

GRID-Arendal Annual Report 2011



UNEP

GRID
ARENDAL

Environmental Knowledge for Change

Our mission

The mission of GRID-Arendal, which was established to support the UN in the field of environment, mainly through its Environment Programme (UNEP), is to create environmental knowledge enabling positive change. This is achieved by organizing and transforming available environmental data into credible, science-based information products, delivered through innovative communication tools and capacity-building services targeting relevant stakeholders.

Our vision

GRID-Arendal's vision is a society that understands and values the environment on which it depends. In pursuing this vision, GRID-Arendal strives to be a creative, sustainable and motivating environmental organization making a difference locally and globally.

Our values

Environment

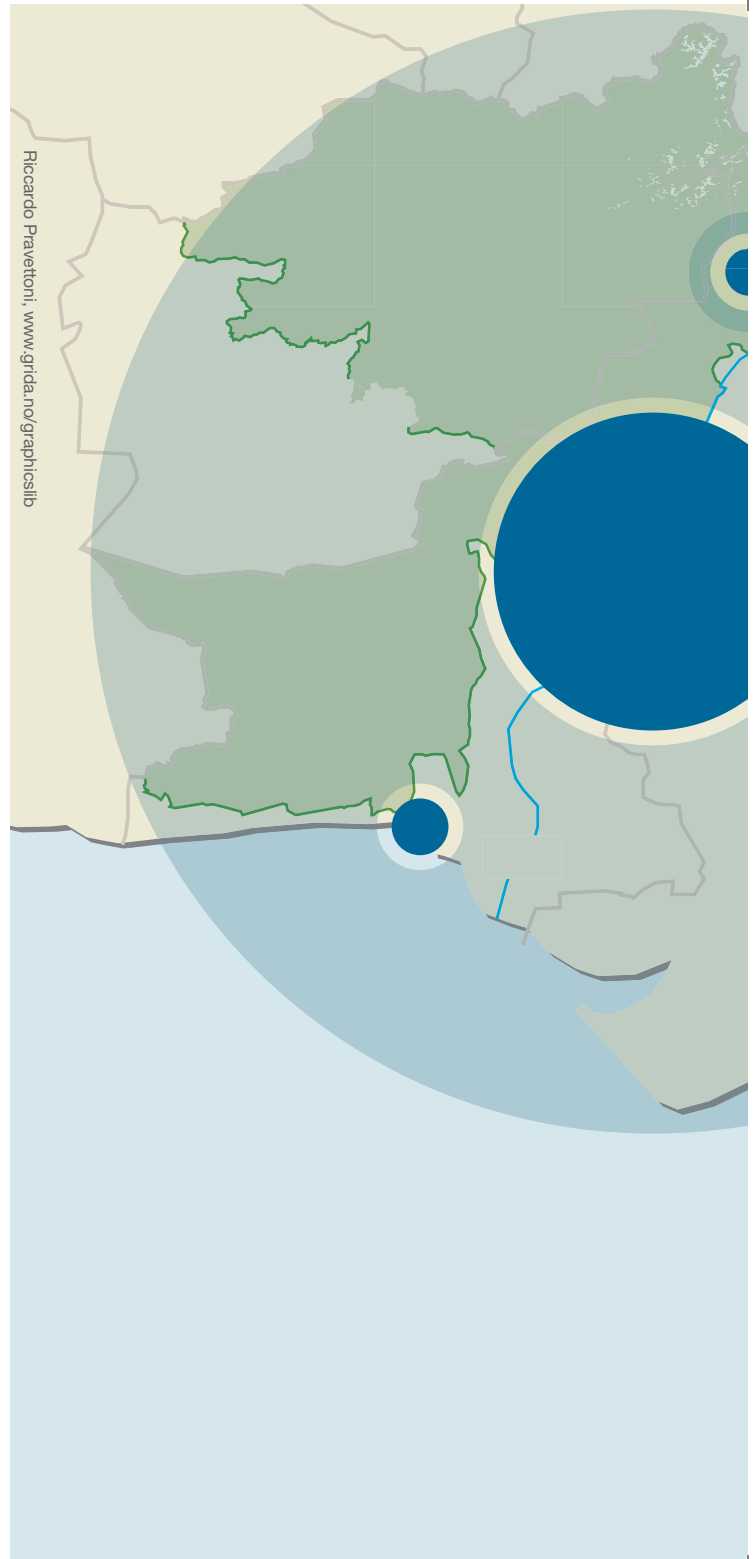
- Knowledge-based information
- Empowerment for action
- Apply a green lens to all our thinking and actions
- Ensure a legacy for future generations

Diversity

- Knowledge and Thinking
- Nature
- People
- Creativity and Cooperation

Integrity

- Credibility
- Transparency
- Modesty
- Respect





GRID-Arendal Annual Report 2011

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Message from the Managing Director

GRID-Arendal's vision of a society that understands and values the environment is more important than ever. As was emphasized in the Rio+20 Outcome Document in June 2012, sustainable development cannot be achieved without a genuine commitment to an environmentally sustainable future for our planet.

To that end, GRID-Arendal strives to develop innovative ways to spread environmental messages and information to individuals, partner organizations, and decision-and policy-makers.

Building on its reputation as a facilitator of objective dialogue, GRID-Arendal continues to develop and strengthen its partnerships with institutions in Norway and around the world. Our international staff strives to connect institutions, NGOs, indigenous communities, the private sector, and civil society across cultures, geographic borders and disciplines.

GRID-Arendal's long-standing collaboration with UNEP continues to deepen and evolve. Our expertise in environmental publications remains at the centre of our partnership, but it has been complemented and reinforced by a growing range of services, products and expertise, including the contribution of analytical content to publications, project design and management, capacity building, and technical assistance geared towards UNEP staff as well as client countries.

The organisation's long history of work in the Arctic has expanded into the larger "cryosphere" with exciting projects in the Himalayas and Mongolia. Our Many Strong Voices project meanwhile, continues to gain international visibility.

While the UNEP Shelf Programme remains the cornerstone of the Marine programme, our increasing involvement in marine ecosystem services, particularly in the area of Blue Carbon and approaches to ecosystem-based marine management, is helping to forge a more cohesive, complementary and sustainable programme of work.

In Africa, our focus remains on building capacity through the preparation of environmental assessments and the production of environmental atlases. In Eastern Europe and Central Asia, we continue to strengthen the capacity of national institutions to manage environmental information. The aim of our work, is to produce reliable, accurate, understandable, and up-to-date information that is easily accessible to a wide audience.

GRID-Arendal has begun to mainstream the Results-Based Management (RBM) approach and the successes of 2011 are seen as important building blocks for the critical work that lies ahead.

This report presents our year in review. I invite you to explore how our research and publications, and the international visibility they have received, are contributing to our vision of a society that understands and values the environment.

Lastly, I would like to thank the staff of GRID-Arendal whose passion, team spirit, and dedication has made 2011 a success.




