



GRID-Arendal Annual Report 2012



A Centre Collaborating with UNEP

Our mission

Our mission is to support environmentally sustainable development through the United Nations Environment Programme (UNEP) and partners by communicating information that strengthens environmental management capacity and motivates decisions-makers to act.

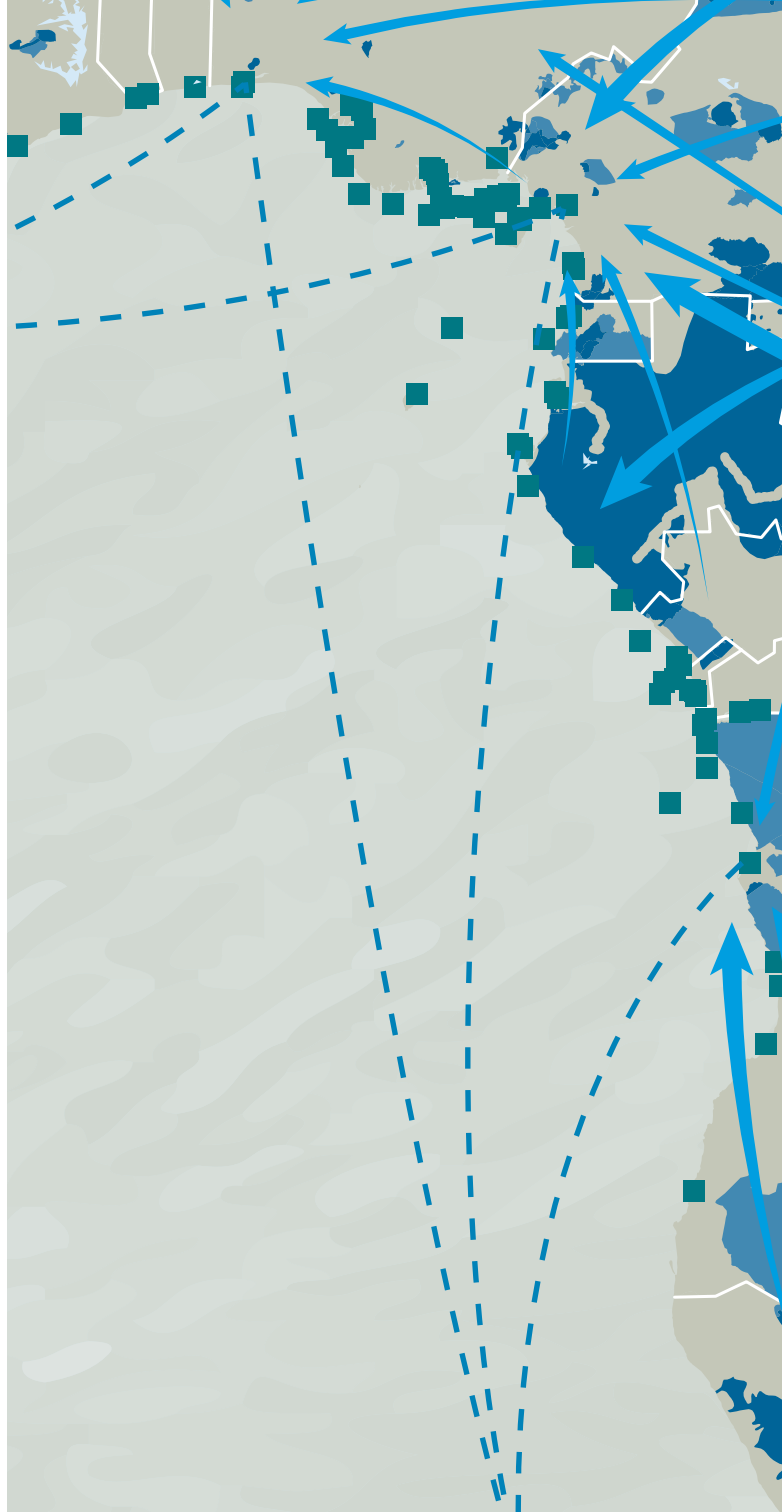
Our vision

Our vision is a society that understands and values the environment on which it depends.

Our values

As a strategic partner and a centre collaborating with UNEP, GRID-Arendal embraces the core values of the United Nations:

- Integrity
- Professionalism
- Respect for Diversity





GRID-Arendal Annual Report 2012

- 4 Message from the Managing Director**
- 6 Who We Are and Where We Work**
- 8 Polar and Cryosphere**
- 12 Marine Environment**
- 18 Capacity Building and Assessment**
- 23 Communications**
- 24 Board Report**
- 27 Financial Statement**

Message from the Managing Director

GRID-Arendal's expertise in bridging the gap between science and policy-making remains at the core of the foundation – and at the centre of its partnership with UNEP. This report demonstrates an expansion in the range of services, products and expertise offered by the institution, including analytical content, project design and management, capacity and tools development, and communications technical assistance tailored to the needs of UNEP staff and clients.

Our long history of work in the Arctic region has expanded into exciting projects in the Himalayas and Mongolia. The Nomadic Herders project in Mongolia and Russia has entered into the preparatory phase of a larger GEF project for UNEP, which should lead to concrete impacts on the biodiversity of pasture lands of these countries and thereby contribute to the implementation of the Convention on Biological Diversity (CBD). The project is carried out in close cooperation with the International Association of Reindeer Herders and has great potential to demonstrate values of linking traditional indigenous knowledge with ordinary science. The other increasing dimension of GRID-Arendal's cryosphere work is related to mountains and our cooperation with the Center for International Climate Research-Oslo (CICERO) and the International Centre for Integrated Mountain Development (ICIMOD) in the Himalayas.

While the UNEP/Shelf Programme remains the cornerstone of our Marine programme, increased involvement in marine ecosystem services – particularly in the area of Blue Carbon and approaches to ecosystem-based marine management – is forging a more cohesive, complementary and sustainable programme of work that builds

on the accomplishments of the UNEP/Shelf Programme. GRID-Arendal has entered into longer engagements with several Regional Seas Agreements/Conventions, such as the Abidjan Convention (West coast of Africa), the Nairobi Convention (East coast of Africa), the Barcelona Convention (Mediterranean Sea) and the Tehran Convention (Caspian Sea). The rapidly increasing work on “Blue Carbon” relates to our original task to produce in 2007 a rapid assessment of the capacity of the global oceans to store carbon (where we invented the term) and has entered in 2012 into a new phase with UNEP engaging GRID-Arendal to lead a large Global Environmental Facility (GEF) project on blue forests, which should have impact on the protection of mangroves.

In Africa, our focus remains on building capacity in the preparation of environmental assessments and the production of environmental atlases. In Eastern Europe and Central Asia, we continued our work to strengthen institutional capacity to manage environmental information, with the aim of making reliable, accurate and up-to-date information easily accessible and comprehensible to a broad range of stakeholders in the region and beyond.

During the year, GRID-Arendal also consolidated its reputation as a facilitator of objective dialogue locally, nationally, and at the regional level, expanding and strengthening its partnerships within Norway and around the world. Our international, multi-disciplinary staff is well equipped to connect with public institutions, NGOs, indigenous communities, the private sector, and civil society across cultures, geographic and demographic borders, and disciplines.

