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International Institute for Sustainable Development

Institut international du développement durable

The International Institute for Sustainable Development (IISD) contributes to sustainable development by advancing policy recommendations on international trade and investment, economic policy, climate change and energy, and management of natural and social capital, as well as the enabling role of communication technologies in these areas. We report on international negotiations and disseminate knowledge gained through collaborative projects, resulting in more rigorous research, capacity building in developing countries, better networks spanning the North and the South, and better global connections among researchers, practitioners, citizens and policy-makers.

IISD's vision is better living for all—sustainably; its mission is to champion innovation, enabling societies to live sustainably. IISD is registered as a charitable organization in Canada and has 501(c) (3) status in the United States. IISD receives core operating support from the Government of Canada, provided through the Canadian International Development Agency (CIDA), the International Development Research Centre (IDRC), and from the Province of Manitoba. The Institute receives project funding from numerous governments inside and outside Canada, United Nations agencies, foundations and the private sector.



his year marked a turning point for the International Institute for Sustainable Development, as it set out to refocus its efforts to meet increasingly complex economic, environmental and social challenges for sustainable development with a fresh management approach and new leadership.

APPOINTMENT OF NEW PRESIDENT PROVIDES BOOST

The appointment of IISD President and CEO Scott Vaughan in January gave the institute a tremendous boost as we faced a year of new funding challenges and inevitable changes on a number of fronts.

Scott officially joined IISD on April 1 from the office of Canada's Commissioner of the Environment and Sustainable Development.

From day one, he has been making a tremendous difference to the work of the institute—first by addressing the urgent issues regarding the planned transfer of the world-renowned

Experimental Lakes Area from the Canadian government to IISD, thus ensuring that the critical scientific research on fresh water performed there could continue uninterrupted. This research complements the work of IISD's Water Innovation Centre, which is focused on addressing issues around the water–energy–food nexus.

IISD HONOURED AT RIO+20 EARTH SUMMIT

IISD's innovative efforts to find sustainable solutions to water issues were honoured at the Rio+20 Earth Summit last June with the Sustainia100 award for excellence—just one of many awards it won for its outstanding work over the past year.

IISD's work in sustainable finance, investment and subsidies was well represented at that event, with comprehensive daily coverage by Reporting Services and the *Earth Negotiations Bulletin* team, which celebrated its 20th anniversary at Rio+20 and has since followed up with ongoing coverage of the post-2015 development framework discussions taking place around the world.

GLOBAL CONNECTIVITY

This year also saw the emergence of a creative approach on Global Connectivity, with a partnership agreement allowing the Institute and third parties to benefit from the years of development and experience gained by Heather Creech and her team.

CLIMATE

IISD's work on climate change continued to break new ground with a new approach to helping developing countries meet their goals for a low-carbon, climateresilient future, while providing important policy recommendations on Canada's efforts to meet greenhouse gas emissions reduction targets.



DEDICATED TEAM

IISD's many achievements over the past year would not have been possible without the hard work and dedication of our staff, researchers and associates: the

selfless collaboration of the executive leadership team; the unswerving support of the Board; and the efforts of our Vice-chairs Charles Loewen and Claude Martin, who have served the board well over many years and will be retiring this year.

I also want to thank Roger Gibbins, Måns Lönnroth and Bruce Sampson, who retired from the board last June, while welcoming Andrea Moffat, Alan Young, Felix von Sury and Emmanuel Ikazoboh, who joined the board over the past year.

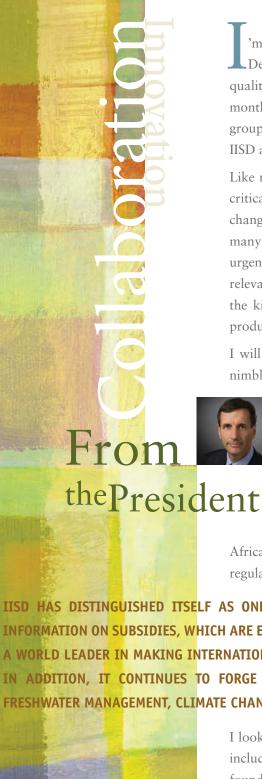
The current year is not only full of promise: it will also be a time for critical decisions. Opportunities will abound both to continue our current mission and identify new means to improve our situation on planet Earth.

Rigour in research, courage in sharing our results and defending our recommendations, and mobilization of our supporters, donors and contributors are all critical to our continued success and the celebration of even more achievements.

Daniel Gagnier,

Chair, Board of Directors

Jan J.



'm very pleased to join the International Institute for Sustainable Development. It is an organization I have long admired for the quality, relevance and independence of its work. In my first three months at IISD, I have been even more impressed by the outstanding group of committed and principled colleagues who together make IISD a trusted source of knowledge and innovation.

Like many non-governmental organizations, IISD faces a number of critical challenges. Foremost among these is keeping pace with the changing nature of sustainable development itself. Crucially, in a great many areas of the field—from climate change to social justice—the urgent and important are converging. To remain a trusted source of relevant policy analysis, IISD needs to continuously innovate in both the kind of work it does and in the ways it shares the knowledge produced by that work.

I will ensure that IISD has the management systems it needs to be nimble, focused and cutting edge by supporting cohesion among IISD's

streams of work and diversifying our external partnerships (including those with donors) in the coming year.

IISD currently works in some 45 countries. Over the past year, its activities have included supporting the tracking of annual greenhouse gas emissions in Kenya, preparing coffee growers in Uganda for the impacts of climate change, and—in partnership with such countries as India and South

Africa—addressing underlying systemic problems in global economic regulations, such as investment treaties.

INFORMATION ON SUBSIDIES, WHICH ARE ESPECIALLY HARMFUL TO DEVELOPING COUNTRIES. IT IS ALSO A WORLD LEADER IN MAKING INTERNATIONAL NEGOTIATIONS TRANSPARENT AND THUS ACCOUNTABLE. IN ADDITION, IT CONTINUES TO FORGE INNOVATIVE KNOWLEDGE PATHWAYS IN SUCH AREAS AS FRESHWATER MANAGEMENT, CLIMATE CHANGE AND OTHER CRITICAL ENVIRONMENTAL ISSUES.

I look forward to tackling new challenges in the coming year. These include furthering our innovative work on freshwater management founded on scientific evidence and practical solutions to ecosystem service payments, while at the same time expanding our current work in China.

I invite you to learn more about the Institute's work and achievements over the past year, both of which are highlighted in this annual report.

Scott Vaughan,

President

IISD Board of Directors 2012-2013



Daniel Gagnier Chair, IISD Board of Directors (Canada)



Scott Vaughn President and CEO. IISD (Canada)



Maurice Biron President, Nativest Inc. (Canada)



Stephanie Cairns Principal, Wrangellia Consulting (Canada)



Pedro Moura Costa Co-founder, EcoSecurities & Founding Partner, E2 (Brazil)

Senior Fellows Robert B. Brennan John Forgách Richard Matthew Thomas A. Myers Adil Najam László Pinter Simon Zadek



Michel De Broux Lawyer, Former VP, Hydro-Quebec CapiTech Inc. (Canada)



Hugo Delorme Partner, NATIONAL Public Relations (Canada)



Emmanuel Ikazoboh Chairman/CEO, Hedonmark Management Services (Nigeria)



Charles Loewen Board Director, The C.P. Loewen Family Foundation (Canada)



Claude Martin Honourary Advisor and past Director General, WWF



International (Switzerland)





Andrea Moffat Vice President, Corporate Program, Ceres (Canada)



Patrica Moles-Rivero Brazil Country Manager, Petra Foods Pte (Brazil)



Papa Kwesi Nduom CEO, First National Savings and Loans (Ghana)



Carlos Nobre Senior Scientist, Center for Earth System Science (CCST) -National Institute for Space Research (INPE) (Brazil)



Jiahua Pan Sciences (China)



Director, Institute for Urban and Environmental Studies, Chinese Academy of Social



Friends of the Institute



Emmanuelle Sauriol General Manager, LVM Ltd. (Canada)



Bruce Schlein Vice President of Environmental Affairs, Citi (United States)



Vicky Sharpe President and CEO of Sustainable Development Technology Canada (Canada)



Emőke Szathmáry President Emeritus and Professor, University of Manitoba (Canada)



Felix von Sury Former Executive Director, Intercooperation (Switzerland)

Distinguished Fellows Jacques Gérin

Arthur J. Hanson Jim MacNeill David Runnalls Mohamed Sahnoun Maurice Strong Franz Tattenbach

Founding Chair Lloyd McGinnis



Michael Vukets Founding Partner, Michael Vukets & Associates (Canada)



Erna Witoelar Member of Executive Board, Indonesia Biodiversity Foundation (Indonesia)



Alan Young Executive Director, Canadian Boreal Initiative (Canada)

The IISD Team

he IISD team is a diverse group of talented, motivated men and women from around the world. While anchored in Winnipeg, Geneva, Ottawa and New York offices, IISD is a colourful, international tapestry of staff, associates and young interns who bring their unique experiences, perspectives and energy to our work. The individuals listed below served with IISD in 2012–2013.

