

A world map with various regions highlighted in shades of blue and yellow. The highlights are scattered across the globe, with notable concentrations in the Atlantic Ocean, the Mediterranean region, and parts of Africa and Asia. A white banner is overlaid on the map, containing the title and logos.

GRID-Arendal Annual Report 2009



UNEP

GRID
ARENDAL

Environmental Knowledge for Change

Our mission

Our mission 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

Our 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

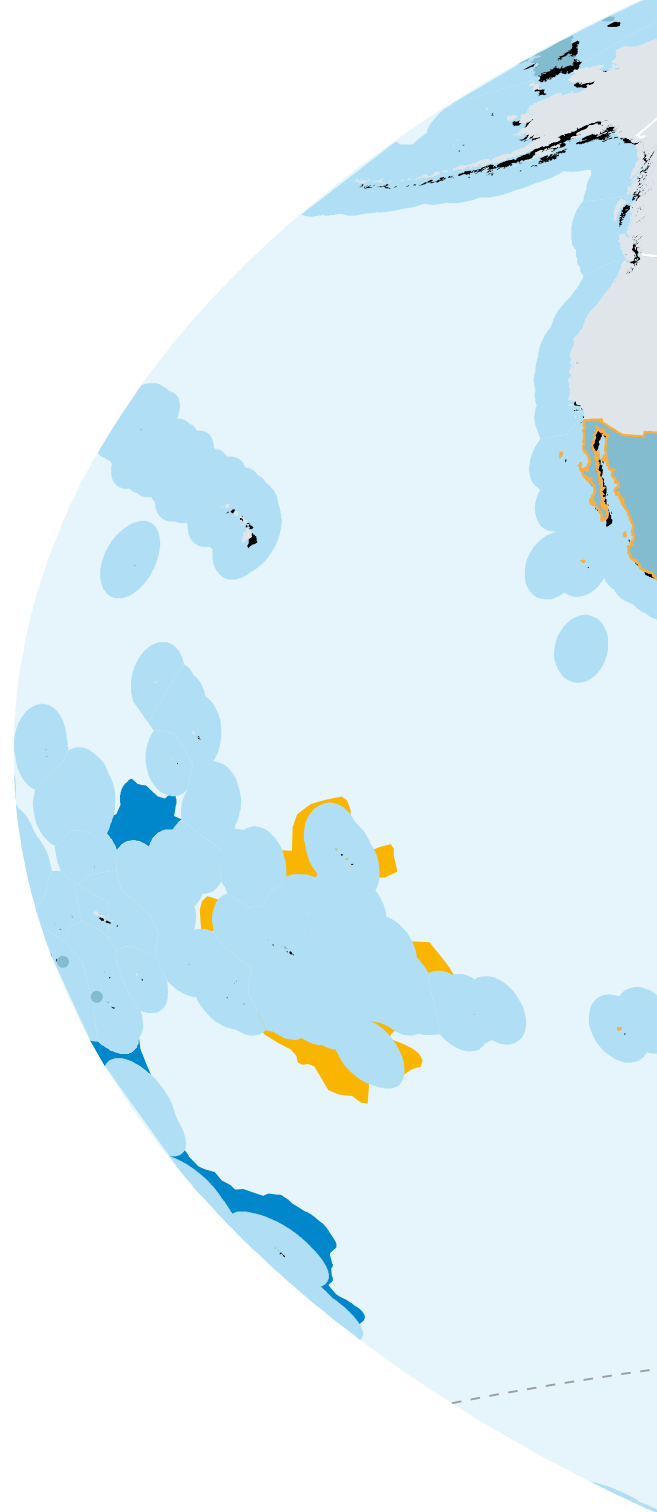
- Knowledge based information
- Empowerment for action
- Apply a green lens to all our thinking and actions
- Ensure a legacy for future generations

Diversity

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

Integrity

- Credibility
- Transparency
- Modesty
- Respect





GRID-Arendal Annual Report 2009

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Message from Chairman of the Board and Managing Director

2009 was a great year for GRID-Arendal. Prosperity and a motivated, highly productive staff were demonstrated when the organisation celebrated its 20th anniversary in August.

2009 was a great year in terms of productivity. Not only has the sheer number of publications and other outputs been higher than ever. We also believe that the impact of our work for the environment is growing. The two publications GRID-Arendal produced for UNEP, which reached highest recognition, and probably impact, were *The Environmental Food Crisis – The Environment’s Role in Averting Future Food Crises* and *Blue Carbon – The Role of Healthy Oceans in Binding Carbon*. The phrases “environmental food crisis” and “blue carbon” were not in common use prior to the publication. If “googled” today, these phrases produce over ten million hits. In particular the colouring of carbon is now in common use. Interest in establishing a blue carbon fund in order to safeguard mangroves, sea grass habitats and salt marshes have been expressed by several countries, in particular during the difficult climate negotiations at the summit in December in Copenhagen. Once established it could have a double effect for global wellbeing: it will be crucial for the protection of the world’s climate and for the oceans’ biodiversity and productivity.

A good example of a traditionally known competence of GRID-Arendal for translating complex issues into short and easily understandable formats is the 60-page, highly illustrated publication *Climate in Peril: A Popular Guide to the Latest IPCC Reports* with funding support from the Norwegian State Climate and Pollution Agency (former SFT) and the Swedish Environmental Protection Agency. This publication synthesizes the most relevant information on climate change and has been translated into several languages.

An impact in the form of real capacity building was the production of the latest UNEP environmental atlas *Uganda: Atlas of our Changing Environment*. The Uganda atlas was launched in June in Kampala in a large national event attended by ministers and other high level authorities. Uganda and its environmental agency, the National Environmental Management Authority (NEMA), acknowledged the support provided by Norway through GRID-Arendal in developing their capacities to produce this atlas themselves. NEMA believes that they now could serve as mentor and su-



pervisor for the next environmental atlas that will be produced by a neighbouring country.

2009 was also great in terms of our financial figures. Following several years of financial losses, which culminated in 2007, in just over two years we reached the goal of bringing up the equity of the foundation to 10 million NoK. Major factors for this success were the Framework Agreement with the Norwegian Ministry of Foreign Affairs and improved financial management. In addition the same Ministry came up with additional requests and funds for increased support to developing countries enabling them to prepare their submissions for the extension of the continental shelf before the deadline. With further project funding from various agencies we raised a total of 56 Million NoK, the highest turnover in the history of GRID-Arendal.

2009 also saw a significantly increased focus on GRID-Arendal's Human Resources. In parallel to GRID-Arendal's new strategy for 2009–2013 our Human Resource Policy was finalized and an extensive Personnel Hand-

book was published on the revamped Intranet. As a further indication that 2009 was a good year for GRID-Arendal, we were pleased to see that the overall staff satisfaction has increased.

We welcome you to read about these and other positive achievements in our 20th year. We now look forward to 2010 with renewed vigor and enthusiasm to support UNEP in addressing global environmental challenges.

Olav Orheim
Chairman of the Board

Peter Prokosch
Managing Director

Polar and Cryosphere Programme

GRID-Arendal is mandated, used and valued by UNEP and other UN organizations as their key actor for networking and provider of analyses, environmental and climate information and knowledge as well as the promoter of environmental solutions in the Polar and Cryosphere regions, particularly in the Arctic.



UNEP in the Arctic

GRID-Arendal (representing UNEP as an observer in Arctic Council) has continued to participate as a partner in developing the Circumpolar Biodiversity Monitoring Programme and the Arctic Biodiversity Assessment, both programmes run by Arctic Council's working group Conservation of Arctic Flora and Fauna (CAFF). The Polar team was also actively engaged in the International Polar Year and has launched a web site in conjunction with UNEP to help promote IPY Polar Books.