The foundation's transition to a programmatic operational approach continued, as did efforts to enhance its operational alignment with UNEP, its most important partner. New strategic associations and growing participation in programmes financed through the Global Environment Facility (GEF) are beginning to bear fruit.

While GRID-Arendal's core environmental mandate is fixed, the foundation's strategic position continued in 2012 to evolve in the context of increasing global demand for evidence-based, policy-relevant support at the country-level and differentiated environmental services. In this light, the organisation commenced a major review of its organisational strategy for the period 2014-2017, coinciding with the next cycle of UNEP's medium term strategy. At the same, efforts to mainstream the Results-Based Management (RbM) approach were sustained, setting the stage for the critical work that lies ahead.



A handwritten signature in blue ink, appearing to read 'P. Prokosch'.

Dr. Peter Prokosch
Managing Director

A model of Norwegian support to UNEP

“GRID-Arendal has emerged as one of the most effective collaboration centres in the UNEP family, helping to position UNEP as a strong science-based organization able to respond expeditiously to the needs of governments and international policy processes.”

– An excerpt from the letter of Achim Steiner, Executive Director of UNEP, to the Norwegian Parliament in 2012

This statement was made at the end of the year 2012 in a letter of UNEP Executive Director Achim Steiner to the Norwegian Parliament (Stortinget) that endorsed a white paper on the Norway's policy towards the United Nations.

Representatives from GRID-Arendal together with government officials from the Municipality of Arendal and the County of Aust-Agder attended the public hearing on the White Paper. GRID-Arendal's role in support of UNEP is regarded as a good example of Norway's support to a UN organisation. On the one hand, GRID-Arendal is seen as part of the UNEP family and thereby is objective and unbiased. GRID-Arendal has no difficulties collecting data and information from relevant institutions worldwide when undertaking assessments for UNEP. On the other hand, GRID-Arendal is seen as a Norwegian foundation and not tied to the bureaucracy of the UN. The fact that UNEP is increasingly requesting GRID-Arendal to prepare Rapid Response Assessment reports on a wide range of global environmental issues speaks further of GRID-Arendal's effectiveness and efficiency.

Who We Are

GRID-Arendal is a non-profit environmental foundation set up by the Norwegian Ministry of Environment in 1989 as part of Norway's support to the United Nations Environment Programme (UNEP) and the United Nations (UN) environment agenda.

The foundation's programme of work is focused on the changing global environment and the challenges these changes present to people everywhere. We envision a society that understand and values the environment on which it depends. By combining the best science and research with innovative commu-

nications methods, we produce easily accessible information for decision-making, individual action and positive change.

Our team is made up of 35 permanent staff members, several interns, as well as a network of consultants.

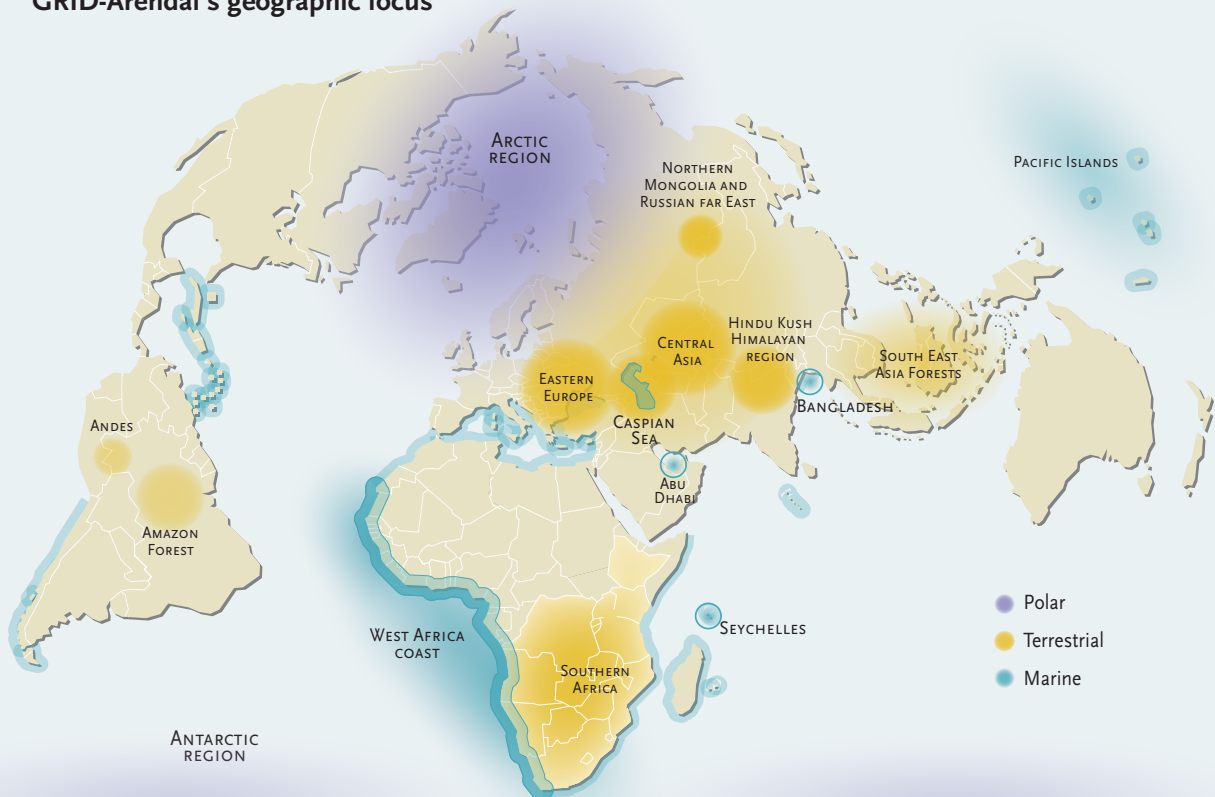


Klimapartnere

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



GRID-Arendal's geographic focus



Polar and Cryosphere

GRID-Arendal has a long-standing involvement in the circumpolar Arctic. UNEP recognizes GRID-Arendal as a “Centre of Excellence on Polar and Cryosphere Environmental Assessment and Early Warning, with Particular Focus on the Arctic”.

Our core strengths lie in acting as an Observer to the Arctic Council on behalf of UNEP; linking polar and global environmental issues, particularly on climate; and in building the capacity of, and strengthening consultations with, Indigenous Peoples and civil society. We aim to identify opportunities for improving and integrating scientific and local knowledge with policy.

Nomadic Herders Project

The goal of the Nomadic Herders project is to reduce rangeland degradation and sustain the resilience of habitats through regular assessment of the impacts of land-use change and biodiversity on the indigenous reindeer herding community of northern Mongolian. Project activities are closely aligned with the strategic priorities and experience of GRID-Arendal related to the impacts of climate change on society.

- In 2012, a training workshop was held in Tsagaannuur to engage indigenous herding communities in local decision-making and co-management, to increase awareness about livelihoods of nomadic reindeer herding communities and to strengthen government commitment and engagement.
- Over the second half of 2012, the project further worked to develop the proposal, including strengthening the foundation of trust and its institutional ties to the Taiga Nature Society (the principal operating NGO partner in Tsagaannuur); carried out baseline

work on biodiversity and land degradation in the region; undertook preliminary consultations at the governmental level; and designed activities.