Heather Anderson Jocelyn Andrew Rod Araneda Christopher Beaton Nathalie Bernasconi-**Osterwalder** Livia Bizikova Susan Boning Jessica Boyle Richard Bridle Johnvee Calaquian **Christopher Charles** Xi Chen Katherine Clark Karin Clegg Diane Conolly Jennifer Covert Heather Creech Maxine Cunningham Ramon Dator Fariba Di-Benedetto-Achtari Jason Dion Rosemary Dohan Lael Dyck Daniella Echeverria Ramona Fryza Janice Gair Philip Gass Ivetta Gerasimchuk Pauline Gerrard Bill Glanville Vicky Goodall Karen Goulding Mark Halle Anne Hammill Melissa Harris Mariana Hug Julie Karami Marius Keller Lucy Kitson Kerryn Lang Fave Leone Tilmann Liebert Jason Macki Jason Manaigre Angela Marceniuk Stacy Matwick Matthew McCandless Tom Moerenhout Christina Moffat Grace Mota Elias Mukozi

Piret Nõukas Jo-Ellen Parry Elka Parveva-Kern Nona Pelletier Oshani Perera Jacqueline Pilon Deborah Roosen Dimple Roy Marlene Roy Christa Rust David Sawyer Ian R. Seymour Darren Swanson Shelly Swidinsky Kyle Swystun Flavia Thomé Charles Thrift Joel Trenaman Laura Turley Henry Venema **Brad Vincelette** Damon Vis-Dunbar Vivek Voora Jun Wei Peter Wooders Alicia Natalia Zamudio Trigo Huihui Zhang Karla Zubrycki

ASSOCIATES

Ben Akoh Maja Andjelkovic Mark Anielski Stephan Barq Jane Barr Dale Beugin David B. Brooks Aaron Cosbey Alec Crawford Frédéric Gagnon-Lebrun Richard Grosshans Peter Hardi Tara Laan Richard Lawford Caroline Lewko Mahnaz Malik Don MacLean Scott McFatridge Howard Mann Robert McLeman Sheldon McLeod Deborah Murphy

Adil Najam Jean Nolet Bryan Oborne Leslie Paas Jean Perras Jim Perry Jason Potts Dale Rothman Daniel Rubenstein Doug Russell Aimee Russillo Todd Scaletta Cory Searcy Sabrina Shaw David Souter Seton Stiebert Natalie Swayze Dagmar Timmer Bishunarine Tulsie Stephen Tyler Christian Weber Dave Wilkins Robert Wolfe

REPORTING SERVICES

Soledad Aquilar Oluwatomilola Akanle Jennifer Allan Lauren Anderson Beate Antonich Asheline Appleton Melanie Ashton Graeme Auld Paula Barrios Nienke Beintema Catherine Benson Dan Birchall Alice Bisiaux Robynne Boyd Pamela Chasek Qian Cheng Claudio Chiarolla Jennifer Covert Joanna Dafoe Deborah Davenport Nicole de Paulo Domingoes Francis Dejon Daniela Diz Pinto Peter Doran Louison Dumaine Noha El Haddad Angeles Estrada

Mongi Gadhoum Myriam Gadhoum Sandra Gagnon Johannes Gnann Tasha Goldberg Leonie Gordon Langston James "Kimo" Goree VI Maria Gutierrez Reem Hajjar Kate Harris Camellia Ibrahim Cherelle Jackson Sikina Jinnah Harry Jonas Stefan Jungcurt Manu Kabahizi Hal Kane Resson Kantai Tallash Kantai Pui Khemaros Pia Kohler Hélène Kom Elena Kosolapova Kati Kulovesi Alexandra Lefevre Jennifer Lenhart Fave Leone Aaron Leopold Elaine Limjoco Kate Louw Suzi Malan Jonathan Manley Leila Mead Alice Miller Chad Monfreda Elisa Morgera Michail Mouzourakis Wangu Mwangi Kate Neville Diego Noguera Erindira Nunez Dorothy Nyingi Kate Offerdahl Olivia Pasini Delia Ruth Paul Teya Penniman Cristina Perez

Elizabeth Press

Socorro Estrada

Angeles Estrada

Bo-Alex Fredvik

Claudia Freidrich

Rishikesh Ram Bhandry Gmelina Ramirez-Ramirez Eugenia Recio Stefan Renckens Keith Ripley Nathalie Risse Tanya Rosen Laura Russo Annalisa Savaresi Nicole Schabus Maja Schmidt-Thomé Mark Schulman Anna Schulz Natacha Schvartz De Diego Mihaela Secrieru Ari Shapiro Anju Sharma Matt Sommerville Hussain Talabani Daniela Tarizzo Jessica Templeton Asterios Tsioumanis Elsa Tsioumani James Van Alstine Cecilia Vaverka Andrey Vavilov George Vavilov Antto Vihma **Brad Vincelette** Ingrid Visseren Lynn Wagner Jaime Webbe Brett Wertz **Hugh Wilkins** Liz Willetts Nancy Williams Peter Wood Sean Wu Kunbao Xia Yulia Yamineva

INTERNS

Leah Buckely Braedon Cashion Christine Cooper Jordan Flagel Kristi Foster Olivia Freeman Alexandra Groom Lucia Lam Natalie Martin Kelly Sharp Emily Trainor

International offices focus on investment, green procurement, subsidies and finance

A REPORT FROM THE OFFICE OF THE VICE PRESIDENT, INTERNATIONAL

ISD's finance, investment, subsidies and procurement programs have gained considerable traction in the past year. Momentum is expected to continue to build through broader collaboration with private sector players, particularly in the areas of finance and investment. The work is stimulating global interest and debate, and the teams are using the learning time well to move forward with partnerships and implementation.

IISD's work on finance sector reform has focused on how sustainable finance and responsible investment can positively influence the rules that govern banking and financial transactions, and thereby improve global economic stability. The emphasis has been on bringing stakeholders together around a common purpose. In the past year, work in these areas has targeted China and the United Arab Emirates.

On the investment front, IISD continues to inform global debate and discussion on international investment topics related to investment agreements and contracts being negotiated around the world, but especially between investors and developing countries.

Mark Halle > Vice-President, International



Collaboration



The team is working toward reforming investment dispute settlement and ensuring that fair contracts are being negotiated in order to strike a better balance between protecting the rights of investors and fair rules to enable governments to pursue sustainability goals. IISD's work on investment treaties has taken it to South Africa, India and Mozambique in the past year.

The enduring success of the Global Subsidies Initiative (GSI) demonstrates the importance of focusing on one or two aspects of an issue to bring about the transformative change required to achieve goals for sustainable development. Time has demonstrated that incremental change is not enough, so energy is focused on those areas where the time is right for a shift in thinking. GSI's work is succeeding in driving debate around the reform of subsidies for fossil fuels, biofuels and irrigation. In the past year, GSI's work has focused on Indonesia, India, Vietnam, Nigeria and Thailand.

BUILDING TRUST BETWEEN THE PRIVATE AND PUBLIC SECTORS IS AT THE HEART OF THE WORK IN THE SUSTAINABLE PUBLIC PROCUREMENT PROGRAM, WHICH AIMS TO ENCOURAGE GOVERNMENTS TO PROVIDE STRONG MARKET INCENTIVES FOR GREEN INVESTMENT, INNOVATION, PRODUCTION AND GROWTH BY GIVING PREFERENCE TO GREEN PRODUCTS AND SERVICES, WHILE WORKING WITH THE PRIVATE SECTOR TO EXPAND THEIR OFFERINGS OF SUCH GOODS AND SERVICES. IISD'S WORK ON PUBLIC PROCUREMENT HAS FOCUSED ON INDIA, SOUTH AFRICA, GHANA AND BRAZIL OVER THE PAST YEAR.

Supporting water, food and energy security globally and locally

A REPORT FROM THE NATURAL AND SOCIAL CAPITAL PROGRAM

ISD's Natural and Social Capital (NASCap) program, headed by Science and Innovation VP Henry David Venema, works with a broad cross-section of sectors and stakeholders in agriculture, business and industry. The team collaborates with entrepreneurs, academics, research scientists, environmental groups and all levels of government to build a dynamic range of programs centred on the themes of water, energy and food security. The program combines the ecosystem-focused work of the Water Innovation Centre with the process skills of the Foresight Group.

Over the past year, NASCap's work on ecological goods and services (EGS) has focused on nutrient management, flood damage reduction, resilience to summer drought and wetland habitat restoration. Some of the ongoing work includes the creation of an EGS valuation of peatlands in Manitoba as part of the province's peatlands stewardship project. NASCap is also working on prioritizing and communicating the value of the EGS benefits of various water storage options as a means to improving water, energy and food security in drought-prone regions.

NASCap team members are engaged in approaches and processes to help decision-makers in linking environmental planning with broader socioeconomic development through approaches

developed by the Foresight Group. Community, watershed, national and international indicator systems allow the team to monitor and measure progress towards sustainability. In addition, scenario development approaches are being applied in multistakeholder settings to collaboratively think about plausible and desirable futures. This approach is called participatory scenario development (PSD), and has been applied recently in approximately 10 countries globally and in local and regional contexts in Canada.

Henry David Venema, PhD > Vice-President, Science and Innovation





In 2013, the Global Nature Fund awarded Lake Winnipeg the dubious distinction of the "most threatened lake in the world." IISD's Water Innovation Centre is responding to the challenge to clean up Lake Winnipeg with the Lake Winnipeg Bioeconomy Project. The project has garnered international, national, regional and local recognition for its work over the past year, including the Sustainia 100 award at the United Nations Conference on Sustainable Development (Rio+20) in June 2012. The project demonstrates how large and difficult ecosystem management and climate adaptation challenges can be transformed into regional economic development. Moreover, it provides a blueprint of how 21st-century green economies will develop by matching regional ecosystem management to policy imperative.

IISD is currently working with the Government of Manitoba and Economic Development Winnipeg on regulatory and fiscal issues for large-scale implementation, and has developed partnerships for a commercial prototype project, marking IISD's continued evolution as a "think and do" tank.





Policy development enables the transition to low-carbon, climate-resilient futures

A REPORT FROM THE CLIMATE AND ENERGY PROGRAM

s more and more countries contemplate how to transition to low-carbon, climate-resilient futures, IISD's Climate and Energy program has been working to help. Managing the transition requires rethinking the investment choices we make and the development paths we follow. It hinges upon embedding adaptation and mitigation aspirations in existing development plans and priorities, and then leveraging government and private financing to make it happen. For example, carbon finance can catalyze action when the enabling governance conditions are right. Ultimately, collaboration among the many disciplines and dimensions of sustainable development is the only way to tackle the tremendous challenges and uncertainties posed by climate change.

