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IDEAS INTO ACTION

*Working at the Intersection
of Environment
and Human Needs*

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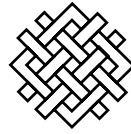
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WRI ANNUAL REPORT 2003

Ideas into Action

from the chairman...



Although I have spent the better part of the last few decades thinking about environmental issues, I am not a scientist. I cannot explain the intricacies of climate modeling or the precise impact of forest destruction on global CO₂ levels. But one thing of which I am certain is that

humanity now faces an urgent choice.

The solutions to many of these complex problems involve change: in our laws, in our enforcement, in international cooperation, and in our mindset. Change doesn't just happen; issues have to be ripe, the opportunity has to be there. And all of that can be for naught if the intellectual spade work hasn't been done ahead of time.

That is WRI's job. It knows the playing field, can anticipate the issues, and does the research and analysis that is crucial for the United States, and indeed the world, to be ready to act when the opportunity for change presents itself.

WRI does first-rate research of enormous integrity. It believes in taking that work and developing programs that address real problems. It is a catalyzing force for large-scale change around the world. As its Chairman, I am extremely proud of the independence of its thinking, the quality of its work and the originality of the ideas it puts into action. It is a trusted partner of governments, international agencies, corporations, and civil society. And I think that makes WRI unique.

I invite you to take a close look at this Annual Report and become engaged with this remarkable organization and the crucial issues it works on.

A handwritten signature in black ink, appearing to read 'William D. Ruckelshaus'. The signature is fluid and cursive.

William D. Ruckelshaus



from the president...



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

This drives our work at WRI and produced some remarkable results in 2003:


- ◆ *Global Forest Watch.* In Central Africa, Global Forest Watch established a groundbreaking partnership with the Interafrican Forest Industries Association to create tools for monitoring the private sector's voluntary commitments and compliance with forest laws. It's an important step in the fight against illegal logging.
- ◆ *Water Quality Trading.* When the U.S. Environmental Protection Agency adopted a first-ever market-based trading policy in waterborne pollutants, it was based in part on WRI's groundbreaking research and analysis demonstrating the cost-effectiveness of such trading programs in meeting regulatory limits for nutrient run-off.
- ◆ *Access to Information.* Working with a global coalition of civil society groups, the Access Initiative is helping NGOs assess public access to information and decisions regarding natural resources and the environment. Such an assessment persuaded the Government of Uganda to consult the public when

formulating a national policy on biotechnology and biosafety, and to collaborate with NGOs to develop new Freedom of Information legislation.

- ◆ *Greenhouse Gas Emission Protocol.* Businesses and organizations around the world are using the Protocol, a voluntary accounting and reporting mechanism that helps them to more effectively manage and reduce their greenhouse gas emissions—a primary cause of global climate change.
- ◆ *Building a Market for Green Power.* WRI and the 12 corporate members of the Green Power Market Development Group completed deals totaling 97 megawatts (MW) of renewable (green) power—enough to power 73,000 homes. The deal, the largest in U.S. history, is a substantial boost for the country's fledgling renewable energy market.

This report is intended to reach an eclectic array of people and institutions interested in WRI—partner organizations, research colleagues, government and intergovernmental agencies, nongovernmental organizations, funding institutions, corporations—as well as individuals who support WRI or are considering doing so.

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



Jonathan Lash



ideas into action



As we survey the landscape of environment and development challenges facing the world at the beginning of the 21st century, it is easy to feel overwhelmed by the scope and depth of these problems. The problems that threaten people's livelihoods are global, incremental, and irreversible—climate change, biodiversity loss, desertification, forest destruction, and growing stress on freshwater resources. These interrelated trends are tearing at the environmental web of life and threatening human well-being.

Remedies aimed at symptoms and attempts to protect small patches of our Earth will not work for long. Solutions that deny people's legitimate needs and aspirations are untenable in the face of vast disparities between rich and poor, connected and disenfranchised. The future will demand the institutions, policies, knowledge, and alliances necessary to implement solutions that are global and fair.

Not only do these problems have broad, transboundary impacts, they are, by their nature, extraordinarily complex, politically contentious, and economically demanding. Solutions will require the involvement of and approval by a wide range of interests, both public and private.



mission

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

OUR GOALS

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

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

HOW WE WORK

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

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

This report highlights ways in which our research, partnerships, and results have contributed to our five goals in 2003.



ecosystems



Accelerating degradation of Earth's ecosystems threatens the very survival of the planet. Biodiversity loss—driven by a host of increasing human demands—is happening at a rate that is at least 100 times faster than has been normal in the planet's history.

Beyond biodiversity, the planet's capacity to produce invaluable ecosystem goods and services—food and water, climate benefits, prevention of natural disasters, clean air—are increasingly compromised. Eleven million hectares of arable lands (an area slightly larger than South Korea) are lost each year through erosion, desertification, and toxification. People now use half the available surface water on Earth, and that use is growing twice as fast as population; by 2025, three billion people will live in 48 countries classified as water-stressed or water-scarce.

The challenge is to protect the health of critical ecosystems while enhancing our collective ability to meet the rapidly growing needs of the world's six billion people for food, fiber, water, and other ecosystem services; by mid-century, 9 billion people will need even more. The planet's poorest populations—those least protected from the degradation of our ecosystems—merit priority attention.



goal I

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

HIGHLIGHTS IN 2003

PARTNERS



“The maps of Russia’s Intact Forest Landscapes produced by GFW are a very valuable tool for IKEA when implementing our purchasing policy. Today, all our suppliers using wood from Russia have been provided with these maps in order to fulfill our requirement not to use wood from intact natural forests.”

Gudmund Vollbrecht
Forest Manager Trading Global, IKEA

Global Forest Watch:

Enhancing transparency and accountability in forest management

WRI’s Global Forest Watch (GFW) is an international partnership of nongovernmental organizations, academic and scientific institutions, government agencies, and private corporations. GFW partners work in regions that are home to many of the world’s most important forest ecosystems—in the Americas, Russia, Southeast Asia, and Central Africa.

The GFW network brings transparency and accountability into the processes that determine how forests are managed and for whom. GFW does this by tracking corporations, government agencies, and individuals that sponsor development activities, using remote sensing and other information technologies to map where these actors operate, and monitoring the degree to which they follow national and local forestry laws and regulations. For example:

- ◆ In Central Africa, GFW established a groundbreaking partnership with the Interafrican Forest Industries Association to develop tools for monitoring the private sector’s voluntary commitments and their compliance with forest laws.
- ◆ In Brazil, GFW—in partnership with Instituto Centro de Vida, Instituto de Homen e Meio Ambiente da Amazônia, and ABN AMRO/Banco Real—hosted a Forest Transparency Workshop, a landmark step toward developing and distributing data needed for improved forest management and governance.
- ◆ In Canada, GFW moved one step closer to completing an assessment of the world’s northern forests with the release of *Canada’s Large Intact Forest Landscapes*. The analogous assessment for Russia is being used by IKEA and 12 other companies to implement corporate wood procurement policies in Russia.
- ◆ In Chile, a GFW report—*Chile’s Frontier Forests: Conserving a global treasure*—contributed to a decision by the Chilean government to re-route a planned coastal highway around highly threatened temperate rainforests.



***Millennium Ecosystem Assessment:
Guiding decisions to improve ecosystem health and human well-being***

The Millennium Ecosystem Assessment (MA) is the most extensive study ever undertaken of the linkages between the world's ecosystems and human well-being. An independent, collaborative four-year effort by hundreds of scientists and research organizations in 70 countries, the MA's feasibility was first demonstrated by WRI's *Pilot Analysis of Global Ecosystems*.

