Cities on the Move

Mexico City’s new Bus Rapid Transit Corridor carried its 70-millionth passenger just twelve months after opening in 2005. Two hundred and fifty thousand passengers use the system each day cutting travel time from the far north of Mexico City to the south in half and averaging time savings per commuter of up to about ten minutes.

Placing a conservative dollar estimate on time in Mexico City at two cents per minute, this yields $12.5 million of benefits per year from time savings alone, which is enough to pay back the infrastructure investment made by the city in just over three years. Eighty new, high-capacity buses mean a reduction of 47,000 tons of CO₂ emissions from the air per year. Additional benefits include a fifty percent reduction in the air pollution that passengers are exposed to while commuting.

The new bus system is the centerpiece of a unique partnership between Mexico City and EMBARQ — The WRI Center for Sustainable Transport — to implement a cleaner and more efficient transportation system in one of the world’s most polluted cities. WRI believes that finding socially, financially, and environmentally sound solutions to the problems of urban mobility in developing cities is vital to global sustainability. EMBARQ is leading the way, pioneering the use of carefully structured public-private partnerships with leaders in Mexico City, Porto Alegre, Istanbul, Shanghai, and Hanoi. Our role is to help them reduce the risks and costs of making their transportation systems more sustainable.

Clinton Global Initiative recognizes EMBARQ as an innovative approach to sustainable mobility. EMBARQ was founded at WRI in 2002 with a core grant from the Shell Foundation. From left: President Clinton; Dr. Nancy Kete, Director of EMBARQ; José Fogaça, Mayor of Porto Alegre, and Kurt Hoffman, Director of the Shell Foundation.

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Coming from completely different backgrounds — an investment banker and an environmentalist — we have built a partnership around our belief in the World Resources Institute and its mission of helping the world achieve sustainability.

Never has there been a time when the problems of unsustainability seemed more immediate or more urgent. When WRI reviewed the top climate science discoveries for 2005, the scientists on our staff who track such findings and reports as they come out were stunned by the year’s accumulation of evidence of global warming. Even a casual observer will have noticed the increased coverage in the press of the effects of global warming, pollution, and growing human pressures on nature’s services. Chinese farmers riot against destruction of their land and water by industrial pollution. Lake Chad, once the world’s 6th largest lake, disappears after decades of drought and increasing human pressures. Glaciers and polar ice melt far faster than anyone anticipated. The Chesapeake Bay, America’s largest estuary, is plagued by summer “dead zones.”

We don’t believe that what is happening is either sustainable, or inevitable. To the contrary, we are moved by a passionate conviction that change is possible, knowledge is powerful, and people can make a difference. WRI’s approach is built on that conviction. Virtually everything that we do includes four elements:

- **Analytical excellence** — Our reputation is built on the quality and impact of our analytical work;
- **Practical solutions** — We provide realistic ideas to remove obstacles and creative incentives for more efficient and less destructive practices;
- **Partnerships** — We work with more than 300 partners in 80 countries including companies, NGOs, and governments;
- **Ideas into action** — We build those partnerships to achieve outcomes on the ground.

In this annual report, we have highlighted some examples of how WRI is putting ideas into action to protect the Earth and improve people’s lives. We invite you to read this report and learn, for example, how our work with Alcoa, DuPont, GE, GM, FedExKinko’s, Johnson & Johnson, and Whole Foods Market is helping to accelerate the U.S. response to climate change. The cover of this report depicts the new rapid transit system in Mexico City that EMBARQ, the WRI Center for Sustainable Transport played a key role in creating. It moved nearly 70 million passengers in its first year and avoided 47,000 tons of CO₂ emissions. The report also describes WRI’s Access Initiative, a growing international movement to open environmental decision making to public scrutiny and participation.

We are proud of the results and invite you to read this report, judge for yourself, and let us know what you think at www.wri.org. We are very aware that the supporters listed invest in WRI’s work because they want to make a difference. We hope that you — and they — will conclude we have met those expectations.

James A. Harmon and Jonathan Lash
World Resources Institute is an environmental think tank that goes beyond research to create practical ways to protect Earth and improve people’s lives. Our mission is to move human society to live in ways that protect Earth’s capacity to provide for the needs of current and future generations. This is a long term vision that requires systemic changes in how governments and businesses operate and how each of us makes choices that impact the environment. It requires the kind of collaborative leadership and bold solutions that are WRI’s hallmark. We take the phrase to move human society quite seriously, and to mean that we need to hold ourselves accountable for concrete changes in behavior that support our sustainable development goals. We focus our work on “outcomes,” which we define as action taken by someone outside of WRI that is significant and was caused in some way by WRI activities and influence.

Mission and Goals

Every project undertaken by WRI seeks to contribute to one or more of the following goals:

Climate and Energy
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.

Governance and Access
Guarantee public access to information and decisions regarding natural resources and the environment.

Markets and Enterprise
Harness the power of business to expand economic opportunity and protect the environment.

People and Ecosystems
Reverse rapid degradation of ecosystems to assure Earth’s capacity to provide people with needed goods and services.
Our Values

Honesty, candor and openness must guide our work to ensure credibility and to build trust.

- We encourage examination of our methods, analyses, and conclusions.
- We share information and ideas with our colleagues and partners.
- We recognize all who have contributed to our work.

To lead change for a sustainable world, we must be creative, forward-thinking, entrepreneurial, and adaptive.

- We are willing to risk failure to achieve substantial impact.
- We nurture and reward new ideas and excellence in pursuing them.
- We reinvigorate our own ideas and approaches through continuous learning.

We believe that change in human behavior is urgently needed to halt the accelerating rate of environmental deterioration.

- We seek the greatest impact by responding swiftly, decisively, and strategically to opportunities and challenges.
- We work on issues that matter where we believe we can make a unique difference.

Our effectiveness depends on work that is uncompromised by partisan politics, institutional or personal allegiances, or sources of financial support.

- We take pride in the independence of our ideas and work.
- We convey to partners and funders our commitment to unbiased judgment.

Our relationships are based on the belief that all people deserve respect.

- We encourage diversity of experience, ideas, and opinions among our staff and partners.
- We seek to ensure and recognize that each of us can create opportunities.
- We help each other to reach our fullest potential.
- We treat others with fairness regardless of their views on our work.

Integrity

Innovation

Urgency

Independence

Respect

Our values are not rules, but shared ideals that bind us together. Along with our mission, they guide our actions and help us to explain our aspirations to others.
Building the Next Kyoto Protocol

Since the Kyoto Protocol entered into force in February 2005, much of the international community has turned its attention to a successor agreement that builds on — or replaces — the Kyoto Protocol by incorporating new features that attract the interest of the United States and key developing nations. The world cannot tackle this critical issue without the involvement of the U.S., Brazil, China, India, and Indonesia. Apart from U.S. involvement, the biggest barrier and challenge lies in the major developing countries. With urgent development problems of their own — hundreds of millions without electricity, adequate incomes or transportation — countries such as Brazil, China, India, and Indonesia are understandably reluctant to treat climate change as a priority. How then to limit their fast-growing emissions while still helping them achieve their national socioeconomic goals?

WRI has been working with partners around the world to identify policies and measures that meet the development needs of these countries while steering their economies onto low-carbon pathways.

- In Brazil, we worked with the University of São Paulo to analyze the impact of that country’s hugely successful biofuels program and draw out advice for other countries considering such programs.
- In India, we analyzed ways in which renewable energy can help meet rural electricity demand faster and more efficiently.
- In China, we explored policies for urban transport that reduce both oil demand and strain on city infrastructure.