- The report *Changing Taiga: Challenges for Mongolia's Reindeer Herders* – the first in a new branded series by GRID-Arendal entitled “Portraits of Transition” – was launched in Kautokeino in March 2012 during the outreach event Arctic Change, Indigenous Youth, and Future Opportunities attended by HRH Prince Albert II of Monaco. The launch generated significant media attention and awareness in the local press and international media, having been reported by over 15 news agencies. The event resulted in a feature article in the academic journal *Frontiers in Ecology*. A short film adapted from the report was also developed.
- In May 2012, the project was presented at the 11th Session of the UN Permanent Forum on Indigenous Issues (UNPFII) to raise public awareness.
- The project concept was submitted in early 2012 to the Global Environment Facility (GEF) and project preparation funding (PPF) was approved in June 2012 to develop a five-year project. Implementation of the initiative, which involves a partnership with UNEP, Mongolia and Russian, is scheduled for 2014-2018 with a focus on biodiversity conservation and the mitigation of land degradation in reindeer herding areas of northern Mongolia and the Russian Far East. GRID-Arendal is coordinating the preparation of the GEF



proposal and will play a lead role in implementation. Approval of the project concept by the GEF represents a significant step forward for Nomadic Herders.

- On the occasion of the Mongolian State Visit to Norway in October 2012, Project partners (including two community representatives) presented the Changing Taiga publication in the Mongolian language to His Excellency Mr. Tsakhiagiin Elbegdorj, President of Mongolia. Following this, the Mongolian Ministry of Foreign Affairs and Trade, Mr. Gombojav Zandanshatar, presided over consultations on development of the GEF project over the coming years.
- In November 2012, an International Stakeholder Workshop for the GEF proposal was held in St. Petersburg, involving the participation of scientists, representatives from reindeer herding communities in Tsaganuur, Sakha-Yakutia, and Chukotka (Russian Federation), and regional government authorities. The conference proved a valuable opportunity to strengthen linkages and awareness within the framework of Russian/Mongolian regional cooperation.
- Throughout 2012, GRID-Arendal, the lead agency on the project, has co-ordinated extensive partner consultations to create a long-term, sustainable project engagement in Mongolia. The project continued to elicit positive feedback from UNEP and other UN agencies, such as UNESCO. It is seen as a good example of how UNEP (through GRID-Arendal) and Indigenous Peoples can work successfully together on-the-ground. UNEP regularly requests updates and input from Nomadic Herders into its reporting on Indigenous Peoples' activities, such as at the UNPFII and at the Inter-Agency Support Group for Indigenous Peoples (IASG).
- The project has been endorsed by the Arctic Council's Conservation of Flora and Fauna Working Group

(CAFF), an important indicator of demand that also recognises the project's potential for promoting best practise in sustainable reindeer husbandry across the Arctic and sub-Arctic. Furthermore, the project has built important knowledge-sharing synergies with the Arctic Council's Sustainable Development Working Group (SDWG), which prioritises environmental impact assessment (EIA) training for reindeer herding youth.

- The website was updated (see nomadicherders.org), including some exciting new features including blogs, interactive maps, and articles available in multiple languages. The website will soon be available in Mongolian and local capacity is being built to contribute articles in this language and build local ownership for knowledge exchange.

Ecosystem-Based Adaptation to Climate Change in SIDS

The goal of the project is enhanced resilience of local communities in Small Island Developing States (SIDS) to adverse climate change effects through effective integration of scientific and traditional knowledge. The project's cornerstone is development of a methodology that merges time-honoured local knowledge and practice with the latest scientific research to determine appropriate and sustainable solutions.

The initial phase involves pilot programmes in Central America (Belize) and the Indian Ocean (Seychelles) to gather baseline data, consolidate existing methodologies for linking local and scientific knowledge, conducting fieldwork in collaboration with local communities, analysis and testing of preliminary results, development of a toolkit, preparation of initial policy recommendations, and outreach to regional stakeholders, with an emphasis on public policy-makers and academia. Important stakeholder groups also include the scientific community and practitioners, and donor organisations.

- In September and November 2012 the first site visits with potential local partners in Belize began in collaboration with the Caribbean Community Climate Change Centre. A priority list of communities for the pilot study was finalised. The visit to the Seychelles was postponed to 2013 and is planned jointly with the University of Seychelles and the Seychelles Ministry of Environment and Energy.
- A pilot phase methodology has been agreed upon in principle with partners in Belize.
- Consultations with the Protected Areas Conservation Trust (PACT) in Belize were conducted, and a resource mobilisation plan for Seychelles is ready for implementation in 2013.
- In August 2012, one peer-reviewed article related to the project has been published in Sustainability (<http://www.mdpi.com/2071-1050/4/8/1908>).

Himalayan Climate Change Adaptation Programme (HICAP)

Implemented in collaboration with the Center for International Climate Research-Oslo (CICERO) and the International Centre for Integrated Mountain Development (ICIMOD), the Himalayan Climate Change Adaptation Programme aims to enhance mountain communities' resilience to change, particularly climate change, by improving the understanding of vulnerabilities and opportunities for adaptation.

- GRID-Arendal took part in the Regional Review and Planning Workshop hosted by ICIMOD in Kathmandu, Nepal in August 2012. The workshop was designed to: (1) enhance interactions and understanding among HICAP partners about the programme and their respective roles; (2) review activities carried out by partner organizations and achievements in terms of outputs and outcomes; (3) identify new/potential areas of partnership with existing as well as new partners; and, (4) draft the work plan for the second half of 2012 until

December 2013. The workshop provided a framework of collaborative field research that needs to be further carried out jointly by promoters and operational partners in each of the 4 sub-basins.

- In October 2012 GRID-Arendal attended the Bhutan +10 Conference on Gender and Sustainable Mountain Development in a Changing World held in Thimphu, Bhutan. Organized by ICIMOD, the Ministry of Agriculture and Forests of Bhutan, and the National Commission for Women and Children, the conference brought together stakeholders from the Hindu Kush-Himalayan region and beyond for a comprehensive update, stock-taking, and new agenda setting. While in Bhutan, GRID-Arendal staff conducted interviews, took photos and videos, and gathered data for future HICAP publications.

UNEP's Polar Centre

As UNEP's Polar Centre, GRID-Arendal works in collaboration with numerous partners and stakeholders to undertake projects and initiatives focused on the Arctic in a global context.

GRID-Arendal continued its collaboration and networking with the University of the Arctic as well as with existing and emerging Arctic stakeholders, such as the European Union.

- In January 2012 GRID-Arendal hosted the kick-off meeting of the Arctic NGO Forum, a 3-year project to promote a platform for NGOs with an Arctic agenda and interest in working together and to provide advice to the European Union as it develops Arctic policies. It is financed by the European Union and coordinated jointly by GRID-Arendal and ECORYS Netherlands. The first meeting agreed the Forum's *modus operandi*.
- In November, the Arctic NGO Forum held a workshop on oil and gas development in Haparanda, Sweden.

The workshop brought together NGOs working in the Arctic, representatives of the European Union, researchers and indigenous peoples to examine the implications of oil and gas development in the Polar Regions.