WRI remains an active partner in the process, focusing on developing new indicators of ecosystem conditions and trends. WRI is also leading the engagement and outreach activities, which will help to institutionalize the MA.

The MA has been recognized by governments around the world as a means to support the assessment needs of four international environmental treaties. The parties to these treaties have formally endorsed the MA and established mechanisms to incorporate its findings into their decision-making processes. In addition, the National Academies of Science in 17 countries, along with eight other regional or international scientific organizations, have joined the MA as Affiliated Scientific Organizations.

The MA partnership expects to complete and publish the results of its work in 2005.

***Reefs at Risk:
Managing threats to coral reefs in the Caribbean***

Many people in coastal communities throughout Latin America and the Caribbean depend on the natural resources provided by reefs for their livelihoods. Ensuring proper management of the reefs is therefore vital for the economic and environmental health of the region. WRI's *Reefs at Risk in the Caribbean* project is designed to provide comprehensive, high quality data, maps, and other information about threats to the region's coral reefs, as an aid to more effective management of these vital resources. The project builds upon earlier success in Southeast Asia where a similar threats analysis led a regional planning authority in Malaysia to amend its statutory coastal zone management plan to limit coastal development near coral reefs.

The Caribbean project relies heavily on the expertise and knowledge of more than 20 local, regional, and international partner organizations. Early results from the collaboration are already generating interest and support from regional partners for more detailed local-level analyses, including the training of local staff in the application of the project's GIS model. WRI is working with partners such as the U.S. National Oceanic and Atmospheric Administration to use the data and modeling approaches from the Reefs at Risk study in regional planning activities; and with the University of the West Indies Caribbean Coastal Data Center to develop an Internet-accessible database on Caribbean ecosystems, including data from the Reefs at Risk Caribbean project. A final report will be published in 2004.



RESEARCH

Mining and Critical Ecosystems: Promoting environmentally and socially responsible mining



Mining can have far-reaching social and environmental impacts, in some cases on sensitive habitat and communities located far from the mine site. To address this issue, WRI produced the report *Mining and Critical Ecosystems: Mapping the Risks*, the first study to use digital mapping technology to identify areas that are potentially environmentally and socially vulnerable to mining activities.

Mining and Critical Ecosystems offers a tool that companies, governments, and civil society groups can use to set standards for environmentally responsible mining, or to define areas that should be placed off limits from mineral development. The report is being used to facilitate discussions among NGOs and corporate interests regarding future mineral investments. For example, drawing on the WRI study, the World Bank's Extractive Industries Review concluded that good governance practices are required for responsible extractive development and recommended that the Bank not support extractive industry projects in areas formally protected for conservation purposes.

Mining and Critical Ecosystems: Mapping the Risks

Based upon data from 4,500 active mines and exploration sites for the mining of metals and precious gemstones, the Mining and Critical Ecosystems study found that three quarters of these mines and exploratory sites worldwide are located in vulnerable watersheds and biologically rich ecosystems. About 10 percent of active mines and 20 percent of exploratory sites are located in areas of high conservation value, with a cluster (shown in this map) occurring in the Andean and Guiana Shield regions of South America.



Watersheds of the World: Managing water for people and nature

As water scarcity reaches crisis proportions in large parts of the world, water managers need data to make critical decisions about the most efficient use of this precious resource. Toward this end, WRI played a lead role in producing a comprehensive database of the world's river basins. The database was released—both as a CD and a website—at the Third World Water Forum in Japan in March 2003.

The *Watersheds of the World CD* presents maps and analysis on 20 global water issues. It also provides maps and key indicators for 154 of the world's river basins. Among the highlights, the global indicator analysis shows that:

- ◆ 1.4 billion people live in river basins where water is overused to the extent that serious environmental damage results
- ◆ 42 watersheds have lost more than 75 percent of their original forest cover
- ◆ by 2025, at least 3.5 billion people—or 48 percent of the world's projected population—will live in water-stressed river basins

The *Watersheds of the World CD* was produced by WRI, IUCN-The World Conservation Union, the International Water Management Institute, and the Ramsar Convention on Wetlands.



RESULTS

Nutrient Trading: Improving water quality through market-based incentives

Nitrogen and phosphorus run-off from agricultural operations are among the biggest polluters of waterways in the United States. In January 2003 the U.S. Environmental Protection Agency announced a new water quality trading policy. The policy calls for the use of economic incentives to meet water quality goals. It allows pollution sources, such as industrial and wastewater management facilities, to meet more stringent regulatory obligations by purchasing offsets or credits from facilities exceeding their mandated water quality standards or from non-regulated sources, like family-owned farms. For example, waste treatment plants could pay farmers within the same watershed to adopt conservation practices to reduce their nutrient run-off, thereby generating a credit for the treatment facility.



In making the announcement, EPA formally credited a WRI study—*Fertile Ground: Nutrient trading's potential to cost-effectively improve water quality*. Coupled with an on-line trading resource called NutrientNet (www.nutrientnet.org), WRI's work on nutrient trading provides a blueprint for developing water quality trading programs.

An additional study by WRI in 2003, *Awakening the Dead Zone: An investment for agriculture, water quality and climate change*, further showed nutrient trading to be the most cost-effective solution to the “Dead Zone” in the Gulf of Mexico. The Dead Zone is a phenomenon where nutrient pollution, largely from agricultural operations, causes oxygen levels to drop below what is necessary to sustain most marine life. The study also found nutrient trading had significant environmental benefits for climate change.



Drylands Management: Shifting to an ecosystems approach in Argentina

The world's drylands are often perceived as eroded lands with few people and limited options. In fact, drylands are remarkable ecosystems with unique development opportunities. Encompassing grasslands, agricultural lands, forests, and urban areas, they make up about 40 percent of the world's land area. Drylands are home to nearly 2 billion people—one third of Earth's population—many of them in countries where poverty rates are high.



An ecosystem approach to drylands management and development evaluates how human use of the ecosystem affects its functioning and productivity. As a fully integrated approach, it considers drylands' entire range of goods and services—for example, forage for livestock, woody vegetation used for fuel, biodiversity, and the soil's carbon storage capacity—and tries to optimize the benefits from the ecosystem as a whole.

Based on WRI's research report, *An Ecosystem Approach to Drylands*, the Government of Argentina decided in 2003 to use an ecosystem approach as part of its preliminary assessment of land degradation on the country's drylands. This is a major step for Argentina, where 75 percent of the population live in drylands and 75 percent of the country's land mass is drylands. WRI is collaborating with partners in Argentina to complete the assessment. Moreover, the UN Food and Agriculture Organization (FAO) has endorsed the ecosystem approach as a potential option for its global assessment of land degradation of drylands. The outcome of the Argentina analysis will be an important factor in deciding the future course of FAO's global drylands assessment.



“ Many of these protected areas are the last strongholds of nature, and now global changes driven by humans are battering their doors. We must find ways to adapt to these changes to ensure the long-term sustainability of our parks and protected areas. ”

*Dr. Kenton Miller
WRI Vice President for International Development and Conservation, and
Chair, IUCN World Commission on Protected Areas (WCPA)*

Spotlight

Securing Protected Areas in the Face of Global Change

Protected Areas and People. Experts warn that global changes such as climate change, growing population and resource consumption, and invasive alien species are threatening the unprecedented gains made in establishing the worldwide network of parks and protected areas.

Terrestrial protected areas cover nearly 17 million square kilometers—13 percent of the world’s land mass—in more than 100,000 separate sites throughout the world. While protected areas were initially established for recreation and wildlife conservation, they have now become places of high social and economic value, and are often the cornerstones of regional and national development strategies.