Dr. Peter Prokosch
Managing Director

The Year in Review – a few highlights:

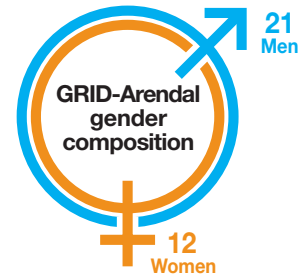
- Achim Steiner, Executive Director of UNEP, commended GRID-Arendal on the visual appeal and user-friendliness of its e-book version of *Towards a Green Economy: Pathways to Sustainable Development and Poverty Eradication*. With over 2 million downloads, the 2011 Green Economy Report has become UNEP's most widely disseminated publication.
- In a meeting with GRID-Arendal in April 2011, the Norwegian Ministry of Foreign Affairs declared the UNEP Shelf Programme to be one of the most successful development programmes that the Norwegian government has invested in.
- GRID-Arendal partnered with the Convention on Migratory Species (CMS) to produce a Rapid Response Assessment entitled *Living Planet: Connected Planet – Preventing the End of the World's Wildlife Migrations through Ecological Networks*. The report played a pivotal role in the adoption of UNEP/CMS Resolution 10.3: The Role of Ecological Networks in the Conservation of Migratory Species, at the 10th Conference of the Parties in November, 2011 in Bergen, Norway.

Who We Are

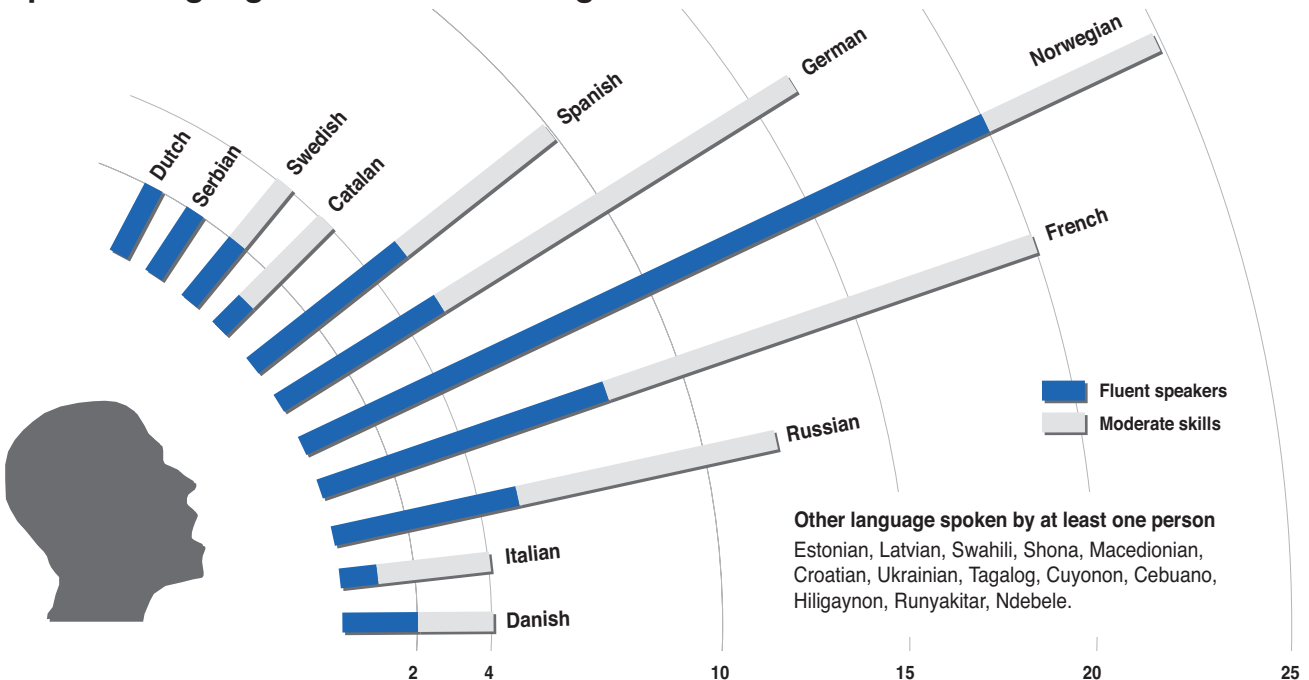
GRID-Arendal was established by the Norwegian Ministry of Environment in 1989 as an official collaborating centre of the United Nations Environment Programme (UNEP).

The foundation's programme of work is focused on the changing global environment and the challenges these changes present to people everywhere.

Our team is made up of 33 permanent staff members, several interns, and a network of consultants.



Spoken languages in addition to English



Klimapartnere

GRID-Arendal is a founding member of *Klimapartnere* (Climate Partners) in Norway's Agder region. The network is made up of local business and institutions that work together to reduce their own greenhouse gas emissions and to promote environmental awareness and a green economy locally. As a member of this network, GRID-Arendal is also certified by the Norwegian environmental certification body, *Miljøfyrtårn* (the Eco-Lighthouse certification).



A Selection of Our Partners and Networks

- Abu Dhabi Global Environmental Data Initiative (AGEDI)
- Arctic Council
- Arctic Monitoring and Assessment Programme (AMAP) of the Arctic Council
- Conservation of Arctic Flora and Fauna Working Group (CAFF) of the Arctic Council
- Arendal Kommune
- Blue Climate Solutions
- British Council
- Caribbean Community Climate Change Centre (CCCC)
- Centre for International Climate and Environmental Research-Oslo (CICERO)
- Commonwealth Secretariat
- Duke University's Nicholas Institute for Environmental Policy Solutions
- The Economics of Ecosystems and Biodiversity (TEEB) Secretariat
- ECORYS Netherlands
- European Environment Agency (EEA)
- European Space Agency
- European Union
- FK Norway (Fredskorpset Norge)
- Global Partnership on Sustainable Tourism (GPST)
- Intergovernmental Oceanographic Commission of UNESCO
- Intergovernmental Panel on Climate Change (IPCC)
- International Centre for Integrated Mountain Development (ICIMOD)
- International Climate Initiative (ICI)
- International Criminal Police Organization (INTERPOL)
- International Seabed Authority
- International Union for Conservation of Nature (IUCN)
- INTERIDGE
- National Environmental Management Authority (NEMA) Uganda
- Natural Resources Canada Network for Environment and Sustainable Development in Africa (NESDA)
- Norwegian Petroleum Directorate
- The Ocean Foundation
- Protected Areas Trust of Belize (PACT)
- Pacific Islands Applied GeoScience Commission (SOPAC) of the Secretariat of the Pacific Commission
- Regional Environmental Center for Central and Eastern Europe
- Secretariat of the Abidjan Convention
- Secretariat on the Convention on Biological Diversity (CBD)
- Secretariat of the Convention on Migratory Species (CMS)
- Southern African Research and Documentation Centre (SARDC)
- United Nations Environment Programme (UNEP)
- United Nations Association of Norway
- United States Department of Energy
- University of the Arctic
- University of Tromsø
- World Bank
- World Conservation Monitoring Centre (WCMC)
- World Wildlife Fund (WWF) Norway
- Yrkesorganisasjonenes Sentralforbund (YS)
- Zambia Environmental Management Agency
- Zoï Environment Network

Polar and Cryosphere

GRID-Arendal promotes the sustainable development of the Arctic by building knowledge and raising awareness for sound decision-making through active participation in international stakeholder processes and by further developing the capacity of Arctic peoples.