Many Strong Voices

The Many Strong Voices (MSV) consortium continued with active work in 2009. At UNFCCC COP 15, MSV coordinated information flow to partners and provided speakers for various side events and other activities. The project also worked through a number of partners to set up a drafting team of NGOs, Indigenous Peoples' Organizations and others to develop proposed human rights language for the treaty text. The MSV Virtual Library website was launched at COP 15 and includes materials on mitigation, adaptation, education and outreach relevant to Arctic and SIDS. MSV is co-ordinated by GRID-Arendal and the Center for International Climate and Environmental Research – Oslo (CICERO).

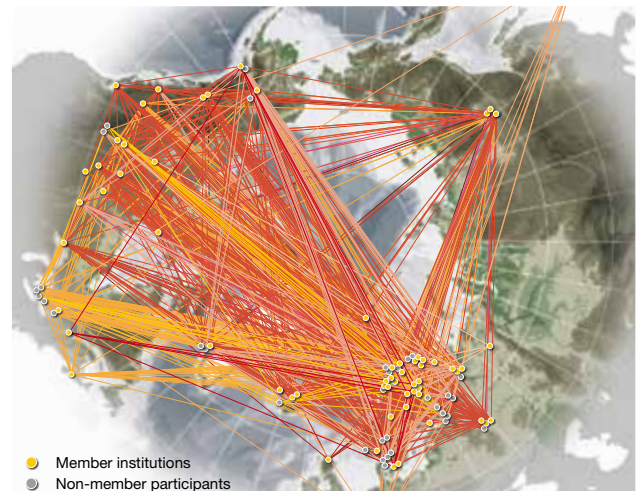
www.manystrongvoices.org

The Portraits of Resilience photography and communications project was also launched at COP 15 and features stories and photos by students in Arctic and SIDS countries. The project illustrates in a very personal way the human dimension of climate change.

www.manystrongvoices.org/portraits

University of the Arctic

GRID-Arendal hosts the leadership of the University of the Arctic, a network of 130 institutes of higher education from the circumpolar north. This partnership benefits from the activities of the 19 Thematic Networks, which provide focused research and training towards a sustainable north.





ECORA

GRID-Arendal finalized the five year GEF-funded project on integrated ecosystem management in the Russian Arctic (ECORA). As part of the final phase of this project GRID-Arendal co-authored a CAFF Technical Report on the results achieved in ECORA to date which was released at the Arctic Council Ministerial meeting in April 2009. A concluding scientific conference on results of ECORA was held in Moscow in November 2009. The final output of results will be released in 2010.



Himalayan Climate Impact and Adaptation Assessment

Results of the two-year pilot assessment in the Himalaya were presented in the report *Local Responses to Too Much and Too Little Water in the Greater Himalayan Region*. The work was coordinated by the International Centre for Integrated Mountain Development (ICIMOD), with partners from a range of institutions in China, India, Pakistan and Nepal, supported by expertise from GRID-Arendal and CICERO.

High Mountain Glaciers

Together with the Norwegian Polar Institute, GRID-Arendal organised the global conference “High Mountain Glaciers and Challenges caused by Climate Change” in Tromsø, Norway. Attendees included UNEP’s Deputy Executive Director, Angela Cropper. A UNEP report based on the conference is planned for 2010.

Angela Cropper’s speech from the conference: www.unep.org/Documents.Multilingual/Default.asp?ArticleID=6261&DocumentID=591&l=en



Marine Programme

GRID-Arendal makes a valuable contribution to improved understanding of marine ecosystems, focusing on coastal developing nations and Small Island Developing States; and contributes to policy changes promoting responsible management and sustainable use of the marine environment.

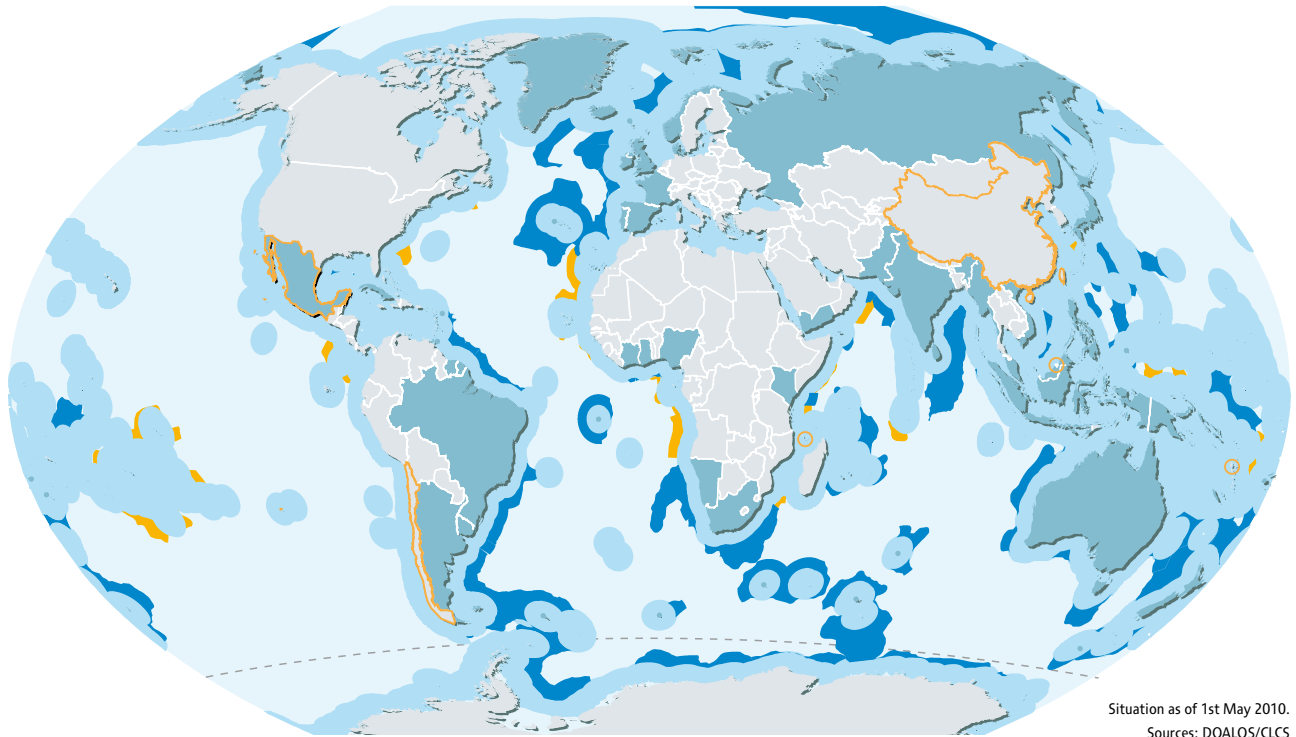


UNEP Shelf Programme

May 13 2009 was a historic milestone towards the definition of maritime sovereignty – the deadline for many states of UNCLOS to deliver their submission for the extension of their outer continental shelf boundaries. This was the culmination of many years of work for the Shelf team and we are delighted that all of the developing States assisted by GRID-Arendal were able to deliver

their full submissions (32 states) or preliminary submissions (36 states) in time. A comprehensive overview of this process *Continental Shelf: The Last Maritime Boundary* was published by GRID-Arendal in December 2009. Official Development Assistance (ODA) countries with extended deadlines and those still to develop full submissions will continue to receive support from the UNEP Shelf Programme for a number of years to come.

Global distribution of outer continental shelf



- States that lodged a submission to the CLCS
- Exclusive Economic Zone
- States that lodged preliminary information but did not disclose the extent of the area
- Area of outer continental shelf according to the Executive Summaries of the submissions
- Area of outer continental shelf according to preliminary information

"I reaffirm the great importance of the continuing partnership and collaborative efforts between the SOPAC Ocean & Islands Programme and UNEP/GRID-Arendal and the great value with which this partnership is viewed by the Pacific Island member nations of SOPAC."