World Parks Congress. Dr. Kenton Miller, WRI’s Vice President for International Development and Conservation, and chair of the IUCN’s World Commission on Protected Areas (WCPA), ranks among the world’s leading experts on



protected area management. In September 2003, IUCN and the WCPA, under Dr. Miller’s leadership, held its Fifth World Congress on Protected Areas in Durban, South Africa. The World Parks Congress, as it has become known, convenes once every ten years and is the premier gathering of the world’s experts on protected areas.

WRI contributed extensively to the Congress through its Ecosystems, Protected Areas, and People project, a global partnership directed by Dr. Miller. The project’s interactive website, Protected Area Learning Network (PALNet), was endorsed by the Congress as a useful tool for protected area managers and policy-makers to exchange knowledge and experiences. Furthermore, the project’s working group on Local Communities and Equity played a key role in moving the Congress toward increasing and legitimizing the role of local and indigenous communities in managing and sustaining biological and wildlife habitats.



climate



There is now wide scientific consensus that the global climate is being significantly altered by an increase in greenhouse gas emissions, particularly carbon dioxide (CO₂).

The Intergovernmental Panel on Climate Change (IPCC)—first convened by the United Nations in 1988—brought together thousands of the world’s preeminent atmospheric scientists to assess the peer-reviewed scientific literature on climate change. According to the IPCC, if CO₂ emissions continue at the current rate, concentrations of CO₂ in the atmosphere will more than double by the year 2100 and the global average temperature will rise by anywhere from 1.4 to 5.8 degrees C (2.5 to 10.4 degrees F). Any increase within that range would constitute the largest such rise within the last 10,000 years.

This rise in temperature is a global problem that, if unaddressed, could undermine progress on every aspect of human development and ecosystem protection, including built infrastructure, food production, biodiversity, human health, and the natural systems that support growing economies.

Effective policies to prevent climate change will set the world on a new course, one characterized by cleaner energy sources, healthier ecosystems and societies, technological innovation, and economic opportunity.



goal 2

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

HIGHLIGHTS IN 2003

PARTNERS

“ We are pleased to welcome the World Resources Institute to the Exchange. WRI has a track record of leadership in building institutions needed to intelligently address climate risks. Being the first NGO to voluntarily commit to reduce its greenhouse gas emissions through CCX is indicative of WRI's leadership and vision. ”

Dr. Richard Sandor
Chairman and Chief Executive Officer,
Chicago Climate Exchange (CCX)

WRI Joins Chicago Climate Exchange: Creating market-based solutions to the problem of climate change

In September 2003, the World Resources Institute became the first nongovernmental organization to join the Chicago Climate Exchange (CCX). CCX is a self-regulatory exchange that administers the world's first multinational and multi-sector marketplace for trading and reducing greenhouse gas emissions. The Exchange enables members to receive credit for reductions, and to buy and sell credits in the most cost-effective way to achieve emission reductions.

WRI joined the CCX to strengthen this pioneering effort, and to help us maintain our organizational commitment to reduce our net carbon dioxide emissions to zero (see WRI's Carbon Dioxide Reduction Commitment on page 18). In addition, CCX members will be using the Greenhouse Gas Protocol—the first internationally accepted standard for measuring and reporting corporate greenhouse gas emissions—developed by WRI and the World Business Council on Sustainable Development (see Greenhouse Gas Protocol Initiative on page 18).

Climate Northeast Partnership: Creating a safe climate, sound business future

WRI's Climate Northeast partnership brings together companies to devise strategies to thrive in a carbon-constrained economy. Launched with eight prominent corporations based in the Northeastern United States, the partners share their experiences with greenhouse gas inventory development, energy management, green power purchasing, and related topics. The partners—Bristol-Myers Squibb, Citigroup, ConEdison, General Electric, Kodak, Northeast Utilities, Pfizer, and Staples—represent a variety of economic sectors. While all are based in the Northeastern United States, their interests are often global in nature.





***WRI Center for Transport and the Environment—EMBARQ:
Promoting sustainable urban transport solutions in the developing world***

Traffic congestion is the fastest growing cause of greenhouse gas emissions and hampers economic opportunities and overall quality of life. To address this problem, WRI, with financial support from the Shell Foundation, created *EMBARQ*—the WRI Center for Transport and the Environment. Its mission is to serve as a catalyst for socially, financially, and environmentally sound solutions to the problems of urban transport in cities in the developing world. *EMBARQ* recognizes that urban transport decisions are inherently political and that technical solutions, though necessary, are not sufficient to achieve broad and lasting improvements. The Center develops partnerships with empowered leaders of government, the private sector, and civil society. Backed by sound research and proven solutions, *EMBARQ* invites and embraces public-private partnerships to create and finance sustainable transport solutions.

The Government of Mexico City, the world's second largest metropolis, became *EMBARQ*'s first partner city in May 2002. Working primarily through the Secretary of the Environment, *EMBARQ* has helped persuade the Mayor of Mexico City to launch a bus rapid transit (BRT) corridor project designed to put the city's longest and most prominent avenue, Avenida Insurgentes, into operation as a bus priority corridor by the end of 2004. *EMBARQ* has organized vital project framing, management and external review procedures for the BRT project, which has vastly improved the quality and likelihood of its success.

Building on this initial success in Mexico, the city of Shanghai, China signed on as *EMBARQ*'s second partner city in November 2003. The goal is to enhance the city's ability to alleviate traffic congestion and air pollution. Through a memorandum of understanding with the Shanghai Municipal People's Government Construction and Management Commission, the partnership will create a set of sustainable transport indicators and design an innovative BRT system. The Mayor and Party Secretary of Shanghai reaffirmed their commitment to the adoption of BRT—a strong signal of political support to the various commissions and agencies in the government who are working with *EMBARQ*.



RESEARCH

Climate Indicators Tool: An information and analysis tool on climate change

What share of the greenhouse gases that cause climate change come from China or the United States? How much have India's emissions changed over the last decade? How does energy use in Europe compare to that of the United States? Until recently, these questions have been difficult or impossible to answer. The official repository of emissions data, maintained by the United Nations Framework Convention on Climate Change, is spotty and incomplete. For most countries, there is very little information; for a number of major countries, there is no data at all. To effectively address climate change at the global level, sound data and information are needed to support decision-making.

WRI's new Climate Analysis Indicators Tool (CAIT)—publicly released in December 2003 at the Climate Convention meetings in Milan, Italy—helps to fill this void. CAIT is an information and analysis tool on global climate change. CAIT includes a comprehensive and comparable database of greenhouse gas emissions data (including all major sources and sinks) and other climate-relevant indicators. This tool provides government policy-makers, advocates, the media, and academics with perhaps the most detailed picture yet of global emissions, as well as the ability to make calculations and comparisons in seconds. CAIT will enhance the universal information base needed for future policy decisions made under the Climate Convention and other forums, while simultaneously promoting more equitable access to information on climate change.

CAIT represents the first compilation of all GHG sources and sinks at the country level. Our vision is to have this tool serve as a common platform for government officials, advocates, and other observers to undertake quantitative analysis relevant to decisions under the Climate Convention.

Climate Analysis Indicators Tool (CAIT)

CAIT pulls together the best data available on climate indicators from around the world, to complement the less complete, official reports by national governments. For example, the tool has emission estimates for Mexico extending back more than 100 years. This screen shows Mexico's GDP, emissions, carbon intensity of economy, and energy use (from 1980-2000) plotted together in the same figure. Users can choose their own country or region, start and ending years, and different indicators. The tool is available on the CAIT website, <http://cait.wri.org>.