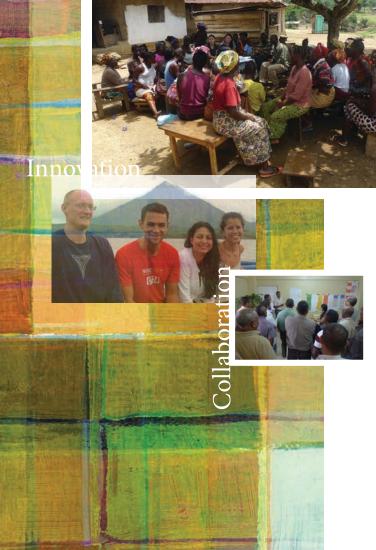
David Sawyer > Vice-President, Climate, Energy and Partnerships THE CLIMATE AND ADAPTATION TEAM IS PAIRING ADAPTATION AND MITIGATION TO FIND NEW WAYS TO OPERATIONALIZE LOW-CARBON, CLIMATE-RESILIENT DEVELOPMENT. THE TEAM IS NOW TRANSLATING THIS INTO PRACTICE, AND TAKING A HIGHLY COLLABORATIVE APPROACH TO THE DESIGN OF POLICY AND TOOLS TO ACHIEVE POSITIVE OUTCOMES.

> Recently, IISD's mitigation and adaptation specialists collaborated to advise the Government of Kenya on integrating climate-compatible development benefits into its next medium-term plan. In Pakistan, IISD helped to identify the building blocks for implementing mitigation and adaptation actions consistent with its recently released national climate

> > change policy.

The team has also been sharing some of Canada's efforts to address its transition to a more climate-proof future. Provinces and the federal government have been working together to meet Canada's target of 2020 greenhouse gas emissions target of 17 per cent below 2005 levels. Though it remains uncertain whether the target can be met with the current mix of policies and regulations in place, the past year has seen much progress in addressing policy gaps.

Efforts to operationalize adaptation have begun around the world, increasingly through bundling adaptation, risk reduction and greenhouse gas mitigation to improve development outcomes. IISD is providing leadership on how to envision, plan and implement best practices, and focusing on collaboration and partnerships to find solutions to deep and complex climate policy challenges.





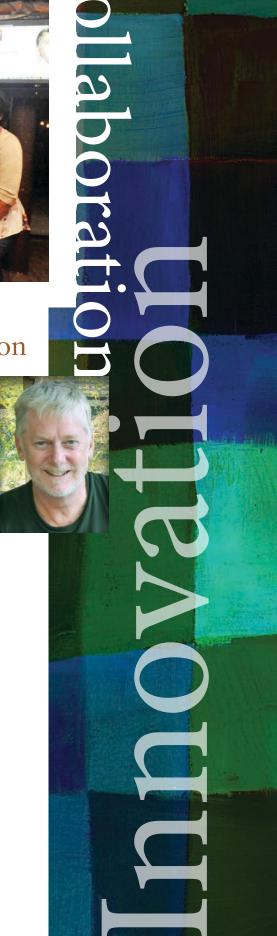
Knowledge communication brings the world to IISD

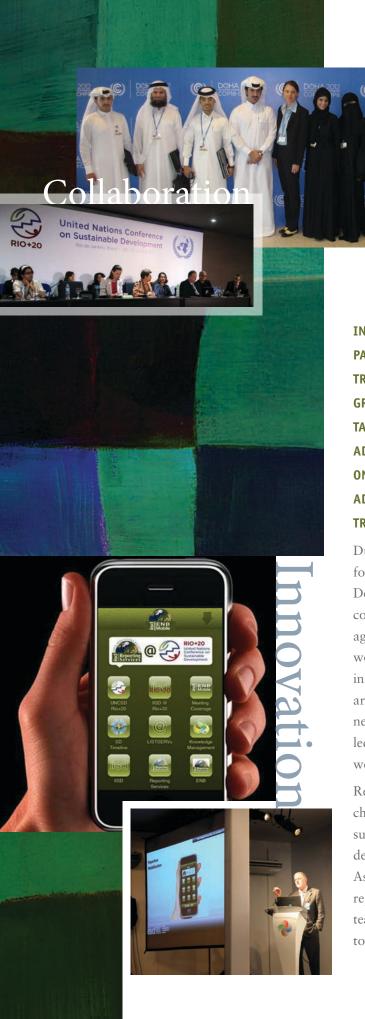
A REPORT FROM REPORTING SERVICES

ISD Reporting Services had one of its most successful and productive years. Along with celebrating the *Earth Negotiations Bulletin*'s 20th anniversary, the team expanded its audience, and developed new partnerships, a successful capacity-building project and important knowledgebases.

The United Nations Conference on Sustainable Development (Rio+20) was a huge success, giving us tremendous momentum as the go-to organization for information and news about intergovernmental sustainable development policy-making. Through the website, a new mobile application and email listservs, Reporting Services distributed 642,294 individual copies of our reports during the Rio+20 event. During the month of this event, the Sustainable Development Policy & Practice knowledgebase saw 25,446 page views, growing from 4,041 per month when it was launched in October 2010.

Langston James "Kimo" Goree VI > Vice-President, Reporting Services and United Nations Liaison





IN 2012, REPORTING SERVICES DEVELOPED A NOTABLE NEW PARTNERSHIP WITH QATAR ADMINISTRATIVE CONTROL AND TRANSPARENCY AUTHORITY. THE TEAM TRAINED AN EXCEPTIONAL GROUP OF QATARI NATIONALS TO COVER THE CLIMATE CHANGE TALKS IN DOHA IN NOVEMBER AND DECEMBER. THIS EXPERIENCE ADDED A NEW DIMENSION TO THE TEAM'S WORK, AND BUILDS ON IISD'S LONG HISTORY OF BUILDING CAPACITY IN YOUTH TO ADVANCE THE GOALS OF SUSTAINABLE DEVELOPMENT THROUGH TRAINING AND INTERNSHIP PROGRAMS.

During the second half of 2012, Reporting Services tracked the follow-up on the Rio+20 outcomes through the Sustainable Development Policy & Practice knowledgebase and began covering discussions regarding the post-2015 development agenda. The team's Post-2015 Policy & Practice knowledgebase work has been playing a key role in disseminating updates and information on this process, including to many new readers who are participating in the international public consultation on the next set of United Nations development goals. This work has led to a much larger audience and presents new opportunities to work with other United Nations agencies and programs.

Reporting Services' knowledgebases currently cover climate change, biodiversity, land, water, forests, chemicals and wastes, sustainable development, sustainable energy, small island developing states, Latin America and the Caribbean, Africa and Asia-Pacific, while *Earth Negotiations Bulletin* and conference reporting services teams cover 60–80 meetings per year. The team is pleased to have so many opportunities and is well placed to meet the challenges ahead.

Working together to improve effectiveness

A REPORT ON MAKING LINKAGES IN STRATEGIC PLANNING

SYNERGY

increased effectiveness or achievement, produced by combined action, cooperation, etc.

-Canadian Oxford Dictionary

he world today is a highly interconnected place; effective public policies must be designed in a manner that addresses related issues in an integrated way. IISD and other organizations that conduct policy research depend fundamentally on making linkages among ideas in a way that leads to better, more innovative ways of crafting policies toward a more sustainable future. For example, addressing the impacts of climate change requires new policies in the domains of energy, agriculture, water management, subsidies, health and others. Understanding these linkages occurs far more readily when there is interaction across disciplinary boundaries, rather than within the silos of individual topic areas. Thus, the overall effectiveness of policy research institutes like IISD is greatly improved when teams of researchers work together across traditional program lines.

In order to realize the implementation of organizational values like cross-program collaboration, there must be structures and processes that embed this value in the day-to-day operations of the organization. IISD has developed a simple model to describe increasing degrees of cross-program cooperation, as shown below.

A SPECTRUM OF CROSS-PROGRAM COLLABORATION

INDIVIDUAL PROGRAMS WORKING INDEPENDENTLY SHARE KNOWLEDGE **OF VARIOUS ACTIVITIES AND PROJECTS**

UTILIZE SKILLS FROM MULTIPLE PROGRAMS ON **PROJECT TEAMS AND WORKING GROUPS**

DESIGN PROJECTS THAT CREATE NEW KNOWLEDGE AT THE INTERSECTION OF **DIFFERENT PROGRAM DOMAINS**

INCREASING DEGREE OF COLLABORATION AND INTEGRATION

Institutional Strategy and Planning William H. Glanville, Vice-President



Collaboration



Initially, there must be information available to members of each program team to understand how their field of work is evolving, as well as the nature of the work being done in other program areas. IISD Reporting Services has created a sophisticated content management system and assembled a team of thematic experts who identify and summarize key events, publications, outcomes and projects in areas such as sustainable development, climate change, biodiversity and sustainable energy. Daily news feeds provide thousands of subscribers with real-time updates on key developments in these areas of policy and practice. In addition, IISD's Knowledge Manager has developed a series of issue-based email lists to circulate timely articles and papers on selected themes to staff within IISD. Finally, program team meetings regularly include staff from other programs who are working on related topics.

