by the Canadian Information System for the Environment; the Canadian SD Policy Research Program; the Global Development Learning Network; the International Institute for Environment and Development's Regional and International Networking Group (the "RING"); the International Network for Environmental Compliance and Enforcement; and others.
- For the second time, IISD's Young Canadian Leaders for a Sustainable Future internship program won the Huguette Labelle Award for Excellence in Youth Programming. The program placed 33 interns in 2001-2002. At press time, IISD staff were processing more than 200 applications for international positions in the new fiscal year. More information about the YCLSF program is available at <http://www.iisd.org/interns/>.
- In partnership with the Foundation for Global Responsibility, IISD launched BSDGlobal, a site devoted to business and sustainable development issues at <http://www.bsddglobal.com/>.
- In preparation for the World Summit on Sustainable Development, IISD began its work on the Sustainable Development Briefcase. The SD Briefcase is a collection of resources that will provide WSSD watchers, commentators and participants with the essential background needed to follow debates at the Summit.

- The Institute undertook an in-depth evaluation of the first five years of the Sustainable Development Communications Network (<http://www.sdcn.org/>). This network of 14 core institutions and over 330 individuals was initiated in 1996 to increase access on the Internet to developing country knowledge. The principal recommendation was to transform the SDCN into an open, international community of practice on Web communications for sustainable development, focused on capacity development and expansion of the SD Gateway (<http://www.sdgateway.net/>).
- IISD joined forces with five other international organizations to create ITrainOnline, a technology resource centre for people who want to learn how to use the Internet effectively for social justice and sustainable development. The ITrainOnline web site is at <http://www.itrainonline.org/>.
- As a provider of service to the wider Institute, the Knowledge Communications team created a new look and navigation for the IISD web site at <http://www.iisd.org/>; designed and updated a number of sections on the site; published numerous books, papers and newsletters; and consulted with project teams throughout the Institute on their strategic communications needs.
- IISD provided input on the role of youth to the Global Knowledge Partnership's consultation on Digital Divide issues for the G8. This intervention led to our participation in the creation of the digital opportunities web site in partnership with the new youth organization, TakingITGlobal (<http://www.takingitglobal.org/>). IISD also provided consulting advice on climate change communications to CIDA, Environment Canada and Natural Resources Canada.

### From the Director of Knowledge Communications...

*"We have been experimenting with networks for five years. Our early efforts were in response to the promise of technology. We explored how to bring the messages of Southern-based organizations to broader attention through*

*the Internet. We used Web technology to aggregate the knowledge bases of our partners. And we learned how electronic communications could support collaboration across regions and sectors. But in the past two years, our understanding of networks has grown beyond the technology that supports them. Our research has taken us into strategic communications and the effective engagement of decision-makers. We have investigated private sector experience with alliances to improve our own relationships management. We have come to value the potential of networks to foster changes in policy and practice, supportive of sustainable development, beyond what any single institution would be able to accomplish. Technology by itself cannot move the agenda forward. We now need to learn how to make and keep promises to other institutions around the world, to work together toward sustainable development."*



- Heather Creech

## Long-term Vision

TO STRENGTHEN AND EXPAND THE SUSTAINABLE DEVELOPMENT KNOWLEDGE BASE FOR DECISION-MAKING THROUGH MORE EFFECTIVE COMMUNICATIONS OF WHAT WE KNOW, FOSTERING ACTION FOR SUSTAINABLE DEVELOPMENT THROUGH NETWORKS AND PARTNERSHIPS.

**Thoughts from a YCLSF intern...** "I believe that the opportunities and support that this internship program provides are invaluable to young Canadians interested in pursuing an international development career. Recent international events—September 11—remind us that we need to produce more people with an international understanding and develop global networks with nations/people to work together to solve these complex international issues. The IISD internship program equips young Canadians with a better international understanding and gives them the vital experience to really become Young Canadian Leaders for a Sustainable Future."