RESULTS

Greenhouse Gas Protocol Initiative: Engaging corporations to measure and reduce their GHG emissions

The Greenhouse Gas Protocol (GHG Protocol) Initiative is a broad international coalition of businesses, nongovernmental organizations, governments, and inter-governmental organizations. It operates under a partnership of the World Business Council for Sustainable Development and WRI. The Initiative brings together leading experts on greenhouse gas emissions to develop internationally accepted accounting and reporting standards for preparing greenhouse gas emissions inventories and developing reduction projects. The GHG Protocol provides a roadmap for corporations in the industrial sector to manage and reduce greenhouse gas emissions, a primary cause of global climate change.

As of 2003, over 100 companies have adopted the GHG Protocol Corporate Accounting Standard, including large multinationals such as Cargill, Dupont, and Honda, as well as companies in developing countries such as Tata Steel (India), Siam Cement (Thailand), and Philips (China). In addition, ten cement companies and four cement industry federations adopted the Protocol, while a French association of energy-intensive companies, AERES, adopted the Protocol as the accounting and reporting basis of its voluntary CO₂ emission reduction objective.

Also in 2003, the European Union's emissions allowance trading scheme used the GHG Protocol to draft European Union guidelines for monitoring and reporting greenhouse gas emissions. And, in partnership with the International Council of Forest and Paper Associations and the International Aluminum Institute, the GHG Protocol Initiative released new sector-specific calculation tools that are being used by major companies around the globe in the pulp and paper, and aluminum sectors to measure and reduce their emissions.

WRI's Carbon Dioxide Reduction Commitment: Moving WRI toward zero greenhouse gas emissions

To demonstrate its own commitment to protecting the climate, WRI staff voted in 1999 to reduce the organization's net carbon dioxide (CO₂) emissions to zero by 2005. In 2003, WRI's staff continued to "walk the talk" by becoming the largest environmental nonprofit organization in metropolitan Washington, D.C. to be 100 percent powered by renewable energy sources, significantly lowering WRI's annual greenhouse gas emissions.

WRI's experiences in implementing its CO₂ reduction commitment are documented in the book, *Working 9 to 5 on Climate Change: An office guide*. The guide can help other office-based organizations understand climate change and the steps they can take to measure and reduce their CO₂ emissions. It provides simple-to-use tools for calculating emissions from common sources such as electricity use; employee commuting; and business travel by air, rail, and road.



“ We joined this partnership in 2003 to help us diversify our energy purchasing. By working together, these 12 businesses can have a tremendous impact on supporting and developing renewable energy markets. ”

William Stavropoulos
President and CEO, Dow Chemical
Member, Green Power Market Development Group

Spotlight

Green Power Market Development Group: Advancing green power for a sustainable energy future

In the absence of U.S. government action on clean energy, a number of major U.S. companies have taken it upon themselves to jumpstart the renewable energy marketplace. The Green Power Market Development Group is a unique commercial and industrial partnership dedicated to building corporate markets for green power. The purchases include a wide variety of technologies and products, from on-site solar power and landfill gas to electricity from wind farms.

“The Green Power Group is beginning to make green power markets work for corporate buyers”

Charles O. Holliday, Jr.
Chairman and CEO, DuPont



Convened by WRI in 2000, the group—which includes Alcoa, Cargill Dow, Delphi, Dow Chemical, DuPont, General Motors, IBM, Interface, Johnson & Johnson, Kinko's, Pitney Bowes, and Staples—has a goal of purchasing 1,000 megawatts (MW) of new green power by 2010 at a cost-competitive rate. Three members of the group—Staples, Pitney Bowes, and Kinko's—now purchase green power to meet 10 percent of their U.S. electricity consumption.

In 2003, the Green Power Market Development Group nearly doubled its expectations for the year by purchasing 97 megawatts of green power—enough to power 73,000 homes. This brings the total amount purchased by the Group to 112 MW since it started identifying green power options in 2001. While these purchases represent a small share of U.S. energy consumption, it is a substantial boost for the country's fledgling green energy market.

Purchases include power from hydrogen fuel cells, wind, electricity from other renewables such as biomass and

geothermal resources, and the direct use of landfill gas for thermal energy. An innovative new green power product called a renewable energy certificate (REC) was also a significant part of the purchase. A REC purchase means renewable energy is delivered into the energy grid, replacing energy from dirtier fossil fuels and avoiding pollution. In all, these green power purchases will eliminate 435,000 metric tons of carbon dioxide emissions annually.

Group partners now lead the nation in several categories. Johnson & Johnson is the largest corporate buyer of wind power and the second largest corporate user of on-site solar photovoltaic systems in the United States. General Motors now tops the list of corporate purchasers of landfill gas. Dow and General Motors' 35-MW fuel-cell deal set a world record. Finally, the group's aggregate purchase of 36 MW of renewable energy certificates is also the biggest to date.



sustainable enterprise



The private sector provides goods and services that meet essential human needs, creates jobs and wealth in communities, and produces technologies that enhance the quality of life and economic productivity. These important functions, however, often come at the expense of the environment and social conditions. Many worsening global environmental trends can be traced to industry's extraction of natural resources, emission of pollutants, and overall large environmental footprint. Industrial activities can also directly impact human health and access to resources that communities depend upon.

As the influence of the private sector grows around the world, there is a unique opportunity for NGO advocacy and collaboration with the private sector to steer business investment and innovation toward finding solutions to environment and development challenges. WRI is known for its capacity to advance market-based policies. Our emphasis on economically sound policies, bold vision, and practical solutions has attracted business to collaborate with us for over a decade. WRI is unique in that we are the only organization that brings together corporations, entrepreneurs, investors, and business schools to accelerate change in business practice.



2003 HIGHLIGHTS

PARTNERS

***New Ventures:
Growing sustainable enterprises in developing countries***



Entrepreneurs can transform developing world economies and have a positive impact on social and environmental conditions. The New Ventures project supports sustainable enterprise creation in Latin America and Asia by accelerating the transfer of investment to outstanding small and medium-sized enterprises that incorporate social and environmental benefits. New Ventures selects enterprises based on economic, social, and environmental criteria to receive intensive mentoring to help them improve their business plans. This mentoring prepares the entrepreneurs for a subsequent presentation at a New Ventures Investor Forum. Since 2000, WRI has organized environmental investor forums in Latin America to convene investors, sector experts, and members of the international development community to showcase the enterprises as a new model of business and provide networking opportunities for investment.

Partnerships are central to the project's success at a local level. In Brazil, WRI partnered with the international bank, ABN-AMRO/Banco Real to promote New Ventures Brazil and engage potential new strategic partners. FINEP, a division of Brazil's Ministry of Science and Technology that finances innovation and technology, adopted the New Ventures agenda as part of its program to boost venture capital investments in Brazil.

In 2003, with the support of Citigroup, WRI partnered with Leadership for Environment and Development to convene the first investor forum in China. The three winning enterprises included a Beijing-based organic agriculture distributor that provides training to local farmers in organic farming and certification; a company that produces and exports organic honey to the United States, Japan, and Europe and holds 66 percent of the global market for organic royal jelly; and the only company in China to manufacture and market Rapid Test Kits for detection of genetically-modified-organism (GMO) products.

***Digital Dividends:
Business opportunities that serve the world's poor***

WRI's Digital Dividends project helps to bridge the digital divide by identifying business solutions that use digital technology to bring communication services and information to underserved populations in developing regions. The Digital Dividends Clearinghouse tracks enterprises that use Internet and Communications Technology (ICT) to serve poor communities. Currently the Clearinghouse contains data on over 900 local projects worldwide, with the highest concentration of projects located in Africa, Asia, and Latin America. The project has also produced 18 case studies on significant business and organizational models that appear both replicable and scaleable.