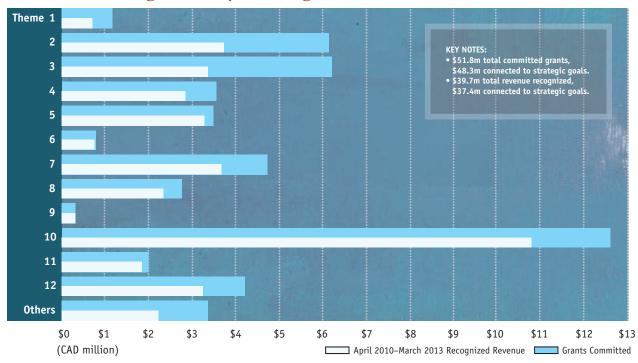
At the next level, IISD teams have been drawing on their relative expertise from multiple programs to partner with countries to help identify on-the-ground solutions. For example, IISD's freshwater management work draws on such areas as indicators, climate vulnerability as it applies to changes to hydrological cycles, foresight planning and adaptive management. Particular skills such as scenario development, online learning delivery or adaptive policy design have applicability in many projects and settings, which can create a natural fit between program areas. When the integration of staff from various areas is extensive, the project is designated as a shared project, whereby the revenue and expenses are shared equally among the participating programs.

Another mechanism for cross-program coordination that has emerged is that of self-organized working groups. For example, the topic of adaptation is clearly related to the activities of multiple programs. Researchers from different programs have spontaneously formed a working group that meets periodically to exchange information, discuss current proposals and identify opportunities for joint action.

The highest degree of cross-program collaboration occurs when a project is designed from the outset to address objectives or issues that are fundamentally interconnected. Staff from different programs work together on writing the proposal, securing the funding and implementing the project. IISD has facilitated this level of collaboration by deliberately choosing the cross-program topic of Trade, Energy and Climate Change as one of the primary themes of the current five-year strategic plan. In the last fiscal year, five joint projects involving four different program areas were carried out.

IISD'S RESULTS-BASED MONITORING AND REPORTING SYSTEM IS BEING USED TO CAPTURE THE SPECIFIC EXAMPLES OF CROSS-PROGRAM INTEGRATION DESCRIBED IN THE MODEL DEPICTED ABOVE. THE DESIRED NET EFFECT OF THESE ORGANIZATIONAL STRUCTURES AND PROCESSES IS TO CREATE A CULTURE OF SHARING INFORMATION AND WORKING COLLABORATIVELY TO USE THE BEST IDEAS TO INFORM OUR WORK AND ADVANCE MORE QUICKLY TOWARD A SUSTAINABLE FUTURE.

Grants Committed and 2010–2013 Revenue Recognized by Strategic Plan Theme



2012-2013 REVENUE RECOGNIZED BY THEME-FUNDERS (OVER \$50,000)

1. TRADE POLICIES THAT COMBAT CLIMATE CHANGE (GOAL 1)

IVL Swedish Environmental Research Institute

John D. and Catherine T. MacArthur Foundation Ministry of Foreign Affairs (Sweden) IVL Swedish Environmental Research Institute	\$ 95,005 68,807 60,826
2. SUSTAINABLE INVESTMENT (GOALS 2 & 3)	
Swiss Agency for Development and Cooperation (SDC) Norwegian Agency for Development Cooperation (NORAD) Ministry of Foreign Affairs (Denmark) International Development Research Centre (IDRC) Ministry of Foreign Affairs (Sweden)	334,053 280,069 191,286 106,978 68,807
3. PHASE-OUT OF SUBSIDIES THAT UNDERMINE SUSTAINABLE DEVELOPMENT (GOAL 4)	
Foreign & Commonwealth Office (FCO) Ministry of Foreign Affairs (Norway) Swiss State Secretariat for Economic Affairs (SECO) Swedish International Development Cooperation Agency (SIDA) Oxford Policy Management Limited (OPML) Stichting Foundation Renewable Energy Technology Deployment (RETD)	423,486 413,397 246,431 241,956 98,560 67,060
4. SUSTAINABLE MARKETS AND RESPONSIBLE TRADE (GOALS 5-7)	
Norwegian Agency for Development Cooperation (NORAD) Ministry of Foreign Affairs (Denmark) International Council on Mining and Metals (ICMM) Swiss State Secretariat for Economic Affairs (SECO)	540,031 197,422 174,427 70,831
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60,826

5. A CONSTRUCTIVE CATALYST WITHIN INTERNATIONAL NEGOTIATIONS (GOALS 8 & 9)	
Environment Canada	758,770
PricewaterhouseCoopers Services Ltd. (PwCS)	543,451
Norwegian Agency for Development Cooperation (NORAD) International Development Research Centre (IDRC)	295,376 64,918
6. NORTH AMERICAN APPROACHES TO CLIMATE CHANGE (GOAL 10)	04,710
Manitoba Conservation	99,939
	77,737
7. ADAPTATION, RISK REDUCTION AND RESILIENCE (GOALS 11-13)	
PricewaterhouseCoopers Services Ltd. (PwCS)	670,290
United Nations Development Programme (UNDP) Ministry of Foreign Affairs (Denmark)	138,397 136,356
International Development Research Centre (IDRC)	68,052
8. COMMUNICATING THE VALUE OF ECOLOGICAL GOODS AND SERVICES (GOALS 14 & 15)	
Manitoba Water Stewardship	235,199
Manitoba Hydro	215,298
Manitoba Conservation	163,159
Manitoba Lotteries Corporation Royal Bank of Canada Foundation	115,783 59,364
9. ENVIRONMENTAL MANAGEMENT FOR PEACE AND SECURITY (GOALS 16 & 17)	<i></i>
Norwegian Agency for Development Cooperation (NORAD)	59,228
10. TRANSPARENCY AND ACCOUNTABILITY: THE ROLE OF REPORTING SERVICES (GOALS 18-22)	
European Commission	1,050,306
Swiss Agency for Development and Cooperation (SDC)	486,810
United Nations Environment Programme (UNEP)	319,059
The State of Qatar Australia AID	235,515 144,031
International Development Research Centre (IDRC)	116,422
Ministry of Foreign Affairs (Denmark)	112,681
The World Bank	108,297
United Nations Department of Economic and Social Affairs (UN/DESA)	99,747
Ministry of Foreign Affairs (Finland) Ministry of Ecology (France)	96,287 87,014
Federal Ministry for the Environment (BMU) (Germany)	84,202
International Renewable Energy Agency (IRENA)	82,162
Swiss Federal Office for the Environment (FOEN)	81,338
Secretariat of the Convention on Biological Diversity (CBD)	76,545
Swedish International Development Cooperation Agency (SIDA) United Nations Food and Agriculture Organization (FAO)	74,205 60,651
Taipei Economic and Cultural Office (TECO)	50,955
11. GLOBAL CONNECTIVITY (GOALS 23-25)	
Canadian International Development Agency (CIDA)	174,068
International Development Research Centre (IDRC) World Conservation Monitoring Centre (UNEP-WCMC)	135,251 73,048
12. ACCOUNTABILITY FOR A SUSTAINABLE ECONOMY (GOALS 26-28)	7 3,0 10
Swiss State Secretariat for Economic Affairs (SECO)	349,482
IVL Swedish Environmental Research Institute	121,652
Ministry of Foreign Affairs (Denmark)	115,124
Bertelsmann Stiftung	107,908
United Way of Winnipeg International Development Research Centre (IDRC)	93,459 57,919
international Development research centre (IDIC)	3/,/1/

Report of the Independent Auditor on the Summary Consolidated Financial Statements

Deloitte.

Deloitte LLP 360 Main Street Suite 2300 Winnipeg MB R3C 3Z3 Canada Tel: (204) 942-0051 Fax: (204) 947-9390 www.deloitte.ca

To the Members of The International Institute for Sustainable Development

The accompanying summary consolidated financial statements, which comprise the consolidated statement of financial position as at March 31, 2013, March 31, 2012, and April 1, 2011, the consolidated statements of operations and changes in unrestricted net operating assets for the year then ended and related notes, are derived from the audited consolidated financial statements of the International Institute for Sustainable Development for the years ended March 31, 2013, and March 31, 2012. We expressed an unmodified audit opinion on those consolidated financial statements in our reports dated June 19, 2013. Those consolidated financial statements, and the summary consolidated financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those consolidated financial statements.

The summary consolidated financial statements do not contain all the disclosures required by Canadian Generally Accepted Accounting Principles. Reading the summary financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of the Institute.

Management's Responsibility for the Summary Consolidated Financial Statements

Management is responsible for the preparation of a summary of the audited consolidated financial statements in accordance with criteria determined by the Board of Directors.

Auditor's Responsibility

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard 810, "Engagements to Report on Summary Financial Statements".

Opinion

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of the International Institute for Sustainable Development for the years ended March 31, 2013, and March 31, 2012, is a fair summary of those consolidated financial statements, in accordance with the criteria noted above.

Chartered Accountants

Deloitte UP

Winnipeg, Manitoba June 19, 2013

Consolidated Statements of Financial Position

March 31, 2013, March 31, 2012 and April 1, 2011

	March 31	March 31	April 1
ASSETS	2013	2012*	2011*
CURRENT			
Cash	\$ 974,234	\$ 3,545,374	\$ 1,063,546
Marketable securities	4,878,659	7,592,158	8,104,934
Accounts receivable	13,928,508	9,628,547	9,790,219
Prepaid expenses and deposits	137,650	196,190	161,970
Trepaid expenses and deposits			· · · · · · · · · · · · · · · · · · ·
	19,919,051	20,962,269	19,120,669
CAPITAL ASSETS	210,382	264,497	244,301
	\$ 20,129,433	\$ 21,226,766	\$ 19,364,970
A LA DIA PETER			
LIABILITIES			
CURRENT	¢ 1 (00 272	¢ 1.054.611	¢ 1 440 071
Accounts payable and accrued liabilities	\$ 1,688,273	\$ 1,954,611	\$ 1,440,861
Deferred revenue	12,109,946	12,051,617	10,302,168
	13,798,219	14,006,228	11,743,029
COMMITMENTS			
NET ASSETS			
Net assets invested in capital assets	210,382	264,497	244,301
Reserve for program development	4,085,437	4,349,930	4,445,049
Innovation Fund	9,972	9,972	5,972
Campaign Fund	10,529	7,165	26,242
Unrestricted net operating assets	2,014,894	2,588,974	2,900,377
	6,331,214	7,220,538	7,621,941
	\$ 20,129,433	\$ 21,226,766	\$ 19,364,970

*ADOPTION OF A NEW ACCOUNTING FRAMEWORK

During the year ended March 31, 2013, the Institute adopted the new accounting standards for not-for-profit organizations (the "new standards") issued by the Canadian Institute of Chartered Accountants ("CICA"). In accordance with Section 1501 of the CICA Handbook, First-time Adoption for Not-for-Profit Organizations, ("Section 1501"), the date of transition to the new standards is April 1, 2011 and the Institute has prepared and presented an opening statement of financial position as at the date of transition to the new standards. This opening statement of financial position is the starting point for the Institute's accounting under the new standards.

