



2007 • 2008 ANNUAL REPORT

**iisd** Sustaining Excellence



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**iisd** International  
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The International Institute for Sustainable Development contributes to sustainable development by advancing policy recommendations on international trade and investment, economic policy, climate change and energy, measurement and assessment, and sustainable natural resources management. Through the Internet, we report on international negotiations and share 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 and Mission

IISD's vision is better living for all—sustainably; its mission is to champion innovation, enabling societies to live sustainably. IISD is registered as a charitable organization in Canada and has 501(c)(3) status in the United States. IISD receives core operating support from the Government of Canada, provided through the Canadian International Development Agency (CIDA), the International Development Research Centre (IDRC) and Environment Canada; and from the Province of Manitoba. The Institute receives project funding from numerous governments inside and outside Canada, United Nations agencies, foundations and the private sector.

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### Our Reach

#### Our Mailing Lists

IISD runs a number of e-mail lists with subscribers from all over the world. Our current accumulated number of subscriptions is **90,357**. To learn about—and subscribe to—our lists, visit <http://www.iisd.org/maillinglists.asp>.

#### Our Web Sites

From April 1, 2007, to March 31, 2008, IISD experienced high traffic on our two primary Web sites: the research Web site at <http://www.iisd.org>; and the Reporting Services Linkages Web site at <http://www.iisd.ca>. Some highlights:

<http://www.iisd.org>

**31,129,603** successful requests for pages including **2,721,133** downloads of PDF files (or parts thereof).

<http://www.iisd.ca>

**49,936,428** successful requests for pages including **1,877,987** downloads of PDF files (or parts thereof).

#### Publishing and Media

In the calendar year 2007, and excluding Reporting Services documents, IISD published roughly **90** books, papers, commentaries and flyers. These can be searched at <http://www.iisd.org/publications>. In that same period, IISD tracked approximately **110** Canadian and International media references to the Institute and/or its personnel. About half of these known media references are to our Global Subsidies Initiative. Known media references are captured at [http://www.iisd.org/media/iisd\\_media\\_hits.asp](http://www.iisd.org/media/iisd_media_hits.asp).



# From the Chair

Since our last Annual Report, the world has been shaken by several events. The unexpected and rapid increases in the price of oil and gas; the perverse effects of that reality complicated by the displacement of croplands once used to grow food and now being used to grow fuel; the liquidity crisis in commercial paper and derivative instruments; and the slow-down in U.S. economic growth are but some of the shocks of 2007–2008.

“Brundtland had it right—if we want to leave a sustainable world for our children and for future generations, (we) need to accelerate our efforts.”

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With that, the reality of climate change and the pace of the accumulation of atmospheric concentrations of greenhouse gases— together with collateral consequences for our water-based resources, the proliferation of invasive species and impacts on our ecosystems— have brought attention to, and focus on, the critical challenges shared by governments and consumers. This is a difficult, fast-moving and stressful time for economies, environments and societies. Not only are our traditional assumptions about economic growth, the role of technology and the need for innovation being challenged, but we are also compelled to look at social justice, geo-political equity, global labour needs and mobility with fresh eyes. We are talking, through this set of prisms, about nothing less than significant inter-generational change.

The management of these intersections requires a better set of facts and a sustained research focus. The Institute is staffed by a dedicated and highly motivated staff. Our research network and associates are recognized experts in their fields, which allows IISD to “punch above its weight” on issues of substance. This poses its own challenges in terms of maintaining the Institute’s independence and academic credibility, and in securing resources in a field where policy positions will be required to help decision-makers take us through a global transition over the coming decade. My pride in IISD is steeped in its contribution on a scale worthy of the brain-power, and the scientific and policy know-how on local, national and international issues.

Our collective challenge as Directors, researchers, policy advisors, management and staff is to intensify the impact and better promote the results of our efforts in order to demonstrate the benefits and the importance of the work of the Institute. Canada is a part of an increasingly fragile planet shared by many species: we as human beings have a responsibility to use our know-how and our skills to transform how we benefit from living on this planet which provides and nurtures life.

The alternatives are unacceptable and potentially disastrous. We are therefore obligated to lead change and to change how we resolve the interactions among economic development, environmental realities and social justice. Brundtland had it right—if we want to leave a sustainable world for our children and for future generations, those of us involved with IISD need to accelerate our efforts. This includes our responsibility to engage people and to grow the appreciation and support for the mission of the Institute.

Finally, my thanks to David Runnalls whose knowledge, wisdom and long experience is a strength for us all, and to the management, staff and my fellow Directors—present and past—for their dedication and support.

Daniel Gagnier  
Chair, Board of Directors



# From the President

Polls show that environment is at or near the top of people's minds in virtually every OECD country. And sustainable development is increasingly seen as the solution to the planet's problems. As my predecessor Art Hanson and IISD Board Member Claude Martin point out in *One Lifeboat*, their perceptive IISD report on China, this awareness has spread well beyond Europe and North America. China's government, for example, realizes that it is now facing a number of extraordinarily difficult choices as it attempts to reconcile its plans to double its GDP by 2020 with the growing evidence of environmental deterioration domestically, as well as the effects of its trading patterns on the global environment.

The issues which IISD has been working through for nearly the past 20 years are now in vogue. We have an attentive and motivated audience. So everything should be clear sailing from here, right?

I have been in this business long enough to have gone through at least two other peaks of public interest: one which followed the original UN Environment Conference in Stockholm in 1972; and the other which followed the publication of the Brundtland Report in 1987 and ended with the Earth Summit in Rio in 1992. IISD was created during this second window of opportunity.

I guess that there are two main lessons I draw from these past experiences. One is that the field is suddenly flooded by new pools of money and new actors. Every think tank, university and consulting firm worth its salt now has a program on sustainable development, or at least one on climate change as a surrogate. And the second is the certain knowledge that this high level of public concern cannot be sustained at this level for very long. As this piece is being written, attention is already shifting (appropriately) to the food crisis. Europe, long the heartland of creative climate policies, is being shaken by extraordinarily high fuel costs. And the credit crisis continues to dominate economic discourse in the United States.

How should IISD react? We are moving to identify a small number of issues where a scaled-up, robust IISD effort can make a real difference in major decisions. We need to occupy these niches quickly and be nimble enough on our feet to disseminate the results of our efforts rapidly to take advantage of the window of opportunity mentioned above. And we must find ways to forge new relationships with other institutions with similar interests. Even a scaled-up IISD will often not be large enough to make a difference on its own.

These are the principal challenges facing the IISD family as we move to renew our Strategic Directions for the next five years.



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“We are moving to identify a small number of issues where a scaled-up, robust IISD effort can make a real difference in major decisions.”

A handwritten signature in black ink that reads "David Runnalls".

David Runnalls  
President and  
Chief Executive  
Officer

# IISD Board of Directors 2007/2008



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# The IISD Team

The IISD Team is a diverse group of talented, motivated men and women from around the world. While anchored in Winnipeg, Geneva, Ottawa and New York offices, IISD is a colourful, international tapestry of staff, associates, consultants and young interns who bring their unique experiences, perspectives and energy to our work. The individuals listed here served with IISD in 2007-2008.

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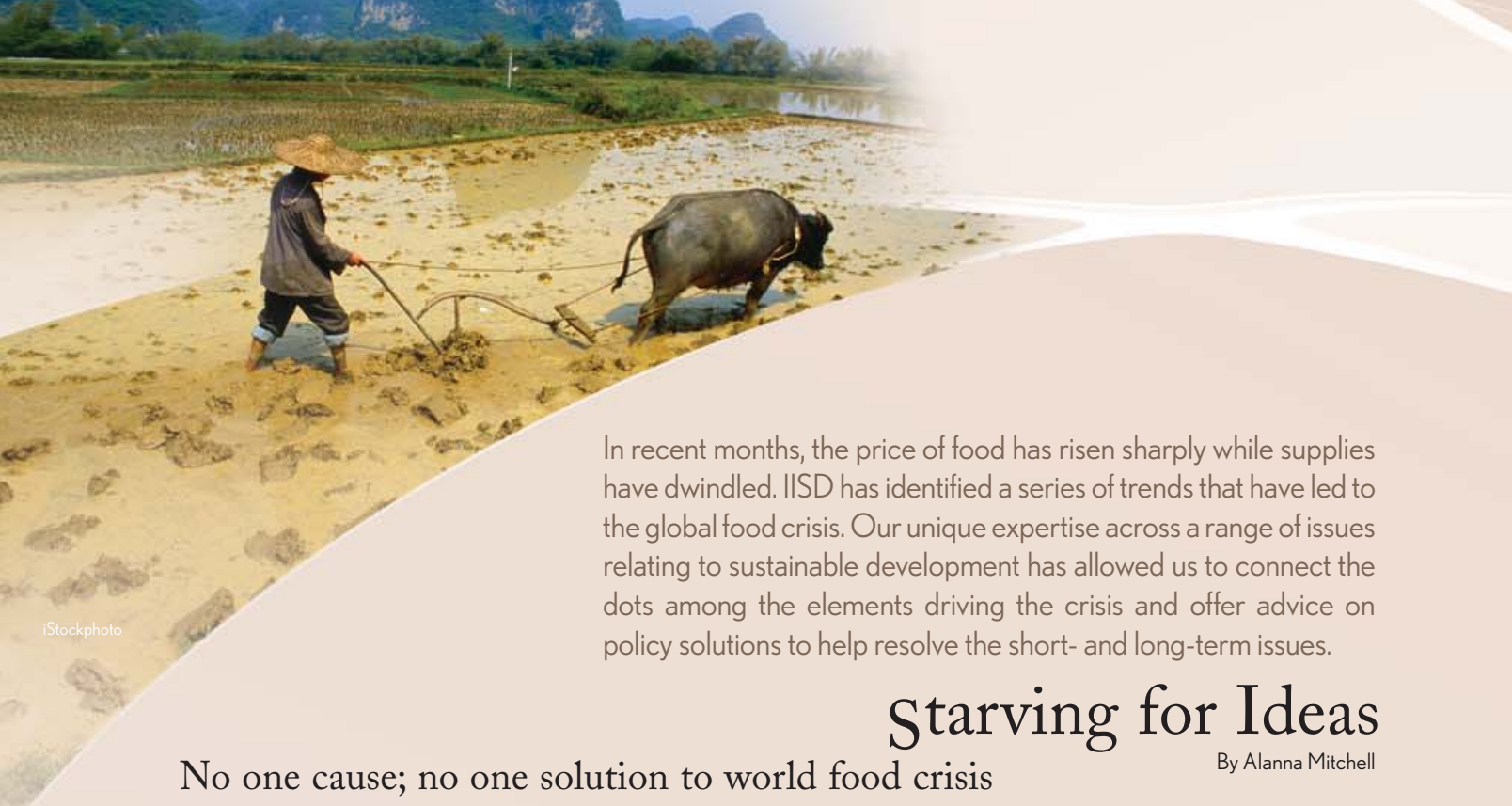
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In recent months, the price of food has risen sharply while supplies have dwindled. IISD has identified a series of trends that have led to the global food crisis. Our unique expertise across a range of issues relating to sustainable development has allowed us to connect the dots among the elements driving the crisis and offer advice on policy solutions to help resolve the short- and long-term issues.

## Starving for Ideas

By Alanna Mitchell

### No one cause; no one solution to world food crisis

The global food crisis of 2008 isn't a surprise, say top experts at the International Institute for Sustainable Development, though no one could have predicted the speed and intensity at which it has occurred.

It is the convergence of several long-term trends that has created the current crisis.

"Forty years ago, famines and food crises were regular occurrences in the developing world, particularly in Asia. Spending on agricultural research and rural development, which resulted in the 'Green Revolution,' helped to turn such chronic food-deficit countries like India and Bangladesh into occasional exporters," explained IISD President and CEO, David Runnalls.