“ By stimulating commerce and development at the bottom of the economic pyramid, multinationals could radically improve the lives of billions of people and help create a more stable, less dangerous world. ”

C.K. Prahalad, World Resources Institute Board Member, and
Allen Hammond, WRI Vice President for Innovation
(“Serving the World’s Poor, Profitably”, *Harvard Business Review*, September 2003)

Based upon the lessons learned through the Digital Dividends Clearinghouse and the case studies’ business models, the project is now working to encourage new investment in communications infrastructure in developing nations—investments needed to help turn the tide on cyclical poverty. WRI has begun to partner with ICT companies willing to make such investments. In 2003, WRI and Microsoft were joined by British telecommunications giant Vodafone as a formal partner in the Digital Dividends project. Ericsson, Intel, and IBM are in early stages of engagement with the project.

RESEARCH

Green Investing: Corporate environmental performance in the auto industry

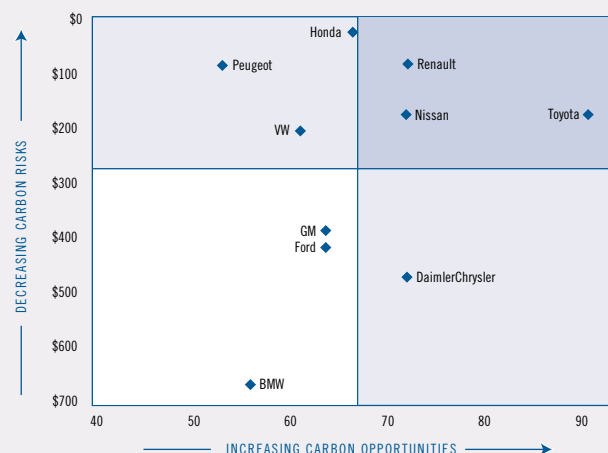
WRI’s research on capital markets and green investing is increasing investors’ awareness of the impact of corporate environmental performance on investment value and risk. Building on our previous work that quantifies the environmental risks facing the oil and gas industry, and the pulp and paper industry, WRI published the results of a new study in 2003 on the auto industry.

The report, *Changing Drivers: The Impact of Climate Change on Competitiveness and Value Creation in the Automotive Industry* highlights great differences in the ability of car companies to meet increased fuel economy standards, and to develop and commercialize lower-carbon emitting technologies such as hybrids, clean diesel, and fuel cells. In addition, for ten leading automotive companies, the study estimates how their different competitive positions might impact future earnings and stock price.

WRI and Sustainable Asset Management of Zurich partnered to produce the report, helping to gain considerable attention for its findings in both Europe and the United States. In the short time since the report’s release, WRI has learned that a prominent investment bank will adopt the findings into its future research.

Quantifying shareholder risk in the auto industry

Changing Drivers quantified the risks and opportunities facing ten auto companies from the introduction of carbon constraints in global auto markets. Toyota, Renault, and Nissan emerged as the companies best positioned to benefit financially from carbon constraints—because their vehicles are among the most efficient today—and above average opportunities to capitalize on carbon constraints—because of superior management positioning with regard to the development of new engine technologies.



**Beyond Grey Pinstripes:
*Ranking the social and environmental stewardship
curriculum of business schools***

If the next generation of business leaders is to excel at managing enterprises for greater competitiveness, it will need the knowledge and skills to tackle not only the financial but also the social and environmental challenges faced by today's corporations. Business schools provide the foundation for these future business leaders throughout the world.

Beyond Grey Pinstripes is the only ranking of business schools that takes into account environmental and social impact management. It spotlights the business schools and the faculty at the forefront of incorporating these issues into the fabric of their MBA programs. Students are using the ranking to help them decide which business school to attend; business school deans are modifying their curricula based upon the survey; and companies are seeking out graduates from the highest ranking schools.

The 2003 edition of *Beyond Grey Pinstripes*, co-authored by WRI and the Aspen Institute Business and Society Program, evaluated 188 schools and found that 100 schools from 20 countries include environmental and social stewardship topics in their curricula. The survey recognizes six schools on the cutting edge and another 30 schools with moderate to significant activity. Nevertheless, the study found the depth of coverage of these topics was severely limited in the core courses—accounting, finance, and marketing—that most powerfully shape the MBA experience.



“The launch of China BELL is a crucial step your Institute has taken in China... Only when MBA students, who are the country's future business leaders, are equipped with both awareness and knowledge of environmental protection and sustainable development can a country become really prosperous and stronger.”

Dr. Qu Geping, Chairman
Environmental and Resources Protection Committee
National People's Congress, People's Republic of China

RESULTS

Business-Environment Learning and Leadership: Training China's future business leaders

In addition to ranking business schools' success with incorporating environmental and social stewardship issues into their programs (as described on page 23), WRI is also helping these schools to create environmental curriculum and to train professors on how to teach it. After working for nearly a decade with business schools in Latin America and North America, the Business-Environment Learning and Leadership (BELL) program has expanded to China.

In 2003, China's National MBA Curriculum Advisory Committee—the body that determines what is taught in Chinese business schools—developed the first standard environmental management textbook for MBA students. The text is comprised of materials authored by WRI's China-BELL curriculum team leaders. The Committee has also integrated these materials into required training workshops for Chinese business school professors. This will ensure that all business schools have the tools to teach the country's future business leaders about the importance of sustainable enterprise.

Arsenic-Treated Wood: Changing U.S. government regulations

A WRI study revealing a dramatic shift in the use of arsenic—from agricultural chemicals to wood preservatives used in homes and playgrounds—prompted the U.S. Environmental Protection Agency to take new regulatory action in 2003.

In the study, *The Weight of Nations: Material Outflows from Industrial Economies*, WRI found that agricultural chemicals were the dominant source of potential arsenic outputs in 1975. By 1996, however, arsenic was no longer widely used in agricultural applications, but its use as a wood preservative had risen nearly 25-fold.

When treated wood products such as fences and flooring are chipped or burned at the end of their useful life, arsenic released into the environment is shown to pose a threat to young children. Studies also suggest that, over time, arsenic slowly leaches into soil and water from wood products treated with chromated copper arsenate (CCA).

The arsenic issue was highlighted by the WRI authors in numerous briefings at EPA and elsewhere. This information contributed significantly to the EPA decision to end virtually all residential uses of CCA-treated wood.



Spotlight

Turning a Profit with Green Coffee and Fair Trade

On a downtown street in Atlanta, Georgia, Café la Selva is part of an up-and-coming Mexico-based coffee chain started by a group of Mexican small investors working together with a nonprofit organization of peasant coffee farmers.