- The ESA-funded project, Supporting European Arctic Policy-Opportunities for Space-based Systems, led by GRID-Arendal with the support of the Polar View consortium members C-Core and the Tromsø Center for Remote Technology, University of Tromsø, provides a coherent perspective on how space-based technologies can support European Arctic policies at the national, regional and international levels. As an additional outcome, this project is expected to increase the links between the ESA and on-going Arctic initiatives, across the sectors of environmental management, economic development, security and sovereignty, and indigenous rights and social development. A stakeholder's workshop took place in March 2012 in Copenhagen where a cross-section of Arctic stakeholders including the private sector, indigenous peoples, scientists and others were invited to engage in dialogue to identify priorities and needs for space-based systems. The final project report was submitted to the ESA later that month.
- GRID-Arendal led a photography workshop in Kuusamo, Finland in September 2012 organized by the Thematic Network on Communicating Arctic Research at the Oulanka Research Station. The workshop was aimed at students that have a keen interest in photography and want to develop their skills in scientific imaging and photography in general. The main goal of the new network is to link professional photographers, information-visualization specialists and art students together with students of science, Arctic researchers, and holders of traditional knowledge, to explore and create photo, video, and map based communication materials that can be used for publishing, scientific research, exhibitions, and web distribution.

Marine Environment

UNEP defines GRID-Arendal as a “Marine Centre for developing countries on issues related to the continental shelf (UNCLOS), the environment and resource management”. We work with developing coastal states with particular focus on the Regional Seas conventions, to gain a better understanding of the benefits that oceans provide to people, the human impacts on ocean health, and how the benefits can be shared while managing and mitigating the impacts.

GRID-Arendal's in-house competencies are enhanced by a wide network of marine experts, to deliver 'end-user' outputs. These relate to specific regions or themes, including:

- Assessments, awareness raising and capacity building;
- Continental shelf delineation according to UNCLOS Article 76;
- Integrated marine and coastal spatial planning and ecosystem-based management processes: and,
- Coastal ecosystem studies on the provision of goods and services (e.g. “blue carbon” habitats).

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

UNEP/Shelf Programme

The UNEP/Shelf Programme continues to be the main focus of GRID-Arendal's Marine work. Since 2003, GRID-Arendal has assisted 68 developing countries with the

submissions required to establish the outer limits of their continental shelves. More than 90% of the developing states that submitted or is preparing to submit applications to the United Nations Commission on the Limits of the Continental Shelf (CLCS), have obtained assistance with all, or some of the outlined tasks. Since 12 May 2009 (the deadline for most states to make their initial submissions), the focus of the UNEP/Shelf Programme has been to assist developing countries in transforming their Preliminary Information Documents (PIDs) into full submissions.

- In close consultation with Norwegian Ministry of Foreign Affairs, the Norwegian Petroleum Directorate Data and the Norwegian Mapping Authority, the UNEP/Shelf Programme provided support to the Norwegian Continental Shelf Initiative. Building from the West African Regional Desktop Study completed in November 2010, a major regional data acquisition programme was completed in June 2012. The data acquisition programme represented the most comprehensive morphological and structural research undertaken in the region to date. Moreover, the acquisition programme and the subsequent training and submission preparation represents an unprecedented regional cooperation involving seven West African



States – Cape Verde, Gambia, Guinea, Guinea-Bissau, Mauritania, Senegal and Sierra Leone.

- The third in a series of workshops on capacity development for technical personnel from each of the West African States was conducted in Arendal. The aim is to develop an understanding of the concepts of Article 76 of the UN Convention on the Law of the Sea (UNCLOS), the steps involved in the submission process, and the technical capac-

ity to participate in the preparation of the submission. This and earlier workshops successfully established the framework for producing the submissions and strengthened the capacity of country officials to analyse the geo-scientific data currently being collected.

- In collaboration with the Applied Geoscience and Technology Division (SOPAC) of the Secretariat of the Pacific Commission (SPC), Geosciences Australia and the Commonwealth Secretariat, the UNEP/Shelf

Programme provided support to Papua New Guinea, Solomon Islands, Federated States of Micronesia, Vanuatu and Fiji that had entered the final stage of converting PIDs into submissions. In addition, Kiribati, which had a deadline for submission of May 2013, has completed the final draft of the submission and is expected to lodge their final documents in early 2013. Other states that received support for preparing or finalising their submission document during 2012 include Benin and Barbados.

- Preliminary discussions were held with Sierra Leone, Uruguay, Chile and Costa Rica, a clear demonstration of continued demand for the services provided by the initiative.
- In 2012, the Pacific Maritime Boundaries project continued the development of a marine cadastre (included in the UNEP supported Oceanscape initiative). This component of the UNEP/Shelf Programme has provided technical and capacity building assistance in drafting national legislation for seven of the 22 shared international boundaries in the region. These boundary delimitation agreements were signed by the presidents of the Cook Islands, Kiribati, Nauru, Niue, the Republic of the Marshall Islands, Tuvalu and Tokelau at the Pacific Islands Forum meeting (28-30 August 2012).
- In November 2012, the Maritime Boundaries project was attended by technical, legal and diplomatic personnel from 14 Pacific Island States and the United States of America. Pacific Island states have some of the largest marine jurisdictions in the world and this maritime territory is both a vitally important asset and an international responsibility. The marine cadastre represents a fundamental layer of offshore spatial data and provides a means for delineating, managing and administering legally definable offshore boundaries.
- The One Stop Data Shop, which currently facilitates access to data generated by approximately 17,000 marine surveys, has been used extensively by developing countries for preparing shelf submissions,

demonstrating relevant and tangible outcomes from the use of the OSDS. By end 2012 there had been 8,577 external downloads of Extended Continental Shelf data files (so-called 'shapefiles') from 1,753 unique sites.

- Further development of the Ocean Commons for Environmental and Natural resources Information and Data Sharing (OCEANIDS) system was undertaken in 2012. The system is a dedicated web-based data sharing and visualization tools designed for non-experts and the general public. The idea is to encourage 'Citizen Science' by providing mechanisms for users to access public marine scientific datasets, upload their own data, visualize and combine datasets, make maps, and even perform basic comparative analyses. The GeolQ platform forms the backbone of OCEANIDS, which was used in 2012 to support a range of projects ranging from the development of a global seafloor geomorphology map to supporting capacity development in Uganda.
- Contributing to the European Commission's European Marine Observation and Data Network (EMODNET) to improve access to high quality marine data for private bodies, public authorities and researchers, GRID-Arendal continued to focus in 2012 on the identification of data from Lebanon, Israel, Turkey and North Africa. Looking ahead, GRID-Arendal has joined a tender for further support to the EMODNET Hydrographic component as a full partner from 2013 with responsibilities for digital terrain model production for the Mediterranean, the Norwegian Sea and Icelandic Sea.
- GRID-Arendal continues to provide marine expertise related to extended continental shelf issues to developing countries. GRID-Arendal remains involved in the development process of an initiative led by FAO and UNEP, a GEF proposal on sustainable fisheries management and biodiversity conservation. The full proposal is expected to be completed in 2013.

Sustainable Seas Programme

The Sustainable Seas Programme is a follow up of the UNEP/Shelf Programme targeting “downstream” activities to support developing states in the sustainable management of the marine environment. A framework is under development with UNEP and partnerships are being established with UNESCO-IOC, Norwegian institutions and others. Building on the network of contacts developed through the UNEP/Shelf Programme, the first phase in 2012 focused on the same geographic areas.