"The Asian food problem appeared to have been solved and we could turn our attention and money to other more pressing development issues, although African food production continued to languish.

"The day of reckoning has arrived and with it soaring food prices and short supply. We need a Greener Green Revolution. We need to kick the carbon habit and develop a sustainable plan for food production and distribution."

IISD has been on the forefront of research pointing to the current crisis, which should be seen as a warning signal of what will most certainly be a worse and deeper problem in coming years.

"What we have here is a series of trends leading to a crisis," said Mark Halle, IISD's Geneva-based Director of Trade and Investment.

Prices of wheat and rice have roughly doubled over the past year, while those of maize have risen by a third. Global stores of critical cereals are at their lowest levels in more than 30 years.

The World Bank is warning that 100 million people will be thrust more deeply into poverty by these sharp price

increases, while hundreds of thousands face starvation. Anecdotal evidence suggests that many of the world's poorest families have cut back to one meal a day from two.

Food prices have risen so sharply and across so many important nutritional groups at the same time in recent months that riots have broken out in several countries, including Egypt, Cameroon, Côte d'Ivoire, Senegal, Burkina Faso, Indonesia, Madagascar and Haiti, according to reports from the Food and Agriculture Organization of the United Nations.

It has added up to the worst food crisis in decades, with no end in sight. How did it happen?

László Pintér, IISD's Director of Measurement and Assessment, pointed to the confluence of water shortages, severe global land degradation, the profusion of invasive species affecting cropland and the effects of climate change.

In particular, Australia and sub-Saharan Africa are in the grips of climate-change-induced drought.

But while each of these factors is taking a toll, the international community has not yet established a coherent set of indicators to predict their cumulative effects on food and human health, Pintér said. "We still have no systematic method to measure or predict global malnutrition."

Without the right indicators, how can the global community ensure there is enough food?

Halle said one of the trends driving the food crisis is the flood of subsidies to support growing crops for fuel. While this is not the primary reason for the crisis, biofuels production is using so much cropland that it may have pushed the food system over a tipping point, he said.

Globally, governments are spending billions of dollars a year to encourage farmers to grow crops for biofuels, according to analysis by Halle's program, which includes the IISD Global Subsidies Initiative.

An immediate move to alleviate the crisis would involve conducting a serious review of these subsidies and eliminating them, Halle said.

He added that subsidies do little, if anything, to support the reasons for providing them. They don't fight carbon dioxide emissions because of the extensive use of fossil-fuel-based fertilizers for the crops and the amount of fuel needed to harvest and transport the biofuels.



They also fail to reduce dependency on oil from the Middle East, or to boost domestic energy security as much as a program to conserve fuel would do. “In the case of the U.S., the only obvious goal they meet is that of the American electoral process,” he said.

Halle also recommends getting rid of “crazy” distortions in international food markets, including trade barriers, other subsidies and quotas, and trying to discourage speculation in food commodities, along with hoarding.

“With things as fundamental as food, we can’t afford to play these speculative games,” he said. “We have to put human development objectives first, rather than making a quick buck. People are starving.”

Jenny Gleeson, a Project Officer with the Climate Change and Energy program in Ottawa, said another spur to the food crisis is the growing human taste for meat, particularly in China and India where it was traditionally uncommon.

This rising demand for meat is putting pressure on prices and availability of grains for direct human use. It takes around 16 pounds of plant protein to produce one single pound of animal protein. This resource-intensive food production also increases demand for water; it takes almost 16,000 cubic metres of water to produce a single ton of beef. That’s enough water to fill more than six Olympic-size pools.

Considerable savings in resources could be made by educating meat consumers about the consequences of consuming grains in this way. But Gleeson warned against policies that divert animal feed to environmentally inefficient biofuels instead.

To Henry David Venema, IISD’s Director of Sustainable Natural Resources Management, another key is the international community’s “chronic and systematic underinvestment” in helping developing countries grow enough to feed themselves.

According to a World Bank report, total global official development assistance earmarked for agriculture fell to just 3.5 per cent in 2004, from a high of 18 per cent in 1979.

Venema is concerned climate change will begin to have an even greater effect on the ability of land to grow food. “Citizens of developing countries will need all the skills and support possible to keep from starvation. Under the current assistance program, they’re not getting that help.”

Venema had harsh words for the current focus of the World Trade Organization. He said its negotiations of recent years have assumed a surplus of food, rather than a shortage. In addition, the organization has not taken into account the adaptations the food system will need to make to deal with climate change.


“The WTO looks glaringly irrelevant,” he said.

Venema said it has been the task of the sustainable development community to “connect the dots” on the forces behind the food crisis and to advise on global policy.

The current food crisis is a sign that the theories of sustainable development have not yet infused domestic and international policy processes.

Pintér sees hope. He said if policy-makers develop a coherent plan for addressing the underlying issues, they could prevent mass starvation and food shortages in the future.

Alanna Mitchell is an IISD Associate.



“We have to put human development objectives first, rather than making a quick buck. People are starving.”

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# Why Aren't We There Yet?

By David Runnalls

## Twenty years of sustainable development

David Runnalls looks back to the time when Canada was the most advanced country on earth in terms of sustainable development. He retraces some critical steps and missteps it took along the way and offers some no-nonsense, practical advice on the direction it needs to take to regain its respectability, if not its leadership position. The full text of the abridged version of his thought-provoking speech can be viewed online: [http://www.iisd.org/pdf/2008/com\\_there\\_yet.pdf](http://www.iisd.org/pdf/2008/com_there_yet.pdf)

I remember a conversation with a journalist a few months ago in which he breathlessly told me that environment was the top-of-mind issue in Canadian polls for the first time ever, supplanting national security, unemployment, health care and the like. And he wanted to know what I thought of that.

And that got me thinking that I had heard all this before. It was in 1988–89. And the issue continued to score in the polls until 1992.

At that time, Canada was the most advanced country on earth in terms of sustainable development. The Brundtland Commission had held hearings which drew huge crowds across the country. The Toronto Conference on the Changing Atmosphere convened by Brian Mulroney had brought together more than 300 experts and policy-makers. The rather alarming Conference Statement noted that “humanity is conducting an unintended, uncontrolled, globally pervasive experiment whose ultimate consequences could be second only to a global nuclear war.”

The preparations for the Earth Summit in Rio in 1992, (which was cleverly called for by the Commission to make sure its report did not die on the vine), were well underway and negotiations had begun for what became the global conventions on climate change and biodiversity.

The momentum continued with the establishment of multi-stakeholder round tables in each province and territory, along with the National Round Table on the Environment and the Economy. The high watermark came with a meeting in Winnipeg of all the round tables convened by former Manitoba Premier Gary Filmon. The creation of the International Institute for Sustainable Development (IISD) was announced by the federal Environment Minister Lucien Bouchard at the first meeting of Globe, in Vancouver.

Finally, we had the Green Plan, produced over a number of years and after a seemingly endless series of consultations. So we had everything in place to move forward with sustainable development, which is the hallmark of the Brundtland Report, yet needless to say we have been going backward, or perhaps more generously, sideways, ever since.

## Only One Earth

I guess my story begins in 1972 with the Stockholm Conference (the United Nations Conference on the Human Environment) and the publication of *Only One Earth*. The UN had planned the world's first global conference on the environment.

Stockholm was a landmark event—more journalists attended than were present at the Munich Olympics later that year. The Conference led to the establishment of many environment ministries in OECD countries, greater public expenditures on the environment and a good deal of legislation.

Despite this progress, it became clear that the environment was still not a major priority for most countries. And the Global 2000 report to the President, produced in the Carter White House and strangled in its cradle by the Reaganites, made it clear that the earth's natural systems were in very serious trouble indeed.

Accordingly, in 1982, Canada pressed for the creation of a global commission to examine the relationship between environment and development. The World Commission on Environment and Development had two Canadian members: Maurice Strong, who appears with great regularity in any international environmental narrative, and Jim MacNeill, the Secretary General and the hand that held the pen, as well as the guiding force behind the report. These two were later key figures in the creation of IISD.

The Commissioners represented all corners of the globe and they came along at a time when both East-West and North-South relations were poor. But they did produce a remarkable report—*Our Common Future*, otherwise known as the Brundtland Report. Change a few dates and a few references and it is as timely today as it was in 1987.

Maurice Strong used the oxygen created by the report to energize the preparations for the 1992 Conference in Rio. He egged on those negotiating the climate change and biodiversity conventions to speed up their timetables so that the conventions would be ready for signature by the time of the conference. And then he upped it again by turning it into a summit, rather than a meeting of environment ministers. This reflected one of the principal learnings of the Brundtland Commission—sustainable development had to be a top-down process in governments and corporations. Jim MacNeill's idea that the national budget would become the government's most important annual statement of sustainable development meant that the head of government had to take this concept seriously or it would not go to the heart of the decision-making process. Just as Ed Woolard of Dupont



once described the term CEO as Chief *Environmental* Officer, now the Ministers of Finance would become Ministers of Finance and Sustainable Development. And this would be legitimized in Rio by a massive Round Table lunch of some 120 Heads of Government who would be asked to sign a ringing declaration, as well as the two conventions.

Canada played an important role at the Conference. Maurice was the star of the show. Brian Mulroney saved the Biodiversity Convention from destruction at the hands of the semi-articulate U.S. Vice President, Dan Quayle (remember the potato man?), by agreeing to sign it. This encouraged the Europeans to stand up to American pressure. After all, if the great Irish tenor who joined Ronald Reagan in singing When Irish Eyes are Smiling could stand up to Bush 41, why so could they. The Canadian delegation was led by the then Environment Minister Jean Charest, now the Premier of Quebec, who had the time of his life.

And then the Conference came to an end. And they all came home. And very little happened.

*Continued on page 10.*

“So we had everything in place to move forward with sustainable development... yet needless to say we have been going backward, or perhaps more generously, sideways...”





## What happened to us?

I guess we all have theories about this one. Mine goes something like this:

- 1) Recurring Canadian constitutional crises.
- 2) Eco-fatigue.
- 3) Recession and the war against the deficit.
- 4) Financial stringency also affected the corporate sector.
- 5) Major cuts in environment spending occurred at the provincial level.
- 6) And then we have that all-time favourite, political will. Or rather, lack of it.

Our world has changed dramatically over the past two or three years. According to Globescan, another Canadian invention, Canadians are more concerned about climate change than the citizens of any other developed country. And it is not inconceivable that we could still have a defeat of the government over climate policy.

Political opinion is even changing in the U.S., where the Presidential candidates have strong positions on climate change.

### 10 steps to help restore Canada's leadership in sustainable development

What do we have to do in order to restore Canadian respectability, if not leadership, on sustainable development?

1. **We need to remember the #1 insight of Brundtland.** And that is that the world's environment and its economy are so closely linked that policies in one area that ignore the other are bound for failure. We need Ministers and bureaucrats to follow the existing Cabinet directive requiring strategic environmental assessments of all major policy decisions before they are taken.
2. **We need at least a federal sustainable development strategy.** I would like to suggest a national strategy, developed through public consultation, both through electronic and other means. The lack of such a strategy has hamstrung the work of the Commissioner of the Environment and Sustainable Development from the beginning.
3. **We need to develop an economic policy that promotes sustainable development.** Stand-alone environmental policies and projects can be useful, but until the environment is truly integrated throughout all economic policy-making, real change will be stunted.
4. **We need a national conversation about energy policy.** As the Prime Minister has said repeatedly, we are an energy superpower. We need to act like one.
5. **We need a climate policy which is acceptable to Canadians as a whole.** It looks as if we are moving toward a crazy quilt of federal and provincial policies at a time when I suspect that the United States will be moving in the opposite direction.
6. **We need to do something about adaptation to climate change.** As any Northerner can tell you, climate change has already begun in a major way north of 60. Adaptation is a complex subject.
7. **We need a more sustainable approach to natural resources management.** Although our management of fisheries, soils, water and forests seems to be slowly improving, we have a long way to go.
8. **Developing countries need to be part of the solution.** Climate change is a truly global problem. Canada needs to take a leading role in helping developing countries to develop their own sustainable energy paths.
9. **Reform of international environmental governance.** Although the 190 some odd countries present in the December 2007 climate talks in Bali all have a right to be part of the solution, 15 countries are responsible for the vast majority of the world's emissions. We need to find a way to get those 15 to agree on policies to curb emissions, to price carbon and to create new technologies, before the other 175 are brought into the debate.
10. **Finally, it goes without saying that we have to engage and energize young people.** Climate change is the biggest challenge to sustainable development. If we do not take strong actions within the next 10–15 years, the world will become an awful place to live. I may not see it within my lifetime, but my children will—and they cannot sit idly by and passively watch it happen.