- Mark Schreiner,  
IISD intern with UNEP, Kenya

# Strategic Objective: **To develop robust sets of indicators for public- and private-sector decision-makers to measure progress towards sustainable development, and build an international consensus to promote their use.**

## Measurement and Indicators

EFFECTIVE, EASY-TO-USE MEASUREMENT HELPS DECISION-MAKERS AND THE PUBLIC DEFINE SOCIAL GOALS, LINK THEM TO CLEAR OBJECTIVES AND ASSESS PROGRESS TOWARD MEETING THOSE TARGETS. MEASURING SUSTAINABLE DEVELOPMENT MAKES IT POSSIBLE FOR THE SUBJECT TO BECOME PART OF THE MAINSTREAM POLITICAL AND ECONOMIC DEBATE. DEVELOPING COUNTRIES ARE STILL FAR FROM MEASURING PROGRESS TOWARD SUSTAINABLE DEVELOPMENT AS A STRATEGIC PRIORITY. CAPACITY BUILDING AND PRACTICAL FIELDWORK IN THESE COUNTRIES WILL CONTINUE TO BE A PRIORITY FOR IISD. GOOD INFORMATION AND GOOD INDICATORS WILL PRODUCE THE RIGHT DATA TO INFORM POLICY PLANNING, ASSESSMENT AND EVALUATION.

### Achievements and Highlights

- Work continued in earnest this year on IISD's Dashboard of Sustainability, available online at [http://www.iisd.org/cgsdi/dashboard\\_dsplyhtm](http://www.iisd.org/cgsdi/dashboard_dsplyhtm). The Dashboard is an easy-to-understand online tool designed for use by experts, the media, policy-makers and the general public. Using a car's instrument panel as a metaphor, the Dashboard allows the presentation of complex relationships and provides an empirical foundation for all efforts to assess progress toward sustainable development. During the year, new functionality was added and the dashboard was tested with leading indicator experts and different data sources, thereby demonstrating the Dashboard's utility and flexibility.



The Dashboard was discussed and presented numerous times over the past year, most notably at a Commission on Sustainable Development side event in April 2001.

- From September 4 to 19, IISD hosted eight guests from Romania as part of the Canadian International Development Agency/United Nations Development Programme Local Agenda 21 project. The guests received extensive training in various areas of IISD expertise and then moved on to Calgary and Ottawa for additional learning. The project is intended to help Romanian officials build capacity, improve environmental policies, implement sustainable development strategies and assess performance.
- With the importance of SD measurement techniques gaining increased support, IISD staff were in high demand. Measurement and Indicators Director Peter Hardi presented papers and lectured this year in Victoria, British Columbia; for the National Round Table on the Environment and the Economy in Ottawa, with IISD Project Officer Pumulo

*"I hardly had a free minute during the four weeks of the training program we organized for the members of the Romanian Local Agenda 21 project team, but all our hard work was greatly rewarded. This e-mail I received from one of the participants made all of the hard work worthwhile:*

*Dear Peter, ...In the end of this message I have to reiterate the fact that the Canadian training segment was one of the most professional events (in which) I've ever participated and I could affirm that it changed my approach very much. In this respect I want to thank you again for all your sterling support during the period spent in Canada and I want to fulfill your expectations regarding this project... Thank you for all your support and cooperation. Warmest regards, Radu"*

Muyatwa; Pocantico Hill, New York; Wellington, New Zealand; Toronto, Ontario; Trento, Italy; and Brussels, Belgium.

- Senior Project Manager László Pintér returned from his ten-month leave at Harvard University and completed his University of Minnesota PhD dissertation, *Making Global Integrated Environmental Assessment and Reporting Matter*. It is posted at [http://www.iisd.org/measure/pdf/pinter\\_thesis.pdf](http://www.iisd.org/measure/pdf/pinter_thesis.pdf).
- For the United Nations Environment Programme Division of Early Warning and Assessment, IISD continues to work on a strategy that will define the direction and approach of UNEP's capacity building initiatives in the area of assessment and reporting. The resulting strategy will aim to improve the production, availability and impact of environmental information on the global, regional, national and local scales. Work also continues on the preparation of background analyses for the fourth Global Environment Outlook (GEO-4) toward improving the process and products. IISD remains active in the development of training materials for integrated environmental assessment (GEOkit), in collaboration with UNEP and GRID-Arendal.