Darcy Kuppap, MSV Portraits of Resilience



Annie Meredith, MSV Portraits of Resilience



Many Strong Voices

Arctic communities and Small Island Developing States (SIDS) live in vulnerable environments and share characteristics of resilience and adaptation to climate change. The Many Strong Voices (MSV) Project is implemented in collaboration with the Centre for International Climate and Environmental Research-Oslo (CICERO), and aims to promote the well-being, security, and sustainability of communities in the Arctic and SIDS by bringing stakeholders in these regions together to take action on climate change mitigation and adaptation, and to tell their stories to the world.

- MSV's second phase of work seeks to integrate indigenous knowledge with scientific knowledge for ecosystem-based adaptation.
- In May 2011, MSV was granted Observer status to the Intergovernmental Panel on Climate Change (IPCC) at its 33rd Plenary Session.
- MSV was invited to join the CICERO booth at the United Nations Framework Convention on Climate Change 17th Conference of the Parties (UNFCCC COP 17) in Durban, South Africa.
- The MSV Portraits of Resilience, a mobile exhibition of children's photos and stories on climate change, opened at the Durban Natural History Museum during the UNFCCC COP 17.



Himalayan Climate Change Adaptation Programme

The Hindu-Kush Himalaya region contains the largest amount of snow and ice found outside the Polar Regions and is the source of ten of the largest rivers in Asia. It lies in the geographic centre of the largest and most densely populated region in the world and is home to an extremely fragile environment vulnerable to global warming.

The Himalayan Climate Change Adaptation Programme (HICAP), implemented in collaboration with CICERO and the International Centre for Integrated Mountain Development, aims to enhance mountain communities'

resilience to change, particularly climate change, by improving the understanding of vulnerabilities and opportunities for adaptation.

- The findings of a 3-week field mission in the northern region of Mustang Province in Nepal were highlighted in the Rapid Response Assessment (RRA) *Women at the Frontline of Climate Change: Gender Risks and Hopes*.
- Prior to the launch of the RRA, HICAP partners and the Mountain Partnership Secretariat of FAO organised a Mountain Day event at the UNFCCC COP 17: "Highlighting the Critical Role of Mountain Ecosystems for Climate Adaptation and Sustainable Development".



Lawrence Hislop, www.grida.no/photo/llb

Nomadic Herders Project

Now in its second year, the community-based Nomadic Herders Project forms a part of the Climate Change portfolio of UNEP's Programme of Work. With a focus on taiga reindeer and yak herding in Mongolia, the project is designed to develop and implement improved assessment approaches to study the effects of land-use change and climate change on reindeer and yak herders, with the objective of determining the most appropriate adaptation strategies in collaboration with the local communities.

- In June 2011, GRID-Arendal and its partners organised a community-based workshop and field visit in Tsaagaannuur, the primary reindeer-herding district in northern Mongolia. The consultations provided critical input for a policy paper on reindeer husbandry in Mongolia commissioned by the Mongolian Ministry of Nature, Environment and Tourism.





UNEP's Polar Centre

GRID-Arendal represents UNEP as an observer in the Arctic Council and works in collaboration with numerous polar partners and stakeholders to undertake projects and initiatives focused on the Arctic in a global context.

- In 2011, GRID-Arendal strengthened its collaboration and networking with the University of the Arctic as well as with existing and emerging Arctic stakeholders, such as the European Union.
- Work began on a film commissioned by the Arctic Council Conservation of Arctic Flora and Fauna Working Group that is based on the findings of the Arctic Biodiversity Trends 2010 report.
- GRID-Arendal was named a member of the steering group of the International Polar Decade.
- GRID-Arendal is working with ECORYS Netherlands to coordinate the new Arctic NGO forum to promote civil society dialogue, collaboration and action on Arctic issues.
- GRID-Arendal and the University of the Arctic (UArctic) co-sponsored a seminar on “Green Growth in the Arctic”, which attracted high-profile speakers and participants from the Nordic region and beyond.
- A new UArctic Thematic Network on Environmental Training and Education for Sustainable Development of the Arctic was launched with a focus on creating interdisciplinary courses on ecological education.

Marine Environment

GRID-Arendal aims to empower and support developing coastal states and Small Island Developing States (SIDS) in their work to redefine the relationship between people and oceans through knowledge-sharing, capacity building, and innovative outreach products and processes. We work with partners to develop a knowledge-base that leads to an improved understanding of our oceans and coasts and the valuable services they provide.



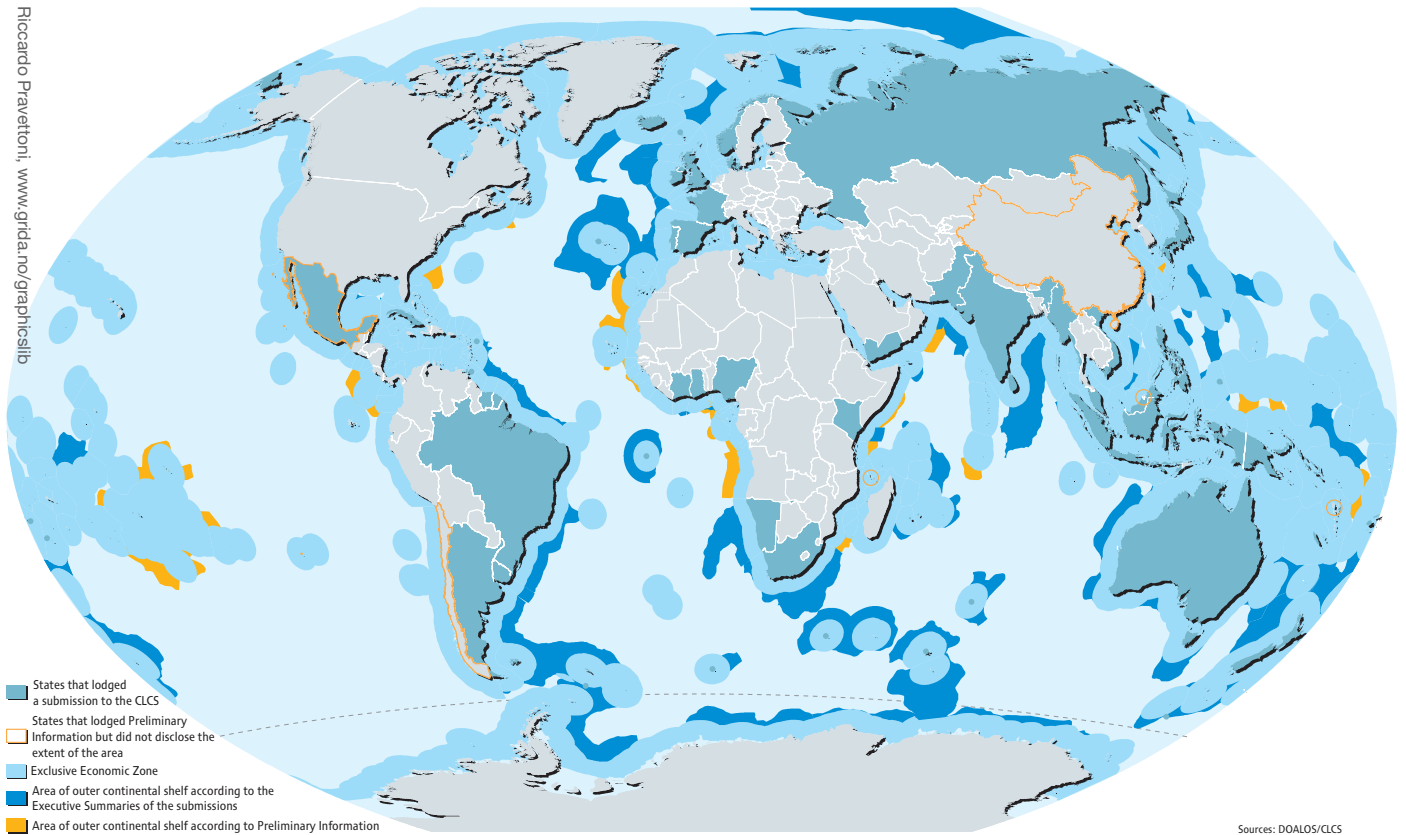
Yannick Beaudoin, www.grida.no/photo/itp