- Following the establishment in 2011 of a Memorandum of Understanding with the Abidjan Convention, a needs identification workshop was held in Grand Bassam, Ivory Coast in June 2012. Experts from 16 West African countries participated in the workshop. Based on the outcome of the workshop a programme proposal based upon the Ecosystem-based Management (EbM) cycle is under development.
- The United Nations Regular Process for the Assessment of the Marine Environment Including Socio-economic Aspects, now called the World Ocean Assessment (WOA), gained momentum in 2012. GRID-Arendal completed the development of the website and integrated document management system, which will be used to produce the first integrated global report, scheduled for delivery by the end of 2014. The work was supported by the secondment of a senior marine scientist and member of the GOEs to GRID-Arendal during 2012.
- GRID-Arendal has been developing capacity building initiatives, designed to support developing states in effectively participating in the WOA. GRID-Arendal, the UNEP Regional Seas (COBSEA and NOWPAP) and the IOC/UNESCO (WESTPAC) held the first of a planned series of capacity building workshops in Bangkok in September. Marine scientific experts from Cambodia, China, Indonesia, Japan, Republic of Korea, Malaysia, Philippines, Russia, Singapore,

Thailand and Vietnam attended the workshop, which was designed to build capacity to undertake regional integrated marine assessments.

Blue Carbon Project

The aim of Blue Carbon project is to integrate Blue Carbon-related ecosystem management into national and regional policy design. There is a great need to assist coastal and island states to meet UN Millennium Development Goals, promote the sustainable management of coastal Blue Carbon ecosystems through climate change adaptation and mitigation, recognise and value coastal ecosystem services, and strengthen institutions and capacity for sustainable management practices.

- Following the 2011 Abu Dhabi Blue Carbon feasibility effort (ref. “Blue Carbon - First level Exploration of Natural Coastal Carbon in the Arabian Peninsula”), GRID-Arendal was engaged by the Abu Dhabi Global Environmental Data Initiative (AGEDI) to undertake a full-scale national Blue Carbon demonstration project to be concluded in late 2013. GRID-Arendal is the lead agency for the project, coordinating the inputs of several partner organisations. Implementation commenced in December 2012 with a kick-off meeting hosted by the Abu Dhabi project sponsors, followed by extensive preparatory activities with partner organisations.
- Looking ahead to 2013, the initiative will assess the carbon and ecosystem services of Abu Dhabi’s coastal habitats, gain an understanding of their geographic extent and assess blue carbon in a climate and policy framework for the development of potential mitigation initiatives in the United Arab Emirates. A key outcome is the establishment of a prototype for ‘best practice’ approaches for the preservation and restoration of coastal ecosystems.
- In support of UNEP, GRID-Arendal mobilised suitable partners and coordinated the Project Preparation Grant (PPG) for the Global Environment Facility’s

(GEF) Blue Forest's project. The goal of the initiative is to advance Blue Carbon methodologies, including the valuation of ecosystem services for coastal ecosystems, and includes a number of demonstration projects, policy education activities, and an extensive programme of public outreach.

Ecosystem-Based Management/ Spatial Planning

The project aims to: enhance accessibility of spatial planning knowledge, practice, and experience among developing states; strengthen integration of spatial planning reporting methodologies into relevant policy processes at country and regional levels as reflected in action plans; improve awareness of emerging and/or urgent issues; and, increase application of state of the marine environment reporting based on spatial planning best practice approaches.

- During 2012, GRID-Arendal prepared the State of the Mediterranean Marine and Coastal Environment Report. The objective of the report is to synthesize the most advanced knowledge on major environmental issues for the further development of the Ecosystem Approach in the Mediterranean.
- GRID-Arendal initiated collaboration with Geosciences Australia and Conservation International to produce a global seafloor geomorphology map to support the analysis and display of data submitted by states party to the UN Regular Process and to provide the foundation for the development of a management tool for seabed in areas beyond national jurisdiction. Delivery of the geomorphic habitat component is expected in early 2013 with continued development to include physical and biological data to be pursued thereafter.
- A global seafloor geomorphic habitat map was produced in partnership with Conservation International and the Government of Australia. Interest from high

seas management stakeholders has already been good and the expectation is for continued enhancement of the product in 2013.

- GRID-Arendal is a partner in the joint Spain-UNEP project 'Broad-scale marine spatial planning of mammal corridors and protected areas in Wider Caribbean and Southeast and Northeast Pacific. The objectives of the project are to support regional policies and protocols on transboundary marine mammal management and governance, and to strengthen institutional frameworks. During 2012, GRID-Arendal provided technical support and guidance for the identification, collation and visualization of essential habitats and regional-scale migration routes for marine mammals.

Green Economy

The focus of GRID-Arendal's work was on strengthening awareness among cross-sectoral and cross-societal stakeholders about experience-driven, holistic modalities for assessing marine issues and value, applying new thinking to national development planning; and on increasing multi-sectoral application by decision makers of collaborative, ecosystem-based policies that promote sustainable economic development.

- The report Green Economy in a Blue World, which looks at six different economic areas in the marine sector – fisheries and aquaculture, marine transport, ocean nutrient pollution, marine-based renewable energy, coastal tourism, and deep-sea minerals – was produced in 2012. The report provides recommendations on how to boost their potential by implementing green measures. Specific cases of profitable and environmentally sustainable ocean industries are illustrated (see annex 2).
- The report Green Economy in a Blue World – SIDS, which examines five development sectors for SIDS – small-scale fisheries and aquaculture, water, tourism, energy and solid waste – was also produced in 2012.
- To promote dialogue and to share knowledge and

experiences on coastal and marine ecosystem-based economic development, GRID-Arendal and The World Bank organized and co-hosted a series of three interactive video conference sessions in collaboration with the Global Development Learning Network (GDLN), the “Green Economy in a Blue World Webinar Series”. The sessions highlighted opportunities and discussed practical experiences of how ecosystem-based economic development can be sustained and contribute to building strong and climate resilient coastal communities.

- Consultations were conducted throughout the year with Duke University and the Marine Ecosystem Services Partnership, and included a workshop led by GRID-Arendal exploring issues of marine ecosystem value and valuation, and an inception workshop for the Valuation of the Western Channel initiative (VALMER) in the UK and France.
- In April 2012, over twenty member states of the Commonwealth gathered to discuss sustainable marine resource development and application of the Green Economy approach for the Blue World. The workshop was jointly organized by the Commonwealth Secretariat, UNEP and GRID-Arendal.
- As part of the 2012 Maritime Boundaries and Ocean Governance Forum, GRID-Arendal prepared and implemented a dedicated interactive inquiry session. The session was a step in a process of delivering support to countries of the Commonwealth in their efforts to shift national economic and environmental policy frameworks to promote a change to enable a more sustainable future. A full workshop report was produced and distributed by the Commonwealth Secretariat.
- In 2012, GRID-Arendal, under the auspices of the UNEP-TEEB Office, began the process of coordinating the design of a full TEEB study – the Economics of Ecosystems and Biodiversity (TEEB) for Oceans and Coasts – focused on the global oceans and coasts. This process began with the production of a think

piece launched by TEEB Study Leader Pavan Sukhdev at the Economist Magazine’s 2012 World Ocean Summit. Building from the intense interest generated by the think piece, a series of consultations took place in 2012 with various potential end users of a TEEB for Oceans and Coasts.