But these ideas are only worthwhile if they shape what policymakers adopt. When the United Kingdom convened a meeting of environment and energy ministers from the major developed and developing countries in March 2005, WRI’s work was part of the Ministers’ briefings. Similarly, British Chancellor of the Exchequer Gordon Brown is using WRI analysis in a governmental review of economic measures to address climate change.

WRI’s analytical material is being used by Canada, the European Union, Japan, Korea, Mexico, South Africa and many other countries to help inform an emerging international approach that finally rises to the climate challenge.
Better Data for Better Decisions

WRI’s Climate Analysis Indicators Tool (CAIT) is a one-stop open source of data and analysis on global climate change. We developed it because we believe that information is critical for making good decisions. CAIT provides policymakers, NGOs, and business with relevant climate information in an easy-to-understand format.

CAIT includes a comprehensive and comparable database of greenhouse gas emissions data and other climate-relevant indicators for 186 countries. Users can choose particular years, sectors, gases, and countries, thus enabling a wide range of analyses and comparisons. It also provides socioeconomic and other indicators related to economic development, energy use, and fossil fuel reserves. CAIT data is being used by policymakers and a wide-ranging group of organizations such as the World Wildlife Fund, the New York Times, the Congressional Research Service, the European Union, and the Government of Australia.

In 2005, WRI debuted CAIT-US. This new product provides state-level inventories and indicators for U.S. policy analysis.

Accelerating the U.S. Response to Climate Change

In 2005, the governors of seven Northeastern states signed an historic agreement to limit the emissions of greenhouse gases from electricity generation in their states. The seven states produce greenhouse gases roughly equivalent to countries such as Italy, France, and Mexico.

WRI facilitated the negotiations, worked with staff at the state agencies, and provided greenhouse gas accounting information and emission trading design options at stakeholder meetings. It’s part of WRI’s “bottom up” strategy to break through the current federal gridlock on climate change policy.

For a decade, the U.S. Congress has withstood efforts to address climate change in a meaningful way. During that same period, U.S. emissions have risen approximately 12 percent, and without an effective domestic climate policy are projected to continue rising. In the absence of federal policy, states and businesses are looking for the independent research, business tools, and policy innovation they need to move ahead on their own.

In early 2005, Jeffrey Immelt, CEO of General Electric, turned to WRI for assistance and support as GE considered its “Ecomagination” platform and emissions reductions targets. Through our business partnership projects, companies such as GE build strategies for gaining cost savings, business growth, and market recognition for climate and energy leadership. GE’s commitments to double its investment in renewable energy technology to $1.5 billion and to reduce its greenhouse gas emissions by 2012 are the types of outcomes WRI’s business partnerships seek. When an iconic company such as GE makes confronting climate change a major element of its business strategy, other corporations take heed.

To help build markets for clean, renewable energy WRI works with over a dozen Fortune 500 companies to identify renewable energy opportunities, evaluate proposals, and make purchases. Six of our corporate partners are now among the nation’s largest buyers of green power: Alcoa, DuPont, FedExKinko’s, GM, Johnson & Johnson, and Whole Foods Market.

As state and business leaders move forward, the pressure on the federal government to act will increase. That’s important because the world simply cannot solve the climate crisis without the U.S. taking a leadership role.

28 STATES HAVE CLIMATE ACTION PLANS

Alabama
California
Colorado
Connecticut
Delaware
Hawaii
Illinois
Iowa
Kentucky
Maine
Maryland
Massachusetts
Minnesota
Missouri
Montana
New Hampshire
New Jersey
New Mexico
New York
North Carolina
Oregon
Pennsylvania
Rhode Island
Tennessee
Utah
Vermont
Washington
Wisconsin
Making the Wealth of Nature Work for the Poor

The dimensions of global poverty are staggering: 2.7 billion people on Earth, almost half its population, exist on $2 per day or less. The reality of that poverty is even more striking: over 2 billion live in rural areas, largely out of sight and dependent to a great extent on their local natural resources—forests, fields and waters—for existence.

Traditional strategies for poverty reduction treat the environment as an afterthought. Environmental organizations, on the other hand, too often fail to recognize that environmental and biodiversity investments can pay dividends for the poor. Conventional donor prescriptions of aid projects, debt relief, and trade reform are necessary, but they are not sufficient. We must focus on the role of rural communities and their natural resource assets if we are to truly address the crisis of global poverty.

For two years, WRI has collaborated with the World Bank, the United Nations Environment Programme, and the United Nations Development Programme to develop and propose an ecosystem-based approach to the reduction of rural poverty. World Resources 2005: The Wealth of the Poor — Managing Ecosystems to Fight Poverty affirms that ecosystem management can lead to improved livelihoods when good governance empowers the poor. The model presented in the report details how natural resources — soils, forests, water, fisheries — managed at the local level are often the most effective means for the world's rural poor to create wealth.

Case studies in World Resources 2005 demonstrate how local stewardship of nature can be a powerful means of fighting poverty. Control over restoring 700,000 acres of denuded forests and grazing lands, for example, was given by the Tanzanian government to the local Sukuma people resulting in higher household incomes, better diets, as well as an increased population of tree, bird, and mammal species. In India, community control over the watershed has led to a nearly six-fold increase in the cash value of crops grown in Darewadi Village.

Much of the data presented in World Resources 2005 can be found on EarthTrends, WRI's online environmental information portal. This resource, made available to the public free of charge, contains data from the world's leading statistical agencies, along with WRI-generated maps and analyses. It can be accessed at www.earthtrends.wri.org.
Advancing the Fundamental Right of People to Influence Decisions About the Natural Resources They Depend On

Public access to information and decision-making produces more equitable, effective, and sustainable decisions. When people have access to information about the environment, they can better make their own decisions about how to avoid risks to their health and well-being, for example, by knowing whether businesses are releasing toxic chemicals into their communities and whether the air is safe to breathe in their cities.

But access to information must be accompanied by opportunities to use data to influence public policy. The only way to ensure that sustainability is integrated into decision-making processes about natural resources is to provide “a seat at the table” for constituencies representing environmental and social interests. This requires giving the public meaningful ways to be involved when key decisions are being made. It also means providing access to redress and, by extension, justice, when there is a failure to provide information or involve the public as required by law.

First articulated in Principle 10 of the 1992 Rio Declaration, these three rights — the right to information, participation, and justice — are known as “access principles.”

WRI is building an international movement dedicated to fostering worldwide acceptance and implementation of these principles. This movement, termed “The Access Initiative,” is a coalition of public interest groups around the world who are assessing how well their governments perform with regard to access principles.

In more than 40 countries, The Access Initiative is benchmarking the protection of basic rights and working with governments to improve laws and practices.

Central to this work is the “Access Indicator Toolkit,” a unique, internationally recognized methodology of more than 150 research questions designed to measure law and practice in the following areas:

- Degree of access to selected types of information about the environment;
- Degree of public participation in decision-making processes; and
- Comprehensiveness and quality of efforts to encourage informed and meaningful public participation.

The results of these assessments demonstrate where the gaps are in law and practice, enabling groups to push for legal reforms and for better policies and processes. The toolkit provides assistance for all phases of the assessment, including assembling a multi-stakeholder coalition, launching an assessment, selecting cases and research methods, finalizing data, and using findings to stimulate tangible results.

