



IISD

International Institute for  
Sustainable Development



# A Force for Action

IISD ANNUAL REPORT  
2017-2018

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**IISD in Action**

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# Message from the Chair



Alan Young,  
Chair of the  
Board

The past year has been one of turbulent uncertainty, both at home and abroad. Each morning's headlines seemed to hold new, often not particularly positive, surprises. But beyond the glaring headlines, it has also been a year of inspiration in which unexpected partners who share a common vision have come together to push harder than ever for a positive tomorrow. And so, even as the foundations of the international system are put under extraordinary strain, there is daily evidence that progress toward a more just and sustainable world is possible no matter how bleak things may appear.

Underpinning and guiding much of this momentum is the framework of the Sustainable Development Goals (SDGs). It is heartening to see the coordinated and spirited steps being taken around the world to ensure the goals are reached by 2030. To get a sense of the scale and breadth of these efforts, (and give yourself a daily dose of inspiration) visit IISD's SDG Knowledge Hub, which shares news about where progress is emerging and where more needs to be done.

While positive trends can be seen, there is still much more that needs to be addressed, including a growing urgency to scale up implementation of the Paris Agreement on climate change.

The good news is that markets are increasingly rewarding smart, innovative, climate-friendly solutions, including clean energy alternatives like solar, wind and biomass. The financial sector—banks, investors, insurance companies—is leading a charge to track and quantify climate risk. China is showing important and tangible leadership through green financial markets.

Furthermore, we are witnessing a global movement to address the scourge of plastic pollution by working within and across nations to put in place new ways to reduce and eliminate plastic waste. In turn, this essential initiative to rethink our use of plastics is increasingly being seen as part of a larger effort to recast the way we use natural resources, energy, goods and services into what is being termed a “Circular Economy.”

The basic idea is that we should aim to keep resources in use for as long as possible, extract as much value as we can from them while they are in use, and then recycle or regenerate their materials when the end of their useful life has been reached. The idea is taking hold in many parts of the world, and IISD is proud to be partnering with a global leader in this field, SITRA, the Finnish Innovation Fund, to advance these concepts in Canada.

With IISD's multi-sectoral focus on energy, economic laws and policies, climate resilience, water, and evidence-based decision making, the organization is well placed to bring together science, research and analysis to help continue this positive momentum.

Even as the organization marks milestones such as the 50th anniversary of the Experimental Lakes Area, it continues to innovate and focus on the future. We are proud to be attracting and retaining young and talented staff from around the world, convening leading global thinkers to find creative solutions to persistent challenges, and connecting ideas from across fields and disciplines to provide insights and, ultimately, to deliver the knowledge needed to take decisive action toward a more just and sustainable world.

# Message from the President

The pull towards isolationism and disengagement has gained ground, and the push towards sustainability must be that much stronger to counter the alarming decline in the Earth's vital signs.

Over the past year IISD colleagues have explored using newer tools like big data to improve the delivery of citizen science, tailor climate adaptation to community needs and apply innovative systems to advance freshwater protection.

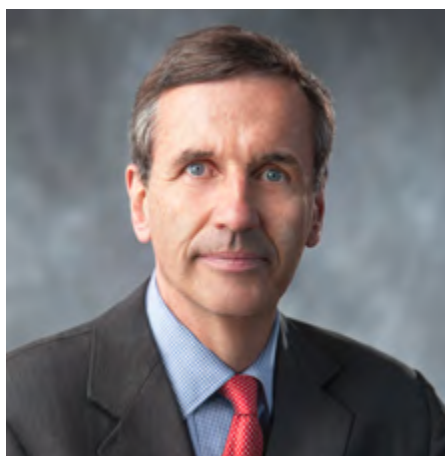
Yet data and other tools only matter if they enhance the most critical of human values: trust, and this value lies at the core of IISD's work. Trust among partners inspires our commitment to push for a more progressive, equitable agenda, one in which investment, trade, fiscal and other tools benefit people and protect our planet's fraying natural capital.

Recently, IISD marked two anniversaries—a half century of freshwater science in the form of the Experimental Lakes Area, one of the world's most influential freshwater research facilities. And in 2017 IISD's Earth Negotiations Bulletin (ENB) marked its 25th anniversary. Both anniversaries mirror IISD's enduring commitment to robust, objective evidence.

All of IISD's work stems from trusted partnerships, which form the basis of the Institute's ongoing work in nearly 70 countries. These partnerships range from working with the World Economic Forum on sustainability standards and trade, to supporting local cooperative banks to build climate resilience in farming communities in Eastern Africa, to learning from our inspiring colleagues at Turtle Lodge in exploring the relationship between Traditional Knowledge and Western science.

It is through sustained partnerships that IISD has continued its drive to curb fossil fuel subsidies, scaling-up smart climate innovation, realizing equitable reforms to international investment laws and sharing solutions to climate adaptation.

The pages that follow describe some of IISD's work and outcomes. The credit for this work goes entirely to the remarkably talented, passionate and principled staff of IISD. It's been a privilege to work with IISD colleagues across all offices and areas—from colleagues in finance, strategic communications, administration, IT and human resources to the world's leading experts in climate, economics, agriculture, gender and so many other area. Finally, let me also extend a sincere note of gratitude to the IISD Board of Directors for their advice and strategic support in making IISD a thriving global institution.



**Scott Vaughan,**  
President and CEO

# About Us

The International Institute for Sustainable Development (IISD) is an independent think tank championing sustainable solutions to 21st century problems. The Institute's mission is to promote human development and environmental sustainability.