Natural Resources

The goal of the programme is to increase awareness among policy makers, civil society, and the general public about emerging issues affecting the natural environment.

- The Global Outlook on Methane Gas Hydrates, due to be launched in early 2013, is being prepared in collaboration with national workgroups from Norway, Canada, US, India, Korea, Japan and Germany, private sector companies (Statoil and Schlumberger) and NGOs (WWF, Forum for the Future (UK)). The project web portal launched in 2011 continues to attract new content, providing a multimedia experience of methane hydrates. In late 2012, the UNEP publication board formerly approved the Outlook as a UNEP publication.
- Together with the Applied Geoscience and Technology Division (SOPAC) of the SPC, GRID-Arendal is a partner in a major project to address legislative, regulatory, capacity requirements and environmental issues pertaining to deep sea mineral mining for countries in the Pacific region. The four-year Deep Sea Minerals project aims to ensure sustainable resource management that will bring tangible benefits to Pacific island countries and their people. The first deliverable managed by GRID Arendal, the Pacific Marine Mining Assessment, will be published in early 2013. The three-volume report examines the scientific, technical, environmental, social and economic aspects of deep-sea mining. It brings together the leading international experts in deep-sea mining and sustainable development to examine new ways to plan and regulate the development of non-living resources.

Capacity Building and Assessment

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

GRID-Arendal's Capacity Building and Assessment work is linked to our communication services and is cross-cutting within the organization. We communicate scientific findings about emerging and urgent environmental challenges in sustainable development to policy makers and to those who influence public opinion. We build the capacities of national authorities to address these challenges and we facilitate intergovernmental processes on environmental issues of a global and regional importance. These activities are underpinned and supported by Rapid Response Assessments, Vital Graphics, environmental atlases and other innovative outreach materials. Access to environmental information is promoted through information networks and partnerships in Africa and Eurasia.

Africa

- Through the Africa Programme, GRID-Arendal supported the drafting, publication and dissemination of the findings of two UNEP flagship reports in 2012, namely the Global Environment Outlook 5 (GEO-5) and the Africa Environment Outlook 3 (AEO-3). The GEO-5 was requested by the UNEP governing council, while the African Ministerial Conference on the Environment (AMCEN) requested the AEO-3. The purpose of the reports is to continuously keep the global and African environments, respectively, under review.
- The global launch of the GEO-5 report took place in Rio de Janeiro during the Rio+20 conference followed by regional launches, including the Africa launch that took place in Addis Ababa, Ethiopia. Subsequent to this a workshop was conducted for experts involved in national level environmental assessments. As the coordinating lead author for the Policy Options: Africa chapter, the Africa Programme was actively involved in the organisation of the launches. Training of experts focused mainly on policy analysis, given that the main thrust of GEO-5 was to demonstrate policy successes and evidence-based solutions.
- The drafting of the AEO-3 was coordinated by GRID-Arendal, working closely with the Africa Programme at UNEP's Division of Early Warning and Assessment. Under the theme of environment and health, the report provides an in-depth analysis of the impact of environmental changes on human health. As part of its leadership role, GRID-Arendal developed the authors' guide, as well as the analytical framework that was used to effectively tease out the environment and health links. The 'soft launch' for the report's summary for policy makers was held at the Arusha AMCEN



meeting, while the formal launch is set for the 2013 UNEP Governing Council meeting.

- Over the past three years the Africa Programme has been working on two atlases aimed at providing a visual illustration of the changing environment in the Zambezi River Basin and in Zambia. The Zambezi Atlas provides important baseline information that enables the newly established Zambezi Watercourse Commission to better understand the basin's state and environmental trends. The Zambia Atlas systematically tracks changes in the country driven disproportionately by the growth in copper mining in recent years. It is intended that the atlases will facilitate the adoption and execution of evidence-based policy.
- Following the publication of the Zambezi Atlas, an online process to track the report's utilisation and impact on policy and decision-making was initiated for implementation during the course of 2013. A series of outreach activities, including report launches, lecture series, and policy and media briefs were also initiated, and progress on these will continue to be monitored in 2013. Similar outreach activities are also planned for the Zambia Atlas, including the planned launch in August at the United Nations World Tourism Organisation General Assembly.
- GRID-Arendal collaborated with UNEP's Regional Office for Africa to revitalise and strategically re-orient the Africa Environment Information Network (AfricaEIN). Guided largely by the positive experience of the European Environmental Agency's EIONET, the work resulted in the reintroduction of AfricaEIN to stakeholders in Africa, with plans for a stronger and

better infrastructure for information storage and sharing. A framework document was finalised that proposed amongst others the network's governance structure, as well as an array of activities.

- Analysis of future areas of potential growth for the Africa Programme was conducted. Topical issues that were looked at included large-scale land acquisitions, disasters and conflicts, and energy. The phenomenon of large-scale land acquisitions stood out as a fast developing research area, with many unanswered questions. This issue will be further pursued in 2013.
- The joint initiative with WWF-Uganda to map the hydropower potential of Uganda assessed the country's potential for hydropower generation and explored options for future hydropower infrastructure development. Under the project an overview map of Uganda's energy sector and a hydropower map were produced, which also showed the energy transmission network, as well as the interrelationship with associated socio-economic and environmental issues. In addition to the print copies, a digital copy of the map using GeolQ is available on <http://geoiq.grida.no/maps/1072>. GRID-Arendal provided technical expertise and leadership in the production of the maps and trained Ugandan experts in the navigation and updating of the maps.

Eastern Europe/Central Asia

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

- At the request of the Chemicals Branch of the Division of Technology, Industry and Economics (DTIE) in

UNEP, GRID-Arendal and Zoï Environment Network coordinated GEF proposal preparation on the assessment of mercury contamination sources in three EECCA countries (Belarus, Kazakhstan and Ukraine). The feasibility study was carried out and negotiations with the partner countries were successfully completed. Project endorsement letters paved the way for preparation of the GEF application, to be completed by mid-2013.

- With co-financing support from GEF and IPEN, a project was launched in 2012 to enhance the environmental policy of Tajikistan in order to reduce mercury pollution and protect human health. Assessment of mercury emission sources from five major mining companies in the Sughd region of Tajikistan – including sampling and analyzing of soil and water in areas of the mining activities – have been undertaken. Results revealed dangerous levels of mercury contamination.
- A key focus area of the Chemical Safety Programme in 2012 was the Toxic Metals in Children's Products Project. In many countries, an important route of entry for chemicals and metals is through consumer products. These substances can cause concern for consumer exposure, particularly in children. The project was launched in Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia and Ukraine in mid-2012, with the objective of generating new data and raise awareness on the toxic heavy metals in children's products. The project generated dialogue with national regulators in the EECCA and has encouraged policy development. A media campaign was launched encompassing more than 280 sources in the pilot countries.
- GRID-Arendal, in collaboration with staff of the Chemicals Branch of UNEP's P Division of Technology, Industry and Economics, facilitated the preparation of the UNEP report "Mercury, Time to Act". The report targeted national governments involved in the development of the global treaty on mercury, communicating critical updates from the UNEP Global Mercury

Assessment for 2013 in short and punchy facts and figures backed by compelling graphics, providing governments and civil society with the rationale and the imperative to act on this notorious pollutant.