UNEP Shelf Programme

The UNEP Shelf Programme was established to assist developing states and SIDS to complete the activities required to delineate the outer limits of their continental shelves. Since 12 May 2009, the focus of the UNEP Shelf Programme has been to assist developing countries in transforming their Preliminary Information Documents into full submissions.

- The 2011 capacity building programme included technical and legal support for the negotiation of the 22 cases of unresolved boundaries in the region. The inclusion of maritime boundaries that were not originally foreseen has resulted in the expansion of the number of countries participating in the programme, to 13 countries.

Global distribution of outer continental shelf





Sustainable Seas Programme

Building upon the foundations of the UNEP Shelf Programme, GRID-Arendal's Sustainable Seas Programme aims to build expertise in ecosystem-based marine management in developing states and will result in a regional network of sustainable seas facilities.

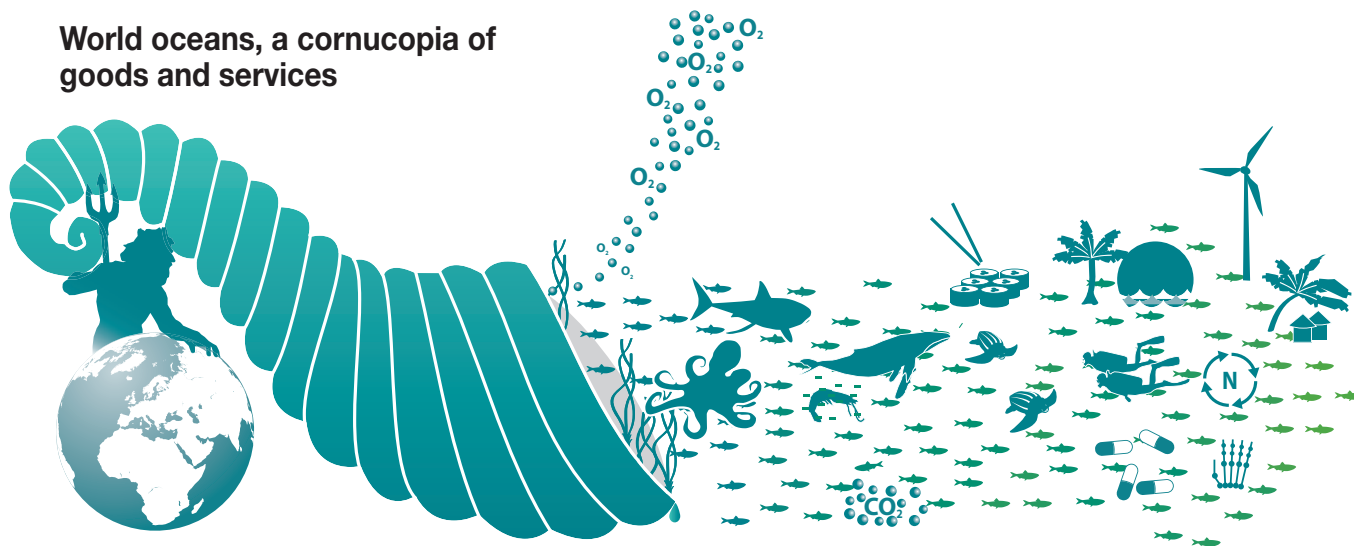
- After almost 9 years of negotiation, 2011 finally saw concrete movement towards establishing the United Nations Regular Process for the Assessment of the Marine Environment Including Socio-economic Aspects (the "Regular Process"). In accordance with a Memorandum of Understanding linked to the process, GRID-Arendal will develop the reporting guidelines for contributions to the assessment report.
- GRID-Arendal will also provide support to the Abidjan Convention in five thematic areas: marine data and information management, marine assessments, outreach and communication, green economy, and offshore oil and gas environmental management.

Blue Carbon Project

Blue Carbon habitats make an important contribution to climate change mitigation and coastal livelihoods. Working at the community level and on a global scale, GRID-Arendal aims to promote the importance of Blue Carbon by bridging the gap between science, society and policy.

- In support of UNEP, GRID-Arendal coordinated the Project Preparation phase of the Global Environment Facility's Blue Forest's project. The initiative has the objective of advancing Blue Carbon methodologies, including the valuation of ecosystem services for coastal ecosystems, and a number of demonstration projects, policy education activities, and an extensive programme of public outreach.
- GRID-Arendal produced the UNEP Carbon Calculator iPhone application, which was launched at the official opening of the One UN Pavilion at the Eye on Earth Summit in December 2011 in Abu Dhabi. The application (available without charge from the iTunes Store) allows users to access information about UNEP's work on Blue Carbon and REDD (Reducing Emissions from Deforestation and Forest Degradation). It also includes a carbon calculator for assessing emissions related to travel and the mitigation potential of terrestrial and marine ecosystems.
- GRID-Arendal undertook a first level policy and science exploration of Blue Carbon in the Arabian Peninsula for the Arabian Peninsula Assessment Project. The report, Blue Carbon - First level Exploration of Natural Coastal Carbon in the Arabian Peninsula, was launched at the Eye on Earth Summit in Abu Dhabi in December 2011.

World oceans, a cornucopia of goods and services



Riccardo Praveitoni, www.grida.no/graphics/rlp

Green Economy in a Blue World

GRID-Arendal is working with developing coastal countries, SIDS and international partners to facilitate the exploration of economic sustainability issues specific to the oceans, and to promote, through the provision of knowledge and expertise, a transition to a green economy approach for the Blue World.