– Dr. **Arthur P. Webb**, Manager, Ocean & Islands Programme

Earthwire Marine

"Earthwire Marine", a new addition to the Earthwire service, was launched in June 2009. This is a free online service collating and delivering daily news relating to the marine environment.

www.earthwire.org/marine

Expanding horizons

2009 has seen an expansion of GRID-Arendal's marine ecosystem assessment and management capacities with the recruitment of two new staff into the marine team, responding to the recommendations of the Norwegian Ministry of Environment. The team has worked closely with UNEP's Marine and Coastal Ecosystem Branch to ensure complementarity with the UNEP Marine Strategy.

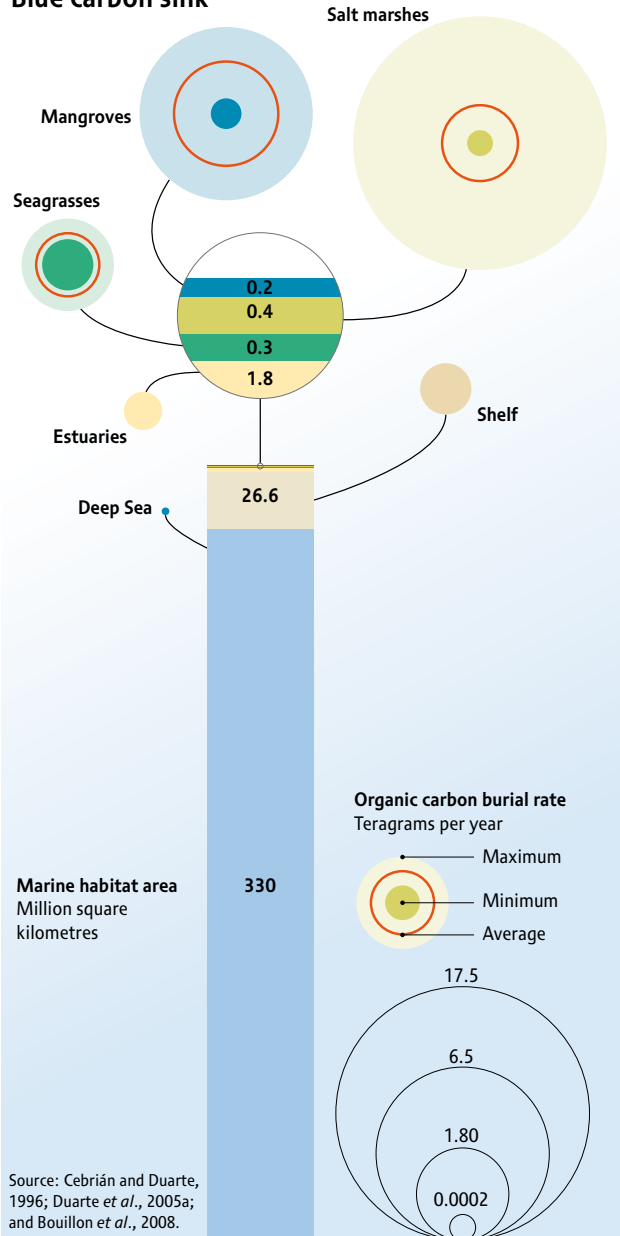
This synergy is demonstrated in two major projects for this year. GRID-Arendal, in collaboration with UNEP, the Food and Agriculture Organization (FAO), the United Nations Educational, Scientific and Cultural Organization – Intergovernmental Oceanographic Commission (UNESCO-IOC) and others published in October 2009 a rapid response assessment *Blue Carbon: The Role of Healthy Oceans in Binding Carbon*, a major contribution to the debate on the role of oceans in mitigating climate change and increasing the profile of oceans on the international climate change agenda.

GRID-Arendal partnered up with UNEP-WCMC to support UNEP and UNESCO-IOC in the development of a prototype system to support the information and data management needs of a UN Regular Process for global assessment and reporting on the state of the marine environment, including socio-economic aspects, work that will extend into 2010.

Marine Programme newsletter

The Marine Programme produces a monthly newsletter to keep in touch with existing and potential partners. If you would like to receive the newsletter please contact grid@grida.no

Blue carbon sink



Communication and Capacity Building Programme

GRID-Arendal is a key provider of environmental information, through environmental assessments and reports and expertise in communication, outreach and capacity building primarily targeted at developing countries.

Outputs

During 2009 GRID-Arendal provided technical assistance and capacity building services to 6 regions, 23 developing countries, and 5 communities. 11 major publications were produced. Cartographic, layout, printing and distribution support and services were provided to 8 publications.

Increasing our direct contact with the public

GRID-Arendal responded to more than 4000 public enquiries and requests to reproduce maps, graphs and smaller sections from GRID-Arendal publications.

GRID-Arendal continued to engage in raising public environmental awareness by participating in numerous events, including the UNFCCC summit in December in Copenhagen, the conference “High Mountain Glaciers

and Challenges caused by Climate Change” in June in Tromsø, Norway, and the Hove Music Festival in June and the Canal Street Jazz Festival in July in Arendal, Norway.

During the year, GRID-Arendal also hosted numerous visits of government officials from various ministries and embassies, as well as representatives of local, national and international organizations and institutions.

Media relations

Press releases were prepared and disseminated throughout the year and a number of events were arranged to attract interest in GRID-Arendal and its messages. This resulted in articles in both international and local newspapers, specialised publications and on websites as well as quotes and interviews on radio and television in Norway and elsewhere.



Featured publications

GRID-Arendal has started the production of eBooks with multimedia features. These provide better options for accessing, viewing, and interacting with information; reach a wider audience and reduce the organization's carbon footprint. Recognizing its potential, this format was considered by UNEP for its publications. The production of UNEP publications in eBook format by GRID-Arendal will strengthen the cooperation with UNEP, adding to regular development of graphics for UNEP's magazine "Our Planet".

Website development and maintenance

Our technical expertise enables us to create and maintain dynamic websites and other electronic products. During 2009, work continued on renovating the GRID-Arendal website, www.grida.no.

Support to UNEP

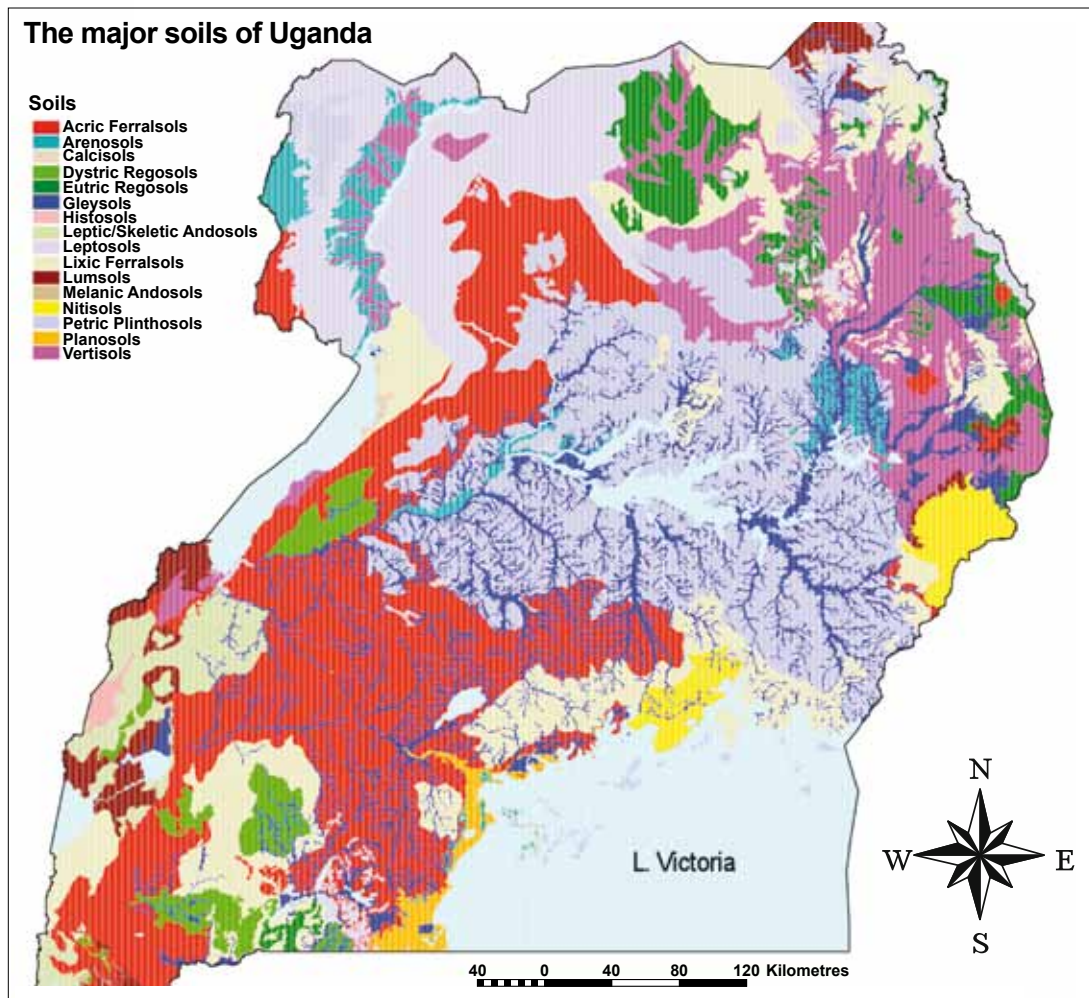
GRID-Arendal continued to work closely with UNEP by developing communication and visualization tools and products, taking part in regional and global outreach events, disseminating UNEP press releases to media contacts in Scandinavia and posting UNEP information and press releases on the GRID-Arendal website.