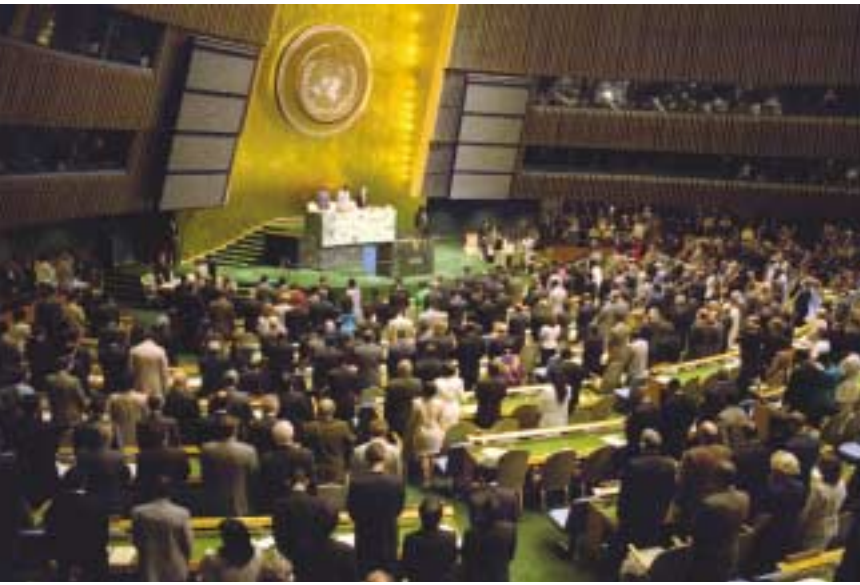
The franchise offers only high-quality coffee that is grown organically to protect the biodiversity of the jungles where it is produced, and supports the small-scale, indigenous farmers in Chiapas who grow the beans. The company sells enough coffee to support 1,350 indigenous families. “We now have 19 shops,” Emiliano Quintero, one of the company’s managers said recently. “In the next 5 years we would like to start 50 more cafés around the world.”

Quintero is building Café La Selva’s business plan with the help of several graduate business students from



Boston and Johns Hopkins Universities through WRI’s New Ventures program. In 2002, La Selva was one of the winners at a New Ventures Investor Forum. The coffee chain was awarded free management consulting services from the international firm Booz Allen & Hamilton.

access to information



In many countries, citizens face numerous barriers to learning about, much less influencing decisions that will have a direct impact on their immediate environment, natural resources, and livelihoods. Public access to information and decision-making produces more fair, effective, and sustainable decisions about how the environment will be governed. Such access empowers civil society to hold its governments accountable for their decisions.

In order to enforce access to information and decision-making, members of the public and public interest groups also must have access to redress and remedy. Without access to justice, access to information and decision-making cannot be guaranteed.

WRI works in two ways to enhance public access to information and decisions regarding natural resources and the environment. First, we provide reliable statistics and maps to decision-makers, the media, and the public. Second, in collaboration with local partners in countries around the world, we research how decisions are made and design practical solutions that help change the system of decision-making.



HIGHLIGHTS IN 2003

PARTNERS

***The Access Initiative and Partnership for “Principle 10”:
Toward transparent, participatory, accountable governance of the
environment***

The Access Initiative (TAI) is a global coalition of civil society groups promoting access to information, participation, and justice in decision-making that affects the environment. The coalition works to hold national governments accountable for their commitments to these ideas as expressed in Principle 10 of the 1992 Rio Declaration and more recently in the 2002 Johannesburg Plan of Implementation. TAI partners use a common methodology to conduct national-level independent assessments of both law and practice.

Through the rapid expansion of TAI and the related Partnership for Principle 10 (PP10)—a voluntary partnership of governments, international organizations, and NGOs that translates TAI partners’ research into action—WRI is helping to catalyze improvements in the way environmental matters are governed around the world. For example, TAI assessments persuaded:

- ◆ The Government of Chile to commit to collaborate with NGOs in developing a Pollutant Release and Transfer Registry, and to a program that builds the capacity of government officials to implement information disclosure and consultation practices,
- ◆ The Ugandan government to consult the public when formulating a national policy on biotechnology and biosafety, and to collaborate with NGOs to develop new freedom of information legislation.
- ◆ Indonesia’s Ministry of Environment to enter into a formal agreement with NGOs to target the gaps in implementation of Principle 10.

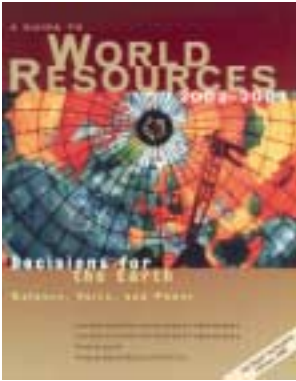
In 2003, after two years of research and testing, TAI produced a CD-ROM entitled *Assessing Access to Information, Participation and Justice for the Environment: A Guide, Version 1.0*. The *Guide* provides an interactive toolkit to help civil society groups assess their government’s commitment to access to information, public participation, and justice in decision-making for the environment. The *Guide* was distributed worldwide, and new assessments were initiated in Portugal, Estonia, Bulgaria, Kazakhstan, and Ukraine. More than a dozen countries in Asia, Africa, and Latin America are planning to launch assessments in 2004.

“Environmental issues are best handled with the participation of all concerned citizens.... At the national level each individual shall have appropriate access to information concerning the environment...and the opportunity to participate in the decision-making processes.... Effective access to judicial and administrative proceedings...shall be provided.”

Principle 10 of the Rio Declaration on Environment and Development, 1992

“ Our organizations are founding members of the Partnership for Principle 10, and as such we endorse this activity and commend it to others as a salient and practical response to the challenge of environmental governance. ”

Mark Malloch Brown, Administrator, UNDP
Klaus Töpfer, Executive Director, UNEP
James D. Wolfensohn, President, World Bank
Jonathan Lash, President, WRI
(Foreword, World Resources 2002-2004)



***World Resources Report:
Promoting environmental literacy and action***

The *World Resources Report*, published regularly since 1986 and now in its tenth edition, is produced by a longstanding partnership consisting of the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), the World Bank, and the World Resources Institute. It is the only collaboration in which these diverse institutions attempt to coordinate their policy recommendations and promote them with a united voice. *World Resources* has established itself with an international audience as the only global reporting series that focuses consistently on the intersection of economic development, human well-being, and environmental issues.

The most recent edition, *World Resources 2002–2004: Decisions for the Earth—Balance, Voice, and Power*, constitutes a primer on environmental governance and a profile of current trends and challenges in the area of environmental decision-making. A notable outcome of the report was the decision by the heads of UNDP, UNEP, the World Bank, and WRI to use the report as a platform to endorse and become active members of the Partnership for Principle 10 (PP10) (described on page 27). The active involvement of the *World Resources* partners has been instrumental in expanding the PP10 to some 20 organizations, including governments, international organizations, and civil society groups.



RESEARCH

Public Participation in International Decision-Making Arenas

Dissatisfaction with the ability of international decision-making bodies to solve environment and development challenges has raised questions about the openness and accountability of international decision-making.

A WRI report published in 2003—*Aligning Commitments: Public Participation, International Decision-Making, and the Environment*—examines three kinds of international decision-making: multilateral development bank (MDB) lending, the negotiation of multilateral environmental agreements (MEAs), and the development of trade and regional economic policies. The study concluded that:

- ◆ Policies on public participation and avenues for the public to seek redress or file complaints with regard to the environmental consequences of international decisions are weak or nonexistent.
- ◆ Domestic constituencies are rarely included in international negotiation processes or agreements.

WRI's research influenced the demands of advocacy groups and increased pressure on 26 governments of the Organisation for Economic Cooperation and Development (OECD) to bring the lending practices of their export credit agencies closer into line with those of multilateral development banks. As a result, in November 2003 the governments of the OECD agreed to require their export credit agencies to release environmental impact assessments before decisions are taken on whether or not to provide financial support for projects with significant environmental impacts. This report also informed the debate around public participation in the Free Trade Area of the Americas (FTAA) including the creation of a civil society forum where citizens and public interest groups can raise social and environmental concerns.

RESULTS

Decentralization Reform: Shifting control over natural resources to local institutions

National governments throughout the developing world are experimenting with programs that provide more control over natural resources to local governments and institutions. In Africa and Asia, WRI is working in 12 countries to identify best practices for the design and implementation of decentralization policies by supporting local researchers and engaging national policy-makers.