### From the Director of Measurement and Indicators...



- Peter Hardi, PhD

### Long-term Vision

THE IISD MEASUREMENT AND INDICATORS TEAM WILL CONTINUE TO SEEK WAYS TO IMPROVE THE INTERNATIONAL MEASUREMENT AND REPORTING OF SUSTAINABILITY PERFORMANCE. THE TEAM WILL CONTINUE TO ENHANCE METHODS IN ORDER TO INFORM AND INFLUENCE POLICY-MAKING, ENGAGE THE MEDIA AND EMPOWER COMMUNITIES.

***"This is what Johannesburg should be all about in my view: protecting and regenerating the environment and eliminating large-scale poverty."***

## Guest Column

On the Road to Johannesburg by James Gustave Speth, *Dean, Yale School of Forestry and Environmental Studies*

### FINDING A NEW SENSE OF URGENCY

IISD ENDEAVOURS TO STIMULATE ENLIGHTENED THINKING AND DIALOGUE ABOUT SUSTAINABLE DEVELOPMENT. IN THAT SPIRIT, WE ARE HONOURED TO SHARE THE FOLLOWING ARTICLE BY JAMES GUSTAVE SPETH, DEAN, YALE SCHOOL OF FORESTRY AND ENVIRONMENTAL STUDIES. DEAN SPETH, A FRIEND OF IISD AND FORMER ADMINISTRATOR WITH THE UNITED NATIONS DEVELOPMENT PROGRAMME, OFFERS COGENT AND VALUABLE INSIGHT ON THE PATH TO THE WORLD SUMMIT ON SUSTAINABLE DEVELOPMENT, TO BE HELD AUGUST-SEPTEMBER 2002 IN JOHANNESBURG. THE FOLLOWING ARTICLE WAS ADAPTED FROM A SPEECH DELIVERED BY DEAN SPETH IN FEBRUARY 2002.

"Sustainable development" can mean so many things that it's helpful when someone comes along and reduces it to the essentials. Ashok Khosla, an IISD board member, wrote the following words of wisdom:

*The simplest and most effective way to arrive at a sustainable future is to take care of the two primary preconditions of sustainable development:*

1. *Meet the basic needs of all.*
2. *Protect the environment.*

This is what Johannesburg should be all about in my view: protecting and regenerating the environment and eliminating large-scale poverty. If we are going to make progress at Johannesburg, we must be honest about how deplorable conditions are and how deplorable our record is in addressing them. We need a new sense of urgency. Environmental information is far more sophisticated than ever before, but the trends are less reassuring:

- *Half of the tropical forests are gone. Non-OECD countries are projected to lose another 10 per cent by 2020.*
- *Birds and mammals are becoming extinct at 100-1000 times the natural rate.*
- *Over the last 50 years, agricultural productivity in an area larger than India and China combined has been degraded due to overuse or misuse.*
- *We are now appropriating, wasting or destroying about 40 per cent of nature's net photosynthetic product annually and consuming half of the available fresh water.*
- *In 1960, five per cent of marine fisheries were either fished to capacity or overfished. Today, 70 per cent of marine fisheries are in this condition.*
- *Half of the world's mangroves and wetlands have been destroyed.*

On top of these processes of biotic impoverishment comes the biggest threat of all—global climate change. Without major corrective action, global warming in the lifetimes of today's children will likely make it impossible for about half of the land in the U.S. to sustain the types of plants and animals now on that land. And, of course, the developing world will be even harder hit.

The size of human populations, our affluence and consumption patterns, and the technology we deploy to meet our perceived needs have driven these disturbing trends. It took all of history for the world economy to grow to \$6 trillion in 1950. Now it grows by more than that every five or so years and economic production is doubling every 20-25 years.

We could not stop this growth if we wanted to, and, indeed, the world economy must grow if we are to meet the needs of half the world's people who live on less than \$2 per day.

Will the next doubling of economic activity differ from the growth of the past, or will it produce more of the same? The OECD estimates that its members' CO<sub>2</sub> emissions will go up by 33 per cent between 2000 and 2020. Motor vehicle use in OECD countries is expected to rise by 40 per cent during the same period.