It’s proven to be a powerful tool for change. Since its launch in 2000, eight governments (Bolivia, Chile, Ecuador, El Salvador, Indonesia, Mexico, Ukraine, and Uganda) have developed serious dialogue with civil society organizations to discuss assessment findings. To date, more than 25 country assessments have been conducted. Further, in recognition of our leadership in building The Access Initiative, and of the cumulative impact of its results, WRI was awarded a substantial grant by the European Commission in 2005 to extend The Access Initiative to an additional 17 countries.
New Models of Development in Emerging Markets

Helping create more opportunity for sustainable enterprises to grow and prosper is the key to WRI’s efforts to catalyze alternative development models in Brazil, China, India, Indonesia, and Mexico. Forty-five percent of the world’s population now resides in these fast-growing nations. One-third of the most diverse and threatened reservoirs of animal life are within their boundaries.

The most effective way to ensure the private sector facilitates sustainable growth is to give it the tools with which to both “green” and prosper in these new markets. By introducing simultaneously profitable and sustainable business practice into such markets, WRI catalyzes nascent enterprise into a force that responsibly meets the needs of the poor, delivering crucial goods and services that generate social and environmental benefits.

So how do we do this in large, multicultural nations? We take advantage of partnerships with local NGOs, business schools, and companies, and it leads to stronger, more legitimate outcomes. These “business platforms” or “hubs” provide us with the space and credibility to implement a wide range of strategies in support of sustainable growth. Our innovative approach is comprised of three distinct facets, and each one represents an exciting component of the future of responsible, profitable enterprise in emerging markets:

Our New Ventures program is building a pipeline of sustainable small and medium enterprises. Providing mentoring, technical assistance, and connections to investors, New Ventures has over 100 such enterprises in its portfolio and has helped facilitate the investment of over $12 million in these companies.

WRI’s Business-Environment Learning and Leadership program helps business and academic leaders understand how to approach environment and development challenges as unmet market needs that provide business growth opportunities. In Brazil, for example, we are working with that country’s premier business school – Fundação Getúlio Vargas. Our networking forums and conferences, combined with a popular student case writing contest, are proving to be innovative venues to legitimize and bring the subject of private sector approaches to poverty alleviation to key academic and business circles.

In 2005, WRI convened two major conferences in Brazil and Mexico, bringing together over 1,000 representatives from corporations, business schools, environmental groups, multilateral investment banks, and international...
Greening the Capital Markets

When Wall Street powerhouse investment bank Goldman Sachs announced its first ever environmental policy, it was with input from WRI. JP Morgan Chase, one of the world’s leading investment banks with operations in more than 100 countries, adopted new environmental policies in 2005 based in significant part on WRI advice.

In making financing decisions, leading private and public financial institutions wield enormous influence over natural resources and the environment, impacting people and their livelihoods, especially the poor and those without a political voice. Too often, financial institutions are involved in projects that result in negative environmental and social consequences such as gas pipelines cutting through Amazonian rainforests or hydropower dams disrupting river systems.

These institutions are beginning to factor environmental issues and climate change impacts into their operations. WRI is encouraging this trend by working to help public and private financial institutions understand the contribution of their financing decisions to environmental problems, assess the implications of environmental risks for their own financial performance, and develop and implement comprehensive policies for environmental sustainability.

As investors integrate environmental risk into financial analytical frameworks, they send a strong signal to companies to better manage their exposure to environmental risk. It’s an example of the power of market based strategies to steer business investment and innovation toward finding solutions to environment and development challenges.

WRI has been successful with this strategy in the auto sector. Recently, WRI collaborated with Merrill Lynch to produce a study on how climate change policies could impact the auto sector. This report was the first such collaboration between an environmental organization and a U.S. investment bank on climate research. Merrill Lynch used this report to advise clients about investments in the auto industry.

WRI has also successfully pressed the Multilateral Development Banks (MDBs) to integrate climate change considerations into their investment and policy lending portfolios. The recommendations of our policy brief Mainstreaming Climate Change Considerations at the Multilateral Development Banks were reflected in the G8 Action Plan on Climate Change, Clean Energy, and Sustainable Development released at the Gleneagles Summit in July 2005. The G8 called on the MDBs, and the World Bank in particular, to work with borrower countries to identify less emissions intensive growth options, and accelerate adoption of cleaner energy technologies to increase the volume of investments in renewable energy and energy efficiency. The World Bank is now leading a groundbreaking multilateral effort to mobilize an investment framework for clean energy.

“New Models of Development…” continued

development agencies to connect, communicate, and learn about experiences around private sector “bottom of the pyramid” approaches to poverty alleviation. Each conference displayed some of the noteworthy examples of such approaches, such as pre-paid credit cards, microcredit, a retail market for financial services, less expensive personal computers and computing centers, broadband internet, water purification systems, laundry detergent requiring little water, hand-crank rechargeable photovoltaic electronics, and off-grid energy services.

WRI launched www.nextbillion.net in May, 2005 as a tool to facilitate understanding of and networking around private sector approaches to reach the world’s poor. Since its launch, the site has experienced steadily growing international membership. It has become a valuable tool for WRI’s emerging economy partners. It was singled out by BusinessWeek Online in its best of the new web feature as the most comprehensive resource on the web for people interested in “BOP” issues.
Many of the world’s poor are dependent on land and local natural resources for their livelihoods, yet they have limited opportunities to generate wealth from these assets. Public policies and government practices too often allow for the concentration and capture of environmental benefits by small groups of political and economic elite.

In Senegal, for example, charcoal is an important natural resource used for cooking and other purposes. Charcoal consumption in that country is higher than gross electricity consumption. Senegal’s current forestry laws and regulations, however, enable charcoal merchants to control labor opportunities and market access, leverage prices, and essentially establish a strong cartel that permits them to capture most of the profits from the production and sale of charcoal.

WRI’s Equity, Poverty, and the Environment (EPE) initiative works with local policy analysts and public interest groups in Senegal and in other resource-rich countries in Africa and Asia to conduct research on, disseminate recommendations for, and develop policies that promote fair distribution of profits derived from the use of natural resources. In high-inequity, high-poverty countries, such policies can be more effective than economic growth alone in reducing poverty. Even small changes in these policies can have a large effect on building the assets of the poor and on poverty reduction. Increased benefits can also create incentives for citizens and local governments to better manage natural resources.

In many nations, the special interests that benefit from current policies regulating the distribution of natural resource revenues and ecosystem services are often well-positioned to protect their interests. Identifying and working with key champions independent of these interests is a key to success. The work is gaining some traction. The new president of Tanzania, for example, wants to re-design that country’s forestry regulations to better serve the nation’s citizens. International donor agencies like USAID and the Dutch Ministry of Foreign Affairs have also begun promoting fair distributions of natural resource and ecosystem benefits in their poverty reduction initiatives and investments.

Poverty reduction — especially for the poorest — can be greatly enhanced through policies that promote fair distribution of profits derived from the use of natural resources.
Gaining More Value from Nature: Mapping Poverty and Ecosystem Services in East Africa

In Africa, more than seven in ten poor people live in rural regions, with most engaged in resource-dependent activities. Changes to ecosystems affect human well-being and, consequently, levels of poverty.

Over the past three years, WRI has helped build a partnership among international agricultural research institutes, the World Bank, East African NGOs and government agencies to map poverty and ecosystem services in East Africa. When we overlay poverty data with areas of “production” for selected ecosystem services, such as water and food, we create powerful visual information about where the poor live and how the natural resources they depend upon are being used. With these maps, policymakers and communities can better examine problems and opportunities, and, as a result, make better choices about natural resource management and about where to direct scarce financial resources.