↓ The Uganda Atlas

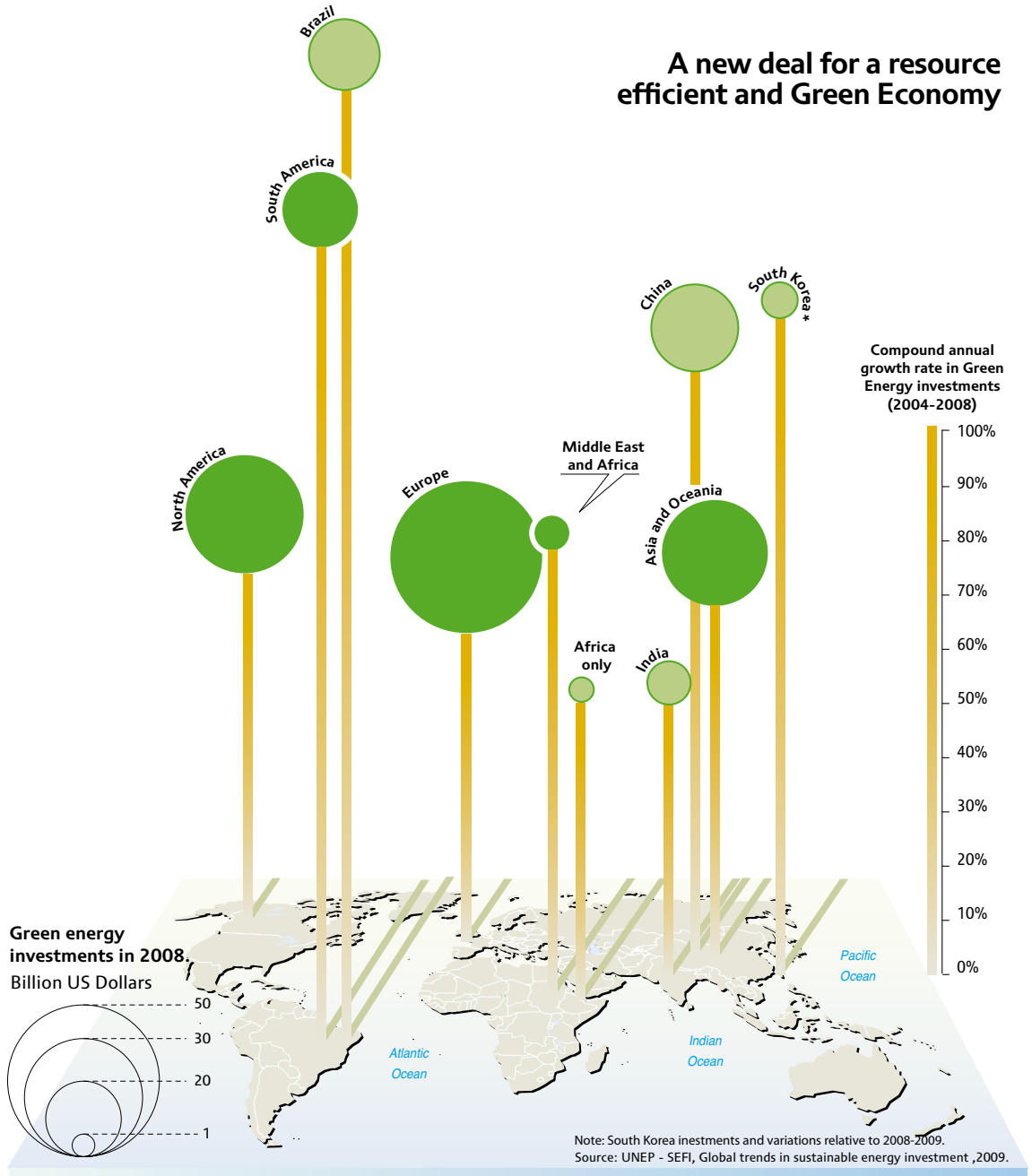
The *Uganda Atlas of Our Changing Environment*, prepared by the NEMA with the support of GRID-Arendal, provides extensive scientific evidence of Uganda's changing environment. The Uganda Atlas seeks to safeguard the country's environment and inspire decision makers to act.

⇒ Environment & Poverty Times No. 6

The theme of the 6th issue of *Environment & Poverty Times*, prepared by GRID-Arendal and UNEP's Division of Technology, Industry and Economics (DTIE), was resource efficiency as a catalyst for a greening of the world economy and its subsequent contribution to poverty alleviation efforts.



A new deal for a resource efficient and Green Economy



Publications

During 2009, GRID-Arendal contributed to and/or facilitated the production, printing and dissemination of publications and other environmental information products including:

Best Practices in Environmental Information Management in Africa: The Uganda Case Study

www.grida.no/publications/the-uganda-case-study

Blue Carbon Fund: The Ocean Equivalent of REDD for Carbon Sequestration in Coastal States

www.grida.no/_res/site/file/publications/blue-carbon/BCflyer.pdf

Blue Carbon: The Role of Healthy Oceans in Binding Carbon

www.grida.no/publications/rr/blue-carbon

A Case for Climate Neutrality: Case Studies of Moving Towards a Low Carbon Economy

www.grida.no/news/default/4082.aspx

The Changing Himalayas: Impact of Climate Change on Water and Livelihoods in the Greater Himalayas

www.grida.no/publications/himalaya/ebook2.aspx

Climate in Peril: A Popular Guide to the Latest IPCC Reports

www.grida.no/publications/climate-in-peril

Continental Shelf: The Last Maritime Zone

www.grida.no/publications/shelf-last-zone

The Environmental Food Crisis: The Environment's Role in Averting Future Food Crises