The implications of all this are very profound. We have entered the endgame in our historical relationship with the natural world. Humans dominate the planet today as never before. Whatever slack nature has cut us is gone. We live in a full world. We impact hugely on the great life support systems of the planet. Nature as something independent of us is dead. We are in a radically new ethical position because we are at the controls.

WHILE THERE ARE SOME SUCCESS STORIES, WE HAVE, FOR THE MOST PART, ANALYZED, DEBATED, DISCUSSED AND NEGOTIATED THESE ISSUES ENDLESSLY. OUR GENERATION IS ONE OF GREAT TALKERS, OVERLY FOND OF CONFERENCES. BUT ON ACTION, WE HAVE FALLEN FAR SHORT.

There is, however, some good news to report on the human development front. Since 1960 life expectancy in developing regions has increased from 46 years to 62. Child death rates have fallen by more than half and literacy rates have risen.

Yet the bleak realities remain. Among the 4.5 billion people who live in developing countries, three-fifths live in communities without basic sanitation; one-third is without safe drinking water; a quarter lacks adequate housing; and a fifth is under-nourished. For the 1.2 billion people who live on less than a dollar a day, poverty is a brutal denial of human rights.

On the policy front, an impressive consensus has emerged around objectives. The world community has come together with a concerted commitment to the goal of halving the incidence of absolute poverty by 2015. This, and related goals in health and education, were endorsed by all governments in the Millennium Assembly of the United Nations. Eliminating large-scale poverty is not a crazy dream. It could be accomplished in the lifetimes of today's young people.

These combined challenges of environment and poverty underscore the importance and the urgency of the World Summit on Sustainable Development. Johannesburg is the opportunity to move beyond talk. It is the opportunity to reignite public concern before it is too late. Johannesburg is our chance to get it right this time—to correct the mistakes we have made in the past in our efforts to address these issues. We need major success at Johannesburg. We need to do a lot better than merely avoiding a failed summit.

### ***So how should we measure success?***

As Maurice Strong, Jan Pronk and others have indicated, Johannesburg will succeed if agreements are reached on specific plans of action to which governments are unambiguously committed, with targets and timetables and commitments to funding. Nothing else will close the huge credibility and accountability gaps that have opened since Rio. Given the shortness of time, these initiatives must build on past progress. The real agenda for which action is expected must be well focused and not diffuse, vague or overly broad.

***“Johannesburg is our chance to get it right this time—to correct the mistakes we have made in the past in our efforts to address these issues... We need to do a lot better than merely avoiding a failed summit.”***

There are many areas where I believe we can still develop concrete, practicable initiatives. In each area there are communities of experts who could be tapped to develop action plans. I suspect they are eager to be called upon.

The areas where accepted initiatives are required include poverty; financing for development; climate and energy; desertification; biodiversity and forests; global water issues; globalization and sustainable development; global environmental governance; the market and sustainability; and information, accountability and transparency.

I do not believe it is too late to develop actionable initiatives in these and other areas. But it is almost too late. We should invest in this effort with urgency in the weeks and months immediately ahead.

***“We have entered the endgame in our historical relationship with the natural world.”***



*Before assuming the position of Dean, Yale School of Forestry and Environmental Studies, James Gustave Speth served as administrator of the United Nations Development Programme and chair of the UN Development Group. Prior to his service at the UN, he was founder and president of the World Resources Institute; professor of law at Georgetown University; chairman of the U.S. Council on Environmental Quality; and senior attorney and co-founder, Natural Resources Defense Council.*

## Auditors' Report

To the Members of  
International Institute for Sustainable Development

We have audited the consolidated statement of financial position of the International Institute for Sustainable Development as at March 31, 2002 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Institute's management. Our responsibility is to express an opinion on these financial statements based on our audit.