In its opening statement of financial position, under the recommendations of Section 1501, the Institute:

- (a) recognized all assets and liabilities whose recognition is required by the new standards;
- (b) did not recognize items as assets or liabilities if the new standards do not permit such recognition;
- (c) reclassified items that it recognized previously as one type of asset, liability or component of equity, but are recognized as a different type of asset, liability or component of equity under the new standards; and
- (d) applied the new standards in measuring all recognized assets and liabilities.

In accordance with the requirements of Section 1501, the accounting policies set out in Note 3 have been consistently applied to all years presented.

There was no significant impact of the adoption of the new standards on the statement of financial position as at April 1, 2011 or the statements of operations and changes in net assets or cash flows for the year ended March 31, 2012.

Consolidated Statements of Operations and Changes in Unrestricted Net Operating Assets

For the Years Ended March 31, 2013

REVENUE Designated grants \$ 13,981,637 \$ 13,079,799 Operating grants 2,491,130 2,888,530 Innovation Fund 21,550 6,667 Interest 130,491 185,751 Other (expense) revenue (185,530) 28,877 TOTAL REVENUE 16,439,278 16,189,624 EXPENSES **** Projects** **** Trade and Investment 5,564,278 5,462,245 Reporting Services 4,132,842 3,641,792 3,290,388 2,651,382 Climate Change and Energy 3,290,388 2,651,382 3,441,792 Climate Change and Energy 3,290,388 2,651,382 3,441,792 Global Connectivity 684,839 844,010 84,010 New Project Development 215,550 7,496 Innovation Fund 215,550 7,496 Administration 904,055 14,435,960 Publishing Services and Media and Communications 374,505 599,415 Board 106,641 136,622 TOTAL EXPENSES 17,331,966	For the Tears Ended March 31, 2013		
Designated grants \$13,981,637 \$13,079,799 Operating grants 2,491,130 2,888,530 Innovation Fund 121,550 6,667 Interest 130,491 185,751 Other (expense) revenue (185,530) 28,877 TOTAL REVENUE 16,439,278 16,189,624 EXPENSES **Trade and Investment 5,564,278 5,462,245 Reporting Services 4,132,842 3,641,792 Climate Change and Energy 3,290,388 2,651,382 Natural and Social Capital 1,960,875 1,733,263 Global Connectivity 684,839 844,010 New Project Development 291,993 95,772 Innovation Fund 21,550 7,496 Administration 904,055 14,435,960 Administration 904,055 14,03,953 Publishing Services and Media and Communications 374,505 599,415 Board 106,641 136,622 TOTAL EXPENSES 17,331,966 16,575,950 EXCESS OF EXPENSES OVER REVENUE (892,68		2013	2012
Operating grants 2,491,130 2,888,530 Innovation Fund 21,550 6,667 Interest 130,491 185,751 Other (expense) revenue (185,530) 28,877 TOTAL REVENUE 16,439,278 16,189,624 EXPENSES *** *** Projects *** *** Trade and Investment 5,564,278 5,462,245 Reporting Services 4,132,842 3,641,792 Climate Change and Energy 3,290,388 2,651,382 Natural and Social Capital 1,960,875 1,733,263 Global Connectivity 684,839 844,010 New Project Development 291,993 95,772 Innovation Fund 21,550 7,496 Administration 904,055 1,403,953 Publishing Services and Media and Communications 374,505 599,415 Board 106,641 136,622 TOTAL EXPENSES 17,331,966 16,575,950 EXCESS OF EXPENSES OVER REVENUE (892,688) (386,326) APPRO	REVENUE		
Innovation Fund Interest	Designated grants	\$ 13,981,637	\$ 13,079,799
Interest Other (expense) revenue	Operating grants	2,491,130	2,888,530
Other (expense) revenue (185,530) 28,877 TOTAL REVENUE 16,439,278 16,189,624 EXPENSES Projects Trade and Investment 5,564,278 5,462,245 Reporting Services 4,132,842 3,641,792 Climate Change and Energy 3,290,388 2,651,382 Natural and Social Capital 1,960,875 1,733,263 Global Connectivity 684,839 844,010 New Project Development 291,993 95,772 Innovation Fund 21,550 7,496 Administration 904,055 14,435,960 Administration 904,055 14,435,960 Administration services and Media and Communications 374,505 599,415 Board 106,641 136,622 TOTAL EXPENSES 17,331,966 16,575,950 EXCESS OF EXPENSES OVER REVENUE (892,688) (386,326) APPROPRIATION TO (FROM) UNRESTRICTED NET OPERATING ASSETS 54,115 (20,196) Reserve for program development 264,493 95,119 DECREASE I	Innovation Fund	21,550	6,667
TOTAL REVENUE 16,439,278 16,189,624 EXPENSES Projects 7 Trade and Investment 5,564,278 5,462,245 Reporting Services 4,132,842 3,641,792 Climate Change and Energy 3,290,388 2,651,382 Natural and Social Capital 1,960,875 1,733,263 Global Connectivity 684,839 844,010 New Project Development 291,993 95,772 Innovation Fund 21,550 7,496 Administration 904,055 14,435,960 Administration 904,055 1,403,953 Publishing Services and Media and Communications 374,505 599,415 Board 106,641 136,622 TOTAL EXPENSES 17,331,966 16,575,950 EXCESS OF EXPENSES OVER REVENUE (892,688) (386,326) APPROPRIATION TO (FROM) UNRESTRICTED NET OPERATING ASSETS 54,115 (20,196) Net assets invested in capital assets 54,115 (20,196) (20,196) Reserve	Interest	130,491	185,751
EXPENSES Projects Projects Trade and Investment 5,564,278 5,462,245 Reporting Services 4,132,842 3,641,792 Climate Change and Energy 3,290,388 2,651,382 Natural and Social Capital 1,960,875 1,733,263 Global Connectivity 684,839 844,010 New Project Development 291,993 95,772 Innovation Fund 21,550 7,496 15,946,765 14,435,960 Administration 904,055 14,035,953 Publishing Services and Media and Communications 374,505 599,415 Board 106,641 136,622 TOTAL EXPENSES 17,331,966 16,575,950 EXCESS OF EXPENSES OVER REVENUE (892,688) (386,326) APPROPRIATION TO (FROM) UNRESTRICTED NET OPERATING ASSETS Net assets invested in capital assets 54,115 (20,196) Reserve for program development 264,493 95,119 DECREASE IN UNRESTRICTED NET OPERATING ASSETS (574,080) (311,403) UNRESTRICTED NET OPERATING ASSETS (574,080) (320,377) (Other (expense) revenue	(185,530)	28,877
Projects Trade and Investment 5,564,278 5,462,245 Reporting Services 4,132,842 3,641,792 Climate Change and Energy 3,290,388 2,651,382 Natural and Social Capital 1,960,875 1,733,263 Global Connectivity 684,839 844,010 New Project Development 291,993 95,772 Innovation Fund 21,550 7,496 Administration 904,055 1,403,953 Publishing Services and Media and Communications 374,505 599,415 Board 106,641 136,622 TOTAL EXPENSES 17,331,966 16,575,950 EXCESS OF EXPENSES OVER REVENUE (892,688) (386,326) APPROPRIATION TO (FROM) UNRESTRICTED NET OPERATING ASSETS 54,115 (20,196) Net assets invested in capital assets 54,115 (20,196) Reserve for program development 264,493 95,119 DECREASE IN UNRESTRICTED NET OPERATING ASSETS (574,080) (311,403) UNRESTRICTED NET OPERATING ASSETS, BEGINNING OF YEAR 2,588,974 2,900,377	TOTAL REVENUE	16,439,278	16,189,624
Projects Trade and Investment 5,564,278 5,462,245 Reporting Services 4,132,842 3,641,792 Climate Change and Energy 3,290,388 2,651,382 Natural and Social Capital 1,960,875 1,733,263 Global Connectivity 684,839 844,010 New Project Development 291,993 95,772 Innovation Fund 21,550 7,496 Administration 904,055 1,403,953 Publishing Services and Media and Communications 374,505 599,415 Board 106,641 136,622 TOTAL EXPENSES 17,331,966 16,575,950 EXCESS OF EXPENSES OVER REVENUE (892,688) (386,326) APPROPRIATION TO (FROM) UNRESTRICTED NET OPERATING ASSETS 54,115 (20,196) Net assets invested in capital assets 54,115 (20,196) Reserve for program development 264,493 95,119 DECREASE IN UNRESTRICTED NET OPERATING ASSETS (574,080) (311,403) UNRESTRICTED NET OPERATING ASSETS, BEGINNING OF YEAR 2,588,974 2,900,377	EXPENSES		
Trade and Investment 5,564,278 5,462,245 Reporting Services 4,132,842 3,641,792 Climate Change and Energy 3,290,388 2,651,382 Natural and Social Capital 1,960,875 1,733,263 Global Connectivity 684,839 844,010 New Project Development 291,993 95,772 Innovation Fund 21,550 7,496 Administration 904,055 1,403,953 Publishing Services and Media and Communications 374,505 599,415 Board 106,641 136,622 TOTAL EXPENSES 17,331,966 16,575,950 EXCESS OF EXPENSES OVER REVENUE (892,688) (386,326) APPROPRIATION TO (FROM) UNRESTRICTED NET OPERATING ASSETS 54,115 (20,196) Net assets invested in capital assets 54,115 (20,196) Reserve for program development 264,493 95,119 DECREASE IN UNRESTRICTED NET OPERATING ASSETS (574,080) (311,403) UNRESTRICTED NET OPERATING ASSETS, BEGINNING OF YEAR 2,588,974 2,900,377			