- In collaboration with UNEP, GRID-Arendal coordinated the production and made contributions to the content of the report *Green Economy in a Blue World*, which explores opportunities for greening six economic sectors in order to protect marine ecosystems and their services while supporting sustainable development.
- In partnership with Duke University's Nicholas Institute for Environmental Policy Solutions, UNEP Regional Seas, and under the auspices of The Economics of Ecosystems and Biodiversity (TEEB) Secretariat, GRID-Arendal produced a discussion paper entitled *Why Value the Oceans?* This laid the groundwork for the development of a study entitled "TEEB for Oceans and Coasts" planned for 2012.



Yannick Beaudoin, www.grida.no/photo/rlp

Capacity Building and Assessment

GRID-Arendal works to provide decision-makers with easily accessible, up-to-date and relevant environmental information to motivate and facilitate informed decision-making. Our activities stretch from across Africa, through the Balkans, Eastern Europe, Russia and the Caucasus to Central Asia.

Eastern Europe/Central Asia

GRID-Arendal continues to build on its long-standing relationships with several countries in the Eastern Europe, Caucasus and the Central Asia region, as well as the in-depth understanding of the region that its staff and key partners have acquired over the past two decades. GRID-Arendal supports environmental information management, with the aim of making reliable, accurate, and up-to-date information easily accessible for decision-making and awareness raising.

- GRID-Arendal took on a lead role in the Information Working Group of the Transboundary Cooperation and Sustainable Management Project for the Dniester River Basin (Dniester III). The efforts of the working group contributed to the development of a milestone bilateral agreement between Moldova, Ukraine and the Transnistrian Region on the sustainable management of the Dniester River, which, among other things, established a legal framework for cooperation on biodiversity.
- As part of its contribution to the second phase of the Druksiai/Drivyaty Lake Basin Management Programme, GRID-Arendal finalised the official web page and integrated a GeolQ information management tool into the site.
- Leading up to the Third Conference of the Parties to the Framework Convention for the Protection of the Marine Environment of the Caspian Sea, GRID-Arendal produced the *Caspian Sea – State of the Environment Report 2011*.
- GRID-Arendal carried out an Integrated Environmental Assessment of Lake Sevan, Armenia. Several of its recommendations have been adopted by the Armenia Ministry of Natural Protection and the results of the environmental assessment were discussed at a meeting of the National Council for Sustainable Development in October 2011 attended by the Armenian Prime Minister.

Sergei Starns, www.istockphoto.com



Africa

In support of UNEP's Africa Environment Information Network, GRID-Arendal's activities in Africa have continued to focus on strengthening information and data management at the country level as a way to improve the capacity of institutions to carry out environmental assessment and reporting. In 2011, 11 African countries were supported through one-on-one or group capacity development processes.

- GRID-Arendal supported the production of an author's manual for the Africa Environment Outlook (AEO) series. This manual was used to train the authors of the third AEO report (AEO-3), which focuses on health and environment linkages. GRID-Arendal coordinated the writing of the AEO-3 and a draft manuscript was compiled at the end of 2011. The report will be finalized and launched in 2012.
- GRID-Arendal has been asked to provide technical and financial support to the production of two new sensitivity atlases: one assessing the impact of copper mining and options for environmentally sound mining operations in Zambia, and one assessing the state of the environment in the Zambezi Basin. Both atlases were compiled in 2011 and are expected to be launched in 2012.
- GRID-Arendal produced a Rapid Response Assessment entitled *Green Hills, Blue Cities: An ecosystems approach to water resources management for African cities*. The report was launched at the 2011 World Water Day celebrations in Cape Town, South Africa.
- Extensive consultations with INTERPOL following the release of the 2010 Rapid Response Assessment, *The Last Stand of the Gorilla – Environmental Crime and Conflict in the Congo Basin*, resulted in GRID-Arendal's active participation in a pilot project, the Law Enforcement Assistance for Forests in 2011. The project will assist local forces in tackling the rise in illegal logging.



Bernardas Padejimas, www.grida.no/photoib

FK Norway

GRID-Arendal participated in a third round of the *Fredskorpset* (FK Norway)-funded exchange programme. GRID-Arendal's exchange program supports the management of Africa's environmental resources as assets for sustainable development. The 2011-2012 exchange involved six participants drawn from Ivory Coast, Uganda, Zambia, Zimbabwe and Norway.



Lawrence Hislop



Peter Prokosch, www.grida.no/photo/ib

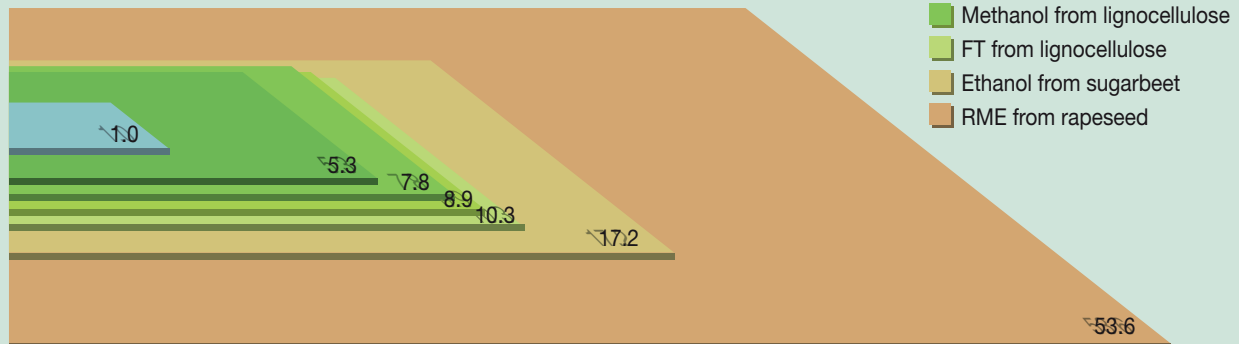
Green Economy and Sustainable Tourism

GRID-Arendal is increasingly engaged in a key working area of UNEP, that of the green economy.

- In 2011, GRID produced an e-book version of the UNEP report, *Towards a Green Economy: Pathways to Sustainable Development and Poverty Eradication*, which highlighted the importance of shifting the world's economies towards a more resource-efficient, low-carbon and socially inclusive economic paradigm, in other words shifting towards a green economy. The report has received attention from governments, industry and civil society organizations worldwide.
- In 2011, GRID-Arendal and UNEP's Division of Technology, Industry and Economics (DTIE) developed *Biofuels Vital Graphics: Powering a Green Economy*.
- As a member of the Global Partnership on Sustainable Tourism, GRID-Arendal launched a survey at the end of 2011 to collect information on existing sustainable tourism projects, businesses and concepts that support protected areas in order to share existing best practices.
- In partnership with the British Council, GRID-Arendal led a training session for young professionals in Svalbard on the role that sustainable tourism can play in 'greening' our economies.