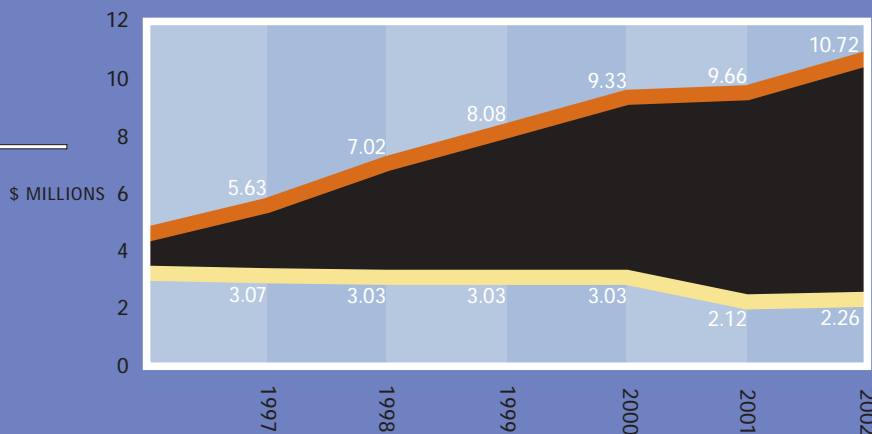
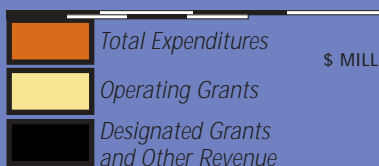
We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Institute as at March 31, 2002 and the results of its operations and the cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Deloitte & Touche LLP*

Chartered Accountants  
Winnipeg, Manitoba  
April 26, 2002

### 1997 - 2002 IISD Financing Trend



Fiscal years ended March 31

## IISD Financial Information

## Consolidated Statement of Financial Position

March 31, 2002

	2002	2001
<b>A S S E T S</b>		
<b>CURRENT</b>		
Cash	\$ 1,293,208	\$ 474,090
Marketable securities	5,491,789	5,638,115
Accounts receivable	6,644,663	8,552,618
Prepaid expenses and deposits	119,934	107,987
	13,549,594	14,772,810
<b>CAPITAL ASSETS</b>		
	283,288	302,743
	\$13,832,882	\$15,075,553
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 1,108,924	\$ 1,006,481
Deferred revenue	5,749,768	6,763,138
	6,858,692	7,769,619
<b>NET ASSETS</b>		
Net assets invested in capital assets	283,288	302,743
Reserve for program development	3,835,165	3,870,098
Reserve for long-term development	1,616,471	1,874,770
Unrestricted net operating assets	1,239,266	1,258,323
	6,974,190	7,305,934
	\$13,832,882	\$15,075,553

## Keeping Our House in Order

### *IISD renews commitment to sustainability reporting*

ALONG WITH CHAMPIONING SUSTAINABLE DEVELOPMENT THROUGH INNOVATION, REPORTING AND PARTNERSHIPS, IISD IS MAKING SURE THAT ITS OWN HOUSE IS IN ORDER BY DEVELOPING SOME NEW MEASURES FOR AN INSTITUTIONAL SUSTAINABLE DEVELOPMENT REPORT.

The IISD Sustainability Reporting Team, comprised of staff, made considerable progress in the first year of operation. After deciding to follow the "Global Reporting Initiative (GRI)" guidelines (<http://www.globalreporting.org/>), the team selected indicators from the environmental, economic and social

dimensions that were relevant to IISD. Three additional indicators were chosen this year, building upon the previously used green procurement and waste minimization indicators. More indicators will be added, as measurement systems are put in place and resources become available.