The organization's big-picture view allows it to address the root causes of some of the greatest challenges facing the planet

today—ecological destruction, social exclusion, unfair laws and economic rules, a changing climate. Through research, analysis and knowledge sharing, IISD identifies and champions effective and sustainable solutions. The Institute reports on international negotiations, conducts rigorous research, and engages citizens, businesses and policy-makers on the shared goal of developing sustainably.

Established in 1990, IISD has offices in Canada, Switzerland and the United States, and its work impacts economies, communities, ecosystems and lives in nearly 100 countries. IISD is a registered charitable organization in Canada and has 501(c)3 status in the United States.



# The current IISD Strategic Plan (2014–2019) is organized around six programs and a core set of goals.



## ECONOMIC LAW AND POLICY

Rethinking the design of our economies for sustainable and inclusive development.



## ENERGY

Transforming energy systems to support universal access to low-carbon energy.



## WATER

Combining world-class science and policy for freshwater management.



## RESILIENCE

Strengthening the capacities of human and natural systems to cope, adapt and reorganize.



## SDG KNOWLEDGE

Tracking the implementation of the 2030 Agenda for Sustainable Development.



## REPORTING SERVICES

Providing accurate, neutral, high-quality analysis that informs decision making.

# Highlights 2017–2018

## Building a Climate-Resilient City

Recommending steps cities can take as part of their municipal adaptation planning to build their resilience to climate change.

## How to Improve Gender Equality in Agriculture

Exploring how voluntary sustainability standards and guidelines for responsible investment in agriculture can contribute to gender equality and women's empowerment.

## SSI Biodiversity

Examining the intersection between voluntary sustainability standards and the conservation of biodiversity.



## How We Do Things at IISD-ELA

Explaining some of the most ground-breaking work done at IISD Experimental Lakes Area (IISD-ELA) and the impacts of the discoveries made there.

## The Costs of Pollution in Canada

Measuring the economic impacts on families, businesses and governments and equipping citizens, policy-makers and industry leaders to understand and make decisions about pollution.





## Onjisay-Aki International Climate Summit

Bringing Indigenous knowledge of living in balance with nature's laws together with contributions of other prominent climate leaders and international environmental stewards.



## Guidebook on Financing Adaptation

Assisting countries with determining how to secure the financing for their National Adaptation Plan processes.



## Progress Towards the 2030 Agenda

Tracking the proceedings at the fifth meeting of the United Nations High-level Political Forum (HLPF) on Sustainable Development.

## Our Oceans, Our Future

Reporting on the high-level UN Conference to support implementation of SDG 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development.

## Guidebook to Reviews of Fossil Fuel Subsidies

Supporting country efforts around transparency on fossil fuel subsidies as the first step towards reform.



## Outstanding Achievement Award

Recognizing Jason Potts for his vision and leadership in championing inclusive sustainability standards.



## IGF Annual General Meeting

Engaging with top experts in the field and learning about the latest developments in efforts to leverage mining for sustainable development.

## Book: From Bali to Marrakech

Looking back on a decade of reporting from the front lines of international environmental negotiations.



## When Climate Leaders Protect Dirty Investments

Exploring how the threat of legal action can discourage governments from pursuing more ambitious climate policies.



## Preparing Canada for a Low-Carbon Economy

IISD Managing Director Jane McDonald is announced as a member of the Generation Energy Council.



## Is “Moonlighting” a Problem?

Examining the implications of sitting judges of the International Court of Justice working as arbitrators in investor–state dispute settlement cases.

## Manitoba Bioeconomy Atlas

Demonstrating the economic and ecological value of common wetland plants as a marketable feedstock for biomass energy.



## 11th Annual Forum of Developing Country Investment Negotiators

Ensuring that developing countries are able to attract responsible investment that advances sustainable development while safeguarding their legitimate policy space.

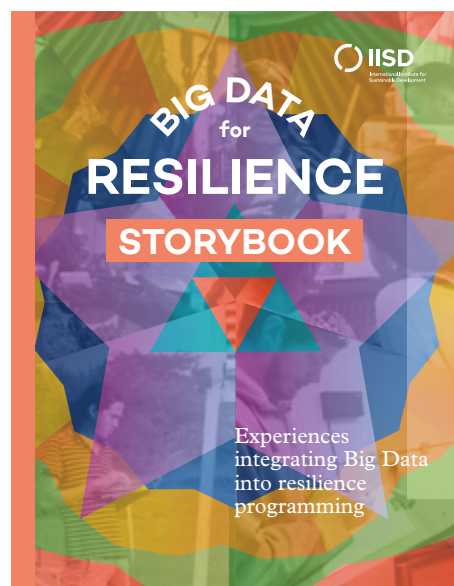
## Make Every Drop Count

Teaming up with UN-Water to provide information on implementation of Sustainable Development Goal 6.



## Tracking the Sustainable Development Goals in Canadian cities

Diving into the data to provide an overview of SDG 1—ending poverty in all its forms everywhere—across cities in Canada.



## Big Data for Resilience Storybook

Leveraging Big Data's potential and addressing its risks as part of efforts to build resilience.



# Ripples Felt Around the World

Phosphates were banned in detergents decades ago when governments and industry learned that phosphorus was the primary cause of harmful algal blooms. Science proved that phosphorus was the problem, and decision-makers listened and made a change for the better.

That revelation came from 58 ordinary-looking, but pretty extraordinary, lakes and their watersheds tucked away in a beautiful corner of northern Ontario. In 2018, these lakes—collectively known as the [IISD Experimental Lakes Area](#) (IISD-ELA)—celebrate their 50th year as the world’s freshwater laboratory.

In 1968, the Government of Canada set the lakes aside for “whole-ecosystem experimentation,” (conducting experiments on a real lake). The hope was to determine what exactly was causing those algal blooms appearing on lakes across North America. By manipulating the small lakes, scientists were able to examine how all aspects of the ecosystem—from the atmosphere to fish populations—respond. Findings from these types of real-world experiments are often much more accurate than those conducted in laboratories.