“...until the environment is truly integrated throughout all economic policy-making, real change will be stunted.”

David Runnalls is IISD's President and CEO.





# IISD Works to Lift Veil of Secrecy on Investment Treaty Arbitrations By Nona Pelletier

## Making progress toward sustainability in international investment

IISD sees light at the end of the tunnel in a fight to secure mandatory transparency in investment treaty arbitrations conducted under United Nations rules, according to Howard Mann, IISD's Senior International Law Advisor.

"Investment is critical for advancing the social and environmental dimensions of sustainable development. There must therefore be transparency in investment matters that implicate the public interest," Mann said.

For the past two years, IISD has led the charge with the Centre for International Environmental Law (CIEL) to have transparency rules included in arbitration processes that take place under UN Arbitration Rules. Member governments of the UN Commission on International Trade Law (UNCITRAL) are currently discussing transparency as part of the revisions to the Arbitration Rules adopted in 1976, but there has been resistance to change.

The focus on the UNCITRAL Rules revision process is limited to arbitrations brought by an investor against a state under the terms of a treaty. The purpose is to improve the rules for public notice of the proceedings, access to documents, open hearings and *amicus curiae* ("friends of the court") briefs in respect of such arbitrations. This focus stems from the fact that investor-state arbitrations virtually always implicate the public interest in ways that private commercial arbitrations typically do not.

"We believe we are beginning to build a diverse consensus that can carry this issue forward."

"We are very concerned that unless the revisions to arbitration rules are dealt with now, we will end up with ongoing and even increased secrecy for many years to come. We simply can't stand by and allow proponents to lock in this antiquated approach to dispute settlement under public international law," Mann said.

"The current level of transparency in the negotiation and dispute settlement processes is well below standards of transparency in any democratic institution, or comparable process in trade, environment or other area of international law," Mann said. "The accountability of the dispute settlement arbitration process is almost entirely lacking."

"IISD and CIEL have led this process, and will continue to do so. Our work is now beginning to pay off with governments, and the international arbitrators appear to be moving closer to our position as well. We believe we are beginning to build a diverse consensus that can carry this issue forward."

The Government of Canada, several developing countries and a growing number of developed countries have joined the chorus of support for transparency. Most gratifying for IISD has been the expressed support of Prof. John Ruggie, the United Nations Special Representative of the Secretary General on Business and Human Rights. "Adequate transparency where human rights and other state responsibilities are concerned is essential if publics are to be aware of proceedings that may affect the public interest. Indeed, such transparency lies at the very foundation of what the United Nations and other authoritative entities have been promulgating as the precepts of good governance," Ruggie said. More recently, some other governments that had voiced initial opposition have begun to suggest constructive ways forward in the discussion. "This gives us reason for more hope," said Mann. Mann said sustainable development is really an investment problem that can't be resolved as long as a veil of secrecy hangs over the arbitration process.

Nona Pelletier is IISD's Media and Communications Officer.



# The Canadian Index of Wellbeing Aims to “Connect the Dots”

IISD helps to understand ecosystem health

“We are proud to have IISD working closely with us to bring the CIW vision to fruition.”

-The Honourable Roy J. Romanow, Founding Chair, CIW Institute Board of Directors

Why is it that at a time when the planet is warming, the climate is becoming more extreme and natural resources are diminishing, so little is being done to protect the environment and preserve it for future generations? Canadians are asking this question of their elected officials, and starting to connect environmental health with overall wellbeing.

The Honourable Roy J. Romanow has been speaking across the country about a new initiative that will report regularly on the wellbeing of Canadians. “I’ve been working with the Canadian Index of Wellbeing, a national project that will ‘connect the dots’ between social aspirations and public policy, based on hard evidence. The CIW is being developed to make sure that we are measuring what matters.”

The vision of the Canadian Index of Wellbeing (CIW) is to enable Canadians to share in the highest wellbeing status by identifying, developing and publicizing measures that offer clear, valid and regular reporting on progress toward wellbeing outcomes Canadians seek as a nation. The CIW defines wellbeing as the presence of the highest possible quality of life in its full breadth of expression in eight categories or domains (good living standards; robust health; a sustainable environment; vital communities;



an educated populace; balanced time use; high levels of civic participation; and dynamic arts, culture and recreation). Together, the domains will be distilled into 64 specific and measurable indicators, and a composite index with a single number that will go up or down, much like the TSX or Dow Jones.

“The CIW is in an advanced state of development under the leadership of world class experts, and backed by rigorous Canadian and international peer review and public consultation,” said Romanow. “We are fortunate to have IISD, a world class leader in sustainable development, as a member of the CIW team.”

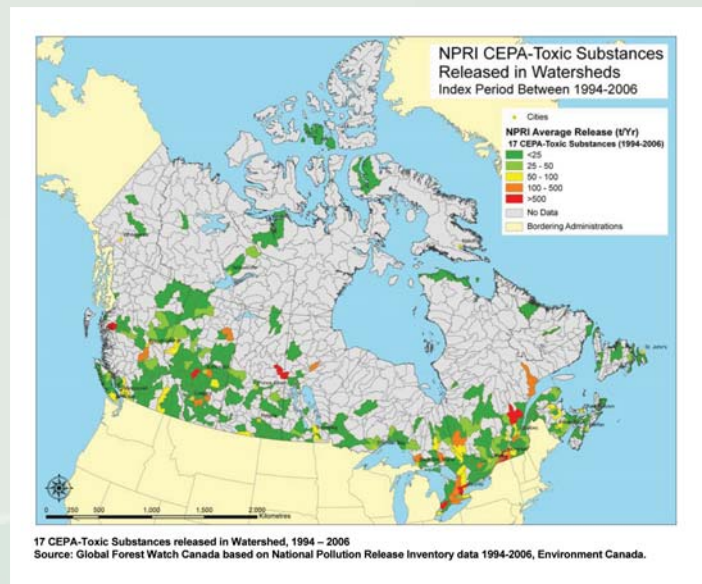
Under the leadership of László Pintér, IISD’s Director of Measurement and Assessment, the institute is developing the CIW’s Ecosystem Health domain. In IISD’s first draft report delivered in early 2008, IISD identified 17 core indicators (including: water quality; air quality; agricultural soil quality; timber sustainability; area of remaining wetlands; fishery sustainability; species at risk; and toxic emissions, see Figure 1) to provide the broadest possible profile of the health of our environment and integrity of ecosystems in much the same way as the gross domestic product (GDP) provides a sense of the health of the economy. The upward or downward trend line for each indicator will help to account for why the environment is getting better or worse, and whether it is sustainable for future generations (see Figure 2).

To visualize the index, the CIW asks us to imagine what would happen if every release of GDP numbers was accompanied by the release of an index that tells a more complete story; an index that measures and reports on progress—or lack of it—in areas that really matter to Canadians and their quality of life.

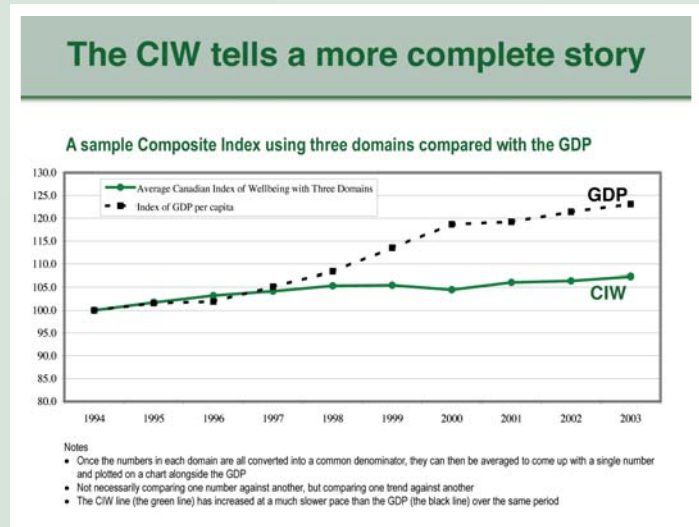
Speaking on behalf of all of the people involved in developing the CIW, Romanow said: “We believe that as we promote the CIW and its results become widely known and broadly discussed, it will emerge as Canada’s principal means of measuring genuine progress. If we can establish a new conceptual approach to measuring how we are really doing, then we can change the national dialogue. In doing so, we can change the course of national decision-making and bring it more into line with Canadian values.”

To say the CIW is an ambitious project is to understate it. Currently, it is at a very exciting stage as domain reports are finalized for a first release within the next year. For further information, visit the CIW Web site at <http://www.ciw.ca>.

**Figure 1.** Preview of indicator from the Ecosystem Health domain report, IISD’s contribution to the CIW. The full report will be released later in 2008.



**Figure 2.** Comparing gross domestic product to the Canadian Index of Wellbeing.





# IISD partners on Conservation Work in the DRC

## Project promotes “conflict-sensitive conservation”

Virunga National Park in eastern Democratic Republic of the Congo (DRC) is Africa’s oldest and most biodiverse park, boasting more mammal and bird species than any other protected area on the continent. Sadly, it has also been the setting for a number of converging crises, with protracted violence, chronic poverty and environmental destruction threatening its survival.

Against this background, conservation organizations have been working with protected area authorities to tackle threats including armed conflict, human encroachment and settlement in the park; illegal fishing and charcoal-making; and poaching, among others.

Because conservation threats and associated interventions in the region are embedded in conflict at several levels involving different actors, organizations such as the Wildlife Conservation Society (WCS) have recognized the growing need to address conflict issues more systematically in their work. At the same time, there has been growing interest within IISD to ground-truth some of its work on environment and security. These interests have merged in what has been a successful collaboration between IISD and WCS. Since 2006, we have been working together to better understand the links between conservation and conflict in areas that are prone to, or affected by, violent conflict, such as Virunga. The aim is to encourage conservation practitioners to use this information to design and implement interventions that minimize conflict situations and maximize peacebuilding opportunities, thereby enhancing the effectiveness and sustainability of their activities.

IISD Project Manager **Anne Hammill** interviews Deo Kujirakwinja of the Wildlife Conservation Society on the IISD/WCS partnership in the Democratic Republic of the Congo.

Central to this successful partnership is WCS’s Virunga Project Manager, Deo Kujirakwinja. A native of DRC, Kujirakwinja has been running WCS’s work in Virunga since 2003 and working closely with Anne Hammill of IISD’s Environment and Security Team to better understand and operationalize “conflict-sensitive conservation.”

In this interview with Hammill, Kujirakwinja sheds some light on the work and on the relationship between IISD and WCS.

**AH: The situation in eastern DRC is very complicated, and the challenges facing Virunga National Park are complex. How would you characterize the conservation situation in the area?**

**DK:** Conservation in Virunga is a high-pressure field where we need to continually assess the environment—there are new challenges every day. It’s a wide and complex area that needs energetic and dedicated actors, as well as diplomacy and pragmatism.

**AH: Some people might wonder why an organization such as WCS, which is very field/practitioner-oriented, has partnered with a “think tank” like IISD in working on conservation-related conflict issues in Virunga National Park. Do you think this partnership works?**

**DK:** The partnership between WCS and IISD indeed works—and that could be because of the complementary set of expertise between the two organizations. WCS works on the ground in DRC, while IISD develops methods, approaches and strategies related to our field work.