Land required to drive 100 kilometres

Square metres



NB: Data assumes the use of fuel-cell vehicles, with conservative estimates for long-term cultivation for each crop.

Sources: Hamelinck, C. N. and Faaij, A. P., *Outlook for advanced biofuels*, Elsevier, 2005; University of Groningen, *Effective Land Use for Renewable Energy Sources*, 2009

Communications

The communications and outreach team collaborates with all the divisions at GRID-Arendal to prepare, produce, and disseminate reports for all our partners, including UNEP. The team specialises in cartography, layout, publications support and dissemination, web design and development, content management, rich media and graphics design, and digital integration. These specialisations are integral components of each product and service delivered by GRID-Arendal staff.

GRID-Arendal supports its partners through report launches, awareness-raising functions, and other events. Additional support is provided to UNEP through the dissemination of UNEP press releases to the Scandinavian media, as well as through the dissemination of environmental information and resources through the GRID-Arendal website, the GRID-Arendal Maps and Graphics library, the GRID-Arendal Photo library, and the information portal “Earthwire”.

E-book App and Publications

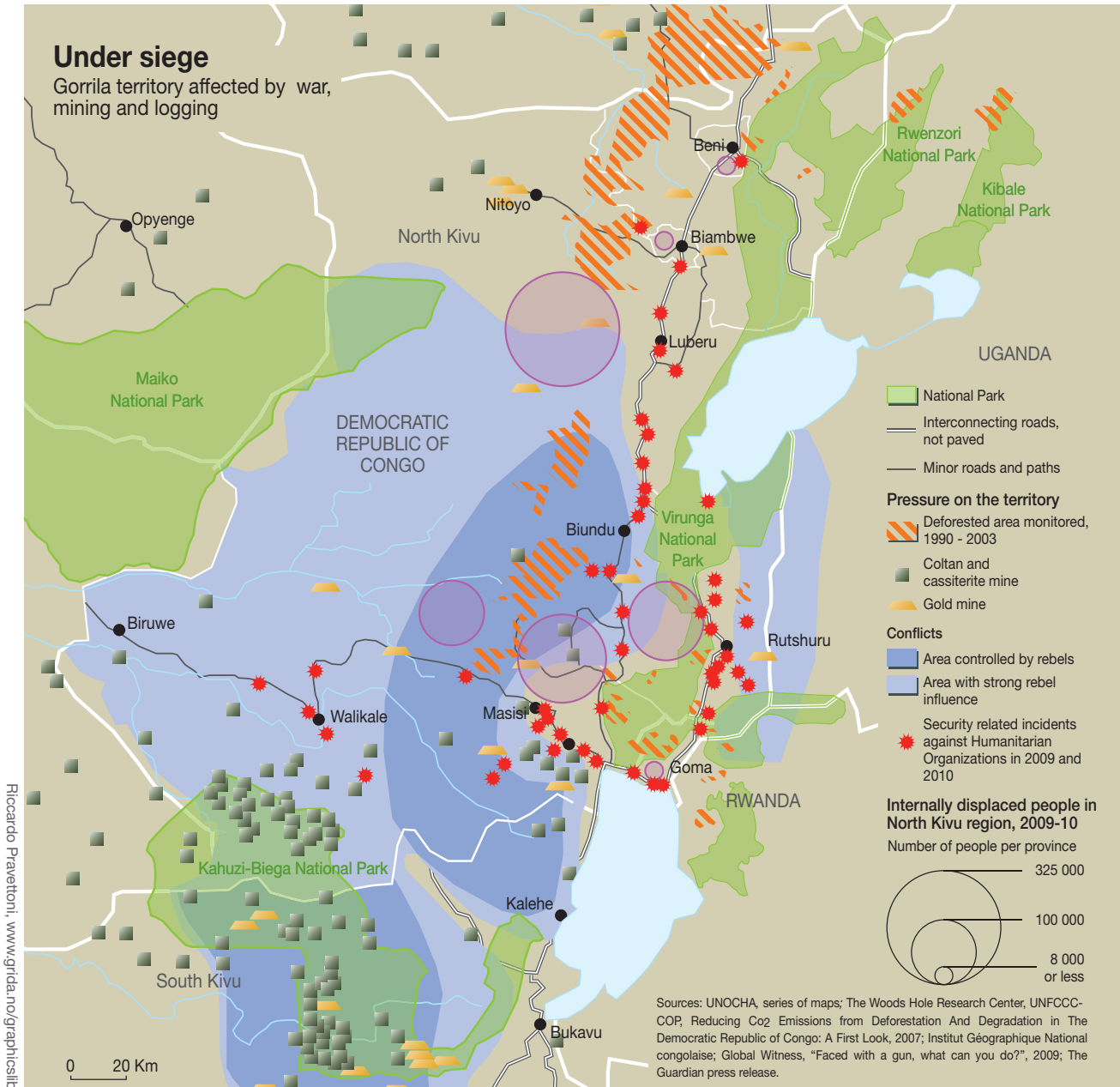
- 9 UNEP reports were prepared and published as E-books.
- 3 reports of partner organizations were prepared and published as E-books.
- 80 previously published reports were converted into E-books and made accessible on the GRID-Arendal website.
- GRID-Arendal developed an application that enables people to download interactive e-books to mobile devices for offline viewing. In 2011, 36 titles were published for the App, which is available from iTunes Store for iPad, iPhone, and iPod.

Awareness raising activities

- To mark the International Year of Forests, GRID-Arendal developed a page on its website to share information and multimedia resources (publications, photos, graphics, videos, etc) on forests.
- The theme “Celebrating Forests for People” was the focus of the annual International Week celebration organized by GRID-Arendal and a number of local and regional organizations. A film series featuring 5 documentaries on forests and forest conservation was organized by GRID-Arendal during that week and attended by more than 3000 elementary and high school students.
- Cartographic support was provided to UNEP’s Billion Tree Campaign
- Support was provided to the Many Strong Voices Programme through the preparation of the exhibition “Portraits of Resilience” at the Durban Museum of Natural Science, as well as through the preparation of six different postcards that were distributed during the UNFCCC COP 17 in December 2011.

Under siege

Gorilla territory affected by war, mining and logging



2011 report launches

- *Coalland: Faces of Donetsk* was launched in February at the Environment and Security Regional Meeting for Eastern Europe in Lviv, Ukraine.
- GRID-Arendal supported the launch of the online version of the report *Towards a Green Economy – Pathways to Sustainable Development and Poverty Eradication* at the meeting of UNEP's Governing Council in February in Nairobi. A local launch in Arendal, Norway was also organized on the same day.
- GRID-Arendal supported the launch of *Green Hills, Blue Cities: An Ecosystems Approach to Water Resource Management for African Cities* on World Water Day, in Cape Town, South Africa.
- The *Orangutans and the Economics of Sustainable Forest Management in Sumatra* report (available in English and Bahasa Indonesian) was launched in September at a press conference hosted by the Indonesian Ministry of Forestry.
- *Living Planet: Connected Planet – Preventing the End of the World's Wildlife Migrations through Ecological Networks* was launched at the 10th Meeting of the Conference of the Parties to the Convention on Migratory Species (CMS), in November in Bergen, Norway.
- Launch of the report *Women at the frontline of climate change – Gender risks and hopes* at a side event on Adaptation to Climate Change in the Hindu Kush Himalaya at the 17th Conference of Parties to the UN-FCCC, in December in Durban, South Africa.
- Launch of UNEP's Blue and REDD Carbon App at the Eye on the Earth Summit, in December in Abu Dhabi, United Arab Emirates. Photo documentation support also provided to the UNEP Pavilion.