Research at IISD-ELA takes its cues from current threats to the health of fresh water around the world. Over the past 50 years, scientists have explored what mercury does to fish populations, how acid rain impacts watersheds, what birth control pills do to the gender of fish, and how building dams and reservoirs can affect the environment.

You may have noticed how most products in the detergents section of your local supermarket are labelled “phosphate-free.” But you may not know there is a direct connection between that label and the toxic, smelly green layers of sludge that form on the surface of lakes.

This unique research approach has influenced billion-dollar decisions, and has generated more cost-effective environmental policies, regulations and management to ensure the safety of our freshwater supplies.

The Minamata Convention on Mercury, a global agreement to reduce human-generated mercury emissions, was impacted by research from the lakes. Findings from IISD-ELA have influenced the introduction of scrubbers in factory smokestacks and, of course, resulted in wide-scale banning of phosphates in detergents.

Looking to the next 50 years and beyond, the focus continues on turning science into real-world solutions for protecting the environment. An in-house team is dedicated to translating IISD-ELA findings into policy solutions so the science results in a better planet.

No celebration is complete, however, without a bit of fun. At IISD-ELA, that comes in the shape of reunion events, social media photo contests, gatherings with local First Nations communities, and a special symposium celebrating 50 years of science.

Next time you reach for a bottle of detergent and see the “phosphate-free” label, remember that decisions made to protect our freshwater supplies, plus many other outcomes, stemmed from 58 quiet Canadian lakes.

# Diversifying Funding for Transparency and Accountability



A recent trend in the non-profit sector has been for NGOs to create revenue that can be used to offset fundraising. [Reporting Services](#) has been pursuing an enterprising cost-recovery model since 1995. This helps IISD maintain its commitment to transparency and information sharing to improve sustainable development at a wider range of meetings than public donor financing alone would allow.

IISD repeatedly hears that its reports are vital tools for delegates and civil society to improve transparency, accountability and equity in international decision making. Stakeholders value these reports for several other reasons as well; they are objective, historical records of what happened at a given meeting, and can help promote and highlight specific contributions to global sustainable development.

There is a demand for this objective record of events to be written by a group of experts rather than being produced "in-house." Organizers want to promote their events, and IISD benefits by increasing its visibility at as many events as possible. Over the years the Institute has built up a network of policy-makers who receive its knowledge products by email as well as social media so the client does not have to worry about either writing the report or distributing it.

IISD's readers and donors, who were familiar with the Institute's flagship product, the Earth Negotiations Bulletin (ENB), began coming to us more than 20 years ago to ask if the Institute could report from their international meetings. To meet these needs IISD created [ENB+](#), a cost-recovery conference reporting and video production service. ENB+ allows us to attend and provide information from events that otherwise we would not receive donor funding to attend, such as side events, special events, workshops and symposia. Governance happens at these global meetings too, and they have important roles in shaping ideas and fostering implementation of sustainable development. They are often important sites of knowledge sharing, lesson learning and network building. ENB+ has expanded IISD's reach to new issues and new audiences using new media, and helps achieve the Institute's overall goals.

It is also an innovative financing source. The fixed-cost deliverable sales of conference reporting and video services can produce margins that exceed usual program funding overhead percentages. This helps pay for IISD's core costs, something that fewer donors have been willing to support in recent years. ENB+ managers both sell services to clients and manage the meetings and delivery of outputs. This small staff commitment led to revenue exceeding expenditures by over CAD 433,000 for the 2016–2018 fiscal years.

Perhaps the most significant institutional development is signing a Long-Term Agreement with UN Procurement as a preferred "pre-approved" vendor in 2016. Now it is easy for any part of the UN to add IISD to their online "shopping cart" for conference reporting, video production and knowledge-management services at already negotiated rates, avoiding prolonged competitive bidding. This arrangement has proved an effective introduction to a range of UN agencies, facilitating the Institute's work at conferences organized by agencies focused on implementation, rather than negotiations, such as the UN Food and Agriculture Organization, UN Economic Commission for Africa, UN Habitat, and Climate and Clean Air Coalition.

This model allows Reporting Services to diversify its funding sources, enhance its visibility, and continue to pursue the Institute's vision of a fully transparent global sustainable development policy community.





# Partnering for Knowledge and Action

The Sustainable Development Goals (SDGs) recognize how important collaboration is to meeting development objectives with a dedicated goal (SDG 17). Partnerships help expand the organization's reach and break down silos, exposing IISD to new perspectives and communities.

Over the past year, the SDG Knowledge Program established and enhanced key partnerships in each of its focus areas.

In April 2017, IISD and the United Nations Office at Geneva, through its recently established SDG Lab, formalized a partnership focused on promoting systemic collaboration and innovation for accelerating SDG implementation. The two organizations agreed to foster an ecosystem approach that breaks down silos and encourages actors from various sectors and disciplines to work together to create more comprehensive and integrated interventions to SDG challenges. Known as the [Geneva 2030 Ecosystem](#), the network now comprises over 110 organizations in Geneva.

In Canada, IISD joined a group of like-minded organizations to form Alliance 2030, a network built on the concept of “the power of togetherness.” The Alliance is building a searchable database to show the work being done across the country to ensure the SDGs are reached. The idea is to allow like-minded Canadians to connect with each other, share lessons learned, and find the necessary support and knowledge to progress Canada toward the SDGs.