www.grida.no/publications/rr/food-crisis

Environment & Poverty Times, Issue 6

www.grida.no/publications/et/ep6/

Environment and Security Issues in the Southern Mediterranean Region

www.grida.no/publications/list/3951.aspx

An Integrated Ecosystem Management Approach to Conserve Biodiversity

www.grida.no/publications/list/3716.aspx

Khaidarkan Mercury - Addressing primary mercury mining in Kyrgyzstan

www.grida.no/publications/rr/mercury

Local Responses to Too Much and Too Little Water in the Greater Himalayan Region

www.grida.no/publications/himalaya/ebook3.aspx

Many Strong Voices - turning vulnerability into strength

www.grida.no/publications/msv_tvist

Reindeer Husbandry and Barents 2030

www.grida.no/publications/list/4324.aspx

The Natural Fix? The Role of Ecosystems in Climate Mitigation

www.grida.no/publications/rr/natural-fix

Towards Sustainable Energy Services for Households and Small Businesses – Barriers and Recommendations

www.grida.no/publications/list/4164.aspx

Uganda: Atlas of our Changing Environment

www.grida.no/news/default/3747.aspx

Vital Forest Graphics

www.grida.no/publications/vg/forest

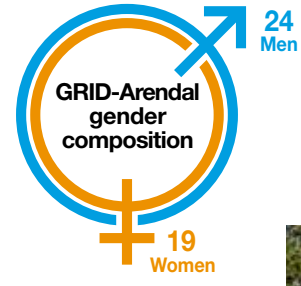
Vital GEO Graphics

www.grida.no/publications/vg/geo



Our People, our Resources

In 2009, the GRID-Arendal team was made up of 33 staff, 8 regular consultants and 2 interns. Women comprised 44% of the workforce.



Not present in the photo above: Christian Nellemann, Elena Santer Veligosh, Joan Fabres, Mona Edvardsen, Tina Schoolmeester, Valentin Yemelin and Øystein Halvorsen.

Our staff hold citizenship in 21 countries. The biggest contingents are Norwegians (16) and Canadians (6). Collectively, we have experience working in 69 countries.

We have a wide range of educational backgrounds, including 41 degrees at the masters level and 9 doctorates. Our areas of specialization include: geography, marine geology, environmental science and policy, natural resources management, agriculture, environmental engineering, oil and petrochemical engineer-

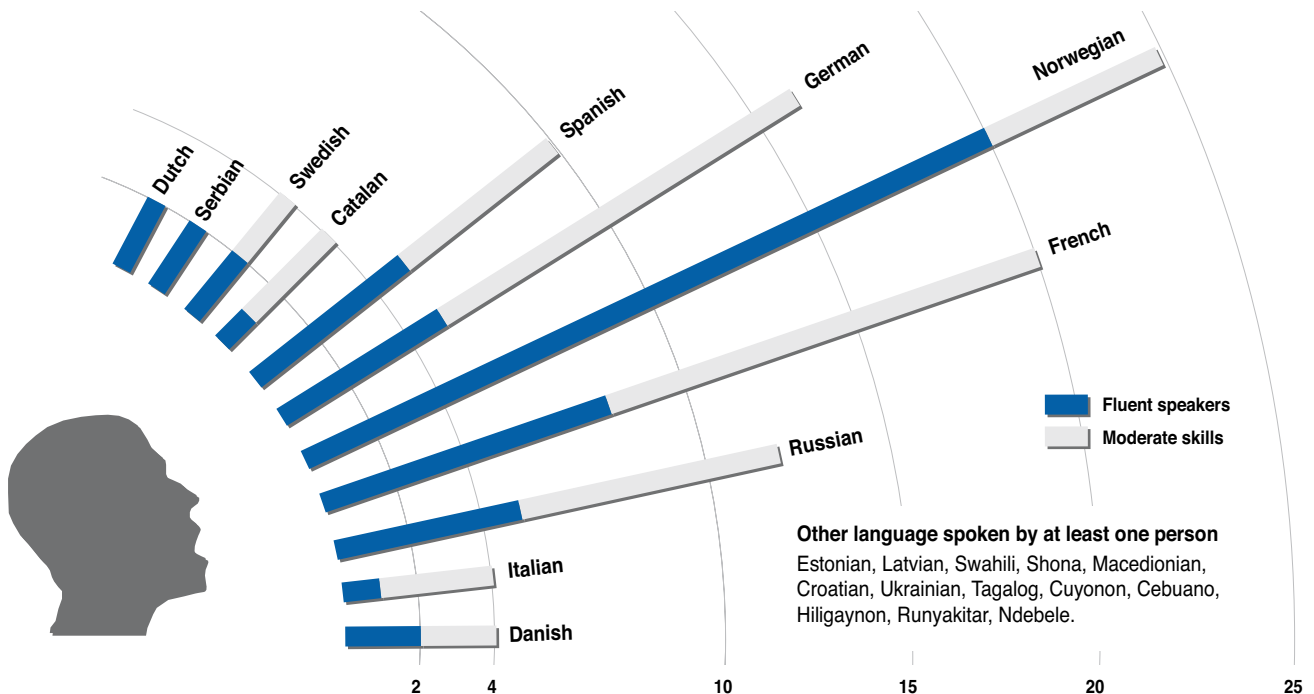
ing, wildlife biology, marine biology, chemistry, zoology, tropical coastal management, environmental toxicology, journalism, forest and wild life management, business administration, finance, design, and computer science.



GRID-Arendal continues to be closely associated with friends and colleagues of Zoi Environment Network, a spin off of GRID-Arendal in Geneva, founded in December 2008.

www.zoinet.org

Spoken languages in addition to English



Celebrating 20 Years of GRID-Arendal

In August 2009, GRID-Arendal joined UNEP in its work to promote the Green Economy Initiative, marking 20 years of working to deliver environmental knowledge for change. GRID-Arendal is well positioned to contribute to and promote new thinking and action for a more sustainable future.

Going for the Green New Deal

The Anniversary Seminar, Going for the Green New Deal, was held in Arendal on 21 August 2009. One principal aim of this anniversary event was to seek input from our network of partners as to how, together, we can support UNEP in the challenge of bringing about the global shift to a green economy. The seminar presented the future role of GRID-Arendal in promoting a greening of

the economy through its three core areas of competence – marine, polar and cryosphere, and capacity building and communications. Engaging and thought provoking presentations from local and international experts stimulated participants' thinking on the possible premises and features for a green new deal. The seminar provided a forum for dialogue, political and thematic debates, and culminated in a guided tour of the Arendal skerries.

CO₂ Neutral Event

GRID-Arendal was presented with a Climate Certificate™ by “CO₂focus” for its 20th Anniversary event. The certification was verified according to the Greenhouse Gas Protocol. The CO₂ emissions originating from the event were offset by UN issued emission credits from CDM project no. 0744, equivalent to a total amount of 25,6 tonnes CO₂.

The Certified Emission Reduction credits (CER) were issued by the UN under the Clean Development Mechanism of the Kyoto Protocol's mechanism to combat global warming. A CER is an official emission credit which guarantees the reduction of greenhouse gas emissions and supports sustainable growth in developing countries.





“ I am pleased to extend greetings to all participants at this 20th anniversary seminar of GRID-Arendal, a key partner of the United Nations Environment Programme. GRID-Arendal is bridging the gap between science and policy while serving as a model of climate neutrality by following the UN’s “Kick the Habit” guidelines. I thank the Government of Norway for its visionary thinking in establishing GRID-Arendal twenty years ago. It serves as a model of how a non-profit organization, with strong government backing, can make an effective contribution to the United Nations system.

– Ban-Ki-Moon, Secretary-General of the United Nations



“ As Minister of Environment for seven years, starting the year after GRID-Arendal was established, I had the opportunity over a considerable length of time to follow the foundation’s developments. During my time as cabinet minister, the UN flag was raised for the first time in Norway – something that made me enormously proud.

– Torbjørn Berntsen, former Minister of Environment



“ The inauguration of GRID-Arendal 20 years ago is something I remember very well. Those of us who were there were part of something important. GRID-Arendal was an institution different from all others, and a central element in the follow-up of the World Commission on Environment and Development. GRID-Arendal has been a success because you have provided scientific evidence as a basis for action. In a situation where the world is facing a potential climate crisis, this role is more important than ever.