- In support of the Tehran Convention GRID-Arendal established in 2012 the Caspian Environmental Information Centre (CEIC), a site serving as a centralized environmental information hub and a platform for information networking and collaboration between the Caspian littoral states and other key stakeholders within the region. A capacity building workshop was held for the designated Environmental Information Officers (EIOs) who are responsible for content management. The beta version of the site was launched at the Fourth Conference of Parties for the Tehran Convention (COP 4).
- The proposal for the Ecosystem Monitoring Program (EMP) was finalised in February 2012 and formally presented the following month at the Final Steering Committee Meeting of the GEF/UNDP Caspeco Project in Moscow.
- In November 2012 representatives from Ukraine and the Republic of Moldova signed the Treaty on Cooperation on the Conservation and Sustainable Development of the Dniester River Basin. The treaty – signed during a Meeting of the Parties to the UN Commission for Europe (UNECE) Water Convention – marks the culmination of 6 years of work to broaden international cooperation on the environmental management of the river basin. GRID-Arendal's involvement dates to 2006, supporting the exchange of environmental information within the region, running the Information Group, participating in Plenipotentiaries' meetings, and developing a GIS portal for countries in the framework of the Dniester project. Jointly with Zöi Environment Network, GRID-Arendal facilitated collaboration and decision-making regarding the presentation of information and data shared, as well as the means by which information would be shared.
- The Pilot GIS portal of the Dniester river basin (<http://dniester.grida.no/ru>) was developed in 2012 for the support of the Treaty on Cooperation on the Conservation and Sustainable Development of the Dniester River Basin. It contains GIS spatial data throughout the transboundary river basin, combining data from several national sources of Ukraine and the Republic of Moldova. The portal was created in the framework of the project "Dniester-III", by the national water authorities of Ukraine and Moldova with coordination and support provided by GRID-Arendal and Zöi Environment Network.
- The Environmental Atlas of the Dniester Basin was produced in collaboration with Zöi Environment Network within the framework of the Dniester-III project. It is the first attempt to present the environmental state of the transboundary river in a visual format, including over 30 thematic maps of the basin, graphics, diagrams and pictures. The target groups for the Atlas are specialists in environmental protection, as well as the authorities and the population in the Dniester basin.
- The transboundary water basin of the Druksiai/Drisviaty Lake is shared by Lithuania, Belarus and Latvia. The basin is an environmental and security hotspot due to nuclear waste storage and repository facilities in parts of the region. During 2012, GRID-Arendal facilitated the country assessments for the Basin Analysis Report. The GeolQ information management system was introduced into the project information sharing system (<http://enrin.grida.no/druksiai>), allowing timely environmental information circulation with visual aids and analysis among the organizations of all three basin countries.
- In March 2012, GRID-Arendal conducted training in monitoring surface water status, groundwater status and protected areas that was held in Minsk, Belarus. The event brought together different stakeholders, experts and officials from Belarus, Latvia, Lithuania, Austria, Slovakia and Ukraine. The main objectives of

the workshop were: to increase capacities of officials concerning WFD requirements, with the specific focus on monitoring; to exchange knowledge and experiences between EU and non-EU riparian countries (e.g. Slovakia, Ukraine, Austria); to share procedures and lessons learned in the Danube River Basin and its tributaries; to provide key tools and methods for increasing preparedness and response in cases of emergency (e.g. the Danube River Basin, Lake Constance); and to strengthen cooperation between the Druksiai Lake Basin protagonists.

Green Economy and Sustainable Tourism

- In early 2012, methodological and educational material on payment for ecosystem services was published as part of the Vital Graphics series. The publication highlights the concept and selected market segments relating to payments for ecosystem services and emphasises the role natural capital can play in both environmental conservation and in poverty alleviation. It also highlights the potential benefits of ecosystem-based economic development in an accessible, non-technical manner.
- A second publication in the vital graphics series was produced jointly with UNEP early in the year, the Biofuels Vital Graphics. The report – which was presented at the World Future Energy Summit in Abu Dhabi, UAE in January 2012 – visualizes opportunities, the need for safeguards, and the options that help ensure sustainability of biofuels as a cornerstone for a Green Economy. Case studies from around the world are highlighted to exemplify possible approaches, lessons learned, risks and opportunities.
- GRID-Arendal participated with an exhibition stand at the Sustainable Destinations Conference organized by Innovasjon Norge in Røros in January. The message of the Minister of Commerce that Norway is aiming to become the most sustainable tourist destination in the world may give GRID-Arendal opportunities for closer cooperation with Innovasjon Norge, which handles most of the tourism budget of the Ministry. In the context of identifying further cases of tourism supporting protected areas (Linking Tourism & Conservation (LT&C)) GRID-Arendal had established valuable relationships to “Responsible Travel”, a specialized British travel agency, which connects to hundreds of LT&C cases and provides annual awards for most responsible travel destinations and companies.
- From 23 to 28 April 2012, 21 young people from 15 European countries participated in the Wadden Sea Climate Training, and got the opportunity to experience first-hand the world’s most important inter-tidal zone on the frontline of climate change. The training, organised by the British Council in collaboration with experts from GRID-Arendal and with the support of Youth in Action, was held in Langeness, a low-lying island in the Schleswig-Holsteinisches Wattenmeer National Park (Germany).

Communications

The Communications and Outreach Team collaborates with all the divisions at GRID-Arendal to prepare, produce, and disseminate reports for all our partners, including UNEP. The team provides cross-support spanning a range of specialisations, such as cartography, layout, publications support and dissemination, web design and development, content management, rich media and graphics design, and digital integration. These specialisations are integral components of each product or service delivered by GRID-Arendal staff.

Collating, analysing and presenting environmental data in formats best suited to the needs of policy-makers, and other stakeholders has been a cornerstone of our work over the past two decades. Our expertise has, in particular, focussed on emerging and persistent environmental issues that demand rapid responses. We are already well known and regarded for our ability to convert complex environmental data and information into presentational formats that can readily be understood and used by target audiences. We intend, by investing in enhanced training and in new state-of-the-art technologies to ensure that GRID-Arendal's profile, as a provider of such materials, is greatly enhanced. Our aspiration is that the GRID-Arendal "brand" will be instantly recognisable internationally.

During 2012 GRID-Arendal facilitated the production of a range of reports in both printed and digital (PDF and e-book) formats. Some of these publications are available in alternative language versions.

Every year, GRID supports its partners through report launches, awareness-raising functions, and other events. GRID also supports UNEP through the dissemination of UNEP press releases to the Scandinavian media, and the dissemination of environmental information and resources through the GRID-Arendal website, the GRID-Arendal Maps and Graphics library, and the GRID-Arendal Photo library

Report of GRID-Arendal's Board of Directors

GRID-Arendal is a centre collaborating with the United Nations Environment Programme (UNEP), supporting informed decision making and awareness raising through environmental information management, assessments, capacity building services, and outreach and communication tools, methodologies, and products.

Focused efforts in 2012 to build up larger externally funded programmes have produced positive results, and the foundation has a significant order reserve for future operations beyond 2013.