Kenya’s Constituency Development Fund (CDF) was created in 2005 to channel development funds to the grassroots level through locally-based initiatives. Relying on poverty maps that WRI helped create, a Poverty Index has been developed by the Kenyan government to ensure that legislative constituencies with larger numbers of poor and higher rates of poverty are favored in the allocation of development funds. Such measures will not only promote poverty reduction, but also support equity and broad-based national development.

WRI is launching a similar initiative in neighboring Uganda. The Uganda Bureau of Statistics officially launched new poverty maps in 2005. Now, communities and government authorities have concrete data they can use to illustrate conditions and advocate for more services and investments in poor areas.

For the first time, Africans are gaining possession of critical development information that they can all use to manage their natural resource wealth and hold authorities accountable.

Changing the Way People See and Value Forests

Covering nearly 200 million hectares and extending from southern Cameroon through five other Central African countries, the Congo River Basin is the second-largest contiguous tract of rainforest in the world, after the Amazon Basin. It’s a biologically rich and diverse area, home to many of the most highly sought-after woods in the international market and plagued by corruption and widespread illegal logging.

WRI’s Global Forest Watch is the first global network committed to monitoring and protecting the world’s forests. The network now maps ninety percent of the world’s primary forests. Communities worldwide use our satellite-based maps and technical expertise to make better decisions about how to manage forests. To protect the mosaic of the world’s forests, we help citizens, governments, and business reconcile conservation and development needs.

The Cameroon Ministry of Forests and Fauna is now using an interactive forestry atlas developed by WRI and its local partners to identify illegal logging throughout the country. The atlas marries maps created by interpreting satellite images of logging roads and maps with information on the legal boundaries of forest titles and protected areas. It’s the most effective source of forestry information available in Cameroon, and the end result of two years of work with the Cameroon government.

WRI staff and partners have started training government officials, the timber industry, and civil society groups in Cameroon to properly use the atlas and incorporate it into daily decision-making about the country’s forest resources.

Similar work has begun in the Republic of Congo and in the Democratic Republic of Congo to produce other map-based tools for use throughout Central Africa over the next several years.
I f Federal Reserve Board Chairman Ben Bernanke held a press conference to announce that 15 of 24 of the world’s leading economic indicators were trending sharply downwards, and the nine others, although stable, were only being maintained in ways that gave him great concern about the state of the economy, it would be the top news story around the globe. Governments and policymakers would insist on responding and dealing with the issues he was raising.

When 1400 of the world’s leading scientists said that about the ecosystems whose services support all human well-being, there was nothing more than a minor stir. Ecosystems provide 50 percent of all jobs worldwide and for many people they are the source of their entire livelihood. The food and fresh water that keep us alive, the clothing we wear, the wood that gives us shelter and furniture, the air that we breathe: all are products of the living systems of the planet.

When the 2004 tsunami struck and killed hundreds of thousands, it seemed like a natural disaster that had nothing to do with human causes. But, more recent scientific analysis shows that where coastal mangroves were intact, the impact of the tsunami was reduced by 90 percent. It’s a service that ecosystems offer that belongs to no one. It’s a service we notice only when its absence leads to catastrophic results. Everyone pays the cost of the loss and few know they’re receiving the benefits. This same story could be told about Hurricane Katrina and the wetlands off the coast of Louisiana.

How well can the Earth’s ecosystems continue to provide the services that people depend on but take for granted? This is the basic question WRI set out to answer six years ago when it catalyzed the Millennium Ecosystem Assessment. Only by developing a better understanding of ecosystem change, can we make the necessary decisions to manage and protect them. Only by properly valuing natural resources can we hope to make the type of decisions that will secure a sustainable future.

Although scientists had identified a need for an international ecosystem assessment during the 1980s and 1990s, the specific proposal for the Millennium Ecosystem Assessment arose during a meeting at WRI in May of 1998 to discuss plans for the biennial World Resources Report, published by WRI, the World Bank, the U.N. Environment Program, and the U.N. Development Program. Building on a proposal by Dr. Walter Reid, then WRI Vice President, the meeting concluded with a proposal to undertake a set of activities to create a new international assessment process. These activities included: a) conducting a pilot analysis of global ecosystems, b) focusing the World Resources Report on the state of global ecosystems, and c) establishing a consultative process that could lead to the creation of a full international science assessment.

This early work was launched with financial support from the Avina Group, David and Lucile Packard Foundation, the United Nations Foundation, and the Global Environment Facility. Initial findings were released by WRI in April 2000 in World Resources 2000–2001: People and Ecosystems: The Fraying Web of Life. The publication...
Reveals Widespread Degradation

called for the creation of the Millennium Ecosystem Assessment. The findings were also featured by Time Magazine in its international Earth Day special issue and in the television documentary Bill Moyers Reports: Earth on Edge. United Nations Secretary General Kofi Annan featured the Millennium Assessment as one of five major initiatives for “Sustaining our Future” in his Millennium Report to the United Nations General Assembly.

With additional financial support secured and an organizational structure in place, the Millennium Ecosystem Assessment formally began in February 2001, coordinated by Dr. Walt Reid and managed under the auspices of the U.N. Environment Programme. The effort was governed by a Board comprised of representatives of international conventions, UN agencies, scientific organizations and leaders from the private sector, civil society, and indigenous and conservation organizations. A 15-member Assessment Panel and a Review board, composed of leading social and natural scientists oversaw the technical work of the assessment.

The four-year, $25 million effort eventually involved 1400 scientists and experts from 95 countries. It culminated in 2005 and its many technical reports are providing powerful data about ecosystems. We believe this essential information will inform and direct policies, research, and investments by governments, non-governmental organizations, and business.

The bottom line message from this ground-breaking study is that the benefits reaped from our engineering of the planet have been achieved by running down natural capital assets. Human activity is putting such a strain on the natural functions of the Earth that the ability of the planet’s ecosystems to sustain future generations can no longer be taken for granted. Nearly two-thirds of the services provided by nature to humankind are found to be in decline. In short, we are living beyond our means.

WRI believes these results represent the most significant challenges facing humanity today. These impacts didn’t happen overnight and they won’t be solved without a significant investment in changing the way people value ecosystems.

Earth’s natural balance sheet depends on choices made at every level and in every corner of the planet. A business-as-usual approach to how we use Earth’s ecosystems is not working now and it clearly will not work for the future.

Running Down the Account

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DEFINING A GLOBAL ACTION AGENDA FOR POLICYMAKERS

The Millennium Ecosystem Assessment by design stopped short of making policy recommendations about how to manage ecosystems in a sustainable manner. To help fill this vacuum, WRI has challenged 17 experts from diverse backgrounds around the globe to think with us about how to use the findings to overhaul the way decisions are made about how to manage healthy ecosystems. WRI will publish a set of key policy ideas, along with some good current examples of sound ecosystem management, thereby providing a solid analytical foundation around which civil society groups and government policymakers can use to define a global action agenda.

PILOT TESTING A TOOL TO BETTER VALUE AND MANAGE CORAL REEFS

Coral reefs are vital economic engines and major sources of income for Caribbean nations. Reefs also play a crucial role in protecting coastlines from erosion, flooding, and storm damage. Yet, nearly seventy percent of Caribbean coral reefs are threatened by human activity. Most of the damage stems from a focus on short- rather than long-term benefits, often driven by a lack of reliable information about the value of the goods and services associated with coral reefs.