– Gro Harlem Brundtland



“ ‘Think globally and act locally’. This was a main message from the World Commission on Environment and Development. This is the only true path leading to a sustainable future. Broad access to scientifically-based knowledge is a crucial qualification to ensure success in the task of such a rescue operation. That is why GRID-Arendal was established 20 years ago.

– Sissel Rønbeck, former Minister of Environment (1986–1989)



“ Reliable information is of key importance to effective environmental protection. GRID-Arendal’s consistent gathering, analysis and dissemination of quality environmental information over 20 years has made important knowledge accessible and useful. This is something to be proud of. Congratulations!

– Erik Solheim, Minister of the Environment and International Development



“ I want to congratulate GRID-Arendal for 20 years of environmental services. Over the years, I have personally benefited from the environmental information and mapping produced by UNEP’s office in Arendal. While I was Minister of Environment I often used the analyses GRID prepared on the climatic developments in the Arctic. This documentation has hopefully contributed to an increased focus on the serious consequences climate change has on the polar ice melting. Through the Red Cross, I observe on a daily basis the humanitarian consequences of environmental degradation.

– Børge Brende, former Minister of Environment (2001–2004)



“ Through the years, GRID-Arendal has built up an important and invigorating competence in Arendal. This has contributed to increased attention towards key environmental issues. GRID-Arendal’s environmental activities and products have been of great significance for many countries, organizations and UN institutions. Contact with GRID-Arendal renders inspiration, enhanced knowledge and increased commitment within the realms of environment. Congratulations with your 20th anniversary. All the best of wishes for the future.

– Helen Bjørnøy, former Minister of Environment (2005–2007)

A Green Economy Perspective

Since the beginning of the industrial age we have eagerly mined the planet for fossil fuels and other extractive resources. Arguably the cost of doing so is often surpassing the benefits. Herman Daly, a champion of an ecological economy, calls this uneconomic growth.

“A green economy is an economy that imitates green plants as far as possible.”

– Prof. **Herman Daly**, University of Maryland, USA

GRID-Arendal works with UNEP to communicate about opportunities leveraged through an economic model where value is given to natural, human and traditional economic capital. A green economy fosters better economic activity, not bigger.

In 2009 GRID-Arendal published the 6th issue of Environment and Poverty Times together with UNEP DTIE bringing forward stories, case studies and feature articles about moving towards a green economy. Also, with Development Alternatives preparations were made to

develop a knowledge base for renewable energy in India. The overarching objective for this initiative was to foster access to renewable energy solutions, social innovation and inspire action in selected local communities in India.

Degradation of soils, air, water and biological resources negatively impact on public health, food security, consumer choice and business opportunities. Equally, working towards a green economy; more resilient livelihoods, communities and societies may flourish. Moving towards a green economy holds the potential of bringing about new green jobs, more intelligent economic growth, alleviate poverty and reduce environmental pollution, global warming, resource depletion, and environmental degradation. No wonder this is a priority for GRID-Arendal in the years to come.

“We are building a new economic compass for policy decisions in order to change incentive structures, reduce or phase out perverse subsidies, and engage business leaders in a vision that recognizes the value of nature’s services and the costs of their loss.”

– **Pavan Sukhdev**, Study Leader, TEEB and Special Advisor & Head, Green Economy Initiative, UNEP



Outlook 2010

International Year of Biodiversity

In 2002, recognizing the crucial role that biodiversity plays in supporting every aspect of human life, Parties of the UN Convention of Biological Diversity (CBD) set an ambitious goal – to achieve by 2010 a significant reduction of the current rate of biodiversity loss at the global, regional and national level as a contribution to poverty alleviation and to the benefit of all life on Earth. This goal was subsequently endorsed by the World Summit on Sustainable Development and the United Nations General Assembly.

To mark the target year, 2010 has been designated as the “UN International Year of Biodiversity” – an opportunity to reflect on what has been achieved to date. The 10th Conference of Parties of the CBD will gather in October 2010 in Nagoya, Japan. One of the tasks will be to establish new targets that will motivate the global society to redouble efforts to ensure that sustaining biodiversity is a high priority both on the international agenda, and in the minds and actions of citizens globally.

GRID-Arendal will be adding our own voice to motivate and inform our constituents. As an “Impact Monitoring Centre” we will continue to explore how environmental information can lead to more considered decisions. We use the experiences of our work to learn and adapt our products, pushing the boundaries to find new and innovative ways to communicate messages that can bring the best available science to decision makers and the

public. To celebrate the International Year of Biodiversity in 2010, we will promote biodiversity issues through our four main areas of work: Polar & Cryosphere, Marine, Communications, and Capacity Building & Assessments and thereby strengthen our collaboration and synergy with our “sister” organization, the World Conservation Monitoring Centre (UNEP-WCMC).

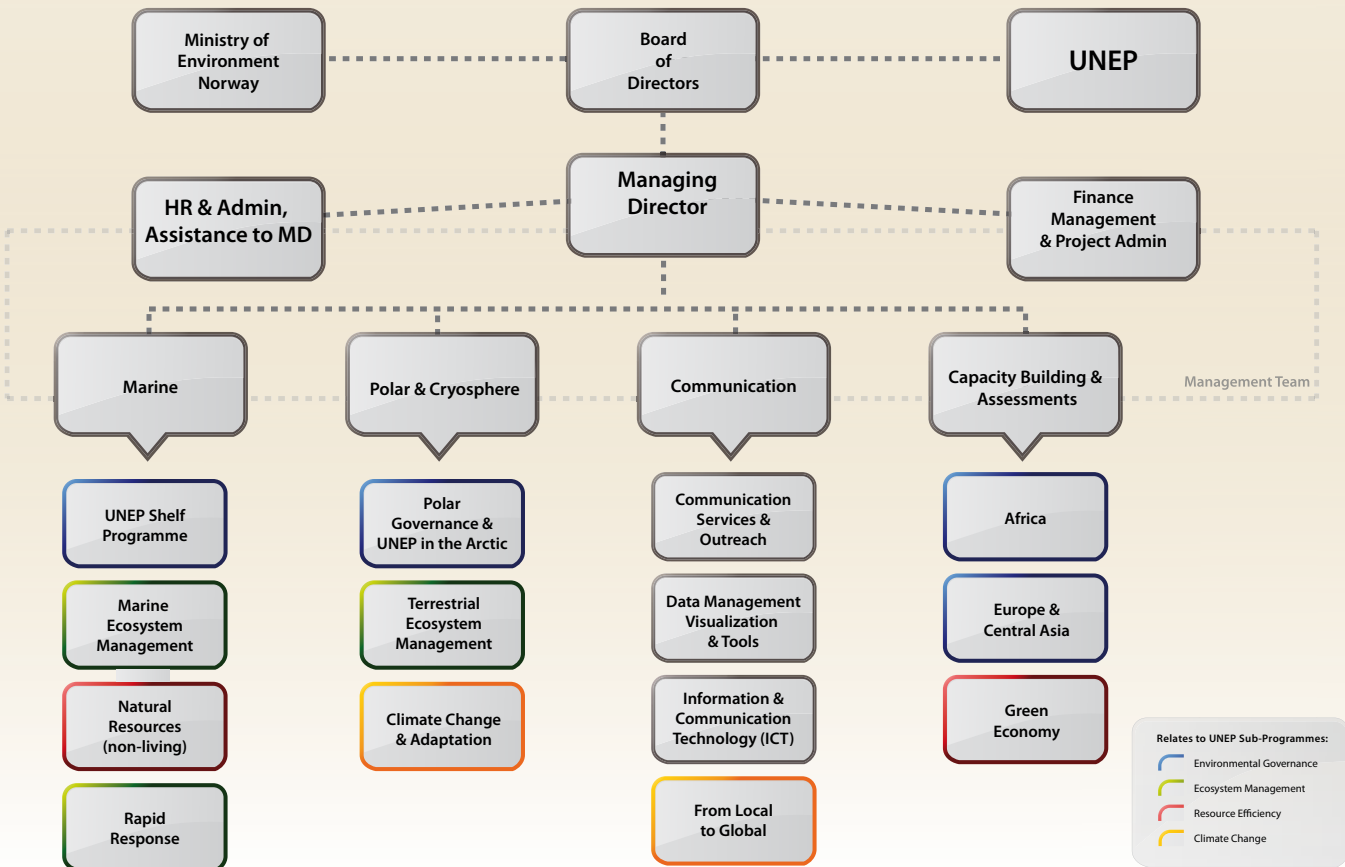
New team structure

2010 is the start of a transition for GRID-Arendal to a new, team-based structure. We believe that working through a number of dynamic and evolving teams will:

- Increase the incentive for creativity and new ideas;
- Promote the empowerment of staff and evolution of in-house skills;
- Increase focus on strategic areas, in particular the thematic areas of the UNEP Programme of Work; and,
- Foster greater efficiency and flexibility.