In 2003, WRI's research was used by the Forest Service in Senegal to design new policies that would open a lucrative charcoal market to local producers while ensuring the sustainable use of forest products. In Mali, the Minister for the Environment used WRI's recommendations to formulate guidelines for the decentralization of forest resource management.



access to information

Poverty Mapping: Helping to empower the poor and target public resources and services

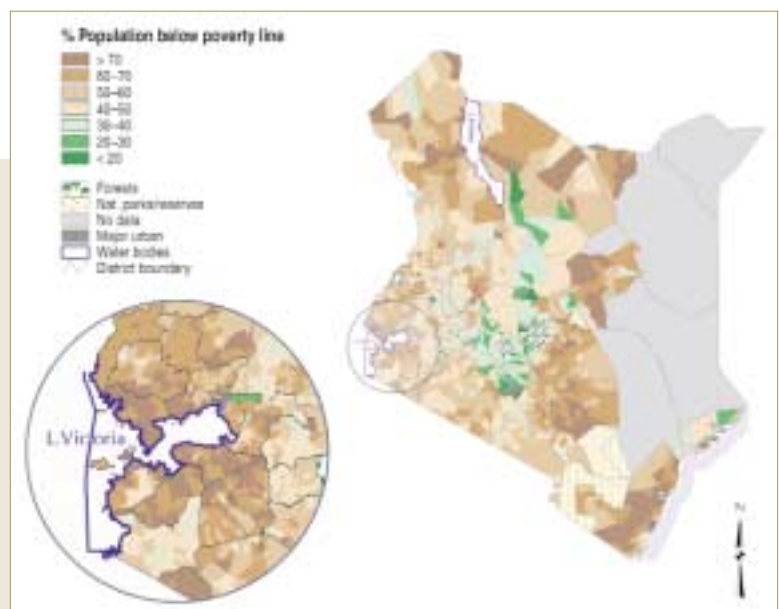
Development organizations are increasingly demanding geo-referenced information on the location of the poor and the magnitude of poverty to set priorities, target program interventions, empower local communities, and improve their understanding of the causes and effects of poverty. Sub-national data on human well-being and poverty are dispersed among many different international and national institutions; no global poverty map exists that shows poverty rates at better than national scale. Over the past four years, WRI has built a network of experts to develop a methodology for producing sub-national poverty maps and to compile a geo-referenced database of human well-being and poverty indicators at the sub-national level.

In 2003, WRI helped the Government of Kenya to produce an atlas of high-resolution poverty maps. The atlas builds on lessons learned from the documented case studies in *Where are the Poor? Experiences with the Development and Use of Poverty Maps*, which was published in 2002 by WRI and UNEP/Grid-Arendal. When these maps are combined with other information, such as access to and quality of public services and natural resources, they can help policymakers determine where investments in infrastructure and services can have the greatest impact on people's lives.

Kenya Releases New Poverty Maps

In October 2003, the Government of Kenya released its first atlas of high-resolution poverty maps: *Geographic Dimensions of Well-Being in Kenya: Where are the Poor?* For the first time, Kenya's government is providing reliable poverty data for all of the country's 2,070 rural and 496 urban administrative units.

At the official launch of the atlas, Kenyan government officials noted that these maps can become an important tool in implementing poverty reduction programs more effectively and inclusively.



***EIS-Africa, a Pan-African NGO:
Bringing environmental information to decision-makers in Africa***

The computer and the Internet have come to Africa in a big way. Experts in natural resources, agriculture, health, water, wildlife, and many other aspects of development use environmental information systems (EIS) and computerized mapping, often referred to as Geographic Information Systems (GIS), to assess the extent, condition, and value of resources. But the region lacks the institutions needed to help experts share the data, methods, ideas, and results of their work across countries, regions, and language barriers.

In 2002, to help remedy this situation, WRI helped turn an international advisory committee into a formal, pan-African NGO—EIS-Africa: A Network for the Cooperative Management of Environmental Information. EIS-Africa, now acknowledged by many to be the premier pan-African NGO on environmental and development information, helps bring geo-spatial information to bear on the problems of Africa. The Network documents stories and helps decision-makers apply lessons learned to create new successes—for example, improved location of waste disposal sites in The Gambia; rapid response to cholera outbreaks in South Africa; and improved mapping of land mines in Mozambique.

Spotlight

EarthTrends (<http://earthtrends.wri.org>): Information to inspire change

A policy analyst in Pretoria needs to identify differences in water usage. A teacher is looking for data on forest cover in the Amazon for a course on forest policy. All over the world, journalists, policy-makers, researchers, and academics need reliable data about environmental and social conditions to shape their decisions and research.

WRI responds to this need with EarthTrends, an on-line resource providing the public with a comprehensive collection of statistics, graphics, and fresh analysis on the environmental, social, and economic trends that shape our world. Since 2002, Web traffic to EarthTrends has quadrupled as a result of enhanced content, greater access, and expanded use.

Enhanced Content. Country profiles in each of EarthTrends' 10 topic areas provide vital statistics for over 200 countries. Users can query over 660 variables in the searchable



database, including 50 new indicators measuring freedom, global governance, and access to information.

Greater Access. A new low-bandwidth companion website targets developing world users, providing all of the information available on the original EarthTrends site without the high-resolution graphics. A separate service, "EarthTrends via e-mail", allows users without access to a reliable Web server to receive information through simple, structured e-mail requests.

Expanded Use. The media's expanding use of EarthTrends has allowed WRI to educate the public and to influence a growing set of policy-makers. *The New York Times*, CNN, *The Economist*, the *Oman Economic Review*, and the *Satakuunan Kansa News* (Malaysia), among others, have referenced EarthTrends as a source for their statistics, maps, and analysis.

institutional excellence

For more than two decades, WRI has built a reputation as an incubator of ideas that help protect the Earth and improve people's lives. We strive to use every means at our disposal—our data and research, our convening power, our international network, our website, our communications tools—to convert our information and ideas into real results. The Institute concentrates its resources to achieve results that contribute to the four goals described in this annual report.

WRI established a fifth goal—Institutional Excellence—to track the organization's capacity to achieve our program results. To monitor progress toward this goal, WRI launched a “managing-for-results” initiative that shifted our management approach from a focus on projects and products to a focus on measurable changes in the world. We also measure our performance through independent assessments of our financial stewardship and program effectiveness, by the impact of our website, and by the breadth and depth of our staff.



HIGHLIGHTS IN 2003

MANAGING FOR RESULTS

The decision to systematically manage for results represented a significant cultural change for WRI—from a focus on projects and products to a focus on results. To help encourage and monitor this change, we developed an Internet-based reporting and planning tool to make our management reporting more rigorous and comprehensive. Designed by WRI staff to meet the Institute's specific needs, the software is used by project managers to establish and manage project objectives and milestones, to report progress made, and to help link project activities to the broader institutional mission, goals, and objectives. By 2003, all project managers were using the system to provide monthly progress reports. The tool is a work in progress, and will be continually updated and improved.