**AH: Do you think the work WCS and IISD are doing in Virunga National Park is making a difference? If so, how?**

**DK:** The work being done by the two organizations has made a difference as it has given us the opportunity to speak with many different stakeholders about the conflict here. It has provided a forum for conservationists and local stakeholders to meet and share ideas and experiences. We benefit from these consultations as we learn from other people's experiences and results; we try to put these ideas into practice in Virunga. In Nyakakoma (a fishing village on Lake Edward), for example, there were conflicts related to illegal fishing, but the various stakeholders couldn't meet or discuss the issues because most of the organizations in charge of law enforcement were involved in the illegal activities! The activities we carried out helped bring stakeholders together to discuss strategies and identify gaps. This has helped to reduce illegal fishing and improve relationships among local stakeholders.



Anne Hammill explores the wildlife in Virunga National Park.

**AH: Do you think this work has changed the way WCS approaches its work in Virunga National Park?**

**DK:** I believe that it has been a good experience for WCS staff especially as we discover that we need to be more sensitive about the impacts of our actions and how we implement our work.

In Nyakakoma, for example, we didn't originally consider having a particular local NGO working with fishermen along Lake Edward. The NGO then wanted to disrupt our work. So, we had to meet with their Board committee to explain and get them to understand the process! That was successful and now that NGO even wants us to facilitate one of their meetings with area fishermen.

**AH: But maybe you would have been able to do all of this without IISD?**

**DK:** I don't think so. With IISD, we gained new ways of thinking about conflict resolution and we still need IISD's input on the best approaches and new ideas.



Anne Hammill, bottom left, and Deo Kujirakwinja, top row, second from right: "The activities we carried out helped bring stakeholders together..."

"With IISD, we gained new ways of thinking about conflict resolution and we still need IISD's input on the best approaches and new ideas."



# Will the Internet be Ready for Tomorrow's Challenges?

## A snapshot of Internet governance and sustainable development

By Don MacLean

The Internet is one of the most important pieces of infrastructure of our time, and how it's governed will have enormous implications for sustainable development, including in the spheres of climate change and energy, international governance, trade, natural resource management, security and business.

Over the past decade, Internet governance has been one of the most hotly-debated topics on the international policy agenda. Internet protocols were designed in the 1970s by researchers in the U.S. and Europe. For the following two decades, the Internet was developed in bottom-up fashion by scientists, engineers and researchers. Things changed in the 1990s, when the Internet became available to the public. Internet governance emerged as an important policy issue at this time, with attention focused on two main questions: the management of Internet addresses and domain names, the core resources that enable Internet users to connect and communicate; and the enabling environment needed to support Internet-based services such as e-commerce, e-government, e-health and e-education.

The terms of the Internet governance debate were transformed by the World Summit on the Information Society which took place in two phases, in Geneva (2003) and Tunis (2005). During the WSIS process, representatives of government, civil society

and business worked together to develop a wider definition of Internet governance that included all of the issues arising from the many different roles the Internet plays in economic and social development, as well as issues relating to the governance of the Internet itself. As the scope of Internet governance grew, so did recognition that all stakeholder groups—including governments, the private sector, civil society, international organizations, the technical community, end-users and academia—need to be involved in Internet governance processes, if the power of the Internet and the energy of its different stakeholder communities were to be harnessed in the service of sustainable development goals.

IISD has championed the importance of the Internet for sustainable development from the earliest WSIS preparatory meetings, and has remained engaged in the Internet Governance Forum, designated for follow-up dialogue. On the whole, however, the sustainable development community has not participated in the Internet governance debate. This is unfortunate.

The Internet faces a series of challenges that may lead to its profound transformation, or even to the disappearance of the open, accessible, versatile and empowering network we know today. These challenges stem from the fact that the Internet was not originally designed to do many of the things users expect it to do today and hope it will do in the future. Recent developments, including convergence trends, emergence of the "Internet of Things," the potential of "cloud computing," "social networks" and the ability to "organize without organizations"<sup>1</sup> can further advance sustainable development in ways that would have been difficult to glean even a few years ago.

However, many challenges remain. The most critical is to recognize that the Internet is still in a nascent stage, and that all policy development must strive to preserve for future generations all of the Internet's potential—the breadth and depth of which are unknown—by incorporating room for innovation and experimentation by end-users.





## Other key challenges include:

- ensuring access to the Internet backbone from all parts of the world—especially Africa—and affordable local access to people everywhere;
- resolving difficult intellectual property questions surrounding Internet technologies and content;
- finding authentication solutions that balance security with users' identity, privacy and human rights concerns;
- providing Internet access through mobile phones, particularly to the three billion people in the global South;
- expanding the Internet address and domain name spaces while preserving and improving the network's stability and security; and
- enabling effective, multi-stakeholder Internet governance.

Decisions made in the next 5–10 years with respect to these challenges will have a significant impact on the Internet's role in sustainable development for decades to come. IISD is committed to integrating sustainable development principles into the foundations on which these decisions will be made. The sustainable development community should pay close attention, since the answers to today's questions of Internet governance will shape the essential elements of our common future.

Don MacLean is an IISD Associate.

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<sup>1</sup>This term is borrowed from Clay Shirky's 2008 book, *Here Comes Everybody: The Power of Organizing without Organizations.*

“The Internet faces a series of challenges that may lead to its profound transformation, or even to the disappearance of the open, accessible, versatile and empowering network we know today.”

# Program Report: Trade and Investment



Mark Halle, Director

We start from the assumption that humans—individually or collectively—will almost always behave in accordance with what they perceive to be their self-interest. We further believe people tend to choose rational solutions unless there are incentives to behave in other ways and that those incentives overpower good sense.

In our modern, globalized world we are convinced that the natural inclination to favour sustainable behaviour is being overpowered by strong incentives to behave unsustainably. The strongest incentives in this respect are cultural (the behaviour of our role-models), power-related and economic. Since even the first and second are economically-linked, we believe that sustainability will not be achieved until what makes sense economically is the same as what makes sense from a sustainability point of view.

The most powerful economic signals come from the central economic policies—fiscal policy, trade policy, investment policy, and the economic distortions provided by direct and indirect subsidies. Thus, in our view, misguided economic signals deriving from skewed tax, trade, investment and subsidy policy provide a massive set of incentives for individuals and groups to behave unsustainably. Unless these are addressed, we believe sustainability will continue to be beyond the grasp of humanity.

This is the logic that guides the work of the Trade and Investment Program. From an initial single focus on trade, we have expanded to include major initiatives on investment and subsidies. If we are not currently focusing on fiscal policy it is because impacts of fiscal policy are almost exclusively domestic in reach whereas those of trade and investment are largely international, while subsidy policy has strong international ramifications on trade and investment.

## 2007–2008 Highlights:

### Trade

- With the World Trade Organization (WTO) failing to take seriously the commitment to sustainable development set out in its Preamble, we've set out an SD Roadmap indicating the things the WTO must do to align its actions with its goals.
- IISD is examining how to revive efforts to convince governments to include and implement sustainability criteria in their procurement policies.  
<http://www.iisd.org/markets/procurement/>
- IISD continues to work with the International Organization for Standardization on development of a new standard on corporate social responsibility.  
<http://www.iisd.org/standards/csr.asp>
- IISD is seeking to understand the impact on sustainable development of outsourcing services to countries with lower labour costs.
- The proliferation of labelling and certification schemes that seek to address how commodities are produced and to offer the consumer the choice to support sustainability through purchasing decisions is a welcome development in theory. In practice, it can present small producers in poor countries with insurmountable barriers in seeking to sell their products. IISD's Sustainable Markets and Responsible Trade sub-program is working to streamline the process and help poor countries develop the capacity they need to play in these new markets.  
<http://www.iisd.org/markets/>





- IISD is working with China to understand how sustainability is affected over the length of selected product chains such as forest products, cotton and textiles, and electronic products and waste. <http://www.iisd.org/trade/china/markets.asp>
- More broadly, IISD is working with China to identify how, while continuing to grow, its trade might be brought into more sustainable patterns. The Sustainable Trade Strategy for China will set out a series of recommendations in this respect.
- Recognizing the continuing need to build trade policy capacity in developing countries, IISD has relaunched and strengthened the Trade Knowledge Network and initiated a competitive small grants program aimed at young researchers in the South. <http://www.tradeknowledgenetwork.net>
- In Laos and Thailand, IISD has developed and tested a Rapid Trade and Environment Assessment methodology, and will soon extend it to other developing countries. [http://www.iisd.org/trade/policy/rapid\\_trade.asp](http://www.iisd.org/trade/policy/rapid_trade.asp)

### Investment

- IISD has created an Annual Forum of Developing Country Investment Negotiators so that they can exchange experience and best practice. [http://www.iisd.org/investment/capacity/dci\\_forum\\_2007.asp](http://www.iisd.org/investment/capacity/dci_forum_2007.asp)
- IISD has designed a four-week training course to help increase the capacity on international investment negotiations in the developing world and has successfully held the first course in Chile for South American negotiators.
- IISD's *Investment Treaty News* continued to report on international investment agreements and the disputes that arise from them. A special series of ITN editions were edited for parliamentarians, and a first ITN *Year in Review* has been issued. <http://www.iisd.org/investment/itn/>
- In the past year we have been working to influence the reform of one of the most common sets of rules used in international investment arbitration—those of the United Nations Commission on International Trade Law. See the feature story on page 11.
- IISD has set up a fund to enhance our ability to give technical advice on demand to developing countries on investment issues. We are now thinking of institutionalizing this by founding an Advisory Centre on International Investment Law.
- IISD's work on investment is progressively moving into sectors, with energy the first to be addressed. The nature of the rules governing investment in the energy sector could well determine whether we are successful in meeting the challenge of climate change, and yet nobody except IISD appears to be looking at this seriously.
- China has, of late, come in for considerable criticism as a result of its investments—especially in Africa—and has asked IISD to assist in crafting a few basic rules and principles.

### Subsidies

For information on our subsidies work, please visit our *Global Subsidies Initiative Web site* at <http://www.globalsubsidies.org>

- IISD is completing a set of studies on subsidies to the biofuel industry. This work began when the enthusiasm for biofuels was nearing its peak, and contributed to exposing the misguided policies that surrounded the biofuels bubble. IISD has clearly played a central role in deflating this particular bubble.
- IISD has built a network of developing country journalists informed on subsidy issues, both through a partnership with the Inter Press Service (the developing country news agency) and through a series of media forums on subsidy issues, so far held in South Asia, Central America and the Middle East.
- Proper notification of subsidies to the WTO is the only way to determine if these subsidies are trade-legal or not. IISD has developed a Model Subsidy Notification and tested it on two countries. We are now beginning work to have it adopted by the WTO as their template.
- IISD has launched work on subsidies to irrigation, principally by developing a clear methodology for calculating these subsidies.