UNEP/GRID-Arendal Organizational chart



Report of GRID-Arendal's Board of Directors

In 2009, the 20th year's anniversary of GRID-Arendal, the foundation continued to pursue its mission to support and strengthen the capacities of the United Nations Environment Programme (UNEP) in providing high-quality information products and services.

The Board is very pleased to report a positive financial result of NOK 4,752,730 in 2009. With two years of positive financial results, the equity is now at NoK 9.255.647 which is close to the overall target of MNoK 10 to be reached in 2010. The cash position is improved during 2009, and at year end the bank deposits was at MNoK 12,3 and the bank overdraft facility has not been used in 2009.

The equity/capital ratio has increased from 27% in 2008 to 44% in 2009. It should be kept in mind that the Board follows the general principle that earnings will be used solely to support the mission statement and the long term goals of the foundation.

The Board considers the outlook for 2010 as promising. A renewal of the framework agreement between GRID-Arendal and the Norwegian Ministry of Foreign Affairs in 2010 will continue to provide GRID-Arendal with a financial basis for focused work in key areas to support UNEP. The foundation's work programme is progressing well and there is a growing demand for new projects and new products within GRID-Arendal's core activities.

Consistent with its overall institutional objective, we are pleased to report that the foundation does not conduct activities that damage the environment, as defined by the Norwegian Accounting Law.

Efforts are being made at GRID-Arendal to raise awareness among staff and to reduce its ecological footprint through a "green office" policy. We strive to "green" all our meetings, conferences and events.

The working conditions within GRID-Arendal were found to be good. The sick leave in 2009 amounted to 3,0 percent of the total working days. There were no injuries to staff in 2009, and there were no significant damages to the equipment of the organization. Regular meetings were held 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 year 2009 the staff consisted of 15 women and 18 men. Both the Board and Management are aware of the social expectations of measures to



Orheim

Dahle

Eckerberg

Gilruth

Johnsen

Lein

Liedtke

Nygaard

Reinertsen

promote gender equality in the foundation and in the Board. Concrete measures are currently implemented to achieve this.

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.

Altogether the Board congratulates the staff and the management for its performance in 2009 and for the very positive financial results.

15 March 2010

Olav Orheim
Chairman of the Board

Peter Prokosch
Managing Director

Øystein Dahle

Katarina Eckerberg

Peter Gilruth

Kathrine Ivsett Johnsen

Berit Lein

Klaus Liedtke

Kari Nygaard

Randi Eidsmo Reinertsen

Balance sheet (NoK) 31.12	NOTE	31.12.09	31.12.08
Fixed Assets			
Machinery and equipment	2	190,240	239,188
Investments in subsidiaries	6	3,012,000	3,012,000
Shares, Geodatasenteret A/S	8	0	100,000
Total fixed assets		3,202,240	3,351,188
Current assets			
Accounts receivable trade		896,461	5,871,494
Other receivables		561,273	750,836
Work in progress	5	4,183,144	1,945,000
Petty cash and bank accounts	7	12,287,048	4,198,776
Total current assets		17,927,926	12,766,106
Total assets		21,130,166	16,117,294
Equity			
Paid in capital			
Foundation capital		500,000	500,000
Total paid in capital		500,000	500,000
Retained earnings		8,755,647	4,002,916
Total retained earnings		9,255,647	4,502,916
Total equity		9,255,647	4,502,916
Long term liabilities			
Pension liabilities	4	550,000	889,707
Loan		0	382,580
Total long term liabilities		550,000	1,272,287
Short term liabilities			
Accounts payable trade		2,667,246	2,168,208
Employee taxes withheld, payable social security etc		1,575,277	2,388,850
Accrued salaries and vacation fees		1,728,472	1,446,245
Other current liabilities		5,353,524	4,338,788
Total short term liabilities		11,324,519	10,342,091
Total equity and liabilities		21,130,166	16,117,294

15 March 2010



Olav Orheim
Chairman of the Board



Øystein Dahle



Katarina Eckerberg



Peter Gilruth



Peter Prokosch
Managing Director



Kathrine Ivsett Johnsen



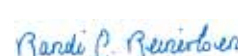
Berit Lein



Klaus Liedtke



Kari Nygaard



Randi Eidsmo Reinertsen

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 2009 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 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)		2009	2008
Operating revenues			
	NOTE		
Operating revenues		56,675,434	42,595,800
Total operating revenues		56,675,434	42,595,800
Operating expenses			
Project costs		8,895,696	9,117,553
Personnel costs	3	25,505,014	21,024,790
Depreciation	2	211,669	156,302
Other operating expenses		16,978,599	9,737,742
Total operating expenses		51,590,978	40,036,386
Operating result		5,084,456	2,559,413
Financial income and expenses			
Financial income		227,253	1,693,835
Financial expenses		528,979	719,603
Net financial items		301,726	974,232
Loss sale of shares		30,000	
Result for the year		4,752,730	3,533,645

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 01.01.09	239 188,-
Added this year	162 721,-
Depreciation 2009	211 669,-
Book value 31.12.09	190 240,-

NOTE 3

Salary costs (NoK)

	2009	2008
Salary and holiday pay	14 599 588,-	13 585 766,-
Employers contribution	2 158 590,-	2 005 291,-
Pension costs	1 101 401,-	993 581,-
Other personal costs	7 635 435,-	4 440 152,-
Total	25 505 014,-	21 024 790,-

Average no of employees (Fixed consultants not included)	33	38
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Salary of Managing Director	771 236,-
Fees to Chairman of the Board	32 000,-
Fees to other Board members	88 450,-

The company is obliged to have a pension scheme for all employees to meet the law of obligatory pension scheme. The company has subscribed to such a pension scheme, which meets the requirements of this law.

The audit fee for 2009 is split into: Audit as required by law NoK 70 000,-. Other services provided by the auditor NoK 75 838,-.

NOTE 4

Pension obligations

The pension premium to the contribution plan for the employees is NoK 1 101 401 and the premium is charged to personnel costs. When changing the pension scheme, GRID-Arendal has an obligation towards mainly one employee to pay a pension payment equal to what they would have received under the old pension scheme from 62 to 67 years of age.

NOTE 5

Work in progress

Work in progress carried out and costs incurred not invoiced at the year end, related to UNEP and others, and amounted to a gross total of NoK 4,183,144. Deduction of provision for losses has been taken as revenue reduction in 2009, of 0,7 MNoK distributed over many projects.

NOTE 6

Long term investments (NoK)

Shares subsidiaries	Owners share	Purchase cost	Share of equity 31.12.09
Teaterplassen AS	60%	3 012 000,-	9 507 964,-

NOTE 7

Petty cash and bank accounts

NoK 1 695 215 of the total cash at bank is restricted to meet the liability arising from payroll taxes withheld.