Reporting Services 4,132,842 3,641,792 Climate Change and Energy 3,290,388 2,651,382 Natural and Social Capital 1,960,875 1,733,263 Global Connectivity 684,839 844,010 New Project Development 291,993 95,772 Innovation Fund 21,550 7,496 Administration 904,055 14,435,960 Administration 904,055 1,403,953 Publishing Services and Media and Communications 374,505 599,415 Board 106,641 136,622 TOTAL EXPENSES 17,331,966 16,575,950 EXCESS OF EXPENSES OVER REVENUE (892,688) (386,326) APPROPRIATION TO (FROM) UNRESTRICTED NET OPERATING ASSETS 54,115 (20,196) Reserve for program development 264,493 95,119 DECREASE IN UNRESTRICTED NET OPERATING ASSETS (574,080) (311,403) UNRESTRICTED NET OPERATING ASSETS, BEGINNING OF YEAR 2,588,974 2,900,377		5.564.278	5,462,245
Climate Change and Energy 3,290,388 2,651,382 Natural and Social Capital 1,960,875 1,733,263 Global Connectivity 684,839 844,010 New Project Development 291,993 95,772 Innovation Fund 21,550 7,496 Administration 904,055 14,435,960 Administration 904,055 1,403,953 Publishing Services and Media and Communications 374,505 599,415 Board 106,641 136,622 TOTAL EXPENSES 17,331,966 16,575,950 EXCESS OF EXPENSES OVER REVENUE (892,688) (386,326) APPROPRIATION TO (FROM) UNRESTRICTED NET OPERATING ASSETS 54,115 (20,196) NET assets invested in capital assets 54,115 (20,196) Reserve for program development 264,493 95,119 DECREASE IN UNRESTRICTED NET OPERATING ASSETS (574,080) (311,403) UNRESTRICTED NET OPERATING ASSETS, BEGINNING OF YEAR 2,588,974 2,900,377			
Natural and Social Capital 1,960,875 1,733,263 Global Connectivity 684,839 844,010 New Project Development 291,993 95,772 Innovation Fund 21,550 7,496 Administration 904,055 14,435,960 Administration 904,055 1,403,953 Publishing Services and Media and Communications 374,505 599,415 Board 106,641 136,622 TOTAL EXPENSES 17,331,966 16,575,950 EXCESS OF EXPENSES OVER REVENUE (892,688) (386,326) APPROPRIATION TO (FROM) UNRESTRICTED NET OPERATING ASSETS 54,115 (20,196) Net assets invested in capital assets 54,115 (20,196) Reserve for program development 264,493 95,119 DECREASE IN UNRESTRICTED NET OPERATING ASSETS (574,080) (311,403) UNRESTRICTED NET OPERATING ASSETS, BEGINNING OF YEAR 2,588,974 2,900,377			
Global Connectivity 684,839 844,010 New Project Development 291,993 95,772 Innovation Fund 21,550 7,496 Administration 15,946,765 14,435,960 Administration 904,055 1,403,953 Publishing Services and Media and Communications 374,505 599,415 Board 106,641 136,622 TOTAL EXPENSES 17,331,966 16,575,950 EXCESS OF EXPENSES OVER REVENUE (892,688) (386,326) APPROPRIATION TO (FROM) UNRESTRICTED NET OPERATING ASSETS 54,115 (20,196) Net assets invested in capital assets 54,115 (20,196) Reserve for program development 264,493 95,119 DECREASE IN UNRESTRICTED NET OPERATING ASSETS (574,080) (311,403) UNRESTRICTED NET OPERATING ASSETS, BEGINNING OF YEAR 2,588,974 2,900,377			
New Project Development 291,993 95,772 Innovation Fund 21,550 7,496 Administration 15,946,765 14,435,960 Administration 904,055 1,403,953 Publishing Services and Media and Communications 374,505 599,415 Board 106,641 136,622 TOTAL EXPENSES 17,331,966 16,575,950 EXCESS OF EXPENSES OVER REVENUE (892,688) (386,326) APPROPRIATION TO (FROM) UNRESTRICTED NET OPERATING ASSETS 54,115 (20,196) NET OPERATING ASSETS 54,115 (20,196) Reserve for program development 264,493 95,119 DECREASE IN UNRESTRICTED NET OPERATING ASSETS (574,080) (311,403) UNRESTRICTED NET OPERATING ASSETS, BEGINNING OF YEAR 2,588,974 2,900,377			
Innovation Fund 21,550 7,496 15,946,765 14,435,960 Administration 904,055 1,403,953 Publishing Services and Media and Communications 374,505 599,415 Board 106,641 136,622 TOTAL EXPENSES 17,331,966 16,575,950 EXCESS OF EXPENSES OVER REVENUE (892,688) (386,326) APPROPRIATION TO (FROM) UNRESTRICTED NET OPERATING ASSETS 54,115 (20,196) Reserve for program development 264,493 95,119 DECREASE IN UNRESTRICTED NET OPERATING ASSETS (574,080) (311,403) UNRESTRICTED NET OPERATING ASSETS, BEGINNING OF YEAR 2,588,974 2,900,377			
Administration 904,055 1,403,953 Publishing Services and Media and Communications 374,505 599,415 Board 106,641 136,622 TOTAL EXPENSES 17,331,966 16,575,950 EXCESS OF EXPENSES OVER REVENUE (892,688) (386,326) APPROPRIATION TO (FROM) UNRESTRICTED NET OPERATING ASSETS Net assets invested in capital assets 54,115 (20,196) Reserve for program development 264,493 95,119 DECREASE IN UNRESTRICTED NET OPERATING ASSETS (574,080) (311,403) UNRESTRICTED NET OPERATING ASSETS, BEGINNING OF YEAR 2,588,974 2,900,377			
Publishing Services and Media and Communications Board 106,641 136,622 TOTAL EXPENSES 17,331,966 16,575,950 EXCESS OF EXPENSES OVER REVENUE (892,688) (386,326) APPROPRIATION TO (FROM) UNRESTRICTED NET OPERATING ASSETS Net assets invested in capital assets Reserve for program development DECREASE IN UNRESTRICTED NET OPERATING ASSETS UNRESTRICTED NET OPERATING ASSETS BEGINNING OF YEAR 2,588,974 2,900,377			
Publishing Services and Media and Communications Board 106,641 136,622 TOTAL EXPENSES 17,331,966 16,575,950 EXCESS OF EXPENSES OVER REVENUE (892,688) (386,326) APPROPRIATION TO (FROM) UNRESTRICTED NET OPERATING ASSETS Net assets invested in capital assets Reserve for program development DECREASE IN UNRESTRICTED NET OPERATING ASSETS UNRESTRICTED NET OPERATING ASSETS BEGINNING OF YEAR 2,588,974 2,900,377	Administration	904,055	1,403,953
Board 106,641 136,622 TOTAL EXPENSES 17,331,966 16,575,950 EXCESS OF EXPENSES OVER REVENUE (892,688) (386,326) APPROPRIATION TO (FROM) UNRESTRICTED NET OPERATING ASSETS 54,115 (20,196) Net assets invested in capital assets 54,115 (20,196) Reserve for program development 264,493 95,119 DECREASE IN UNRESTRICTED NET OPERATING ASSETS (574,080) (311,403) UNRESTRICTED NET OPERATING ASSETS, BEGINNING OF YEAR 2,588,974 2,900,377	Publishing Services and Media and Communications		
TOTAL EXPENSES 17,331,966 16,575,950 EXCESS OF EXPENSES OVER REVENUE (892,688) (386,326) APPROPRIATION TO (FROM) UNRESTRICTED NET OPERATING ASSETS Net assets invested in capital assets Feserve for program development DECREASE IN UNRESTRICTED NET OPERATING ASSETS UNRESTRICTED NET OPERATING ASSETS BEGINNING OF YEAR 2,588,974 2,900,377			
APPROPRIATION TO (FROM) UNRESTRICTED NET OPERATING ASSETS Net assets invested in capital assets Reserve for program development DECREASE IN UNRESTRICTED NET OPERATING ASSETS UNRESTRICTED NET OPERATING ASSETS BEGINNING OF YEAR 2,588,974 2,900,377	TOTAL EXPENSES		
NET OPERATING ASSETS Net assets invested in capital assets Reserve for program development DECREASE IN UNRESTRICTED NET OPERATING ASSETS UNRESTRICTED NET OPERATING ASSETS BEGINNING OF YEAR 2,588,974 2,900,377	EXCESS OF EXPENSES OVER REVENUE	(892,688)	(386,326)
Net assets invested in capital assets Reserve for program development54,115 264,493(20,196) 95,119DECREASE IN UNRESTRICTED NET OPERATING ASSETS UNRESTRICTED NET OPERATING ASSETS, BEGINNING OF YEAR(574,080) 2,588,974(311,403)			
Reserve for program development264,49395,119DECREASE IN UNRESTRICTED NET OPERATING ASSETS UNRESTRICTED NET OPERATING ASSETS, BEGINNING OF YEAR(574,080)(311,403)		54 115	(20.196)
DECREASE IN UNRESTRICTED NET OPERATING ASSETS (574,080) (311,403) UNRESTRICTED NET OPERATING ASSETS, BEGINNING OF YEAR 2,588,974 2,900,377			
UNRESTRICTED NET OPERATING ASSETS, BEGINNING OF YEAR 2,588,974 2,900,377	Reserve for program development	264,493	93,119
BEGINNING OF YEAR 2,588,974 2,900,377		(574,080)	(311,403)
		2 588 974	2 900 277
UNKESTRICTED NET OPERATING ASSETS, END OF YEAR \$ 2,014,894 \$ 2,588,9/4			
	UNKESTRICTED NET OPERATING ASSETS, END OF YEAR	\$ 2,014,894	\$ 2,588,974