With a focus on advancing development at the local level, IISD created [Peg](#), an online platform for assessing well-being in Winnipeg, the city where IISD has its headquarters. Peg was established through a partnership with United Way in 2013. In the last year, IISD has worked with United Way to refresh and renew its partnership as Peg is updated to reflect the SDGs. This refreshed model is being used to establish community indicator systems in other Canadian communities, from Nova Scotia to British Columbia.

At the global level, the [SDG Knowledge Hub](#) has sought partnerships to help expand its reach and provide access to information about SDG implementation efforts around the world. On World Water Day 2018, IISD announced a partnership with UN-Water, through which the Institute exchanges information and participates in UN-Water events to bring SDG 6 news to the SDG Knowledge Hub.

# Channeling Investments for Sustainable Development



Investment is critical for achieving the Sustainable Development Goals (SDGs). Eradicating poverty, ending hunger, providing people with access to clean water, sanitation and health care and transitioning to cleaner energy all require significant capital and a mix of public and private investment.

The question is: what can we do to guide investment toward these priority areas? How can new investments support the much-needed changes required in the production, distribution and disposal of goods?

IISD believes one way to support the 2030 Agenda and the needed investment flows is to redesign national and international legal and policy frameworks. They need to provide a basis for promoting investment in sustainability sectors and demoting investment in unsustainable activities. At the same time, these frameworks must better ensure that investment projects are respectful of the environment and citizens, and set up processes that give communities a say in decision making and access to remedies in case of harm.

National and international investment instruments must promote projects that create sustainable jobs and ensure decent work.

Most of today's global rules and institutions relating to international investment have not been conceived through a sustainable development lens. This is why IISD's work on investment and sustainable development focuses on this critical link and provides new approaches to ensure investment law and policy will make a positive contribution to sustainable development.

At the global level, IISD's [Annual Forum of Developing Country Investment Negotiators](#) is a key platform for reform and experience sharing. The Annual Forum is the only global platform for government officials exclusively from developing and emerging economies to share experiences and lessons learned from investment negotiations. And it is more than just a meeting—it has evolved into a community of government officials determined to work toward systemic reform and safeguard the best interests of their developing nations.

“It clearly sets a path for future engagements with investors and also for reviewing some of the policies countries have had in the past that have led to very unfortunate situations,” says Luis Guillermo Vélez, Director-General of the National Agency for the Legal Defense of the State of the Republic of Colombia.

This year, officials from over 70 countries and 5 regional organizations attended the 11th Annual Forum, hosted by the Government of Kenya in Nairobi. The Forum provided the opportunity to discuss emerging issues, review recent legal developments in the field and engage in peer learning with fellow negotiators. At the Forum, developing countries have a safe space to discuss strategies on how to design policies to promote responsible investment that advances sustainable development while safeguarding their legitimate policy space.

“It is a fantastic experience because you meet people in the room who have the same challenges as you have,” says Patience Okala, Legal Adviser with Nigeria's Investment

Promotion Commission. “Here you are speaking with people who know where the shoe pinches and they can help—their experiences are very valuable.”

At the national level, IISD collaborated with 13 developing country governments during the timeframe of this annual report, providing targeted demand-driven training and negotiation support. Helping governments negotiate treaties and contracts that serve their interests and support investment for sustainable development has been at the core of the Institute's work for almost 10 years. These instruments will govern investment projects for decades. If not negotiated wisely, they can impede the developmental benefits of investment and even undermine development goals. Getting the treaties and contracts right and designing them through a sustainable development lens is therefore crucial.

IISD's work in this area has become particularly relevant recently. With many governments and citizens around the world increasingly worried that investment treaties allow corporations to sue governments for a wide range of public interest actions, including laws and regulations to protect the environment or public health, a renewed appetite for alternative approaches has emerged. People are worried about the chilling effect that threats of arbitration can have on legitimate policy-making. They are expressing concerns about the inherent imbalance of the investor-state dispute settlement (ISDS) regime, as well as the secrecy surrounding it, the lack of independence of arbitrators and the lack of predictability.

This year, IISD developed concrete proposals for how to design investment-related dispute settlement in a comprehensive, inclusive, fair and balanced way. The Institute's Economic Law and Policy Program also proposed model clauses that governments can incorporate in trade and investment agreements to ensure companies investing in developing country states act responsibly, including from a fiscal and anti-corruption perspective. With sustainable development objectives in mind, IISD also engaged as an observer in the ISDS reform discussions launched at the United Nations Commission on International Trade Law (UNCITRAL) in 2017.

# For Small Island Developing States, Adaptation is Often the Only Option



In 2014—after decades of eroding coasts, floods and rising waters—the village of Vunidogoloa on Fiji’s second largest island relocated two kilometres inland. Two years later, the country’s worst-ever recorded natural disaster took 44 lives and caused over USD 1 billion in damages.

“Where we were living, we hoped it would be our home forever,” Vunidogoloa’s headman told news reporters. “We had to leave our beautiful village. It’s painful.”

Resettling coastal communities is a difficult and complex decision, but one that many countries will be forced to face as climate change impacts worsen. Vunidogoloa was the first of over 40 communities that Fiji has earmarked for relocation in the short to medium term.

The impacts of climate change are felt around the world, but those countries classified as Small Island Developing States (SIDS) like Fiji are among the most vulnerable. In those countries, sea level rise threatens coastlines and tropical storms can be devastating to homes and infrastructure. More variable weather patterns—including droughts and floods—risk creating economic stress on climate-sensitive and livelihood-dependent sectors such as agriculture, fisheries and tourism.

As demonstrated by the Paris Agreement, countries are working together to limit the worst-case scenario of climate change. But while we need to continue raising ambitions on mitigating carbon emissions, vulnerable countries including SIDS have no choice but to adapt to climate change. Addressing this urgent need means countries should learn from each other and draw on international good practices.