## Consolidated Statement of Operations

For the Year Ended March 31, 2002

	2002	2001
<b>REVENUE</b> <i>(Note)</i>		
Designated grants	\$ 7,694,117	\$ 6,433,600
Operating grants	2,259,958	2,116,669
Interest	283,026	383,408
Other revenue	153,853	237,158
<b>TOTAL REVENUE</b>	<b>10,390,954</b>	<b>9,170,835</b>
<b>EXPENSES</b> <i>(Schedule 1)</i>		
Projects		
Reporting Services	2,472,707	2,342,323
Trade and Investment	1,639,464	997,294
Natural Resources Management	1,255,132	901,735
Economic Policy	1,185,634	1,047,276
Climate Change and Energy	1,166,182	1,046,569
Knowledge Communications	1,124,075	1,158,750
Measurement and Indicators	536,802	442,199
New Project Development	63,860	320,541
	9,443,856	8,256,687
Administration	593,267	583,843
Fund Development and Outreach	547,384	684,191
Board	138,191	137,208
<b>TOTAL EXPENSES</b>	<b>10,722,698</b>	<b>9,661,929</b>
<b>EXCESS OF EXPENSES OVER REVENUE</b>	<b>(331,744)</b>	<b>(491,094)</b>
<b>APPROPRIATION FROM NET ASSETS</b>		
Net assets invested in capital assets	19,455	96,288
Reserve for program development	34,933	309,858
Reserve for long-term development	258,299	299,302
<b>(DECREASE) INCREASE IN NET OPERATING ASSETS</b>	<b>(19,057)</b>	<b>214,354</b>
<b>NET OPERATING ASSETS, BEGINNING OF YEAR</b>	<b>1,258,323</b>	<b>1,043,969</b>
<b>NET OPERATING ASSETS, END OF YEAR</b>	<b>\$ 1,239,266</b>	<b>\$ 1,258,323</b>

### Environmental Dimension

#### Carbon Emissions

A data collection system was established to track carbon emissions from employee travel, heating and publications distribution, with data collection starting April 1, 2002.

#### Green Procurement and Waste Minimization

Paper, kitchen supplies, coffee, photocopiers, computers and toner were vetted to ensure that they are certified by a certification system such as Environmental Choice, Green Seal or

Energy Star to name a few. A waste minimization strategy has been in place for some time and was checked to ensure that it was being followed.

### Economic Dimension

#### Human Capital

Ten measures were developed for human capital and data collected for this fiscal year. They include such aspects as education and expertise; expert presentations and publishing; and participation in internal and external knowledge teams.

### Social Dimension

#### Orientation to Organizational Vision and Mission

Three measures were developed and one was measured this fiscal year. The remaining two will be measured next year.

A full report, including statistics will be available in June 2002 on the IISD web site. For more information on IISD's Sustainability Reporting please contact Marlene Roy at [mroy@iisd.ca](mailto:mroy@iisd.ca).

## Note on Funding Arrangements

**Designated Grants** IISD receives funding from a variety of public and private sources to finance specific projects relating to its strategic objectives. Projects may carry on over more than one year. The related designated grants are recorded when the funding commitment is made and recognized in revenue as the projects progress. A comparative summary of designated grant funding committed during the year is as follows:

	Funding Commitments	
	2002 (\$000's)	2001 (\$000's)
Governments and agencies		
Canada	\$ 2,385	\$ 3,069
International	2,634	2,218
	5,019	5,287
United Nations agencies	530	208
International organizations	640	752
Philanthropic foundations	58	1,220
Private sector and other	421	765
	\$ 6,668	\$ 8,232

Designated grant revenue for 2001-2002 is summarized by activity area as follows:

Activity Area	Designated Grants (\$000's)
Reporting Services	\$ 2,492
Trade and Investment	1,252
Natural Resources Management	1,068
Knowledge Communications	916
Economic Policy	835
Climate Change and Energy	763
Measurement and Indicators	311
New Project Development	29
Administration, Fund Development and Outreach	28
	\$ 7,694

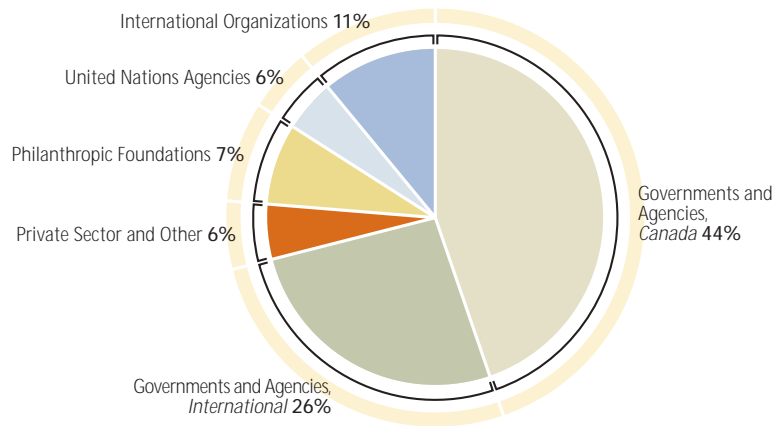
**Operating Grants** IISD has entered into renewed funding arrangements with the Government of Canada (Environment Canada and the Canadian International Development Agency (CIDA)). The arrangement with CIDA provides operating grants for the five year period April 1, 2000 to March 31, 2005. Environment Canada renews its contribution annually. A renewed five-year funding agreement with the Government of Manitoba has also been concluded. It covers the period from April 2001 to March 31, 2006. It includes a core operating grant component aggregating \$4,583,600 plus specific project funding of up to an additional \$1,145,900 over the period.