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IISD gratefully acknowledges the generosity of the following supporters of our Trade and Investment work in 2007–2008:

Belgian Technical Cooperation ■ Cadbury Scheweppes Plc. ■ CitiGroup Foundation ■ Common Fund for Commodities (CFC) ■ CORDAID ■ Department for International Development (DFID), U.K. ■ Green Mountain Coffee ■ Hewlett Foundation ■ HIVOS ■ International Development Research Centre (IDRC) ■ Industry Canada ■ International Centre for Trade and Sustainable Development (ICTSD) ■ Mott Foundation ■ Netherlands ■ Netherlands Ministry of Housing, Spatial Planning and the Environment (VROM) ■ New Zealand Ministry of Foreign Affairs and Trade ■ Norwegian Agency for Development Co-operation (Norad) ■ Norwegian Ministry of Foreign Affairs ■ Norwegian Ministry of the Environment ■ Organisation for Economic Co-operation and Development (OECD) ■ Rabobank (SAGF) ■ Rockefeller Foundation ■ Royal Danish Ministry of Foreign Affairs ■ Swiss Agency for Development and Cooperation (SDC) ■ Solidaridad, Grupo De Fundaciones (GDF) ■ Starbucks ■ Sustainable Development Policy Institute ■ Sweden: Minister of Foreign Affairs ■ Sweden International Development Cooperation Agency (SIDA) ■ Swiss State Secretariat for Economic Affairs (SECO) ■ The German Marshall Fund ■ The Swedish Foundation for Strategic Environmental Research (MISTRA) ■ The U.S. Agency for International Development (USAID) ■ United Nations Environment Programme (UNEP) ■ United Nations Office for Project Services (UNOPS)

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Our work on investment agreements, business and human rights took us out of our environmental comfort zone, and into the social dimension of sustainable development. We worked with human rights experts to show how investment law and human rights law do in fact relate to each other. The result was that the final report by John Ruggie, the UN Special Representative of the Secretary-General on Business and Human Rights, who commissioned the work, highlighted investment issues as a key concern for improving the role of business in protecting and promoting human rights. Prof. Ruggie and others have congratulated us on the work and acknowledged its impact.



László Pintér, Director

## Measurement and Assessment

Last year I represented the program at two landmark conferences that illustrate the maturing of the measurement agenda: the OECD's World Forum on Measuring the Progress of Societies; and Beyond the GDP at the European Parliament. They demonstrated that the need to change the way we measure progress is being recognized by mainstream politics as a key lever for advancing sustainable development.

Our publication of *Sustainable Agriculture: From Common Principles to Common Practice* ([http://www.iisd.org/pdf/2007/infasa\\_common\\_principles.pdf](http://www.iisd.org/pdf/2007/infasa_common_principles.pdf)), illustrated the growing diversity of measurement initiatives. It also highlighted the demand for increased accountability and better sustainable development indicators by citizens, industry, government, shareholders and farmers. As demand grows, I see increasing interest in tying indicators explicitly to decision-making, as shown by our work on outcome-based budgeting with the Manitoba Treasury.

We need to better and more routinely connect retrospective and forward-looking analysis. Our lead role in developing the scenarios chapter of UNEP's GEO-4 report and the *GEO Resource Book* illustrate how we are making these connections. With the growing risk associated with global change there is a growing demand for evidence-based strategy development and implementation, with better overall accountability. Our work on the analysis and design of sustainable development strategies—with strong accountability as a cornerstone—will be advanced through the establishment of regional networks in Latin America and Asia-Pacific. Through this work we aim to improve sustainable development governance and decision-making.

### 2007–2008 Highlights:

- Worked on the Canadian Index of Wellbeing, Ecosystem Domain. See the article on page 12 of this report.
- Launched two regional networks on sustainable development strategies and instruments in Latin America and the Caribbean, and Asia-Pacific.



A Moment of  
**impact**

As the project manager for a joint project with the Assembly of Manitoba Chiefs, which is using community forums to develop measures of well-being for Winnipeg's First Nations community, I have had many moments of impact. The one that stands out most for me was when a youth described the importance of his cultural identity at a forum. He said that without his cultural identity he'd be in a gang, in jail, homeless, or dead. For him, cultural identity is central to well-being and it is also the one thing that helps keep him grounded during difficult times. For more information on this project, see [http://www.iisd.org/measure/knowledge/community/first\\_nations.asp](http://www.iisd.org/measure/knowledge/community/first_nations.asp).

Christa Rust, Project Officer

IISD gratefully acknowledges the generosity of the following supporters of our Measurement and Assessment work in 2007–2008:

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# Program Report:



Henry David Venema, Director

## Sustainable Natural Resources Management

In the fall of 2008, the SNRM Program at IISD will be four years old. SNRM consolidates our work in environment and security and essentially unifies two earlier IISD programs: the Community Adaptation and Sustainable Livelihoods program (1993–1999), which had a focus on dryland regions of the developing world; and the North American-focused Great Plains Program (1993–1999). Our work in the two areas of ecosystem management and environment and security is unified by the common understanding that adaptation and resilience to global environmental change is evermore an urgent priority in ecosystems as well as communities.

Our work on the Canadian prairies this past year has been inspired by the ecological goods and services (EG&S) approach popularized by the Millennium Ecosystem Assessment as the foundation of all elements of human well-being (economic, social, physical and spiritual). EG&S encompass all goods and services that are provided by ecosystems—clean air and water, natural disaster prevention, habitat for humans and wildlife and carbon sequestration to name a few. Societies can be better off protecting and restoring ecosystems for their goods and services, rather than attempting to engineer alternatives. If we can achieve equitable access, sustainable use and transparent and participatory governance of EG&S, we will have achieved sustainable development.

Our work on environment and security is based on the premise that when and where governance has failed or been overwhelmed by natural disaster or conflict, sustainable natural resources management and conservation can be the cornerstone of a recovery plan. In addition, we continue our increasingly relevant work on assessing vulnerability on the Canadian prairies and developing mechanisms for adaptive policies that will endure in the face of increasing climatic uncertainty.

### 2007–2008 Highlights:

- With Quebec-based ÉcoRessources, a cost-benefit analysis of ecological goods and services policy options in Canadian agriculture. We liaised directly with the federal-provincial working group charged with developing national EG&S policy and programming.
- An ecological goods and services assessment of southern Manitoba, developing the economic rationale for EG&S programs to mitigate Lake Winnipeg eutrophication.
- An analysis of the potential to use economic policy instruments for nutrient management in the Lake Winnipeg Watershed and towards implementation of Lake Winnipeg Stewardship Board recommendations.
- Continued work with Manitoba Water Stewardship to scope the EcoTender auction approach to payments for EG&S.
- A paper for Environment Canada, entitled “Environmental Change and the New Security Agenda: Implications for Canada’s security and environment.”  
[http://www.iisd.org/pdf/2008/env\\_change\\_security\\_canada.pdf](http://www.iisd.org/pdf/2008/env_change_security_canada.pdf)
- Two new policy projects on multilateral environmental agreements and security, which is a seminal exploration of the role of international environmental governance in biodiversity and conflict-driven hotspots.
- Initiation of a project for UNEP’s Post-conflict and Disaster Management Branch to help UNEP develop a comprehensive UN-wide strategy for integrating environmental management into the peace consolidation process.

Stockphoto



A Moment of  
**impact**

My strongest impression from this past year is of the breathtaking challenges faced daily by conservationists working to protect mountain and lowland gorillas and their habitats in eastern Congo. Civil war in the Congo over the last decade has left an estimated four million people dead from war and disease. And, although the area has dropped out of the international headlines, vicious conflict continues. In August 2007 we ran a workshop on integrating conflict sensitivity into conservation management in Bukavu, with participants from communities, park guards and park managers. Their sense of purpose despite overwhelming odds, and their humour amidst adversity, was deeply inspiring.

Oli Brown, Program Manager

IISD gratefully acknowledges the generosity of the following supporters of our Sustainable Natural Resources Management work in 2007–2008:

Agriculture & Agri-Food Canada (AAFC) ■ ÉcoRessources ■ Environment Canada ■ International Development Research Centre (IDRC) ■ MacArthur Foundation ■ Manitoba Clean Environment Commission ■ Max Bell Foundation ■ Natural Resources Canada ■ Norwegian Agency for Development Cooperation (Norad) ■ Prairie Agricultural Machinery Institute (PAMI) ■ Province of Manitoba ■ Province of Manitoba Conservation ■ United Nations Environment Programme (UNEP) ■ Wildlife Conservation Society (WCS) ■ Winslow Foundation ■ WWF – (International Gorilla Conservation Programme)

# Program Report:



Heather Creech, Director

In this, the twentieth anniversary of the Brundtland Commission, my team revisited Brundtland's central definition of sustainable development. We observed that, at its heart, are the two concepts of limitations and possibilities: the limits that the world's ecosystems may reach as a result of the state of technology and social organization; and the possibilities for sustainability that result from changes in technology and social organization. Technology, particularly communications technology, is supporting and changing how we organize our governing systems, our economies and our cultures in unprecedented ways. Ideas, knowledge and expertise are flowing much more directly from one institution and sector to another than they did 20 years ago. Massive social networks of people are emerging with their own ability to influence priorities and planning—for better or worse.

“We need to support institutions and individuals to make the transition to more networked ways of working.”

## Knowledge Communications

These changes are accelerating. We need to understand and influence those who are developing and managing the technology. We need to support institutions and individuals to make the transition to more networked ways of working. We need to train the next generation of leaders to make a difference in a networked world. And so this is where my team and I choose to focus. We believe that our work is about relationships across boundaries, and about how institutions and individuals can work together more effectively; it is about communications technology and advancing its role in increasing humanity's abilities to learn and interact, as well as in managing the unintended consequences of wiring the world. And finally, it is about the individual and his or her capacity to transform the world.

### 2007–2008 Highlights:

- *Internet Governance and Sustainable Development: Towards a Common Agenda* [http://www.iisd.org/pdf/2007/igsd\\_common\\_agenda.pdf](http://www.iisd.org/pdf/2007/igsd_common_agenda.pdf); our ongoing engagement with the Internet Governance Forum can be found at <http://www.iisd.org/infosoc/gov/>
- Network and partnerships planning, capacity assessment and evaluation services provided to the International Fund for Agricultural Development; the International Forum for Rural Transportation and Development; International Development Research Centre and the Association for Progressive Communications; IUCN/UNEP/UNDP SEED awards program (Supporting Entrepreneurs for Sustainable Development); the Swiss Agency for Development and Cooperation, Centre for Global Studies and the University of Victoria. <http://www.iisd.org/networks/>
- Twenty-eight Interns were recruited, trained and placed around the world. <http://www.iisd.org/interns/intro.aspx>
- Environment and Sustainable Development Policy Development in K–12 Schools in Manitoba and Canada: [http://www.iisd.org/pdf/2008/enviro\\_sd\\_policy\\_schools.pdf](http://www.iisd.org/pdf/2008/enviro_sd_policy_schools.pdf) and a corresponding collection of K-12 school board policies, at <http://www.iisd.org/leaders/policybank/>
- Building a social network of Arctic youth, at <http://www.ookpik.org/>





IISD interns receive training in Winnipeg.



## A Moment of **ii**mpact

While investigating the impacts of information and communication technologies (ICTs) on sustainable development, I was completely taken aback to learn of the role that demand for ICTs played in the world's deadliest conflict since the

Second World War. A 1998–2003 conflict centred on northeastern Democratic Republic of the Congo (DRC), and its aftermath, have been responsible for 5.4 million deaths since 1998. At its peak, the conflict was fuelled by the illegal mining of tantalum, a key ingredient for compact electronic components, which experienced a price spike as a result of dotcom consumption and speculation in ICTs. With mobile phone sales skyrocketing and the price of tantalum increasing once again, I wonder what the future impact on the DRC might be.

Tony Vetter, Project Officer

IISD gratefully acknowledges the generosity of the following supporters of our Knowledge Communications work in 2007–2008:

- Canadian International Development Agency (CIDA)
- Department of Foreign Affairs and International Trade Canada (DFAIT) ■ Federation of Canadian Municipalities (FCM) ■ Indian and Northern Affairs Canada (INAC)
- Intermediate Technology Development Group
- International Development Research Centre (IDRC)
- International Fund for Agricultural Development (IFAD)
- Manitoba Education, Citizenship and Youth ■ Manitoba Conservation ■ Oxfam – Quebec ■ Province of Manitoba
- Swiss Agency for Development and Cooperation ■ The World Conservation Union (IUCN) ■ United Nations Food and Agriculture Organization (FAO) ■ University of Victoria ■ The Walter and Duncan Gordon Foundation
- The World Business Council for Sustainable Development

# Climate Change and Energy

## Program Report:



John Drexhage, Director

From the perspective of the Climate Change and Energy program, one could say that we had a very productive year. We strengthened our policy research and advice profile both at home and abroad. On the international front, IISD forged a strong reputation as one of the global institutional leaders on issues related to trade, investment and climate change as well as the need to integrate climate change within a broader foreign policy agenda. Our adaptation integration tool has met with considerable success and replication. And our recent efforts—including four well-received publications in early 2008—speak to the solid and considerable efforts of the team.