To this end, IISD—which hosts the Secretariat of the [National Adaptation Plan \(NAP\) Global Network](#)—brings together representatives from developing countries to share experiences with their peers on the challenges and opportunities. The most recent meeting, co-hosted by the Government of Fiji in February 2018, included strong participation from representatives of a number of

Pacific and Caribbean SIDS, and the Network supported representatives from other SIDS, including Grenada, Jamaica, Kiribati, Solomon Islands and Vanuatu, to share lessons with their peers. The Targeted Topics Forum co-hosted by the Government of Fiji looked at key issues in the NAP process including gender, communications, and monitoring and evaluation.

Despite their vulnerability, SIDS are often among the most proactive and innovative countries in adaptation planning.

In 2017–2018, the NAP Global Network worked with governments of SIDS to advance their NAP processes and—most critically—to move from planning to implementation. The Network supported the Government of Fiji—Chair of the Conference of Parties to the United Nations Framework Convention on Climate Change—to develop a NAP framework, which lays the foundation for the broader process of prioritizing and addressing adaptation needs in the medium and long term.

The Network collaborated closely with the Government of Saint Lucia toward launching their NAP document for 2018–2028, supporting sector adaptation strategies and action plans as well as communications on adaptation. NAP Global Network supported the Government of Saint Vincent and the Grenadines with developing a financing strategy. And the Network supported vulnerability assessment databases in Kiribati, Tuvalu and the Solomon Islands so that governments have the data they need to plan and implement climate change adaptation. The Network also worked with governments strengthening gender considerations in NAP processes.

# Is the Clean Energy Transition Moving Fast Enough?



To keep planetary temperatures from rising beyond reasonable levels, experts agree we need to use a lot more clean energy and a lot less fossil fuels. There are encouraging steps in this direction, but as the world continues to warm under an increasingly thick blanket of greenhouse gases, are we moving quickly enough?

The increasing affordability of renewables, especially solar and wind, is very good news. Costs are at levels unimaginable a decade ago, with renewables cheaper than fossil fuels even when factoring in battery systems to supply electricity when wind is not blowing or sun is not shining. The ‘external costs’ from burning fossil fuels are also offset by the energy transition, with reductions to local air pollution and greenhouse gas emissions among the most important.

The first priority of the energy transition is to stop unfair support to fossil fuels. For over 10 years, IISD’s [Global Subsidies Initiative \(GSI\)](#) has been identifying those fossil fuels subsidies that work against sustainable development and helping governments remove or rationalize them. An increasing role is understanding what made the politically sensitive process of reform possible in some instances and relating this to other governments.

An innovative approach coined by Denmark is the “Clean Energy Subsidy Swap.” The idea is to use some of the savings from reducing subsidies to support clean energy. In Zambia, IISD has been developing swaps from diesel to solar and from fuel and electricity to energy efficiency in the vital mining sector. In Morocco, the Institute has been supporting the government’s plan to move from butane subsidies to water pumping, again into solar. In India, over USD 1 billion goes to kerosene subsidies for lighting—this could fund over 350 million starter solar kits for customers currently without access to electricity, bringing all the associated benefits. Indonesia, meanwhile, is facing a “trilemma”—the need to keep energy prices low while simultaneously reducing expenditure on subsidies and needing to meet a target of 23 per cent renewables by 2025. Redirecting—swapping—support from coal generation, with all its related health issues, to renewables is an area of great promise.

The landmark Paris Agreement called for finance to shift to clean energy. It also provides a framework for countries to cooperate in achieving their committed reductions, providing an opportunity to achieve a deeper and faster energy transition and to incentivize private investment. IISD is supporting the concept of countries cooperating through carbon market clubs promoting stringent rules, notably in the context of the Declaration on Carbon Pricing in the Americas, and has pioneered approaches for cooperation between Canada and Chile via a hypothetical transfer of mitigation outcomes.

It is encouraging to see energy sector reform ever more strongly identified and linked to key development areas: health (better air quality), access to modern energy, opportunities for women and girls, and reduced climate change impacts. IISD has supported this focus in some of the countries the Institute supports the most—Bangladesh, China, India, Indonesia, Morocco and Nigeria—and also

through the many international processes and forums that help countries make commitments and understand the experiences of others faced with the same challenges.

IISD is delighted to continue providing a support function to the Friends of Fossil Fuel Subsidy Reform across these fora, and the Ministerial Statement from 12 countries stating that the World Trade Organization should help to reform—“discipline” in their language—subsidies to fossil fuels was a major highlight of 2017. The Institute is also pleased to be strengthening a partnership with the World Health Organization.

So is all this enough? Unfortunately not as yet, and it needs to move faster. We need to see countries recognize the health, climate change and other costs of fossil fuels and move to keep financially exploitable reserves in the ground. IISD is a signatory of the Lofoten Declaration, which calls for countries that have contributed most to climate change historically and have benefitted the most from fossil fuels in developing their economies to be the first to stop further exploration and production of fossil fuels.

As ever, there is a need to build the confidence, knowledge and capacity of national governments that the clean energy pathway is in their interests and that a ‘just transition’ is politically achievable, including in regions where fossil fuels have played a major role in the economy and providing jobs. IISD is excited to be playing its role in our new energy sector and continues to be humbled by the support it has received from so many countries and partners across the world.