Launch of UNEP's Blue and REDD Carbon App

Rob Barnes



Rob Barnes

www.grida.no/publications

Outlook for 2012

A key lesson from 2011 is that the success of any strategic alignment at GRID-Arendal hinges on the systematic application of the Results Based Management (RBM) approach to project management. Indeed, in 2010 the Norwegian Ministry of Foreign Affairs expressed great satisfaction with GRID-Arendal's use of RBM in its reports.

Subsequently, in late 2011, GRID-Arendal and the Norwegian Agency for Development Cooperation co-hosted an RBM workshop attended by UNEP and the World Conservation Monitoring Centre, and the RBM approach was adopted by all of GRID-Arendal's divisions, and incorporated into their reports. The challenge going forward will be to mainstream the use of RBM as a management tool in order to accurately capture and strengthen the impacts of our projects.

It is expected that RBM will improve project and programme design, strengthen monitoring and evaluation, and reinforce mechanisms to ensure that lessons learned are 'fed forward' in the programme cycle. An active training programme will be planned in order to help achieve this goal, emphasising the importance of a demand-led approach, appropriate 'due diligence' through situation and stakeholder analysis, and risk assessment, as well as the need to clearly identify goals, indicators and targets.

In light of the extent and value of GRID-Arendal's collaboration with UNEP, the organisation is committed

to supporting UNEP as appropriate in its efforts to strengthen operational effectiveness through its own results management approach.

Within this context, another major undertaking in 2012 will be the development of GRID-Arendal's corporate strategy for the period 2013–2017, which coincides with the next cycle of UNEP's medium term strategy. This involves the design and implementation of an organisation-wide framework to monitor and evaluate performance at the level of 'impact' (the organisation's long-run strategic goals) and at the level of 'outcome' (strategic development objectives). The monitoring and evaluation framework will, among other things, include methodologies measuring performance indicators to help ensure that project goals are relevant and realistic, and that outcomes and impact are achieved efficiently and effectively over time.

GRID-Arendal's strategic stance is evolving in the context of a changing global landscape for environmental services. The organisation has responded flexibly to these changes by leveraging both its financial resources



and comparative advantages in order to strengthen the sustainability and relevance of its operations. As a result, GRID-Arendal is in a stronger position than ever to give specific, policy-relevant insights at the country-level – where it's most needed – as well as through extensive experience with environmental research and assessments (through atlases, rapid response assessments, vital graphics, targeted environmental assessments etc.) at the sub-regional, regional and global levels.

New strategic relationships, such as GRID-Arendal's increasing participation in programmes financed through the Global Environment Facility, will complement the organization's long-standing collaboration

with UNEP and enhance our long-term effectiveness by diversifying GRID-Arendal's range of products and services.

GRID-Arendal has also recognized the strength of the organization's networking abilities, particularly our capacity to bring all manner of stakeholders together around complex issues to help identify and publicize practical solutions that will inform policy and thus contribute to positive change. Going forward, GRID-Arendal's partners, colleagues and friends can expect this particular brand of 'soft advocacy' – with its focus on pragmatic solutions, collaboration, and clear messaging – to be further refined.

Report of GRID-Arendal's Board of Directors

GRID-Arendal is an official collaborating center for the United Nations Environment Programme (UNEP), which has, in 2011, delivered high quality information in various formats to our partners.

The efforts to build up larger long term and externally funded programmes have produced positive results, and the foundation now has a significant better order reserve for future operations beyond 2012 compare to the situation at the end of 2010.

The actual operating result for the year 2011 is positive with NOK 754 438. However, a review of the funding from 2007 to 2011 showed that the results created in the years 2007–2009 were over-estimated by NOK 3 962 403. This was largely due to wrongly reconciled funding and project income. The necessary adjustment has been made in the balance sheet against owner's equity and has been accounted for in the 2011 financial income statement, thereby producing a final negative result for the year of NOK 3 207 965.

The equity situation by GRID-Arendal remains satisfying with a balance of NOK 7 259 726. This gives a 40% equity ratio end of 2011. With increased long term programme funding and healthy operations the Board expects the overall target of NOK 10 000 000 equity reserve to be achieved by the end of 2013.

The Board is optimistic about the outlook for 2012. The framework agreement between GRID-Arendal and the Norwegian Ministry of Foreign Affairs will continue to

provide GRID-Arendal with a financial basis for focused work in key areas to support UNEP.

GRID-Arendal's environmental policy is based on the foundation's "green" values and commitment to operate in an environmentally responsible and resource-efficient manner. The Board believes that the foundation's positive impact on the environment is significantly larger than the negative influences caused by any activities provided.

GRID-Arendal is a certified *Miljøfyrtårn* (environmental organization). Through targeted measures, internal HSE work and the awareness of both employees and our partners, the Board believes that the foundation's ecological footprint is minimized. Employee travel poses the greatest environmental impact. The foundation minimizes this by purchasing carbon offsets to finance concrete environmental projects in other countries. Improved use of video conferencing and modern telecommunications also reduces the need for travel.

The working conditions within GRID-Arendal are found to be good. The sick leave in 2011 amounted to 5.0% of the total working days, while short-term sick leave constitutes 1.1%. There were no injuries to staff in 2011, and there were no significant damages to the equipment of the organization. Regular meetings were held



Orheim



Dahle



Gilruth



Lein



Liedtke



Nygaard



Reinertsen



Rucevska

between staff and management where issues concerning work conditions were discussed. Continuing efforts are being made to reduce stress, improve teamwork and provide more effective feedback to staff.

By the end of 2011 the Board was comprised of 4 women and 5 men. The staff consisted of 12 women and 21 men. GRID-Arendal aims to be a workplace, which provides full gender equality.

GRID-Arendal has incorporated provisions which are designed to prevent discrimination with matters such as pay, promotion and recruitment. The nature of the

foundation's work provides opportunities to recruit equally. Annual staff satisfaction surveys address gender related issues.

The Board concludes that GRID-Arendal's activities are consistent with its charter purposes and that it has a competent staff for continuing operations and for planning further strategy-relevant operational activities in the future. The financial statements are based on the assumptions of continued operations, as the Board considers no factors that indicate otherwise. The Board considers the financial statements to give a true and fair view of assets and liabilities, financial position and results.