A summary of the funding is as follows:

	Funding Commitment (\$000's)	Funding Recorded		Funding Commitment Remaining (\$000's)
		2002 (\$000's)	Prior years (\$000's)	
Government of Canada				
Environment Canada	\$ 1,000	\$ 200	\$200	\$600
Canadian International Development Agency	5,000	1,000	1,000	3,000
Government of Manitoba	4,584	1,060	–	3,524
Operating grant revenue	\$10,584	\$2,260	\$1,200	\$ 7,124

**2001 - 2002**  
**Designated Grant Revenue by Donor**

Total designated grant revenue of \$7,694,117

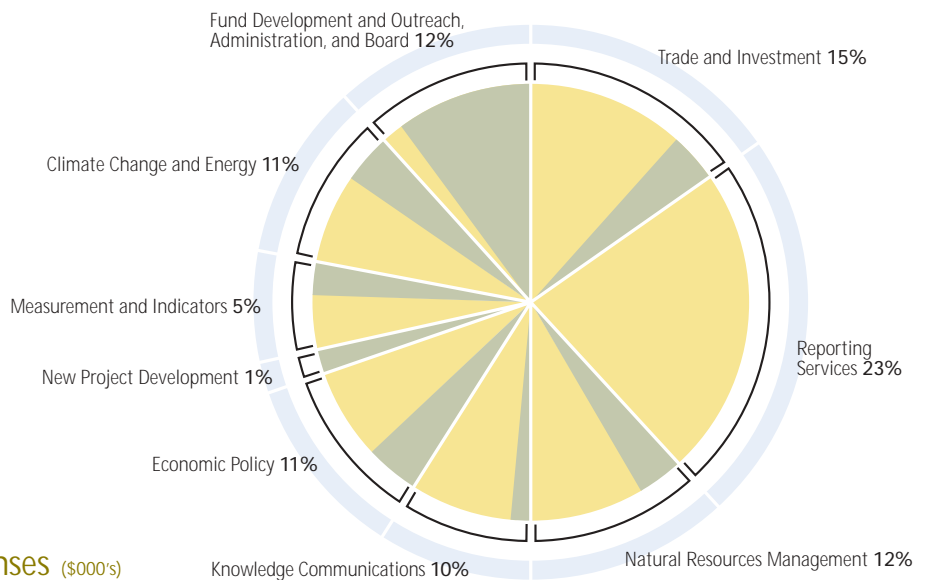


**2001 - 2002**  
**Revenue and Expenses by Activity Area**

Total expenses of \$10,722,698

Financed by:

- Operating Grants
- Designated Grants and Other Revenue



**Schedule 1 - Schedule of Expenses (\$000's)**

For the Year Ended March 31, 2002

The following table summarizes expenses incurred in each of IID's activity areas:

	Reporting Services	Knowledge Communications	Economic Policy	Climate Change and Energy	Trade and Investment	Natural Resources Management	Measurement and Indicators	New Projects	Administration	Fund Development and Outreach	Board	2002 Total	2001 Total
Personnel	\$ 442	\$ 466	\$ 486	\$ 633	\$ 633	\$ 451	\$ 309	\$ 15	\$ 462	\$ 324	\$ -	\$ 4,221	\$ 3,779
Consulting	911	375	437	186	463	464	43	34	3	35	-	2,951	2,456
Travel	848	142	136	160	242	182	108	10	35	33	-	1,896	1,768
Rent	62	32	30	46	49	25	19	-	30	23	-	316	310
Supplies and other	47	21	15	35	53	28	24	-	26	39	-	288	262
Publishing	48	23	4	20	54	26	5	5	-	49	-	234	245
Amortization of capital assets	60	20	36	23	25	14	10	-	16	22	-	226	345
Meetings	-	24	9	25	93	46	4	-	-	8	-	209	124
Telecommunications	55	12	25	28	22	13	10	-	13	9	-	187	183
Board	-	-	-	-	-	-	-	-	-	-	138	138	137
Research materials	-	9	8	10	6	6	5	-	8	5	-	57	53
	\$ 2,473	\$ 1,124	\$ 1,186	\$ 1,166	\$ 1,640	\$ 1,255	\$ 537	\$ 64	\$ 593	\$ 547	\$ 138	\$ 10,723	\$ 9,662

## Schedule 2 - Schedule of Designated Grants Committed (\$000's)

Year Ended March 31, 2002

<b>Government of Canada (and agencies)</b>			<b>International organizations</b>	
International Development Research Centre (IDRC)	\$627	International Institute for Environment and Development (IIED)	204	
Department of Foreign Affairs and International Trade	440	World Bank	149	
Environment Canada	327	Earth Council	102	
Canadian International Development Agency (CIDA)	283	Commission for Environmental Cooperation (CEC)	59	
China Council for International Cooperation on Environment and Development (CIDA)	243	The World Conservation Union (IUCN)	29	
Natural Resources Canada	132	Nautilus Institute for Security and Sustainable Development	28	
National Round Table on Environment and Economy	99	Institute of International Education	24	
Human Resources Development Canada	60	World Wildlife Fund (WWF)	19	
Indian and Northern Affairs	43	International Food Policy Research Institute (IFPRI)	13	
Western Economic Diversification	40	World Trade Organization	13	
Consulting and Audit Canada	25			640
Climate Change Secretariat	8			
Department of Fisheries and Oceans	7			
	2,334			
<b>Governments of provinces</b>			<b>Philanthropic foundations</b>	
Manitoba	21	Loewen Foundation	45	
Ontario and other	30	PEW Charitable Trusts	10	
	51	The Swedish Foundation for Strategic Environmental Research (MISTRA)	3	
				58
<b>Governments of other nations</b>			<b>Private sector and other</b>	
Switzerland	600	Climate Change Central	144	
Norway	582	Pan Canadian Petroleum Limited	30	
European Commission	396	Shell Canada	26	
Germany	312	URS Corporation	16	
Sweden	173	AMEC Simons Mining and Metals	16	
France	144	Coudert Freres	16	
New Zealand	97	Gallagher & Kennedy	16	
Australia	81	North American Palladium	16	
Finland	51	Newmont Mining Corporation	16	
United Kingdom	48	York University (Sustainable Enterprise Academy)	14	
China	39	Inuit Tapiriit Kanatami (ITK)	11	
Austria	34	Alcan	10	
Japan	34	Forest Products Association	10	
Netherlands	25	Cullbridge Marketing	10	
Iceland	15	World Business Council for Sustainable Development	8	
Belgium	3	Mining Association of Canada	8	
	2,634	Geomega	8	
		Council of Yukon First Nations	7	
<b>United Nations agencies</b>		ESG International	5	
United Nations Environment Programme (UNEP)	186	Institute for Media, Policy and Civil Society (IMPACS)	4	
United Nations Framework Convention on Climate Change (UNFCCC)	127	African Centre for Technology Studies	4	
United Nations Other	105	Stratos Inc.	4	
United Nations University	49	Mountain Institute	3	
United Nations Educational, Scientific and Cultural Organization (UNESCO)	26	Beak International	3	
United Nations Food and Agriculture Organization (FAO)	24	Trans Canada Pipelines	3	
United Nations Industrial Development Organization (UNIDO)	7	Dofasco Inc.	1	
United Nations Development Programme (UNDP)	6	Other	12	
	530			421
				\$6,668