WRI is working with local partners in Trinidad and Tobago and St. Lucia to estimate the tourism, recreation, fisheries, and shoreline protection benefits these countries receive from their coral reef resources. Our goal is to develop an economic valuation methodology that can then be implemented by other governments throughout the Caribbean so they too will be able to make informed decisions regarding coastal development and coral reef protection.

MANAGE CORAL REEFS

PILOT TESTING A TOOL TO BETTER VALUE AND

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Running Down the Account
WRI’s Green Office Continues to Inspire

WRI’s office was built within conventionally leased space and within a standard budget, but it made some intelligent choices that use resources efficiently and deal with waste constructively. Sustainably harvested and salvaged wood, bamboo and cork, are just a few of the materials used. Lighting and appliances are energy efficient. Paints and finishes, countertops and flooring, cabinets and carpentry were all chosen for their environmentally-friendly materials and manufacturing processes. WRI’s offices have been recognized as one of the top ten best examples of environmentally responsible design solutions by the American Institute of Architects.

Our office continues to inspire and others have moved to follow our lead. In 2005, WRI hosted more than fifteen groups seeking to learn more about green building design, materials, furnishings, and office practices. Among the diverse groups visiting were a delegation from the Shanghai Ecological Economy, the District of Columbia’s Department of Parks and Recreation, the United Nations Foundation, the British and Mexican embassies, Conservation International, Chemonics, National Defense University, and Chile’s National Clean Production Council.

We participated in a post-occupancy evaluation survey conducted by HOK (Hellmuth, Obata & Kassabaum, the architectural firm that designed our office space) and the Center for the Built Environment at the University of California, Berkeley. The purpose of the survey was to help compare actual project results against design goals and intentions. By taking the pulse of operating buildings (e.g., looking at how people use space, asking what they like and don’t like about the interior environment, and linking the responses to measurements of indoor environmental quality), important lessons are learned that can lead to improvements in a building’s performance, as well as aid others who share a commitment to sustainable design solutions. These study results were published in the 2005 edition of HOK’s Guidebook for Sustainable Design, and will be used by those who manage buildings and those who plan and design buildings.

“WRI holds itself to the same standards it expects from others. This gives us increased credibility and legitimacy when we work with companies and governments because we’re struggling with the same tough issues they are. We know it takes time to change organizational culture.”

Paul Faeth
Executive Vice President and Managing Director
WRI recognizes climate change as a critical threat to people's lives, the economy and the environment. To minimize our own climate impact and hold ourselves to the same standard we expect from others, we are committed to reducing our CO₂ emissions to net zero each year. We measure our emissions annually and take steps to reduce them. This project has given WRI firsthand experience and a better understanding of the climate policy issues facing businesses and also has informed our efforts to help service-sector companies reduce their greenhouse gas emissions.

How do we do it? First and foremost, we work with our landlord, the American Psychological Association, and property manager Trammell Crow Company, to purchase renewable energy. WRI is now powered one hundred percent by “green power.” We achieved this by purchasing renewable energy certificates, which, in effect, subsidize the production of energy from renewable sources such as wind. To offset our electricity use, we use energy-efficient compact fluorescent lamps throughout the space. All our printers, fax machines, copies, dishwashers, and refrigerators are energy-efficient models. We endeavor to hold “green” meetings and conferences, and we have launched a drive to become as paperless as possible.

WRI’s office helps staff minimize emissions from travel too. The office is located a few short blocks from the city’s main mass transit hub, which connects travelers by rail to other East Coast cities and by subway to the local area. On-site shower facilities and a secured area for storing bicycles are important benefits for employees who prefer to commute by emissions-free means. In addition, WRI’s video-conferencing equipment enables staff to connect with partners around the world without leaving the office. An internal team ensures that staff are regularly educated on our CO₂ policy and how they can contribute.

We have produced an office guide to share our experiences implementing our CO₂ reduction commitment. Working 9 to 5 on Climate Change: An Office Guide helps other office-based organizations understand climate change and the practical steps they can take to measure and reduce their CO₂ emissions. WRI believes that it is critical that markets are developed that value carbon.

To support the development of a U.S. market, WRI participated in the pilot phase of the Chicago Climate Exchange (CCX), a voluntary U.S.-based emission trading program. Members with significant emissions commit to reducing their emissions by a minimum of four percent by 2006. Small emitters like WRI adopt the more stringent “net zero” target. In addition to participating in the CCX as a member, WRI also serves on the organization’s environmental compliance committee.

How Big is Your Carbon Footprint?

A carbon footprint is a representation of the effect individuals or organizations have on the climate in terms of the total amount of greenhouse gases produced (measured in units of carbon dioxide). Many actions generate carbon emissions, which contribute to accelerating global warming and climate change.

WRI’s SafeClimate Carbon Footprint Calculator is a tool by which we encourage our staff, Board, and other individuals and organizations to use in order to better understand their personal impacts on the climate system. By measuring our carbon footprints we get a better sense of what our impacts are and which parts of our lives deserve the greatest attention. Armed with such information we can more readily take effective action to shrink our carbon footprint, thereby minimizing our personal impacts on the climate.
GOVERNANCE AND ACCESS

The Access Initiative: A global coalition of civil society groups, convened by WRI, working to promote national-level implementation of access to information, participation, and justice in decisions affecting the environment.

Partnership for Principle 10: An international forum for governments, civil society organizations, donors, and other stakeholders working together to enhance public access to information, participation, and justice in national-level decision-making.

EarthTrends — The Environmental Information Portal: Influences policy and research with a comprehensive on-line collection of data and analysis about the environmental, social, and economic trends that shape our world.

Information Working Group for Africa: Brings geospatial data to bear on local, national, and sub-regional sustainable development problems. With help from WRI, six countries will identify measurable improvements in their environmental information systems capacities as part of an overall assessment.

World Resources Report: WRI’s flagship publication provides government, civil society, and business with timely information with which to shape policy and reform institutions. The 2005 and 2006 editions continue to focus on the links between poverty, environment, and governance.

Yunnan Environmental Governance: Produces engagement and partnership strategies that will guide international civil society organizations on how to support good environmental governance in Yunnan Province and the broader ecoregions of which it is a part.

CLIMATE AND ENERGY

Climate Analysis and Indicators (CAIT): Provides access to information and analysis tools on global climate change that help support future policy decisions made under the Climate Convention and in other forums.

Sustainable Development Policies and Measures (SDPAMs): Aims to find ways to help major developing countries find policies and measures that meet their own sustainable development goals more effectively, while creating significant benefits for the global climate.

Vulnerability & Adaptation: Seeks to reduce human and ecosystem vulnerability to the physical impacts of climate change.

EMBARQ — The WRI Center for Transport: Fosters viable government-business-civil society partnerships whose members are committed to finding solutions to the transportation-related problems facing the cities in which they operate.

Biofuels Production and Policy: Implications for Climate Change, Water Quality, and Agriculture: Assesses the impact of bio-fuel production on the environment and agricultural structure, and how policy influences feedstock production, technology change and the environment.

Carbon Capture and Storage (CCS): A stakeholder partnership whose aim is to produce a set of guidelines and/or regulations that ensure high standards of environmental, health and social standards in CCS projects.

Climate Northeast: A private sector partnership that builds strategies for companies to thrive in a carbon-constrained economy.

Emissions Markets: Develops compatible greenhouse gas emissions markets that deliver cost-effective and environmentally-sound emissions reductions.