The Board is very pleased to report a positive financial result in 2012 of NOK 1.235.971, which will be added to the prior year's equity, thereby creating a new equity balance of NOK 8.495.696. This results in an equity ratio of 53% end of 2012. With the satisfactory long-term funding position and efficient operations, the Board expects the overall target of NOK 10.000.000 equity reserve to be achieved by the end of 2013.

The Board is optimistic about the outlook for 2013. The Framework Agreement between GRID-Arendal and the Norwegian Ministry of Foreign Affairs will continue to provide GRID-Arendal with a financial basis for focused work in key areas to support UNEP.

GRID-Arendal's environmental policy is based on the foundation's "green" values and commitment to oper-

ate in an environmentally responsible and resource efficient manner. The Board believes that the foundation's positive impact on the environment is significantly larger than the negative influences caused by any activities such as emitting climate gases through extensive travel.

The foundation is a certified Miljøfyrtårn (environmental organization). Through targeted measures, internal health, safety and environmental work and the awareness of both employees and our partners, the Board believes that the foundation's ecological footprint is minimized. Employee travel poses the greatest environmental impact. The foundation minimizes this by purchasing carbon offsets to finance concrete environmental projects in other countries.

The working conditions within GRID-Arendal are found to be good. Long-term sick leave in 2012 amounted to 4.7% of the total working days, while short-term sick leave constituted 1.3%. There were no injuries to staff in 2012, 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 2012 the Board was comprised of 5 women and 4 men. The staff consisted of 12 women and 23



Orheim

Reinertsen

Gilruth

Karbø

Lein

Liedtke

Lorentzen

Mcglade

Rucevska

men. GRID-Arendal aims to be a workplace that provides full gender equality.

GRID-Arendal has incorporated provisions that are designed to prevent discrimination with matters such as pay, promotion and recruitment. The nature of the foundation's work provides opportunities to recruit equally. The annual staff satisfaction survey addresses gender related issues.

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

Arendal, 24. April 2013

Olav Orheim
Chairman of the Board

Randi Eidsmo Reinertsen
Vice Chairman

Peter Prokosch
Managing Director

Peter T. Gilruth

Berit Lein

Yngvild Lorentzen

Nils Audun Karbø

Klaus Liedtke

Jacqueline Mcglade

Ieva Rucevska
(staff representative)

Balance sheet (NoK) 31.12	NOTE	31.12.12	31.12.11
Fixed assets			
Machinery and equipment	2	53 553	80 325
Investments in subsidiaries	5	3 012 000	3 012 000
Total fixed assets		3 065 553	3 092 325
Current assets			
Accounts receivables		5 763 371	5 194 118
Other receivables		1 716 877	1 942 971
Cash and bank deposits	6	5 606 050	7 798 199
Total current assets		13 086 297	14 935 289
Total assets		16 151 851	18 027 614
Restricted equity			
Share capital		500 000	500 000
Retained earnings			
Other equity		7 995 696	6 759 726
Total equity		8 495 696	7 259 726
Provisions			
Pension liabilities	4	0	250 000
Total provisions		0	250 000
Current liabilities			
Trade creditors		3 571 787	5 080 761
Public duties payable		1 646 441	1 481 602
Dividends		0	1 827 196
Other short term liabilities		2 437 927	2 128 329
Total short term liabilities		7 656 155	10 517 888
Total liabilities		7 656 155	10 767 888
Total equity and liabilities		16 151 851	18 027 614

6 June 2012


Olav Orheim
Chairman of the Board


Randi Eidsmo Reinertsen
Vice Chairman


Peter T. Gilruth


Berit Lein


Peter Prokosch
Managing Director


Klaus Liedtke


Yngvild Lorentzen


Nils Audun Karbo


Jacqueline Mcglade


Ieva Rucevska
(staff representative)

Financial Statement

NOTE 1

Accounting principles

Basic principles – assessment and classification – other issues

The financial statements, which have been presented in compliance with the Norwegian Companies Act, the Norwegian Accounting Act and Norwegian generally accepted accounting principles in effect as of 31 December 2012 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 of delivery of goods 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)		2012	2011
Operating income	NOTE		
Operating income		50 390 547	48 482 228
Total operating income		50 390 547	48 482 228
Operating expenses			
Project costs		6 867 993	5 313 637
Personnel costs	3	26 594 871	26 490 470
Depreciation	2	26 772	188 275
Other operating expenses	7	15 375 237	19 767 867
Total operating expenses		48 864 874	51 760 249
Operating result		1 525 6741	-3 278 021
Financial income and expenses			
Other financial income		576 902	391 937
Other financial expenses		866 605	321 881
Net financial items		-289 703	70 056
Result for the year		1 235 971	-3 207 965

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)

Book value 01.01.12	80 325,-
Addition 2012	0,-
Depreciation 2012	-26 772,-
Book value 31.12.12	53 553,-

NOTE 3

Salary (NoK)

	2012	2011
Salary and holiday pay	17 403 162,-	17 675 702,-
Employers contribution	2 994 741,-	2 600 329,-
Pension costs	1 143 027,-	1 554 132,-
Other personnel costs	5 053 941,-	4 660 307,-
Total	26 594 871,-	26 490 470,-

Average number of employees 35 31

Salary of Managing Director	823 214,-
Fee to Chairman of the Board	40 500,-
Fee to other Board members	98 500,-

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

NOTE 4

Pension obligations

The pension premium to the contribution plan for the employees is NoK 1 143 027,- and the premium is charged to the personnel costs. When changing the pension scheme, GRID-Arendal had an obligation to pay a pension payment equal to what was previously owed under the old pension scheme from the age of 62 to 67. This is applicable to one staff member in 2012.

NOTE 5

Long term investments (NoK)

Shares	Owners	Purchase	Share of equity
subsidaries	share	cost	31.12.12
Teaterplassen AS	60%	3 012 000,-	10 423 747,-

NOTE 6

Petty cash and bank accounts

NoK 867 773,- of the total cash is restricted to meet the liability arising from the payroll taxes withheld.

NOTE 7

Auditors fees

The audit fee for 2012 is split into two parts:
The audit as required by law Nok 60 000,-.
Other services provided by the auditor Nok 66 350,-.



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To the The Board of Directors in Stiftelsen GRID-Arendal

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Stiftelsen GRID-Arendal showing a profit of NOK 1 235 971. The financial statements comprise the balance sheet as at 31 December 2012, and the income statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Stiftelsen GRID-Arendal as at 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Offices in:

Oslo	Haugesund	Sandnessjøen
Ålesund	Kjevik	Stavanger
Bergen	Kristiansand	Trondheim
Bodo	Larvik	Tromsø
Elverum	Molde	Tvedestrand
Friedrichs	Narvik	Tungstun
Gjøvik	Oslo	Ålesund
Harstad	Skien	

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Statistisk sentralbyrå revisor - medlemmer av Den norske Revisorforening



Independent auditor's report 2012
 Stiftelsen GRID-Arendal

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

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

Opinion on Accounting Registration and Documentation

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

Opinion on distributions and administration

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

Arendal, 24 April 2013
 KPMG AS

Terje H. Holst
 State Authorized Public Accountant

UNEP/GRID-Arendal

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