# Financials



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at March 31*

The consolidated financial statements including significant accounting policies and other explanatory information is available from the IISD website at [bit.ly/iisd-2017-2018](http://bit.ly/iisd-2017-2018)

	2018 \$	2017 \$
<b>Assets</b>		
<b>Current</b>		
Cash	4,594,596	5,573,446
Restricted cash	533,435	471,307
Accounts receivable	22,669,076	18,776,872
Prepaid expenses	372,390	293,627
<b>Total current assets</b>	<b>28,169,497</b>	<b>25,115,252</b>
Accounts receivable	15,171,200	18,851,954
Investments	6,053,771	5,725,525
Capital assets, net	1,220,044	1,159,959
Intangible assets	25,985	25,985
<b>Total assets</b>	<b>50,640,497</b>	<b>50,878,675</b>





	2018 \$	2017 \$
<b>Liabilities and net assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	2,916,412	2,018,193
Deferred contributions	23,014,397	20,112,976
Deferred capital contributions	107,375	79,401
<b>Total current liabilities</b>	<b>26,038,184</b>	<b>22,210,570</b>
Deferred contributions	15,301,146	20,619,897
Deferred capital contributions	783,394	791,994
<b>Total liabilities</b>	<b>42,122,724</b>	<b>43,622,461</b>
Commitments		
<b>Net assets</b>		
Net assets invested in capital assets	307,171	288,564
Reserve for program development	3,249,589	3,249,589
IISD ELA Sustainable Future Fund	800,000	750,000
Remediation fund	504,436	442,650
Unrestricted net operating assets	3,656,577	2,525,411
<b>Total net assets</b>	<b>8,517,773</b>	<b>7,256,214</b>
	<b>50,640,497</b>	<b>50,878,675</b>

# CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN UNRESTRICTED NET OPERATING ASSETS

Year ended March 31

	2018 \$	2017 \$
<b>Revenue</b>		
Designated grants	25,501,761	22,973,564
Operating grants	1,124,540	1,124,540
Other	654,818	515,493
IISD ELA Sustainable Future Fund	5,820	197,360
Investment income	213,839	164,619
	<b>27,500,778</b>	<b>24,975,576</b>
<b>Expenses</b>		
<b>Programs</b>		
Economic Law & Policy	6,949,117	5,887,167
Water	4,163,920	3,989,649
Reporting Services	3,849,013	3,987,525
Resilience	3,647,297	1,813,750
Energy	3,257,321	3,984,328
SDG Knowledge	1,064,087	1,117,710
China	43,814	39,742
	<b>22,974,569</b>	<b>20,819,871</b>
Corporate and shared services	3,314,650	3,273,043
	<b>26,289,219</b>	<b>24,092,914</b>
<b>Excess of revenue over expenses for the year</b>	<b>1,211,559</b>	<b>882,662</b>
Appropriation from unrestricted net operating assets		
Change in net assets invested in remediation fund	(61,786)	(127,632)
Change in net assets invested in capital assets	(18,607)	(6,225)
<b>Increase in unrestricted net operating assets</b>	<b>1,131,166</b>	<b>748,805</b>
Unrestricted net operating assets, beginning of year	2,525,411	1,776,606
<b>Unrestricted net operating assets, end of year</b>	<b>3,656,577</b>	<b>2,525,411</b>

## NOTES ON FUNDING ARRANGEMENTS

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 grants are recorded when the funding commitment is made and recognized in revenue as the projects progress. A comparative summary of the consolidated schedule of designated grants committed during the year is as follows:

	Funding commitments	
	2018 \$000	2017 \$000
Governments and agencies		
Canada	7,758	4,675
International	9,566	15,109
	17,324	19,784
United Nations agencies	1,142	708
International organizations	1,258	1,667
Philanthropic foundations	2,987	2,767
Private sector and other	1,490	1,616
	24,201	26,542

## NOTES ON OPERATING GRANTS

IISD has funding agreements with the Government of Manitoba and the International Development Research Centre ["IDRC"] for six- and five-year periods ending March 31, 2019 and June 30, 2018, respectively. Both of these agreements provide for a blend of operating grants and contributions in support of research that is consistent with the interests and priorities of these funders. In March 2013, the IDRC agreement was amended to extend it for five years and three months to June 30, 2018 for a total of CAD 5 million over the extension period. In August 2013, the Manitoba agreement was renewed for a further six years for a total of CAD 6 million over the term of the agreement.

A summary of the operating grant funding is as follows:

	Funding commitment	Funding recorded		Funding commitment remaining
	\$000s	2018 \$000s	Prior years \$000s	\$000s
Government of Manitoba	4,347	725	2,899	723
International Development Research Centre	2,000	400	1,600	—
<b>Operating grants revenue</b>	<b>6,347</b>	<b>1,125</b>	<b>4,499</b>	<b>723</b>

## CONSOLIDATED SCHEDULE OF DESIGNATED GRANTS

Year ended March 31

Expressed in thousands of dollars

	\$
Government of Canada [and agencies]	
Environment Canada	2,179
Department of Fisheries and Oceans Canada [DFO]	1,103
International Development Research Centre [IDRC]	601
Natural Resources Canada	183
Employment and Social Development Canada	39
The Embassy of Canada in Indonesia	23
	<b>4,128</b>
Governments of provinces or territories	
Ontario	2,000
Manitoba	1,059
Northwest Territories	558
Quebec	6
Nova Scotia	5
Yukon	2
	<b>3,630</b>



		\$
Governments of other nations		
Switzerland		
Swiss Agency for Development and Cooperation	2,931	
Federal Office for the Environment [FOEN]	142	
Swiss State Secretariat for Economic Affairs [SECO]	(1)	3,073
Sweden		
The Swedish International Development Cooperation Agency [SIDA]		3,584
Germany		
Deutsche Gesellschaft Fur Internationale Zusammenarbeit [GIZ]	890	
Federal Ministry for the Environment, Nature Conservation and Nuclear Safety	111	
Projekt-Consult [GmbH]	32	1,033
Saudi Arabia		
The Kingdom of Saudi Arabia		343
Italy		
Italian Ministry for the Environment, Land and Sea [IMELS]		240
Finland		
Ministry of Environment	196	
The Ministry for Foreign Affairs of Finland	102	298
France		
French Ministry of Foreign Affairs	74	
Ministry of Ecology	13	87
United States of America		
US Fish and Wildlife Service		32
Norway		
Norwegian Ministry of Climate and Environment	16	
Norwegian Environment Agency	9	25
United Kingdom		
Department for International Development [DFID]		15