Note on Funding Arrangements

Designated grants | IISD receives funding from a variety of public and private sources to finance specific projects relating to its strategic objectives. Projects may carry on over more than one year. The related designated grants are recorded when the funding commitment is made and recognized in revenue as the projects progress. A comparative summary of designated grant funding committed during the year is as follows:

	Funding Commitment				
	March	March 31, 2013			
		(\$000's)		(\$000's)	
Governments and agencies					
Canada	\$	2,263	\$	1,465	
International		10,209		6,623	
		12,472		8,088	
United Nations agencies		643		1,105	
International organizations		1,432		1,025	
Philanthropic foundations		898		233	
Private sector and other		1,068		2,741	
	\$	16,513	\$	13,192	

Designated grants and other revenue are summarized by activity area as follows. Other revenue includes publication sales, honorariums and, in the case of Administration, New Project Development, Fund Development and Publishing and Communications the net foreign exchange loss recognized at March 31, 2013 in the amount of \$219 thousand (2012 -\$9 thousand gain):

		Other	Innovation		D	esignated	2013		
Activity Area		Revenue		Funds		Grants		Total	
		(\$000's)		(\$000's)		(\$000's)		(\$000's)	
Trade and Investment	\$	3	\$	_	\$	5,032	\$	5,035	
Reporting Services		2		_		3,959		3,961	
Climate Change and Energy		_		_		2,874		2,874	
Natural and Social Capital		5		_		1,512		1,517	
Global Connectivity		_		_		577		577	
Administration, New Project									
Development, Fund									
Development and Publishing and Communication	.S	(195)		_		27		(168)	
		(185)		_		13,981		13,796	
Innovation Fund		_		22		_		22	
	\$	(185)	\$	22	\$	13,981	\$	13,818	

Operating Grants | In March 2012, the prior year agreement with Canadian International Development Agency (CIDA) was amended to extend it for a further 9 months to December 31, 2012, in an amount of \$1.254 million. The full amount attributed to the 2012-13 fiscal year has been received and is included in revenue for the year. The arrangement with CIDA provides operating grants. IISD has funding agreements with the Government of Manitoba and the International Development Research Centre (IDRC) for five and six year periods ending March 31, 2016 and June 30, 2012 respectively. Both of these arrangements provide for a blend of operating grants and contributions in support of research that is consistent with the interests and priorities of the funders. In March 2012 the IDRC agreement was amended to extend it for a further 12 months and funded in the amount of \$1 million for the extension period. The funding for the extension period is included in revenue at March 31, 2013. Subsequently, in April 2013 the IDRC agreement was amended to extend it for a further five years for a total of \$5 million over the extension period.

A summary of the operating grant funding is as follows:

A summary of the operating grant funding is as for		Funding		Funding	g Recor	ded		Funding mitment			
	Commitment						2013	,			maining
		(\$000's)		(\$)	000's)			(\$000's)			
Government of Canada											
Canadian International Development Agency	\$	2,926	\$	1,254	\$	1,672	\$	_			
Government of Manitoba		4,186		837		837		2,512			
International Development Research Centre		2,422		400		2,022		_			
Operating grant revenue	\$	9,534	\$	2,491	\$	4,531	\$	2,512			

Note on Funding Arrangements

Innovation Fund

In 2005, the Board of Directors established the IISD Innovation Fund. Contributions received from donors from inception up to March 31, 2013 of \$483 thousand, were used in developing new ideas for a better world and to meet the needs of the future. Grants of \$473 thousand have been awarded to specific Innovation Fund projects as of March 31, 2013. The Innovation Fund balance at March 31, 2013 is \$10 thousand (2012 - \$10 thousand).

Campaign Fund

In 2007, the Board of Directors initiated a fundraising campaign. Contributions received from donors since inception up to March 31, 2013 of \$1.304 million were used for projects involving young professionals in sustainable development, climate change related initiatives, community initiatives and other program needs. Grants of \$1.294 million have been awarded to specific projects which met the Campaign criteria. The Campaign Fund balance at March 31, 2013 is \$10 thousand (2012 - \$7 thousand).

Consolidated Schedule of Operations By Activity Area (\$000's)

For the Year Ended March 31, 2013

	Trade and Investment	Reporting Services	Climate Change and Energy	Natural and Social Capital	Global Connectivity	New Projects	Innovat Fu	ion ınd	Publishing Services Co	Media and mmunications A	dministration	Board	2013 Total	2012 Total
Revenue	\$ 5,035	\$ 3,961	\$ 2,874	\$ 1,517	\$ 577	\$ 27	\$	22	\$ 2	\$ -	\$ (197)	\$ -	\$13,818	\$13,115
Personnel	3,152	1,000	1,641	1,381	380	131		22	134	96	644	-	8,581	8,806
Board - Expenses	-	-	-	-	-	-		-	-	-	-	107	107	137
Travel	451	1,276	224	95	65	17		-	-	-	24	-	2,152	2,063
Publishing	122	34	46	11	18	7		-	17	-	-	-	255	334
Consulting	1,105	1,535	1,117	217	159	125		-	15	41	13	-	4,327	3,266
Meetings	268	-	30	41	9	6		-	1	11	1	-	367	503
Supplies and Other	152	87	68	73	14	6		_	19	6	154	-	579	506
Research Material	16	4	7	7	2	-		-	1	1	3	-	41	61
Telecommunications	48	66	31	28	8	-		-	10	2	14	-	207	226
Office Rent	213	120	107	91	25	-		_	9	6	44	-	615	580
Amortization	37	11	19	17	5	-		-	4	1	7	-	101	94
Total expenses	5,564	4,133	3,290	1,961	685	292		22	210	164	904	107	17,332	16,576
Excess of expenses over														
designated grants and														
other revenue	\$ \$(529)	\$ (172)	\$ (416)	\$ (444)	\$ (108)	\$ (265)	\$	-	\$ (208)	\$ (164)	\$(1,101)	\$ (107)	\$(3,514)	\$(3,461)

 Excess of expenses over designated grants funded by:
 2,491
 2,889

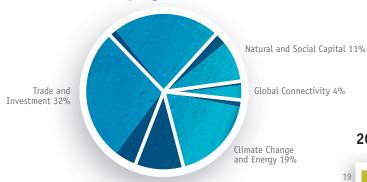
 Operating grants
 130
 186

 Excess of expenses over revenue
 \$ (893)
 \$ (386)

2012–2013 REVENUE AND EXPENSES BY ACTIVITY AREA

Total expenses of \$17,331,966





New Project Development, Innovation Fund, Fund Development, Publishing and Communications, Administration, and Board 10%

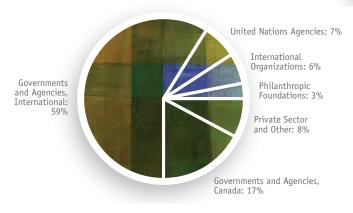
Financed by:

Operating Grants and Reserves

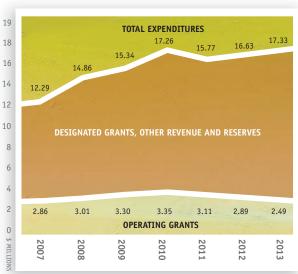
Designated Grants and Other Revenue

2012-2013 DESIGNATED GRANT REVENUE BY DONOR

Total designated grant revenue of \$13,981,637



2007-2013 IISD FINANCING TREND



Consolidated Schedule of Designated Grants Committed (\$000's)