Key Indicators

<i>Outcomes Achieved</i>	82
<i>Countries We Work In</i>	77
<i>Partnerships Around the World</i>	550

INDEPENDENT ASSESSMENT

As WRI strengthens its internal processes to manage for results, the Institute continues to receive independent recognition for program effectiveness and financial stewardship. For example:

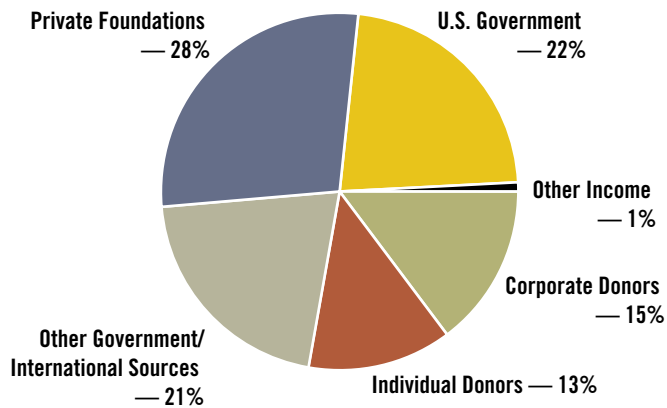
- ◆ *Charity Navigator*. WRI received the highest possible rating of “four stars” from *Charity Navigator* (<http://www.charitynavigator.org>), the independent “guide to intelligent giving”. Charity Navigator gives a four-star rating to organizations that, in their view, are “exceptional” and “exceed industry standards and outperform most charities in its cause.”
- ◆ *Worth Magazine*. For two years in a row, the respected investment publication, *Worth*, named WRI as one of its “Top 100 Charities” and one of the top eight environmental groups. From among more than 800,000 public charities in the United States, *Worth* selected the 100 nonprofits that, in their assessment, “have had the biggest impact.”

WEBSITES

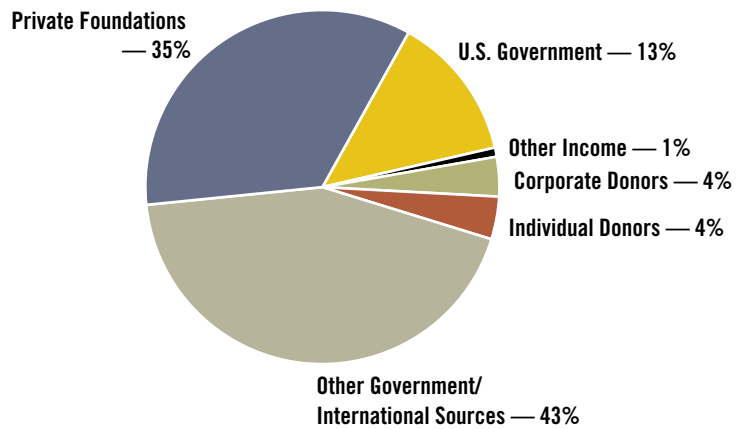
WRI's website, www.wri.org, has been instrumental in enhancing the Institute's ability to influence policy change. In 2003, the International Academy of Digital Arts and Sciences nominated WRI's website for its “Webby” award, acknowledging it as one of the five best sites in the “activism” category. WRI also maintains a variety of other websites that support its program goals (see page 38).



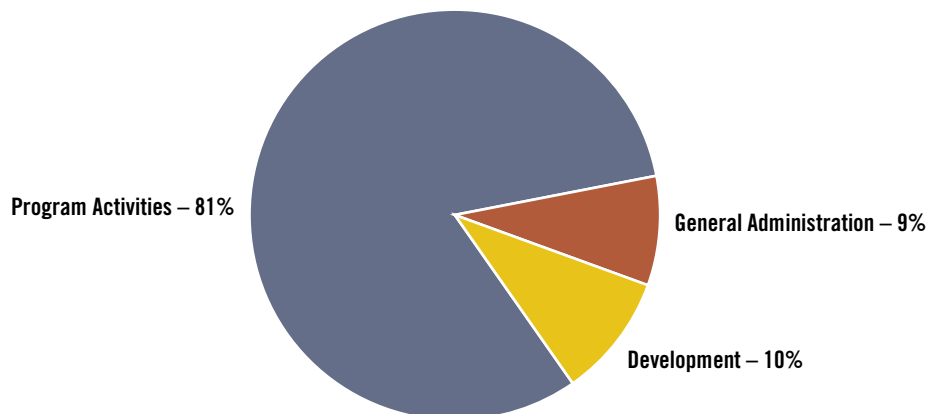
Sources of Revenue
FY2003



Sources of Revenue
FY2002



Uses of Operating Funds
FY2003



WRI Financial Statements

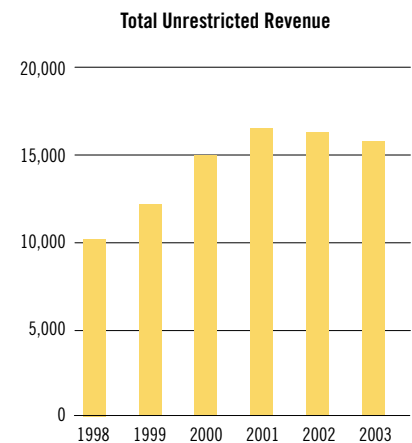
At September 30, 2003, with comparative totals for 2002

STATEMENT OF CONSOLIDATED ACTIVITIES

	TOTAL 2003	TOTAL 2002
Changes In Unrestricted Net Assets		
Revenues, and Other Support		
Grants/Contributions	\$4,305,000	\$7,226,000
Federal Grants and Cooperative Agreements	2,743,000	3,411,000
Publications/Other	128,000	189,000
Net Assets Released from Restrictions	9,121,000	6,011,000
Total Unrestricted Revenues	16,297,000	16,837,000
Expenses		
Program Activities	16,079,000	16,598,000
General Administration	1,704,000	1,673,000
Development	1,908,000	1,770,000
Total Expenses	19,691,000	20,041,000
Results from Operations	(3,394,000)	(3,204,000)
Investment Gain/(Loss)	6,536,000	(2,137,000)
Change in Unrestricted Net Assets	3,142,000	(5,341,000)
Changes In Temporarily Restricted Net Assets		
Revenue Grants/Contributions	4,957,000	14,500,000
Net Assets Released from Restrictions	(9,121,000)	(6,011,000)
Change in Temporarily Restricted Net Assets	(4,164,000)	8,489,000
Changes In Permanently Restricted Net Assets		
Revenue Grants/Contributions	100,000	0
Change in Net Assets	(922,000)	3,148,000
Net Assets at Beginning of Year	49,443,000	46,295,000
Net Assets at End of Year	\$48,521,000	\$49,443,000

KEY INDICATORS OF FINANCIAL POSITION

Total Assets	\$53,293,000	\$53,885,000
Total Liabilities	\$4,772,000	\$4,442,000
Total Unrestricted Net Assets	\$8,593,000	\$5,451,000
Temporarily Restricted	14,828,000	18,992,000
Permanently Restricted	25,100,000	25,000,000
Total Net Assets	\$48,521,000	\$49,443,000
Total Liabilities And Net Assets	\$53,293,000	\$53,885,000



wri supporters

October 1, 2002 to September 30, 2003

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David C. Aldrich
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Lowell Dodge
Strachan Donnelley
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(SDC)
United Kingdom Department for International
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Environmental Defense
Cesar Environmental Economics Consulting
Institute for Sustainable Development
International Energy Initiative, Inc.
IUCN-The World Conservation Union
The Nature Conservancy
Ramsar Convention on Wetlands
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Project sites are often developed in collaboration with our partners and, while they follow WRI Web design standards and guidelines, they often have design and navigation structures which differ slightly from other WRI websites—reflecting the unique content and collaborative nature of the sites.

Goal 1: Healthy Ecosystems

www.globalforestwatch.org
www.millenniumassessment.org
www.nutrientnet.org

Goal 2: Stable Climate

cait.wri.org
embarq.wri.org
www.ghgprotocol.org
www.thegreenpowergroup.org
www.safeclimate.net

Goal 3: Sustainable Enterprise

www.beyondgreypinstripes.org
www.new-ventures.org

Goal 4: Access to Environmental Information and Decisions

earthtrends.wri.org
www.accessinitiative.org
www.pp10.org
www.digitaldividend.org



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Washington, DC 20002
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