**CONSOLIDATED  
SCHEDULE OF  
DESIGNATED  
GRANTS  
COMMITTED  
DURING THE  
CURRENT YEAR**

*Year ended March 31, 2018*

*Expressed in thousands of dollars*

	\$
Austria	
Federal Ministry of Agriculture, Forestry, Environment and Water	172
Monaco	
La Fondation Prince Albert II de Monaco	148
Philippines	
Department of Environment and Natural Resources, Philippines	127
China	
Government of the People's Republic of China	124
New Zealand	
Ministry of Foreign Affairs	95
Taiwan	
Taiwan Economic and Cultural Office [TECO]	65
Chile	
Institute de Fomento Pesquero	40
Poland	
Poland Ministry of Environment	31
Australia	
Department of Foreign Affairs & Trade	23
Netherlands	
Ministry of Infrastructure and the Environment	6
Korea	
Marine Biodiversity Institute of Korea [MABIK]	5
	<b>9,566</b>

	\$
United Nations [and UN agencies]	
United Nations Environment Programme [UNEP]	727
The Food and Agriculture Organization of the United Nations [FAO]	227
United Nations Conference on Trade and Development [UNCTAD]	63
United Nations Industrial Development Organization [UNIDO]	46
United Nations Office for Project Services [UNOPS]	36
United Nations Economic Commission for Africa [UNECA]	34
United Nations Institute for Training and Research [UNITAR]	6
United Nations General Assembly [UN]	3
	<b>1,142</b>
International organizations	
AECOM Limited	478
Oil Change International	162
Global Environment Facility [GEF]	155
Oxford Policy Management	94
Institut de la Francophonie pour le développement durable [IFDD]	56
International Food Policy Research Institute [IFPRI]	50
The Intergovernmental Panel on Climate Change [IPCC]	43
Expo 2020 Dubai	29
International Union for Conservation of Nature [IUCN]	29
International Labour Office	19
World Wildlife Fund [WWF]	18
Inter-American Institute for Global Change Research [IAI]	17
Adelphi consult GmbH	14
Antarctica & Southern Ocean Coalition	13
Biovision Foundation for Ecological Development	12
VITO NV	12
Others [under \$10,000]	57
	<b>1,258</b>

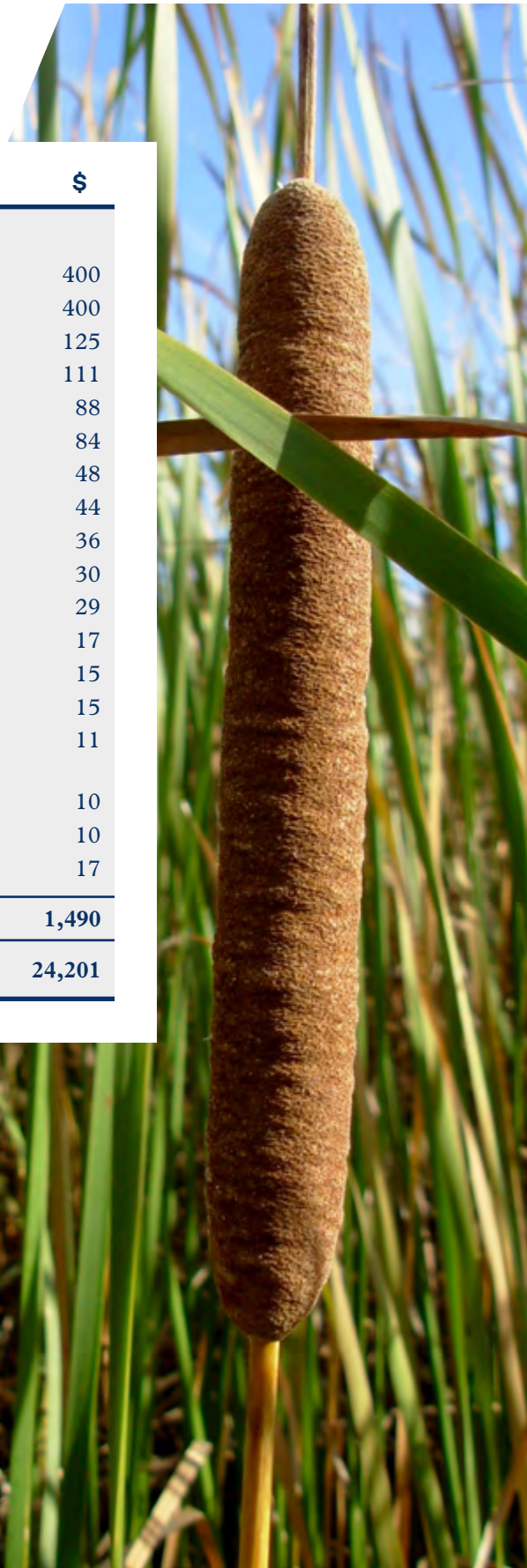
**CONSOLIDATED  
SCHEDULE OF  
DESIGNATED  
GRANTS  
COMMITTED  
DURING THE  
CURRENT YEAR  
(CONTINUED)**