NOTE 8

Sale of shares

The shares in Geodatasenteret AS are sold with a loss of NoK 30 000,-.



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To the Foundation's Board of Directors for GRID-Arendal

AUDITOR'S REPORT FOR 2009

Respective Responsibilities of Directors and Auditors

We have audited the annual financial statements of the GRID-Arendal Foundation as of 31 December 2009, showing a profit of NOK 4 752 730. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the appropriation of the profit. The annual financial statements comprise the balance sheet, the statements of income and the accompanying notes. The rules of the Norwegian accounting act and good accounting practice in Norway have been applied to prepare the financial statements. These financial statements and the Board of Directors' report are the responsibility of the Foundation's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on the other information according to the requirements of the Norwegian Act on Auditing and Auditors.

Basis of Opinion

We conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and good auditing practice in Norway, including standards on auditing adopted by Den norske Revisorforening. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and good auditing practice an audit also comprises a review of the management of the Foundation's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our 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 the Foundation as of 31 December 2009 and the results of its operations for the year then ended, in accordance with the rules of the Norwegian accounting act and good accounting practice in Norway
- the foundation's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information
- the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the appropriation of the profit is consistent with the financial statements and comply with the law and regulations
- the process of managing the Foundation and its distribution are in accordance with the law, the purpose of the Foundation and its bylaws

Arendal, 15 March 2010

KPMG AS

Terje H. Holst

State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only

Offices in

Oslo	Washington	Sandness
Berlin	Wellington	Sandness
Beijing	Yokohama	Shanghai
Bombay	London	Stockholm
Buenos Aires	Madrid	Taipei
Chicago	Mexico	Tokyo
Copenhagen	Osaka	Toronto
Frankfurt	Seoul	Winnipeg
Hong Kong	Sydney	

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Switzerland member - member of Den Norske Revisorforening

The UN House

A showcase for environmentally-friendly reconstruction in the Nordic region.



GRID-Arendal's Head Office is located in what is known as the "UN House", facing the waterfront in the centre of Arendal. The building was originally constructed in 1965 and completely renovated in 2006. The renovation project focused on applying the latest technologies to create a showcase for environmentally-friendly reconstruction in the Nordic region. The energy consumption, believed to be above 300 kWh/m²/year before the renovation project, was reduced by two-thirds, to just above 100 kWh/m²/year today. In 2007, the UN House was one of three finalists to be awarded the Glassbjørnen

Prize, given by the Norwegian Foundation for Sustainable Consumption and Production (GRIP) for the most eco-efficient procurement policy practiced by a Norwegian organization.

The "green attributes" of the UN House

Sorting, reuse and recycling of materials during destruction of old building: Before renovation work started, the objective set by the building company was

to sort, reuse and recycle a minimum of 60% of all waste materials. At the end, 93.6% of all the building materials left from the demolition stage were successfully reused and/or recycled. The materials were sorted as 11 types: treated wood, untreated wood, steel, aluminum, gyprock (plasterboards), concrete, insulation, hard plastics, electrical devices, hazardous waste, and unsorted waste.

Super-insulated building envelope: The building is insulated with a state-of-the-art “double, ventilated, box façade” including windows that use a special ventilation technology to keep the building envelope at the optimal temperature for energy-efficient climate control.

Efficient heating and cooling: An innovative system pumps sea water through 1,500 metres of pipes to use for air conditioning during the summer months; because the sea water is at a stable temperature, it is warmer than the air in the winter and cooler than the air in the summer. The temperature inside the building is regulated through a modern computerized system. An optimal, a night and a stand-by temperature can be set, which are automatically regulated through timers and motion sensors.

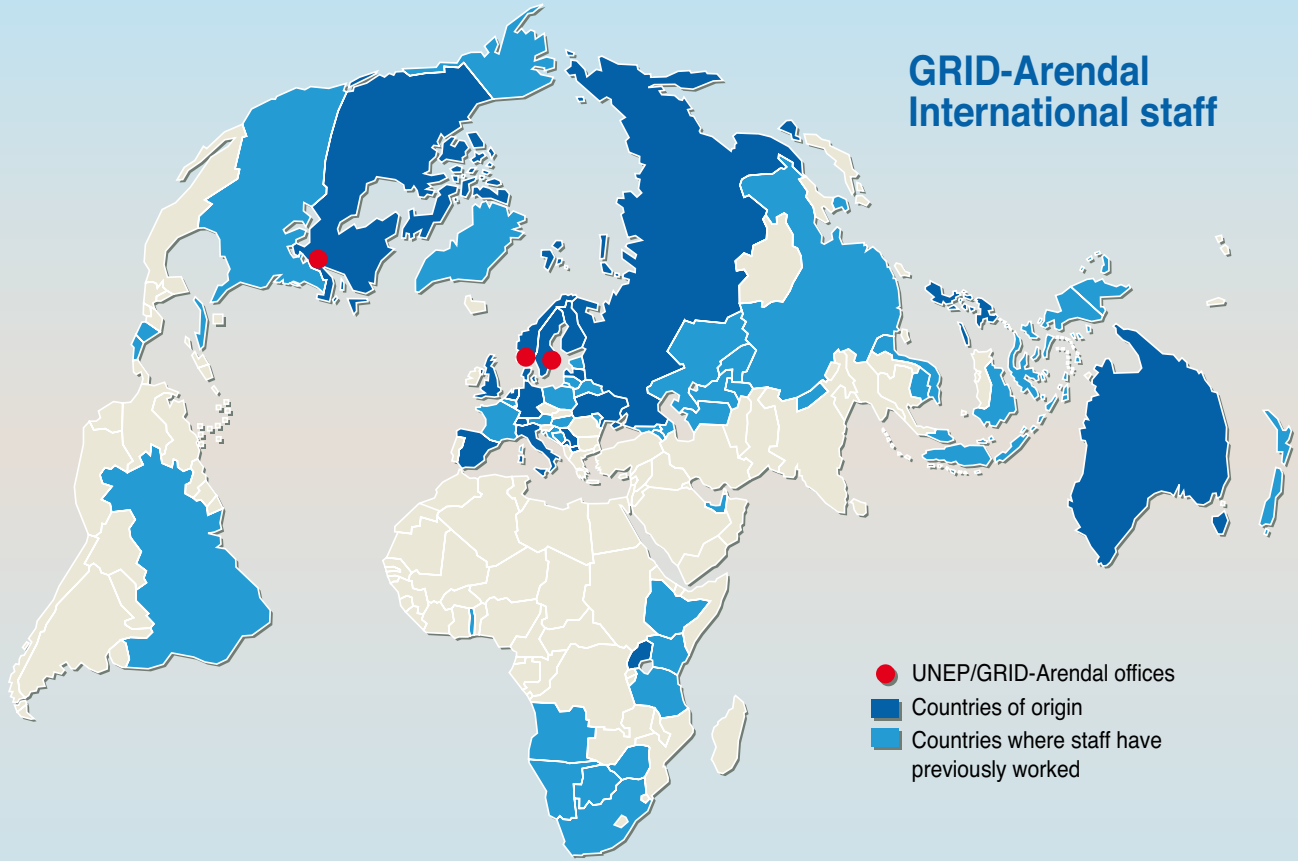
Solar thermal hot water system: Heating required for the hot water needs in the building is, for the most part, met by a solar thermal system. The solar thermal collectors are placed vertically in the South side of the building, and are therefore not covered by snow during the winter, making them functional all year. The water heated by the sun is stored and circulated through a number of tanks for use in the building.



Sensors and controls to optimize energy efficiency in daily operations: Motion sensors and controls are used to activate/turn off lighting sources, adjust shading, and adjust air conditioning, based on weather conditions and use of space at a given time.

Building performance monitoring over time: A sophisticated, computerized monitoring system tracks energy usage, and offers regularly updated analysis of building energy efficiency, with results available to building managers, office occupants, and the general public.

GRID-Arendal International staff



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