Greenhouse Gas (GHG) Protocol Initiative: Develops internationally accepted accounting and reporting protocols and tools for corporate GHG inventories and GHG mitigation projects and promotes their use by businesses, policy makers, and NGOs.

Green Power Market Development Group: A unique commercial and industrial partnership dedicated to building corporate markets for green power in the U.S. and in Europe. The Group in the U.S. is advancing a clean energy future by developing 1,000 megawatts of cost-competitive green power by 2010.

Learning and Leading by Doing: Expanding the Impact of WRI’s CO2 Reduction Commitment: Helps service and retail companies understand their role in climate change solutions and develop and implement effective climate change strategies.
MARKETS AND ENTERPRISE

Capital Markets Research: Ensures that the financial implications of environmental opportunities and risk are properly understood by financial institutions, investors and issuers, and are appropriately reflected in the world’s capital markets.

International Financial Flows and the Environment: Works to shift patterns of development finance so that they support rather than undermine environmental sustainability and poverty reduction at local and global levels.

Business-Environment Learning and Leadership (BELL) in North America, Latin America, and Asia: Ensures tomorrow’s business leaders view social and environmental challenges as unmet market needs that can provide business growth through innovation, entrepreneurship, and organizational change.

Development through Enterprise: Identifies, documents, disseminates innovative ways of meeting the needs of poor communities through private sector strategies and seeks to catalyze investment/adoption by engaging companies and development agencies.

The Electricity Governance Initiative: Works with sector decision-makers and civil society to promote transparency, accountability, and public participation in the electricity sector.

New Ventures: Operates centers of sustainable entrepreneurship in key emerging markets to facilitate economic growth that brings social and environmental benefits and innovation.

Green Fees: Identifies and analyzes a portfolio of tax reforms that would be both fiscally prudent and environmentally sound. WRI will educate policymakers and opinion leaders in order to build support for these measures.

PEOPLE AND ECOSYSTEMS

Decentralization and Natural Resources: Market Access and Institutional Choice: Promotes representative local government as a tool to improve environmental justice, reduce poverty, and raise the efficiency and equity of decision-making, and increased rural community and local government access to natural resource commodity chains.

Equity, Poverty, and the Environment: Promotes government allocation and distribution policies for revenues from ecosystem goods/services that increase benefits to poor peoples and promote social equity and environmental justice (fair distributions of environmental costs and benefits).

Global Forest Watch (GFW): Helps governments, industry, NGOs and community groups in Southeast Asia, Russia, Central Africa, and the Amazon Basin access and properly integrate timely, accurate and accessible forest landscape information in decision making. GFW’s goals are to incorporate awareness of international best practices, address the legacy of past administration, and promote sustainable forest management.

WRI Forest Program in North America: Helps governments, industry, NGOs, and community groups in North America act upon accessible, accurate and relevant forest landscape information to manage an increased area of forest land at a higher level of sustainability.

Agricultural Subsidies and Developing Country Policy Reforms: Aims to assist major developing countries in establishing and implementing new agricultural policies and measures to ensure that the reduction of subsidies in developed countries benefits the rural poor and protects the environment.

Reforming the U.S. Farm Bill: Seeks to reduce agricultural subsidies harmful to the environment in the country and to poor farmers worldwide, while at the same time increasing domestic support for conservation and environmentally sustainable agricultural practices.

Economic Valuation of Coral Reefs: Creates an economic valuation methodology in Cuba, Saint Lucia, and Trinidad and Tobago that will produce estimates of the value of coral reef goods and services for use in coastal management decisions and that can be replicated elsewhere.

Post Millennium Ecosystem Assessment: From Assessment to Action: Disseminates and translates into action the findings of the Millennium Ecosystem Assessment, a four-year international effort to assess the conditions and trends of the world’s ecosystems and the links to human well-being.

Poverty and Ecosystem Services in East Africa: Develops opportunities for poverty reduction through spatial analysis of ecosystem services. Policymakers will be able to see the linkages between poverty and ecosystem services and improve their implementation of national and regional strategies and plans.

Watershed Analysis for the MesoAmerican Reef: Improves coastal resource management and coral reef protection by providing comprehensive information on land-based sources of threat to the Mesoamerican Barrier Reef.

Equity, Poverty, and the Environment: Promotes government allocation and distribution policies for revenues from ecosystem goods/services that increase benefits to poor peoples and promote social equity and environmental justice (fair distributions of environmental costs and benefits).

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Performance-based Incentives for Improving Environmental Quality: Aims to develop a well-functioning nutrient trading market that provides a cost-effective way to improve water quality.
improved forest management is being built.”

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a critical foundation of experience and

government agencies, WRI provides

with these nascent environmental groups

Russian government. By working closely

is just emerging in Russia, with NGOs

The whole concept of an active civil society

most about WRI is its partnership approach.

forests are visualized and valued.

suffers from a plethora of difficulties in its

environmental movement in Russia

Russia’s great northern boreal forests are

not only a source of wood; they play a

critical role in stabilizing the global climate.

To Russians, however, the great northern

forests mean much more. They embody the

harmony of communities, natural diversity,

and the free and untutored fl ow of life.

The challenges facing these bastions of biodiversity are enormous; the

environmental movement in Russia suffers from a plethora of difficulties in its

attempts to help guide and regulate forest

management: outdated information, a weak

civil society, and decentralized governance.

Laurie Wingate and Brian Cox understand

these central challenges facing the Russian landscape, fi rst supporting our forestry

work there five years ago when Brian was

stationed in Moscow with the U.S. Treasury Department. They also understand that

partnering with local NGOs who are versed

in the nuance of the issues is imperative in

the achievement of meaningful outcomes.

Global Forest Watch works with civil society groups in Russia to change the way

forests are visualized and valued.

Laurie and Brian explain, “What we value

most about WRI is its partnership approach.

The whole concept of an active civil society is just emerging in Russia, with NGOs

being looked upon with suspicion by the Russian government. By working closely

with these nascent environmental groups and government agencies, WRI provides a critical foundation of experience and

data upon which a successful strategy for improved forest management is being built.”

WRI Gratefully Acknowledges Our Donors

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Ray C. Anderson
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DONOR PROFILE

SUPPORTING THE ENVIRONMENTAL REVOLUTION IN RUSSIA

Russia’s great northern boreal forests are not only a source of wood; they play a

critical role in stabilizing the global climate.

Laurie Wingate and Brian Cox, donors, Lars Laestadius, co-director of Global Forest Watch, and Volha Roshchanka, research analyst for Global Forest Watch.