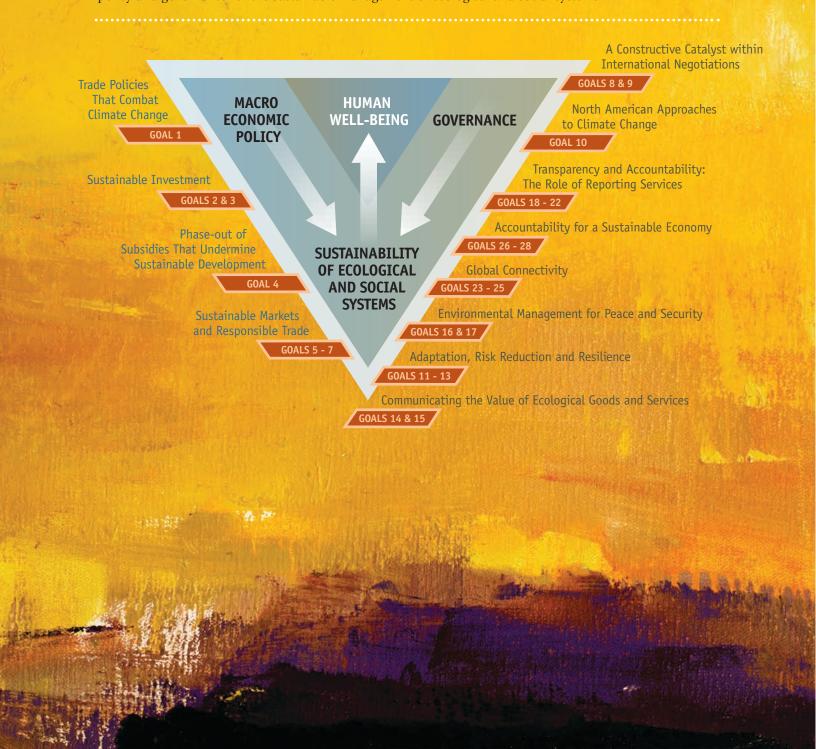
For the Year Ended March 31, 2013

Government of Canada (and Agencies)		
Environment Canada		\$802
International Development Research Centre (IDRC)		638
Natural Resources Canada (NRCAN)		52
Aboriginal Affairs and Northern Development Canada		10
Western Economic Diversification Canada		1
		1,503
Governments of provinces		
Manitoba		476
British Columbia		182
Alberta		84
Newfoundland and Labrador		6
Nova Scotia		6
Ontario		6
		760
Governments of other nations		
United Kingdom		
Department for International Development (DFID)	2,418	
Foreign and Commonwealth Office (FCO)	344	2,762
Denmark		2 (12
Danish Ministry of Foreign Affairs		2,613
Switzerland State Secretariat for Economic Affairs (SECO)	1 402	
Swiss Agency for Development and Cooperation (SDC)	1,402 144	
Federal Office for the Environment (FOEN)	107	1,653
Norway		1,033
Ministry of Foreign Affairs	1,581	
Ministry for the Environment	17	1,598
Sweden		
Swedish International Development Cooperation Agency (SIDA)	365	
Ministry of the Environment	29	394
France	224	
Ministry of Ecology	234	272
Institut de l'Energie et de l'Environnement de la Francophonie (IEPF)	139	373
Qatar The State of Qatar		236
Germany		200
Federal Ministry for the Environment (BMU)	98	
Ministry of National Planning, Environment and Mobility - Wallonne Region	78	
Deutsche Gesellschaft fur Technische Zusammenarbeit (GTZ)	28_	204
Australia		
Agency for International Development (AID)	144	475
Government Climate Change Department – Government of Australia	31_	175
Finland Ministry of Foreign Affairs		98
Chinese Taipei		70
Taipei Economic and Cultural Office in Canada (TECO)		51
Austria		01
Federal Ministry of Agriculture, Forestry, Environment		26
India		
Ministry of Environment and Forests		18
New Zealand		
Ministry of Foreign Affairs and Trade		8
		10,209

TI 's 1NT st	
United Nations agencies United Nations Environment Programme (UNEP)	367
United Nations Development Programme (UNDP)	97
Food and Agriculture Organization of the United Nations (FAO)	61
United Nations Framework Convention on Climate Change (UNFCCC)	41
United Nations Office at Nairobi (UNON)	32
United Nations Economic Commission for Europe (UNECE) Untied Nations Office at Geneva (UNOG)	23 18
United Nations Economic Commission for Latin America and the Caribbean (ECLAC)	2
United Nations Economic Commission for Africa (UNECA)	2
	643
International organizations	
Asian Development Bank	549
International Council on Mining and Metals	175
World Bank	144 81
International Renewable Energy Agency The Secretariat of the Convention on Biotical Diversity	77
Adventist Development and Relief Agency (ADRA) Canada	74
Organisation for Economic Co-operation and Development (OECD)	41
Stitching BirdLife Europe	39
Union of Forest Research Organizations (IUFRO)	39
Caribbean Community Secretariat (CARICOM)	36
Fairfood International World Progress Council for Systemath Development (W/PCSD)	28 23
World Business Council for Sustainable Development (WBCSD) Economic Community of West Africa States (ECOWAS)	23 22
International Trade Centre (ITS)	22
Institute for Advance Sustainability Studies	17
Ramsar Convention Secretariat	15
International Centre for Integrated Mountain Development (ICIMOD)	13
Open Society Initiative for West Africa	12
Others (under \$10,000)	25 1,432
ntitudade de la companie de la compa	1,432
Philanthropic foundations John D. and Catherine T. MacArthur Foundation	459
Bertelsmann Stiftung	111
United Way of Winnipeg	90
RBC Foundation	80
Stitching Foundation Renewable Energy Technology Deployment (RETD)	67
Asia-Europe Foundation (ASEF)	40
The Gail Asper Family Foundation Inc.	30
Wild Chimpanzee Foundation (WCF) Others (under \$10,000)	20 1
Others (under \$10,000)	898
Private sector and other	
IVL Swedish Environmental Research Institute	308
Manitoba Hydro	257
Manitoba Lotteries Corporation	153
Pulse Crops Canada Association	84
Nestle SA	48
Prairie Improvement Network (P.I.N.)	34
University of Winnipeg Transparency International	26 25
Deerwood Soil and Water Management Association Inc.	20
HTSPE Limited	15
Oxford Policy Management Limited	13
Enbridge	10
Shell Canada	10
TransCanada Energy	10
Others (under \$10,000)	55
	1,068
	\$16,513

Conceptual Framework for IISD's Strategic Plan

Seeking transformative change through paradigm shifts and cumulative innovation in macroeconomic policy and governance for the sustainable management of ecological and social systems



IISD's 2010-15 Strategic Plan-

Areas of Thematic Focus and Goals

Trade Policies that Combat Climate Change

GOAL #1: Trade-related policy instruments are used to address climate change in a way that is environmentally effective and minimally damaging for development.

Sustainable Investment

- **GOAL #2:** Transform international, regional and national investment frameworks and processes so as to effectively foster and promote sustainable investment.
- **GOAL #3:** Investment flows support sustainable development by disseminating climate-friendly goods and technologies.

Phase-out of Subsidies That Undermine Sustainable Development

GOAL #4: The phase-out of subsidies that undermine sustainable development.

Sustainable Markets and Responsible Trade

- **GOAL #5:** To improve understanding of the actual and potential impacts of voluntary sustainability initiatives on global markets and sustainable development.
- **GOAL #6:** To ensure that global markets provide positive opportunities for sustainable livelihoods and poverty reduction among those most in need.
- **GOAL #7:** Enable governments to use sustainable public procurement as a catalyst policy for demonstrating leadership on sustainable development and on promoting sustainable production and consumption.

A Constructive Catalyst Within International Negotiations

- **GOAL #8:** An international climate change regime that effectively addresses mitigation, adaptation, technology and financing.
- **GOAL #9:** An international climate change regime that provides opportunities for developing countries in the adoption of technology transfer and low-carbon growth.

North American Approaches to Climate Change

GOAL #10: A constructive and progressive energy and climate change relationship between Canada and the United States.

Adaptation, Risk Reduction and Resilience

- **GOAL #11:** Adaptation metrics able to assess, monitor and prioritize proposed efforts to reduce vulnerability to climate change are available to and understood by development practitioners in developed and developing countries, contributing to a significant increase in the implementation of sustainable measures that support adaptation to climate change.
- **GOAL #12:** Decision makers routinely consider and integrate the consequences of a changing physical climate into the formulation and implementation of development policies, thereby facilitating adaptation to climate change.
- **GOAL #13:** A reduction in the risk that climate change poses to political and economic stability.

Communicating the Value of Ecological Goods and Services (EGS)

- **GOAL #14:** Lake Winnipeg that a strategic management plan for the Lake Winnipeg Watershed is developed based on EGS principles.
- **GOAL #15:** Ecohealth Human health and well-being is improved through EGS investments.

Environmental Management for Peace and Security

- **GOAL #16:** Environmental management is effectively integrated into peacebuilding assessments, mandates and operations, and reinforced by international development and environmental governance.
- **GOAL #17:** Conflict-sensitive conservation and environmental management are widely implemented in conflict-affected and conflict-prone regions.

Transparency and Accountability: The Role of Reporting Services

- **GOAL #18:** To ensure the availability of neutral, trusted, timely and accessible information and analysis at the international/multilateral level that strengthens policy formulation processes; to improve transparency and accountability in intergovernmental negotiations and a level playing field of information.
- **GOAL #19:** Provide a "one-stop shop" of intelligence, news and analysis that fosters informed policy formulation in critical areas such as climate change and, potentially, one or more other topics such as water and energy.
- **GOAL #20:** Closer cooperation and collaboration among policymakers and other stakeholders in key multilateral environmental agreements, leading to better mutual understanding and improved policy formulation.
- **GOAL #21:** Stronger, better-informed policy formulation processes at the regional levels. This includes fostering transparency and accountability, building communities and improved knowledge management systems at the regional level.
- **GOAL #22:** To contribute in a meaningful way to IISD's wider goals and other programs.

Global Connectivity

- **GOAL #23:** The Internet (and its related technologies and services) is harnessed by Internet policy and sustainable development stakeholders, working together to support transitions to greener economies and more sustainable societies.
- **GOAL #24:** Critical mass of institutions and individuals working toward sustainable development is secured, through the promotion, support and evaluation of new models of Information and Communication Technology-enabled multiple stakeholder collaboration, learning and action.
- **GOAL #25:** The next generation of leaders, in Canada and internationally, is prepared to think and act for sustainable development, using approaches that capitalize on a more connected world.

Accountability for a Sustainable Economy

- **GOAL #26:** The role of accountability in a sustainable economy is clearly established and new accountability mechanisms are in place for the 21st century.
- **GOAL #27:** To bring about a significant improvement in the level of compliance with and enforcement of agreed environmental standards, measures and rules in international organizations and conventions.
- **GOAL #28:** To secure priority political attention to the need to set clear and measurable sustainability targets at the national and subnational levels and to implement robust accountability measures to ensure their realization.