In North America, we have carved out an interesting niche as an institute that is drawing attention to the need to address climate change and energy issues more regionally, in the context of continental security and economic realities. In Canada, we have been actively working with provinces in helping them continue to develop their climate change plans. I have also been actively pursued by the House of Commons Standing Committee on Environment and Sustainable Development to help scope out for Members of Parliament the issues that were being addressed in the international negotiations and Canada's profile in those discussions. And our list of clients in Canada—including provincial governments and the private sector—has been growing at a steady rate.

And yet, one cannot help but develop a strong sense of disquiet about how the issue of climate change is being addressed in Canada and globally. The Bali Summit on Climate Change in December was, at best, only a procedural success. Many of the old acrimonies surfaced and distrust among countries continues to exist at startling levels. And in Canada, emissions have not abated. Further, we have seen another year pass without a stringent set of policies and regulations in place in North America to demonstrate that we really are beginning to address the issue. So, clearly, there is much more work to do and, just as clearly, IISD cannot afford to rest on any of its laurels so long as the current state of affairs continues. Real progress is required and none too soon.



## 2007–2008 Highlights:

- Providing insight and ideas from a Canadian perspective on the future design of the international climate regime.  
[http://www.iisd.org/climate/kyoto/post\\_2012.asp](http://www.iisd.org/climate/kyoto/post_2012.asp)
- Helping to facilitate an exchange of views among Trade Ministers on the positive interlinkages between climate change and trade issues.  
<http://www.iisd.org/climate/markets/trade.asp>
- Accelerating our work in Africa by helping to build the capacity of project managers and developers to integrate climate change considerations into their work with the rural poor ([http://www.iisd.org/security/es/resilience/climate\\_phase2.asp](http://www.iisd.org/security/es/resilience/climate_phase2.asp)); assessing the security implications of climate change for Ghana and Burkina Faso ([http://www.iisd.org/pdf/2008/security\\_implications\\_west\\_africa.pdf](http://www.iisd.org/pdf/2008/security_implications_west_africa.pdf)); and continuing to support vulnerability reduction efforts in Kenya, Mozambique and Rwanda (<http://www.iisd.org/climate/vulnerability/adaptation.asp>)
- Identifying possible ways to furthering EU objectives on climate change and clean energy through partnerships with major industrialized countries in the developing world. [http://www.iisd.org/pdf/2008/eu\\_objectives\\_climate.pdf](http://www.iisd.org/pdf/2008/eu_objectives_climate.pdf)
- Examining how international investment regimes influence the potential for encouraging clean energy investments. <http://www.iisd.org/energy/investment.asp>
- Continuing to explore how to help the Clean Development Mechanism better deliver development benefits. <http://www.iisd.org/climate/markets/dividend.asp>
- Furthering understanding of how to design policies that work in an increasingly uncertain and changing world. <http://www.iisd.org/climate/vulnerability/policy.asp>

IISD gratefully acknowledges the generosity of the following supporters of our Climate Change and Energy work in 2007–2008:

Alberta Environment ■ BC Government – Climate Change Secretariat ■ Climate Change Central ■ Conoco Phillips Canada ■ Danish Ministry Foreign Affairs ■ Department for International Development (DFID), U.K. ■ Department of Foreign Affairs and International Trade Canada (DFAIT) ■ Environment Canada ■ Finland Ministry of Foreign Affairs ■ INFRAS Consulting Group for Policy Analysis and Implementation (INFRAS) ■ International Development Research Centre (IDRC) ■ International Institute for Environment and Development (IIED) ■ Manitoba Hydro ■ National Round Table on the Environment and the Economy (NRTEE) ■ Natural Resources Canada ■ Netherlands Ministry of Housing, Spatial Planning and the Environment (VROM) ■ Norwegian Agency for Development Co-operation (Norad) ■ Norwegian Ministry of Foreign Affairs ■ Nova Scotia Government – Department of Energy ■ Ontario Ministry of Environment ■ Organisation for Economic Co-operation and Development (OECD) ■ Province of Alberta ■ Province of British Columbia ■ Province of Manitoba ■ Province of Nova Scotia ■ Province of Ontario ■ Province of Quebec ■ Shell ■ Spectra ■ Suncor Energy Inc. ■ Swiss Agency for Development and Cooperation (SDC) ■ The African Centre for Technology Studies (ACTS) ■ The World Conservation Union (IUCN) ■ Transcanada Pipelines ■ World Resources Institute (WRI)



A Moment of  
**iimpact**

“The eyes of the world are on Bali.” This phrase was tossed around frequently in the corridors of the United Nations Framework Convention on Climate Change negotiations in December 2007. As a new face to the IISD Climate Change and Energy team attending a Conference of the Parties for the first time, I truly had a sense of this. So, how would I characterize the events? Strange, convoluted and confusing to a newbie like myself! But as the negotiations progressed, I began to better grasp not only the nuts and bolts of how decisions are made, but also began to develop a clearer understanding of what determines the actions that will be taken and what steers wise climate policy-making.

Jenny Gleeson, Project Officer



# Program Report:



Langston James Goree VI ("Kimo"), Director

## Reporting Services

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IISD's Division of Reporting Services has continued to develop new information products, building on our success in publishing the *Earth Negotiations Bulletin* from United Nations meetings. These new products, including newsletters, weblogs, knowledge management platforms and distribution lists have grown from our basic beliefs that the neutral and authoritative provision of objective information strengthens the policy formulation processes involved in environment and sustainable development governance. By providing open access to this data by all participants, including developed and developing country governments, NGOs, the UN, academia, the media and intergovernmental organizations, we are able to level the information playing field. It is this timely access to the material that we publish that helps to negate gossip and political spin, improving the quality of the negotiations.

"It is this timely access to the material that we publish that helps to negate gossip and political spin, improving the quality of the negotiations."

As we have expanded the scope of our work, moving into the coverage of regional meetings in Africa and providing conference reporting services from workshops, symposia and country-led initiatives, we are gathering more and more information on the wide range of activities being undertaken to promote sustainable development. We feel that good information gathering, combined with well designed knowledge management systems can lead to better use of intelligence that can assist institutions that are learning to learn. As our combined e-mail readership has grown to more than 80,000 subscribers and our Web site traffic increases, we can see that the sustainable development community has come to depend on IISD as a trusted information provider.

### 2007–2008 Highlights:

- The *Earth Negotiations Bulletin* provides print and online coverage of more than 30 intergovernmental meetings per year in the areas of climate change, biodiversity, desertification, sustainable development, trade in endangered species, oceans and fresh water, and chemical management. <http://www.iisd.ca/enbvol/enb-background.htm>
- The Linkages Web site contains the archives of our publications, reports on recent and upcoming meetings, a full calendar of sustainable development events and free subscription information. <http://www.iisd.ca/>
- Reporting Services offers conference reporting for clients through its *Your Meeting Bulletin* services. <http://www.iisd.ca/sd/index.html>
- At large UN meetings, Reporting Services publishes a daily report on side events, *ENB on the Side*. <http://www.iisd.ca/climate/cop13/enbots/>



IISD gratefully acknowledges the generosity of the following financial supporters of our Reporting Services work in 2007–2008:

The *Earth Negotiations Bulletin* is supported by two categories of donors:

The Sustaining Donors of the *Bulletin* ( $\geq$  €100,000 per year) are: The United Kingdom (through the Department for International Development – DFID) ■ The Government of the United States of America (through the Department of State Bureau of Oceans and International Environmental and Scientific Affairs) ■ The Government of Canada (through CIDA) ■ The Danish Ministry of Foreign Affairs ■ The German Federal Ministry for Economic Cooperation and Development (BMU) ■ The Netherlands Ministry of Foreign Affairs ■ The European Commission (DG-ENV) ■ The Italian Ministry for the Environment, Land and Sea.

General Support for the *Bulletin* ( $\geq$  €35,000 per year) is provided by: The Norwegian Ministry of Foreign Affairs ■ The Government of Australia ■ The Austrian Federal Ministry of Agriculture, Forestry, Environment and Water Management ■ The Ministry of Environment of Sweden ■ The New Zealand Ministry of Foreign Affairs and Trade ■ SWAN International ■ The Swiss Federal Office for the Environment (FOEN) ■ The Finnish Ministry for Foreign Affairs ■ The Japanese Ministry of Environment (through the Institute for Global Environmental Strategies – IGES) ■ The Japanese Ministry of Economy, Trade and Industry (through the Global Industrial and Social Progress Research Institute – GISPRI) ■ The United Nations Environment Programme (UNEP)

Funding for translation of the *Bulletin* into French has been provided by the International Organization of the Francophonie (IOF).

Funding for the translation of the *Bulletin* into Spanish has been provided by the Ministry of Environment of Spain.

Publication of the *MEA Bulletin* is supported by a grant from the United Nations Environment Programme (UNEP) Division for Environmental Law and Conventions (DELIC).

The CLIMATE-L.ORG website is supported by the British Foreign and Commonwealth Office and the Swiss Agency for Development and Cooperation.

IISD Reporting Services coverage of African Regional meetings is supported by grants from the German Federal Ministry for Economic Cooperation and Development (BMU) and the Canadian International Development Research Centre (IDRC).

## [Highlights continued]

- *Linkages Update* provides a fortnightly e-mail report on negotiations, conferences, workshops, symposia and other notable events within the sustainable development policy community. <http://www.iisd.ca/email/linkagesupdate.htm>
- The *MEA Bulletin*, published in cooperation with the UN Environment Programme Division of Environmental Law and Conventions (DELIC) provides twice-monthly reports on the activities of the secretariats and parties to the dozens of multilateral environmental agreements. <http://www.iisd.ca/email/mea-l.htm>
- IISD Reporting Services Africa Regional Coverage provides conference reporting services for sustainable development-related meetings in Africa and is helping to build a body of knowledge about the range of African institutions in this field. <http://www.iisd.ca/africa/>
- The IISD Reporting Services weblog provides all of the content produced by our team in blog format for easy feed streaming to other Web sites and news services. <http://www.iisd.org/>
- The Reporting Services “L” lists are a collection of nine issue specific community announcement lists, which allow subscribers to communicate to other subscribers in the areas of climate change, biodiversity, chemical management, forests, oceans, water, energy, MEAs and African sustainable development. <http://www.iisd.ca/email/subscribe.htm>
- CLIMATE-L.ORG is knowledge management project for international negotiations and related activities on climate change that is published in cooperation with the UN system agencies, funds and programmes through the UN Chief Executives Board for Coordination (CEB) Secretariat and the UN Communications Group (UNCG) Task Force on Climate Change. <http://www.climate-l.org>





## 2008 Capital Campaign Off and Running

By Rick Groom

Nearly \$160,000 raised by fiscal year end

IISD's *Bridging the Gap between Knowing and Doing* Capital Campaign hit the ground running in December 2007 and January 2008. With a goal of CDN\$5 million, fundraising efforts have been enhanced by a strong show of support from staff, associates, Board members and alumni.

By March 31, 2008, nearly \$160,000 had been donated and pledged, with a number of staff opting to make donations through payroll deduction. This includes strong initial support from Board members and youth program alumni.

"This sends a powerful message that ours is an organization that cares about the work it does and that we do, indeed, lead by example," said Charles Loewen, Campaign Chair.

"Based on these and other healthy signs from the corporate community and foundations, we've developed detailed case statements and proposals to market this campaign to the widest possible audience," said Sue Barkman, Director of Development and Community Relations.