GLOBAL FOREST WATCH
for Their Support in Fiscal 2005

GOVERNMENT AND MULTILATERAL ORGANIZATIONS
- Academy for Educational Development
- Canadian International Development Agency
- European Commission
- Ecofys bv
- Inter-American Development Bank
- International Tropical Timber Organization
- National Oceanic and Atmospheric Administration
- Natural Resources Canada
- Netherlands Ministry of Foreign Affairs
- Norwegian Ministry of the Environment
- Pennsylvania Department of Environmental Protection
- Research Triangle Institute
- Royal Danish Ministry/DANIDA
- Swedish International Development Agency
- The Gun Lake Tribe
- United Kingdom Foreign and Commonwealth Office
- United Nations Environmental Programme
- United Nations Office for Project Services
- United States Agency for International Development
- United States Agency for International Development Kinshasa
- United States Environmental Protection Agency
- World Bank

CORPORATIONS
- Alcoa, Inc.
- Arete Corporation
- Baker & McKenzie
- Bank of America
- Boeing Company
- BP, plc.
- Bristol Myers Squibb Company
- CH2M Hill Companies
- Citigroup Foundation
- Con Edison
- Delphi Corporation
- DuPont Company
- Eastman Kodak Company
- General Motors Corporation
- Hewlett-Packard Company
- HOK Group, Inc.
- IBM Corporation
- IKEA of Sweden
- International Paper Company
- Johnson & Johnson
- S.C. Johnson Fund, Inc.
- Monsanto Company
- J.P. Morgan Chase
- Motorola Foundation
- NatureWorks, LLC
- Norm Thompson Outfitters
- Pfizer, Inc.
- Pitney-Bowes
- Procter & Gamble Company
- Shell Foundation
- Shell International Limited
- Staples
- Starbucks Coffee Company
- Sughrue Mion, PLLC
- Visa International Sponsorships
- Weyerhaeuser Company Foundation
- Whole Foods Market

FOUNDATIONS
- Abramson Family Foundation
- American Conservation Association, Inc.
- AVINA Foundation
- The Warren L. Batts Family Fund
- Blue Moon Fund
- Cabell and Shirley Brand Charitable Lead Trust
- The Cox Family Fund
- Strachan & Vivian Donnelley Foundation
- Energy Foundation
- Ford Foundation
- German Marshall Fund of the United States
- The Greene Foundation
- Harbor Lights Foundation
- I Do Foundation
- The J&L Foundation
- The John D. and Catherine T. MacArthur Foundation
- Merck Family Fund
- Charles Stuart Mott Foundation
- Monterey Fund, Inc.
- David and Lucile Packard Foundation
- The Oak Foundation
- Prospect Hill Foundation
- Rockefeller Brothers Fund
- Rockefeller Philanthropy Advisors, Inc.
- Rothberg Family Foundation, Inc.
- Sam Shine Foundation Inc.
- Stiftung Dritte Millennium
- Surdna Foundation
- Swanee Hunt Family Foundation
- TAUFO Fund
- The Tierney Family Foundation
- Emily Hall Tremaine Foundation
- Trust for Mutual Understanding
- Wallace Global Fund
- West Hill Foundation for Nature
- Westwind Foundation
- The Whitehead Foundation

OTHER INSTITUTIONS
- American Forest and Paper Association
- CERES
- Confederation of Indian Industry
- Earth Share
- Earth Share - California
- Greatergood.com, Inc
- International Water Management Institute
- Iowa State University
- Kansas State University
- Many One Networks
- Michigan State University
- NE States for Coordinated Air Use Management
- Pew Center on Global Climate Change
- RCF Economic and Financial Consulting
- Research Triangle Institute
- Regional Env. Center for CEE
- Resources for the Future
- The Nature Conservancy
- United Way California Capital Region

DONOR PROFILE

THE OLIN FOUNDATION: FAMILY INVESTMENTS AND FAMILY VALUES

“It’s about more than the mission,” says Ralph Taylor, when discussing what drives his family’s philanthropic investments in an organization. “We also look for clear strategies and the presence of leaders whom we believe can deliver on those strategies.” Ralph Taylor is the president of Greenleaf Composting Company and an advisor to the philanthropy founded by his grandparents, The Spencer T. and Ann W. Olin Foundation. He joined the WRI Board of Directors in 2000.

Over the past decade, Ralph Taylor and his mother Barbara Olin Taylor have invested more than $3 million in WRI. Taylor family and Olin Foundation funding have helped catalyze WRI’s work with the business community, including the development of the Greenhouse Gas Protocol, which has become the international standard used by more than 300 companies and government programs to measure and report greenhouse gas emissions. It’s an essential step in the process of reducing and trading emissions.

The family also invested early in WRI’s environmental governance portfolio of work. One key component of good governance is providing people with the right and ability to influence decisions about the natural resources they depend on. An early idea nurtured with Taylor and Olin support — The Access Initiative — has grown into the largest global network dedicated to changing laws and practices to protect this fundamental right. When citizens are involved, better decisions are made.

“Whatever we value so much about WRI,” explains Ralph Taylor, “is that WRI epitomizes a practical way for businesses, governments, and environmental groups to work together, focused around solutions rather than ideology. We are very proud of our investments.”
Of greatest concern to WRI are the trust and confidence of our supporters. We receive donations from individuals, governments, foundations, and corporations, and have stringent financial controls in place to ensure that funds are used in the most efficient manner and comply with donors' wishes. To maintain our credibility and effectiveness, our income and expenditures are reviewed by professional auditors.

Financial Statement

**FY2005 Sources of Revenue**
- Private Foundations: 19%
- U.S. Government: 26%
- Corporate Donors: 7%
- Other Government/International Sources: 42%
- Individual Donors: 5%
- Other Income: 1%

**FY2004 Sources of Revenue**
- Private Foundations: 18%
- U.S. Government: 27%
- Corporate Donors: 22%
- Other Government/International Sources: 22%
- Individual Donors: 10%
- Other Income: 1%

**FY2005 Uses of Operating Funds**
- Program Activities: 81%
- Development: 8%
- General Administration: 11%
### Statement of Consolidated Activities

At September 30, 2005, with comparative totals for 2004

#### Changes in Unrestricted Net Assets

<table>
<thead>
<tr>
<th></th>
<th>TOTAL 2005</th>
<th>TOTAL 2004</th>
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<tbody>
<tr>
<td><strong>Revenues, and Other Support</strong></td>
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<tr>
<td>Grants/Contributions</td>
<td>$6,844,000</td>
<td>$4,840,000</td>
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<tr>
<td>Federal Grants</td>
<td>3,955,000</td>
<td>3,623,000</td>
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<tr>
<td>Publications/Others</td>
<td>45,000</td>
<td>91,000</td>
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<tr>
<td>Net assets released from restrictions</td>
<td>6,405,000</td>
<td>9,731,000</td>
</tr>
<tr>
<td><strong>Total Unrestricted Revenues and Other Support</strong></td>
<td>17,249,000</td>
<td>18,285,000</td>
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<tr>
<td><strong>Expenses</strong></td>
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<tr>
<td>Program Activities</td>
<td>16,364,000</td>
<td>17,162,000</td>
</tr>
<tr>
<td>General Administration</td>
<td>2,161,000</td>
<td>2,050,000</td>
</tr>
<tr>
<td>Development</td>
<td>1,583,000</td>
<td>1,753,000</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>20,108,000</td>
<td>20,965,000</td>
</tr>
<tr>
<td><strong>Results from Operations</strong></td>
<td>(2,859,000)</td>
<td>(2,580,000)</td>
</tr>
<tr>
<td><strong>Investment Loss/Gain</strong></td>
<td>5,387,000</td>
<td>3,895,000</td>
</tr>
<tr>
<td><strong>Change in Unrestricted Net Assets</strong></td>
<td>2,528,000</td>
<td>1,215,000</td>
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</tbody>
</table>

#### Changes in Temporarily Restricted Net Assets

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<th></th>
<th>TOTAL 2005</th>
<th>TOTAL 2004</th>
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</thead>
<tbody>
<tr>
<td>Revenue Grants/Contributions</td>
<td>5,480,000</td>
<td>4,877,000</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>(6,405,000)</td>
<td>(9,731,000)</td>
</tr>
<tr>
<td><strong>Change in Temporarily Restricted Net Assets</strong></td>
<td>(925,000)</td>
<td>(4,854,000)</td>
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#### Changes in Permanently Restricted Net Assets