*Year ended March 31, 2018*

*Expressed in thousands of dollars*

	\$
Philanthropic foundations	
Mava Fondation Pour La Nature	1,311
Ivey Foundation	300
Bill & Melinda Gates Foundation	300
Open Society Foundation	250
New Venture Fund	125
Richardson Foundation	115
RBC Foundation	100
Inuit Tapiriit Kanatami [ITK]	80
ECHO Foundation	60
Sustainable Building Manitoba	51
Edward Taylor Coombs Foundation [ETC]	43
United Way	42
TIDES Canada	30
The Association Of Manitoba Community Pastures [AMCP]	28
European Climate Foundation	26
Salamander Foundation	25
The McLean Foundation	20
Lutheran World Relief	17
Finnish Innovation Fund (SITRA)	17
Wildlife Conservation Society	16
The Overseas Development Institute [ODI]	14
Heinrich Boll Foundation	12
Others [under \$10,000]	5
	<b>2,987</b>





	\$
Private sector and other	
Canadian Association of Petroleum Producers [CAPP]	400
Canadian Energy Pipeline Association [CEPA]	400
Cement Association Of Canada	125
Anonymous	111
Natural Sciences and Engineering Research Council [NSER]	88
Klynveld Peat Marwick Goerdeler [KPMG]	84
Environmental Defence Canada Inc.	48
Urbanice Malaysia	44
Carleton University	36
University of Waterloo	30
Seascope Consultants Ltd.	29
Institut national de la recherche scientifique [INRS]	17
the greenwerk.	15
TELUS Corporation	15
Kazakhstan Association of Oil, Gas & Energy Sector Organizations [Kazernergy]	11
Michael Paterson and Gail Asper	10
Enbridge	10
Others [under \$10,000]	17
	<b>1,490</b>
	<b>24,201</b>



# Our Team

## IISD STAFF

Kristan Aho  
 Abi Ameen  
 Rod Araneda  
 Amin Asadollahi  
 Ahmed Babou  
 Daniel Ball  
 Sumeep Bath  
 Christopher Beaton  
 Nathalie Bernasconi-  
 Osterwalder  
 Sediq Bezhani  
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 Joëlle Deschambault  
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 Ziona Eyob  
 Kaitlyn Finner  
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 Pauline Gerrard  
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 Goree  
 Karen Goulding  
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 Mirela Sterjo  
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 Lynn Wagner  
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 Benjamin Wielgosz  
 Ryan Woo  
 Peter Wooders  
 Laurin Wuennenberg  
 Joe Zhang  
 Anna Zinecker  
 Karla Zubrycki



## IISD EXPERIMENTAL LAKES AREA

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 Justin Budyk  
 Jesse Coelho  
 Jamie Dearnley  
 Cyndy Desjardins  
 Danielle Desrochers  
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 Susan Fraser  
 Pauline Gerrard  
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 Sonya Higgins  
 Scott Higgins  
 Lee Hrenchuk  
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 Chandra Rodgers  
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 Stefano Strapazzon  
 Catelyn Van Veen  
 Kayla Wabonge  
 Dilibai Yunusi

### **Research Fellow** Michael Rennie

### **Associate and Research Fellow** Paul J. Blanchfield

## IISD ASSOCIATES & ADVISORS

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Deputy Minister, Sustainable Development,  
Province of Manitoba

### **Stephen McGurk (Canada)**

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Franz Tattenbach

## FOUNDING CHAIR

Lloyd McGinnis



## IN MEMORIAM

IISD would like to pay tribute to Jason Potts, who passed away in January 2018. Jason leaves behind a formidable legacy, having dedicated his career to forging new paths of sustainability and justice to advance communities and protect nature around the globe. He was a guiding force behind the State of Sustainability Initiatives, which tracks and issues regular reports on the characteristics, performance and market trends of global sustainability initiatives. Jason's innovative leadership resulted in respected entities such as the Committee on Sustainability Assessment, the Finance Alliance for Sustainable Trade, and the Sustainable Commodity Assistance Network, all of which work to champion and monitor sustainable trade.

Jason was an inspiration to many and a dear colleague and trusted friend within the IISD family...

He will be truly missed.

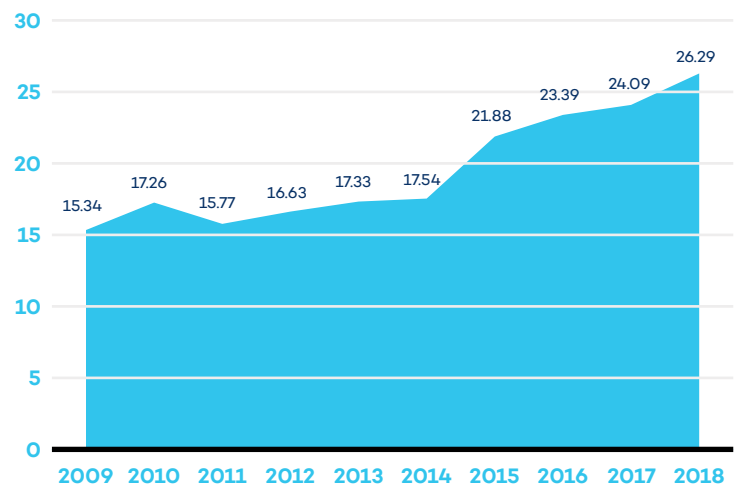
*Photo: LinkedIn*

## 2017–2018 DESIGNATED GRANT REVENUE BY DONOR (CAD)



- Governments & Agencies, International — 36%
- Governments & Agencies, Canada — 41%
- International Organizations — 4%
- Philanthropic Foundations — 11%
- Private Sector/Other — 4%
- UN Agencies — 4%

## 2009–2018 IISD TOTAL EXPENDITURES IN MILLIONS CAD







International Institute for  
Sustainable Development

[iisd.org](http://iisd.org)

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