Over the next two years, the capital campaign is seeking funding for these four areas of work:

- Climate Change and Energy;
- The Youth Internship Program;
- The Innovation Fund; and
- The Community Initiatives Fund

"...ours is an organization that cares about the work it does..."



## Climate Change and Energy Campaign

Our Climate Change campaign goal is \$2.5 million; funds that will enhance and enrich efforts of IISD's climate-change-related work, which promotes policy responses required to move economies towards a low-carbon energy future and prepare for the effects of climate change.

Climate change is a major priority for IISD because it affects the food we eat, the water we drink, the air we breathe and how we heat our homes in addition to our means of transportation, our methods of doing business and our governance practices at home and abroad.

Prime examples of current Climate Change and Energy projects include examining domestic and international priorities on post-2012 climate policy; developing tools to help project managers address adaptation in vulnerable communities; assessing how market-based mechanisms can advance sustainable development priorities and achieve emission reductions; and exploring how best to link existing and emerging regional climate change regulatory frameworks.

## The Youth Internship Program

Since the IISD Youth Internship Program began over 10 years ago, over 300 young Canadians have been placed with such respected organizations and agencies as the United Nations Division for Sustainable Development, the University of the Arctic, the African Institute of Corporate Citizenship, Conservation Mexico and the World Wildlife Fund among others.

Our *Bridging the Gap between Knowing and Doing* Capital Campaign will take this program to the next level. The plan is to work with hundreds more young people from all over the globe. IISD wants to sow the seeds for a new generation of leadership as it encourages sustainability solutions that go beyond borders and beyond our lifetime.

The goal is to raise \$1.5 million so this promising program can anchor a sustainable development movement for young people the world over.

## The Innovation Fund

Since it began in 2004, the IISD Innovation Fund has empowered a wide range of projects, including:

- a study of the links between the environment and human security in Sudan and China;
- an analysis of Kenya's poverty reduction strategy that demonstrates the interdependence between human development and ecosystem services; and
- an examination and assessment of the laws, guidelines and policies that promote sustainable public procurement in partnership with The Energy and Resources Institute in India.

Our goal for The Innovation Fund is \$500,000. This level of funding will increase, improve and ensure the Fund continues to attract, encourage and advance new ideas and projects like the ones listed above.

## The Community Initiatives Fund

Chief among the projects of IISD's Community Initiatives Fund is the development of a system of community indicators for Winnipeg. In partnership with the United Way of Winnipeg, it will measure and report on progress in the quality of life of the city's population.

After Winnipeggers participated in workshops and planning groups to consider the feasibility of such a system between 2003 and 2005, an agreement was reached that a Community Indicators System (CIS) would be established to accurately identify the economic, environmental, cultural, social and other priorities and issues that matter most to them.

This system will effectively collect, analyze and interpret data and will regularly report its findings back to the Winnipeg community. In addition, it is designed to build Winnipeggers' knowledge about the progress they have made toward sustainable development.

Another community initiative teamed IISD with the Assembly of Manitoba Chiefs (AMC) to develop the capacity of First Nations communities throughout Manitoba. Starting with a series of workshops in Winnipeg, it is a grassroots process that raises awareness of problems and vulnerabilities, assists in priority-setting, planning and resource allocation. Launched in October 2007, the project specifically reflects issues and concerns First Nations people feel are central to their well-being, helps influence policy and ultimately achieves positive change far into the future.

To support these important community-level projects—and to successfully embark upon others—IISD's campaign goal for the Community Initiatives Fund is \$500,000.

## Our Sincere Thanks to Supporters of The 2008 IISD Capital Campaign

For more information, please contact: Sue Barkman, Director of Development and Community Relations | [sbarkman@iisd.ca](mailto:sbarkman@iisd.ca)  
Rick Groom, Development and Communications Officer | [rgroom@iisd.ca](mailto:rgroom@iisd.ca)

# Sustainability Inside IISD

By Rick Groom

## From the carbon market to eco-living

When it comes to promoting personal green habits, nobody is more committed than IISD's Internal Sustainable Development Assessment and Reporting (ISDAR) team.

ISDAR is responsible for introducing, implementing and maintaining internal sustainable development measures for all of IISD's offices. With strong support from management and staff, Team Leader Marlene Roy reports that the Institute has once again achieved its green goals for the year.

The ISDAR team continues to monitor the international carbon market and purchase carbon offsets. During 2007–08, several offset options were considered; the purchase of which is now in its final stages. Throughout the year, the ISDAR team continued to follow Global Reporting Initiative (GRI) guidelines in the preparation of its internal sustainability reports. Since 2001, ISDAR has produced stand-alone sustainable development operational reports and is currently developing interactive Web pages to communicate trends.

In November 2007, the ISDAR team introduced its lunchtime "Eco-Living" series in the Winnipeg office, featuring a variety of presentations and discussions on green topics as well as a video component coordinated by Stacy Matwick, IISD's Information Centre Assistant.

"The Eco-Living series serves as a voice for real change on a grassroots level," says Marlene Roy. "It connects with and educates staff on the latest environmentally-friendly tips and trends while creating a positive profile with the local community in a strategic way." According to Roy, IISD is ahead of the curve and looked upon as a leader in green office initiatives by more and more non-profit organizations and small businesses in Winnipeg and elsewhere.

ISDAR is now looking at expanding the series beyond the head office, and might even soon offer the Eco-Living series outside of IISD. As Roy envisions it, speakers from IISD could spread the green word to a broad array of external audiences.

Rick Groom is IISD's Development and Communications Officer.

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### IISD staff attend sessions on plants, diets, carbon and rooftops

Specifically directed to—and well-attended by—IISD staff, topics presented in the 2007–08 Eco-Living series of presentations and discussions included:

- *Care and Feeding of Indoor Plants: Creating a Livable, Healthy and Personalized Environment*
- *Eating Locally: Lessons Learned from a Six-month Local Diet Challenge*
- *The New World of Personal Carbon Offsetting: How to Buy Your Way Neutral*
- *Green-roof Reno: How an IISD Staffer Flipped His Roof*

"The Eco-Living series serves as a voice for real change on a grassroots level."

IISD staff learn how to compost with worms.





# Auditors' Report

To the Members of The 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, 2008 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.

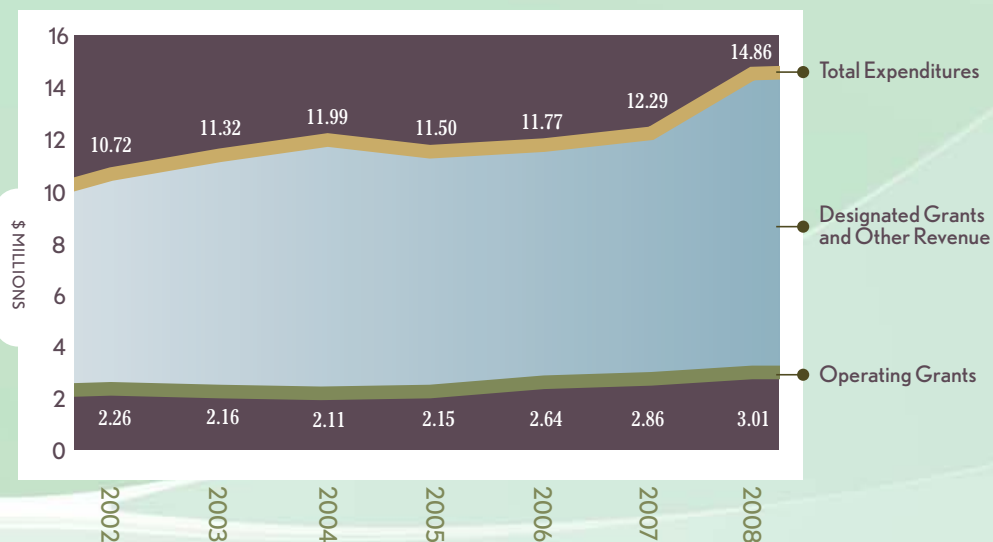
In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Institute as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Deloitte & Touche LLP*

Chartered Accountants  
Winnipeg, Manitoba  
May 22, 2008

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2002-2008 IISD Financing Trend



# Consolidated Statement of Financial Position

March 31, 2008

	2008	2007
<b>ASSETS</b>		
CURRENT		
Cash	\$ 1,592,542	\$ 1,861,681
Marketable securities	7,923,045	7,386,657
Accounts receivable	7,747,287	7,768,092
Prepaid expenses and deposits	148,889	89,456
	<hr/> 17,411,763	<hr/> 17,105,886
CAPITAL ASSETS	432,536	464,596
	<hr/> \$ 17,844,299	<hr/> \$ 17,570,482
<b>LIABILITIES</b>		
CURRENT		
Accounts payable and accrued liabilities	\$ 1,653,513	\$ 1,635,850
Deferred revenue	7,967,108	8,389,952
	<hr/> 9,620,621	<hr/> 10,025,802
<b>NET ASSETS</b>		
Net assets invested in capital assets	432,536	464,596
Reserve for program development	4,754,179	4,836,664
Reserve for long-term development	833,481	1,003,136
Innovation Fund	45,764	141,137
Campaign Fund	31,453	—
Unrestricted net operating assets	2,126,265	1,099,147
	<hr/> 8,223,678	<hr/> 7,544,680
	<hr/> \$ 17,844,299	<hr/> \$ 17,570,482



# Consolidated Statement of Operations

For the Year Ended March 31, 2008

	2008	2007
<b>REVENUE</b>		
Designated grants	\$ 11,836,739	\$ 9,319,176
Operating grants	3,013,569	2,857,130
Innovation Fund	107,328	46,213
Interest	363,352	316,899
Other revenue	278,519	433,086
<b>TOTAL REVENUE</b>	<b>15,599,507</b>	<b>12,972,504</b>
<b>EXPENSES</b>		
Projects		
Trade and Investment	4,845,587	3,916,182
Reporting Services	3,086,864	2,685,514
Climate Change and Energy	1,612,038	1,488,547
Sustainable Natural Resources Management	1,459,297	788,649
Measurement and Assessment	945,921	677,515
Knowledge Communications	941,323	807,656
Economic Policy	48,787	68,817
New Project Development	82,485	135,242
Innovation Fund	109,715	46,528
	<b>13,132,017</b>	<b>10,614,650</b>
Administration	872,747	877,591
Fund Development and Outreach	694,687	668,580
Board	157,138	132,245
<b>TOTAL EXPENSES</b>	<b>14,856,589</b>	<b>12,293,066</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>742,918</b>	<b>679,438</b>
<b>APPROPRIATION TO (FROM)</b>		
<b>UNRESTRICTED NET OPERATING ASSETS</b>		
Net assets invested in capital assets	32,060	(109,739)
Reserve for program development	82,485	(1,364,758)
Reserve for long-term development	169,655	315,666
<b>INCREASE (DECREASE) IN UNRESTRICTED NET OPERATING ASSETS</b>	<b>1,027,118</b>	<b>(479,393)</b>
<b>UNRESTRICTED NET OPERATING ASSETS, BEGINNING OF YEAR</b>	<b>1,099,147</b>	<b>1,578,540</b>
<b>UNRESTRICTED NET OPERATING ASSETS, END OF YEAR</b>	<b>\$ 2,126,265</b>	<b>\$ 1,099,147</b>

# 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	
	2008 (\$000's)	2007 (\$000's)
Governments and agencies		
Canada	\$ 2,795	\$ 2,115
International	5,840	4,514
	8,635	6,629
United Nations agencies	715	667
International organizations	509	445
Philanthropic foundations	237	1,249
Private sector and other	1,073	489
	\$ 11,169	\$ 9,479

Designated grants and other revenue which includes publication sales, cost recoveries and, in the case of Administration, Fund Development and Outreach the unrealized foreign exchange gain recognized at March 31 in the amount of \$22 thousand (2007 – \$201 thousand gain), are summarized by activity area as follows:

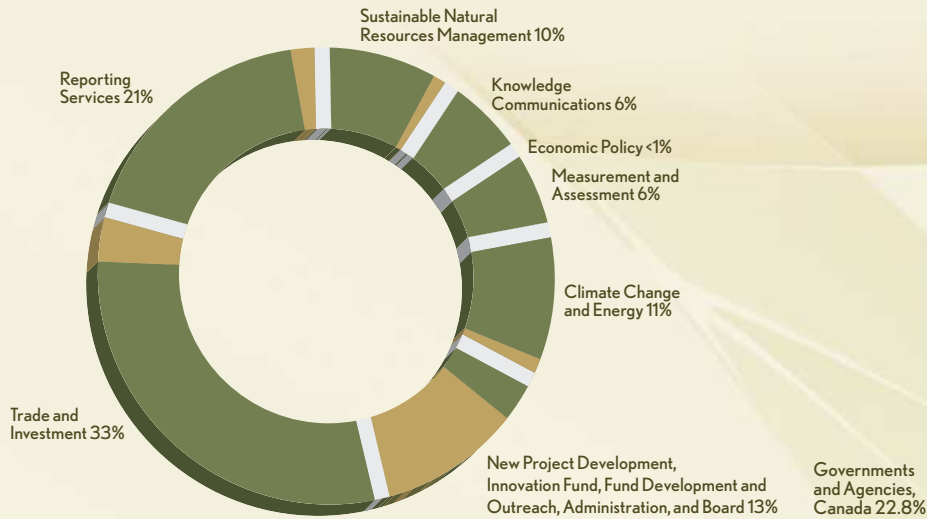
Activity Area	Other Revenue (\$000's)	Innovation Funds (\$000's)	Designated Grants (\$000's)	Total (\$000's)
Trade and Investment	\$ 1	\$ –	\$ 4,521	\$ 4,522
Reporting Services	–	–	2,837	2,837
Climate Change and Energy	96	–	1,334	1,430
Sustainable Natural Resources Management	15	–	1,343	1,358
Measurement and Assessment	13	–	824	837
Knowledge Communications	7	–	821	828
Economic Policy	3	–	31	34
Administration, Fund Development and Outreach	144	–	126	270
	279	–	11,837	12,116
Innovation Fund	–	107	–	107
	\$ 279	\$ 107	\$ 11,837	\$ 12,223

**Operating grants** IISD has entered into renewed funding arrangements with the Government of Canada (Environment Canada and the Canadian International Development Agency (CIDA)) for a three year period from April 1, 2005 to March 31, 2008. The arrangement with CIDA provides operating grants. The arrangement with Environment Canada provides a blend of operating grants and contributions in support of research that is consistent with the interests and priorities of Canada. IISD has also renewed its funding agreements with the Government of Manitoba and the International Development Research Centre (IDRC) for five and six year periods ending March 31, 2011 and June 30, 2012 respectively. Both of these arrangements also provide for a blend of operating grants and contributions in support of research that is consistent with the interests and priorities of the funders.

A summary of the operating grant funding is as follows:

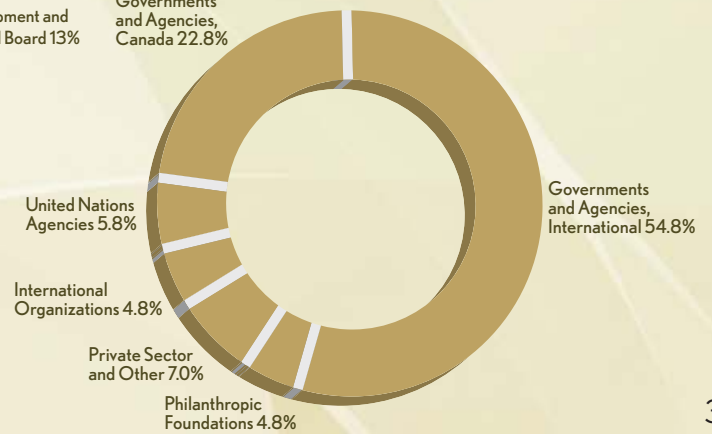
	Funding Commitment (\$000's)	Funding Recorded		Funding Commitment Remaining (\$000's)
		2008 (\$000's)	Prior years (\$000's)	
Government of Canada				
Environment Canada	\$ 1,375	\$ 375	\$ 1,000	\$ –
Canadian International Development Agency	4,280	1,520	2,760	–
Government of Manitoba	4,186	837	837	2,512
International Development Research Centre	1,907	282	–	1,625
Operating grant revenue	\$ 11,748	\$ 3,014	\$ 4,597	\$ 4,137





**2007-2008 Revenue and Expenses by Activity Area**  
Total expenses of \$14,856,589

Financed by:  
 Operating Grants  
 Designated Grants and Other Revenue



**2007-2008 Designated Grant Revenue by Donor**  
Total designated grant revenue of \$11,836,739

## Schedule of Operations By Activity Area (\$'000's)

For the Year Ended March 31, 2008

	Trade and Investment	Reporting Services	Climate Change and Energy	Sustainable Natural Resources Management	Measurement and Assessment	Knowledge Communications	Economic Policy	New Project Development	Innovation Fund	Administration	Fund Development and Outreach	Board	2008 Total	2007 Total
Revenue	\$ 4,522	\$ 2,837	\$ 1,430	\$1,358	\$ 837	\$ 828	\$ 34	\$ -	\$ 107	\$ 111	\$ 159	\$ -	\$ 12,223	\$ 9,798
Personnel	2,203	934	920	913	572	445	34	55	58	648	388	-	7,170	6,123
Collaborators	1,321	816	108	231	168	307	-	13	21	25	13	-	3,023	2,548
Travel	641	1,016	295	145	77	94	5	13	14	60	49	-	2,409	1,851
Rent	128	115	45	50	32	24	2	-	7	30	21	-	454	344
Supplies and other	131	58	55	48	24	21	3	-	10	54	52	-	456	410
Publishing	131	28	24	9	33	6	-	1	-	-	67	-	299	220
Amortization of capital assets	55	57	21	27	16	13	3	-	-	19	19	-	230	227
Meetings	171	100	100	11	4	16	-	-	-	16	70	-	388	165
Telecommunications	44	59	35	17	16	12	1	-	-	16	13	-	213	224
Board	-	-	-	-	-	-	-	-	-	-	-	157	157	132
Research materials	21	4	9	8	4	3	1	-	-	5	3	-	58	49
<b>Total expenses</b>	<b>4,846</b>	<b>3,087</b>	<b>1,612</b>	<b>1,459</b>	<b>946</b>	<b>941</b>	<b>49</b>	<b>82</b>	<b>110</b>	<b>873</b>	<b>695</b>	<b>157</b>	<b>14,857</b>	<b>12,293</b>
Excess of (expenses over designated grants and other revenue) designated grants and other revenue over expenses	\$ (324)	\$ (250)	\$ (182)	\$ (101)	\$ (109)	\$ (113)	\$ (15)	\$ (82)	\$ (3)	\$ (762)	\$ (536)	\$ (157)	(2,634)	(2,495)
Excess of expenses over designated grants funded by:														
Operating grants													3,014	2,857
Interest													363	317
Excess of revenue over expenses													\$ 743	\$ 679

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

For the Year Ended March 31, 2008

## Government of Canada (and Agencies)

International Development Research Centre (IDRC)	\$ 876	
Environment Canada	429	
Agriculture and Agri-Food Canada	300	
National Resources Canada	273	
Canadian International Development Agency (CIDA)	135	
Department of Foreign Affairs and International Trade	108	
International Fund for Agriculture Development (IFAD)	36	
Wildlife Conservation Society (WCS)	20	
Federal Office for Agriculture	16	
Industry Canada	10	
Indian and Northern Affairs Canada (INAC)	10	
National Round Table on Environment and Economy	9	
	<u>2,222</u>	

## Governments of provinces

Manitoba	477	
Alberta	53	
British Columbia	16	
Ontario	17	
Nova Scotia	5	
Quebec	5	
	<u>573</u>	

## Governments of other nations

Norway		
Norwegian Agency for Development Cooperation (NORAD)	1,243	
Ministry of Foreign Affairs	122	
Ministry of the Environment	<u>34</u>	1,399
Switzerland		
State Secretariat for Economic Affairs (SECO)	999	
Swiss Agency for Development and Cooperation (SDC)	106	
Federal Office for the Environment (FOEN)	<u>104</u>	1,209
Denmark		
Royal Danish Ministry of Foreign Affairs	744	
Germany		
Federal Ministry for the Environment	568	
Netherlands		
Ministry of Foreign Affairs	427	
Environmental Assessment Agency	<u>28</u>	455
United Kingdom		
Department for International Development	284	
Finland		
Finnish Ministry of Foreign Affairs	195	
European Commission	154	
Italy		
Italian Ministry for the Environment, Land and Sea	146	
Spain		
Spanish Ministry of the Environment	131	
Japan		
Institute for Global Environmental Strategies (IGES)	71	
Global Industrial and Social Progress Research Institute (GISPRI)	<u>26</u>	97
Austria		
Austrian Federal Ministry of Agriculture, Forestry, Environment and Water Management	97	
Sweden		
Ministry of the Environment of Sweden	96	
Australia		
Australian Agency for International Development	94	
France		
Institut de l'Energie et de l'Environnement de la Francophonie	70	
New Zealand		
Ministry of Foreign Affairs and Trade	40	

Taiwan		
Forestry Bureau, Council of Agriculture	40	
Belgium		
Belgian Technical Cooperation	21	
	<u>5,840</u>	

## United Nations agencies

United Nations Environment Programme (UNEP)	547	
United Nations Framework Convention on Climate Change	67	
United Nations Industrial Development Organization (UNIDO)	31	
United Nations Food and Agriculture Organization (FAO)	19	
United Nations Development Programme (UNDP)	18	
Others (under \$10,000)	33	
	<u>715</u>	

## International organizations

Common Fund for Commodities (CFC)	121	
The World Conservation Union (IUCN)	68	
CIRAD / IMOSEB Sec.	58	
World Resources Institute (WRI)	50	
Solidaridad (GDF)	42	
Lake Balaton Development Coordination Agency	41	
CORDAID	28	
International Centre for Environment Technology Transfer (ICETT)	18	
International Gorilla Conservation Programme (WWF)	18	
International Fund for Agricultural Development (IFAD)	16	
Organisation for Economic Co-operation and Development (OECD)	13	
International Centre for Trade and Sustainable Development (ICTSD)	12	
International Institute for Environment and Development (IIED)	10	
Others (under \$10,000)	14	
	<u>509</u>	

## Philanthropic foundations

CitiGroup Foundation	107	
Atkinson Foundation	103	
PEW Charitable Trusts	27	
	<u>237</u>	

## Private sector and other

Oxfam - Quebec	253	
Manitoba Hydro	106	
Cadbury Schweppes Plc.	97	
ÉcoRessources	81	
Prairie Agricultural Machinery Institute (PAMI)	50	
Alcan Inc.	45	
Bayer Crop Science A G	35	
Transcanada Corporation	33	
Intermediate Technology Development Group (TSCTD)	32	
Shell Canada	30	
Assembly of Manitoba Chiefs	29	
PNG Forest Authority ITC 42	28	
Serecon Management Consulting Inc.	26	
United States Energy Association	26	
Manitoba Clean Environment Commission	25	
INFRAS Consulting Group for Policy Analysis and Implementation	24	
Suncor Energy Inc.	20	
Directorate for Nature Management	20	
Holiday Travel	15	
HIVOS	15	
Conoco Phillips Canada	14	
Stratos Inc.	13	
Icelandic Soil Conservation Service	12	
Others (under \$10,000)	44	
	<u>1,073</u>	
		<u>\$11,169</u>