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<tr>
<th></th>
<th>TOTAL 2005</th>
<th>TOTAL 2004</th>
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<tbody>
<tr>
<td>Revenue Grants/Contributions</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Change in Net Assets</strong></td>
<td>1,602,000</td>
<td>(3,639,000)</td>
</tr>
<tr>
<td><strong>Net Assets at Beginning of Year</strong></td>
<td>44,882,000</td>
<td>48,521,000</td>
</tr>
<tr>
<td><strong>Net Assets at End of Year</strong></td>
<td>46,484,000</td>
<td>44,882,000</td>
</tr>
</tbody>
</table>

### Total Unrestricted Revenue and Other Support

(In thousand dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Unrestricted Revenue and Other Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>10,000</td>
</tr>
<tr>
<td>2001</td>
<td>15,000</td>
</tr>
<tr>
<td>2002</td>
<td>18,000</td>
</tr>
<tr>
<td>2003</td>
<td>15,000</td>
</tr>
<tr>
<td>2004</td>
<td>18,000</td>
</tr>
<tr>
<td>2005</td>
<td>20,000</td>
</tr>
</tbody>
</table>

### Key Indicators of Financial Position

<table>
<thead>
<tr>
<th>Indicator</th>
<th>TOTAL 2005</th>
<th>TOTAL 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$50,298,000</td>
<td>$47,816,000</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>$3,814,000</td>
<td>$2,934,000</td>
</tr>
<tr>
<td>Total Unrestricted</td>
<td>12,335,000</td>
<td>9,809,000</td>
</tr>
<tr>
<td>Temporarily Restricted</td>
<td>9,048,000</td>
<td>9,974,000</td>
</tr>
<tr>
<td>Permanently Restricted</td>
<td>25,100,000</td>
<td>25,100,000</td>
</tr>
<tr>
<td><strong>TOTAL NET ASSETS</strong></td>
<td>$46,484,000</td>
<td>$44,883,000</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND NET ASSETS</strong></td>
<td>$50,298,000</td>
<td>$47,816,000</td>
</tr>
</tbody>
</table>
WRI WELCOMED FOUR NEW MEMBERS TO ITS BOARD OF DIRECTORS IN FY 2005

FERNANDO HENRIQUE CARDOSO was president of the Federative Republic of Brazil from 1995 to 2003. He is currently chairman of the Club of Madrid and co-chairman of the Inter-American Dialogue. He is also a board member for both the Rockefeller Foundation in New York and the Institute for Advanced Study at Princeton University. Cardoso is a professor at large at Brown University and chair of the Cultures of the South at the Library of Congress in Washington D.C. He recently presided over the United Nations Panel of Eminent Personalities on the relationship between the U.N. and civil society.

Cardoso emerged in the late 1960s as one of the most influential figures in the analysis of large-scale social change, international development, dependency, democracy, and state reform. He was a figurehead in Brazil’s struggle for democracy to overcome the authoritarian military regime, which lasted from 1964-1985. He was a founding member of the Brazilian Social Democratic Party (PSDB) and served as the country’s minister of foreign relations in 1992-93 and minister of finance in 1993-94. Cardoso holds honorary degrees from nearly a dozen universities worldwide and has authored numerous books and essays.

AL GORE served as the 45th vice president of the United States from 1993 to 2001. He is chairman of Current TV, a new cable and satellite news and information network for young people. He is also chairman of Generation Investment Management, a London-based fund management firm that creates environment-friendly portfolios. Gore serves on the board of Apple Computer, and is a senior advisor to Google. Gore is a visiting professor at Middle Tennessee State University.

Gore was elected to the U.S. House of Representatives in 1976 and the U.S. Senate in 1984 and 1990. He was a central member of President Clinton’s economic team, helping to pass the first balanced budget in the United States in 30 years. Since his early days in the House and Senate, Gore has worked to clean up toxic-waste dumps, support the development of a new generation of fuel- and energy-efficient vehicles, and combat global warming in ways that also create new jobs. His pioneering environmental efforts were outlined in his best-selling book Earth in the Balance: Ecology and the Human Spirit.
DR. NGOZI OKONJO-IWEALA, is the minister of finance for the Federal Republic of Nigeria. Prior to this appointment in 2003, she was vice president and corporate secretary of The World Bank Group, where she had worked since 1982. Okonjo-Iweala began her career at The Bank as an economist and rose through the ranks because of her work in regions such as the Middle East, North Africa, and East Asia. In 2000, she took a leave of absence from The World Bank to serve as an economic adviser to Nigeria President Olusegun Obasanjo.

Okonjo-Iweala holds a Ph.D. in regional economics and development from the Massachusetts Institute of Technology. She has published several papers in development journals, is the co-editor of a recent book entitled *The Debt Trap in Nigeria: Towards a Sustainable Debt Strategy*, and co-author of *Teacher of Light*, the 2003 biography of famous Nigerian writer Chinua Achebe. Okonjo-Iweala is the recipient of numerous awards and honors, the latest being the Euromarket Forum award for vision and courage on the design and implementation of Nigeria’s economic-reform program.

LEE THOMAS was administrator of the U.S. Environmental Protection Agency from 1985-89, during which time he led the agency’s rulings to phase out domestic production and imports of CFCs and other substances that deplete the ozone layer. He is the former president and chief operating officer of Georgia-Pacific Corporation, overseeing the company’s North American and European consumer products, pulp and paper, packaging and building-products businesses. He joined Georgia-Pacific in 1993 as senior vice president of environmental and government affairs. Thomas is chairman of the School of the Environment Advisory Board at the University of South Carolina, from where he received his master of education (M.Ed.). In addition, he serves on the boards of Airgas Inc., Resolve Inc., the Georgia Environmental Facilities Authority, National Merit Scholarship Corp., the Metro Atlanta Chamber of Commerce, and the Federal Reserve Bank of Atlanta. In 2001, Thomas received the Environmental Law Institute Award. In 2000, he received the National Conference for Community Justice National Brotherhood Award.
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Cities on the Move

Mexico City’s new Bus Rapid Transit Corridor carried its 70-millionth passenger just twelve months after opening in 2005. Two hundred and fifty thousand passengers use the system each day cutting travel time from the far north of Mexico City to the south in half and averaging time savings per commuter of up to about ten minutes.

Placing a conservative dollar estimate on time in Mexico City at two cents per minute, this yields $12.5 million of benefits per year from time savings alone, which is enough to pay back the infrastructure investment made by the city in just over three years. Eighty new, high-capacity buses mean a reduction of 47,000 tons of CO₂ emissions from the air per year. Additional benefits include a fifty percent reduction in the air pollution that passengers are exposed to while commuting.

The new bus system is the centerpiece of a unique partnership between Mexico City and EMBARQ — The WRI Center for Sustainable Transport — to implement a cleaner and more efficient transportation system in one of the world’s most polluted cities. WRI believes that finding socially, financially, and environmentally sound solutions to the problems of urban mobility in developing cities is vital to global sustainability. EMBARQ is leading the way, pioneering the use of carefully structured public-private partnerships with leaders in Mexico City, Porto Alegre, Istanbul, Shanghai, and Hanoi. Our role is to help them reduce the risks and costs of making their transportation systems more sustainable.
IDEAS INTO ACTION

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Annual Report 2005

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The WRI logo represents a knot tying together the threads of natural resource use and conservation, economic development, and social equity through research, capacity building, and institutional change.