Arendal, 6 June 2012

Olav Orheim
Chairman of the Board

Peter Prokosch
Managing Director

Øystein Dahle

Peter Gilruth

Berit Lein

Klaus Liedtke

Kari Nygaard

Randi Eidsmo Reinertsen

Ieva Rucevska
(staff representative)

Balance sheet (NoK) 31.12	NOTE 1	31.12.11	31.12.10
Fixed assets			
Machinery and equipment	2	80 325	217 752
Investments in subsidiaries	5	3 012 000	3 012 000
Total fixed assets		3 092 325	3 229 752
Current assets			
Accounts receivable trade		5 194 118	2 177 076
Other receivables		1 942 971	1 182 876
Work in progress		0	3 700 293
Petty cash and bank accounts	6	7 798 199	9 701 528
Total current assets		14 935 289	16 761 772
Total assets		18 027 614	19 991 524
Restricted equity			
Share capital		500 000	500 000
Retained earnings			
Other equity		6 759 726	9 967 691
Total equity		7 259 726	10 467 691
Long term liabilities			
Pension liabilities	4	250 000	250 000
Total long term liabilities		250 000	250 000
Short term liabilities			
Accounts payable trade		5 080 761	1 914 104
Employee taxes withheld, payable social security etc		1 481 602	1 532 066
Accrued salaries and vacation fees		1 827 196	1 673 157
Other current liabilities		2 128 329	4 154 506
Total short term liabilities		10 517 888	9 273 833
Total liabilities		10 767 888	9 523 833
Total equity and liabilities		18 027 614	19 991 524

6 June 2012


Olav Orheim
Chairman of the Board


Øystein Dahle


Peter Gilruth


Berit Lein


Peter Prokosch
Managing Director


Klaus Liedtke


Kari Nygaard


Randi Eidsmo Reinertsen


Ieva Rucevska
(staff representative)

Financial Statement

NOTE 1

Accounting principles

Basic principles – assessment and classification – other issues

The financial statements, which have been presented in compliance with the Norwegian Companies Act, the Norwegian Accounting Act and Norwegian generally accepted accounting principles in effect as of 31 December 2011 for small companies, consist of the profit and loss account, balance sheet and notes to the accounts. The financial statements give a true and fair view of assets, debt, financial status and result. In order to simplify the understanding of the balance sheet and the profit & loss account, they have been compressed. The necessary specification has been provided in notes to the accounts, thus making the notes an integrated part of the financial statements.

The financial statements have been prepared based on the fundamental principles governing historical cost accounting, comparability, continued operations, congruence and caution. Transactions are recorded at their value at the time of the transaction. Income is recognised at the time of delivery of goods or services sold. Costs are expensed in the same period as the income to which they relate is recognised. Costs that cannot be directly related to income are expensed as incurred.

When applying the basic accounting principles and presentation of transactions and other issues, a “substance over form” view is taken. Contingent losses which are probable and quantifiable are taken to cost.

Accounting principles for material items

Revenue recognition

Revenue is normally recognised at the time goods are delivered or services are sold.

Cost recognition/matching

Costs are expensed in the same period as the income to which they relate is recognised. Costs that cannot be directly related to income are expensed as incurred.

Profit loss and account (NoK)		2011	2010
Operating revenues	NOTE		
Operating revenues		48 482 228	46 269 018
Total operating revenues		48 482 228	46 269 018
Operating expenses			
Project costs		5 313 637	9 429 116
Personnel costs	3	26 490 470	22 338 053
Depreciation	2	188 275	190 980
Other operating expenses	7	19 767 867	13 195 920
Total operating expenses		51 760 249	45 154 069
Operating result		-3 278 021	1 114 950
Financial income and expenses			
Financial income		391 937	474 937
Financial expenses		321 881	377 842
Net financial items		70 056	97 095
Result for the year		-3 207 965	1 212 044

Fixed assets

Fixed assets are entered in the accounts at original cost, with deductions for accumulated depreciation and write-down. Assets are capitalised when the economic useful life is more than 3 years, and the cost is greater than 15 000 NoK. Operating lease costs are expensed as a regular leasing cost, and are classified as an operating cost.

Depreciation

Based on the acquisition cost, straight line depreciation is applied over the economic lifespan of the fixed assets, 3 years.

Accounts receivables

Trade receivables are accounted for at face value with deductions for expected loss.

NOTE 2

Machinery and equipment (NoK)

Purchase value 01.01.11	217 752,-
Addition 2011	50 848,-
Depreciation 2011	-188 275,-
Book value 31.12.11	80 325,-

NOTE 3

Salary (NoK)

	2011	2010
Salary and holiday pay	17 675 702,-	15 626 524,-
Employers contribution	2 600 329,-	2 203 820,-
Pension costs	1 554 132,-	856 757,-
Other personnel costs	4 660 307,-	3 650 953,-
Total	26 490 470,-	22 338 054,-

Average number of employees 31 33

Salary of Managing Director	801 561,-
Fee to Chairman of the Board	35 000,-
Fee to other Board members	99 000,-

The company has subscribed to a pension scheme which meets the requirements of the obligatory pension scheme.

NOTE 4

Pension obligations

The pension premium to the contribution plan for the employees is NoK 1 554 132,- and the premium is charged to the personnel costs. When changing the pension scheme, GRID-Arendal has an obligation to pay a pension payment equal to what was previously owed under the old pension scheme from the ages of 62 to 67. This was applicable to one staff member in 2011.

NOTE 5

Long term investments (NoK)

Shares subsidiaries	Owners share	Purchase cost	Share of equity 31.12.11
Teaterplassen AS	60%	3 012 000,-	10 423 747,-

NOTE 6

Petty cash and bank accounts

NoK 772 898,- of the total cash is restricted to meet the liability arising from payroll taxes withheld.

NOTE 7

Auditors fees

The audit fee for 2011 is split into two parts:
The audit as required by law NoK 55 500,-.
Other services provided by the auditor NoK 41 000,-.



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To The Board of Directors in Stiftelsen Grid-Arendal

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Stiftelsen Grid-Arendal showing a loss of NOK 3 207 965. The financial statements comprise the balance sheet as at 31 December 2011, and the income statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements
The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Stiftelsen Grid-Arendal as at 31 December 2011, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Offices in:

Oslo	Hamar	Sandnessjøen
Ålesund	Haugesund	Stavanger
Arendal	Kristiansand	Stord
Bergen	Larvik	Tromsø
Budø	Molde	Tvedestrand
Elverum	Mo i Rana	Tønsberg
Finnsnes	Narvik	Vadsø
Gjøvik	Planck	

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Statautoriserede revisorer - medlemmer av Den norske Revisorforening



Independent auditor's report
Stiftelsen Grid-Arendal

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the coverage of the loss is consistent with the financial statements and complies with the law and regulations.

Opinion on Accounting Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures, we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Stiftelsen Grid-Arendal accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Opinion on distributions and administration

Based on our audit of the financial statements as described above, and control procedures, we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the foundations administration and distributions are in accordance with laws and regulations, the foundations objectives and articles of association.

Arendal, 6 June 2012
KPMG AS

Terje H. Holst
State Authorized Public Accountant

Translation has been made for information purposes only

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