



GRID-Arendal at 25 – Building on Success

Annual Report 2014

GRID-Arendal is a centre of excellence for the scientific analysis of environmental issues in many areas including environmental assessments, ocean issues and polar regions. We specialise in the communication of environmental knowledge to support decision-making and the formulation of policy.

Established in 1989, GRID-Arendal is a Norwegian foundation with a board of directors appointed by the Ministry of Climate and Environment. Our team is made up of 30 permanent staff members, interns and consultants from around the world.

Our work focusses on the changing global environment and the challenges these changes present to people everywhere. GRID-Arendal works closely with the United Nations Environment Programme (UNEP), other UN agencies and partners around the world to connect science to policy. Our joint purpose is to create environmental knowledge enabling positive change. We do this by organizing and transforming available environmental data into credible, science-based information products, delivered through innovative communication tools and capacity building services targeting relevant stakeholders.

GRID-Arendal is a founding member of Klimapartnere (Climate Partners) in Norway's Agder region. The network is made up of local businesses and institutions that work together to reduce their own greenhouse gas emissions and 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 has come of age as one of UNEP’s most valued collaborating centres and a trusted partner in environmental projects spanning the globe ... I am confident that the next chapter of the journey for GRID-Arendal will be as ground breaking and influential as it has been in its first 25 years.”

Achim Steiner

UN Under-Secretary General

UNEP Executive Director

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Message from the Managing Director

In 2014 GRID-Arendal marked its 25th anniversary with a celebration that featured workshops, seminars and report launches attended by top national and local actors in politics, business and civil society. During the celebrations, UNEP and GRID-Arendal signed a new Framework Agreement renewing their cooperation. The relationship between UNEP and GRID-Arendal has matured greatly since its establishment 25 years ago and this new agreement underscores the value of this continuing cooperation.

GRID-Arendal's accomplishments in 2014 reflect well on the organization and set the stage for future success. In many ways it was a year of change. In September, I became Managing Director, taking over from Peter Prokosch who led GRID-Arendal for eight years. We revised our internal organization, refocused our programmes and updated all of our internal procedures. After an intense few months, GRID-Arendal is even better placed to make significant contributions to support UNEP and advance environmental knowledge in the years ahead.

As you will see from this annual report, our work is global and focuses on some of the major environmental challenges we face today. From tropical regions to the Arctic – from climate change to resource management and environmental crime – all of our work examines the effects human beings are having on their environment. We continually look for ways to improve this relationship and help people make the right choices, now and in the

future. A quarter of a century of experience has shown that responding to these challenges requires collective global action. Changes at the national level are important, of course, but they are not enough.

We are looking forward to the next 25 years with optimism and a sense of renewed purpose. During 2014 GRID-Arendal underwent a restructuring process to simplify and improve operations and management, to better match the skills and qualifications of the staff with the programme of work to be delivered in the foreseeable future and to focus attention on the delivery of content and the measure of impact and outcomes. Our work will now be organized in eight thematic programmes, which are designed to be flexible as needs change. As of 2015, our programmes are:

- Polar and Mountain Environments
- Environmental Crime
- Transboundary Waters
- Blue Carbon
- Green Economy
- Marine Spatial Planning
- State of Environment Reporting
- Marine and Coastal Resources.

We hope you find this report useful and that you will visit the links to our diverse projects. Share what you find. To quote our motto, use GRID-Arendal's environmental knowledge for change.



A handwritten signature in blue ink that reads "Peter T. Harris".

Peter Harris
Managing Director

Our work

For GRID-Arendal, 2014 was a year marked by success, new beginnings and transition. Major events included the successful completion of six years of work when seven West African countries submitted extended continental shelf claims to the United Nations Commission on the Law of the Sea (UNCLOS); the publication of the successful Rapid Response Assessment of the Environmental Crime Crisis launched in June; the commencement of a new Green Economy programme and a “Blue Forest” UNEP/Global Environment Facility (GEF) programme involving 12 international partners; a change in Managing Director; and the re-structuring of GRID-Arendal.

Broadly speaking, GRID-Arendal’s 2014 work can be grouped under five main themes: Environmental Crime,

Transboundary Waters, Supporting Environmental Management, Adaptation to Climate Change, and Marine and Coastal Resources. GRID-Arendal is also UNEP’s Centre of Excellence on Polar Issues.

Naturally, we don’t work alone. GRID-Arendal’s success is in a large part due to its partners. The global environmental challenges we face will not be solved by any one organization, no matter how dedicated and talented its staff might be. At GRID-Arendal experience has shown us that the rapid environmental change our planet faces means we need to act in unison. While national level action is important, there is a need for concerted global action. In the coming years, GRID-Arendal will be well placed to help meet that need.

2014 PROGRAMME HIGHLIGHTS

Environmental crime

INTERPOL and UNEP released a GRID-Arendal Rapid Response Assessment (RRA) report The Environmental Crime Crisis in June, 2014. The report highlights how environmental crime is used to finance criminal, militia and terrorist groups and how it threatens human security and sustainable development.

Transboundary Waters

GRID-Arendal’s support for the Interim Secretariat of the Tehran Convention focused on the preparation of key documents to inform the Fifth Conference of the Parties (COP5) and further development of the Caspian Environmental Information Center.

Adaptation to Climate Change

GRID-Arendal continued its involvement in the Himalayan Climate Change Adaptation Programme (HICAP) which aims to enhance the resilience of mountain people, particularly women, by improving the understanding of vulnerability to change and identifying opportunities and potentials for adaptation.

Marine and Coastal Environment

The West African States of Cabo Verde, Gambia, Guinea, Guinea Bissau, Mauritania, Senegal and Sierra Leone filed their submission for their continental shelf beyond 200 nautical miles in New York on 25 September 2014. GRID-Arendal was one of the Norwegian institutions that had provided support to the West African States for the preparation of their submission, along with the Norwegian Petroleum Directorate and the Legal Department of the Norwegian Ministry of Foreign Affairs.

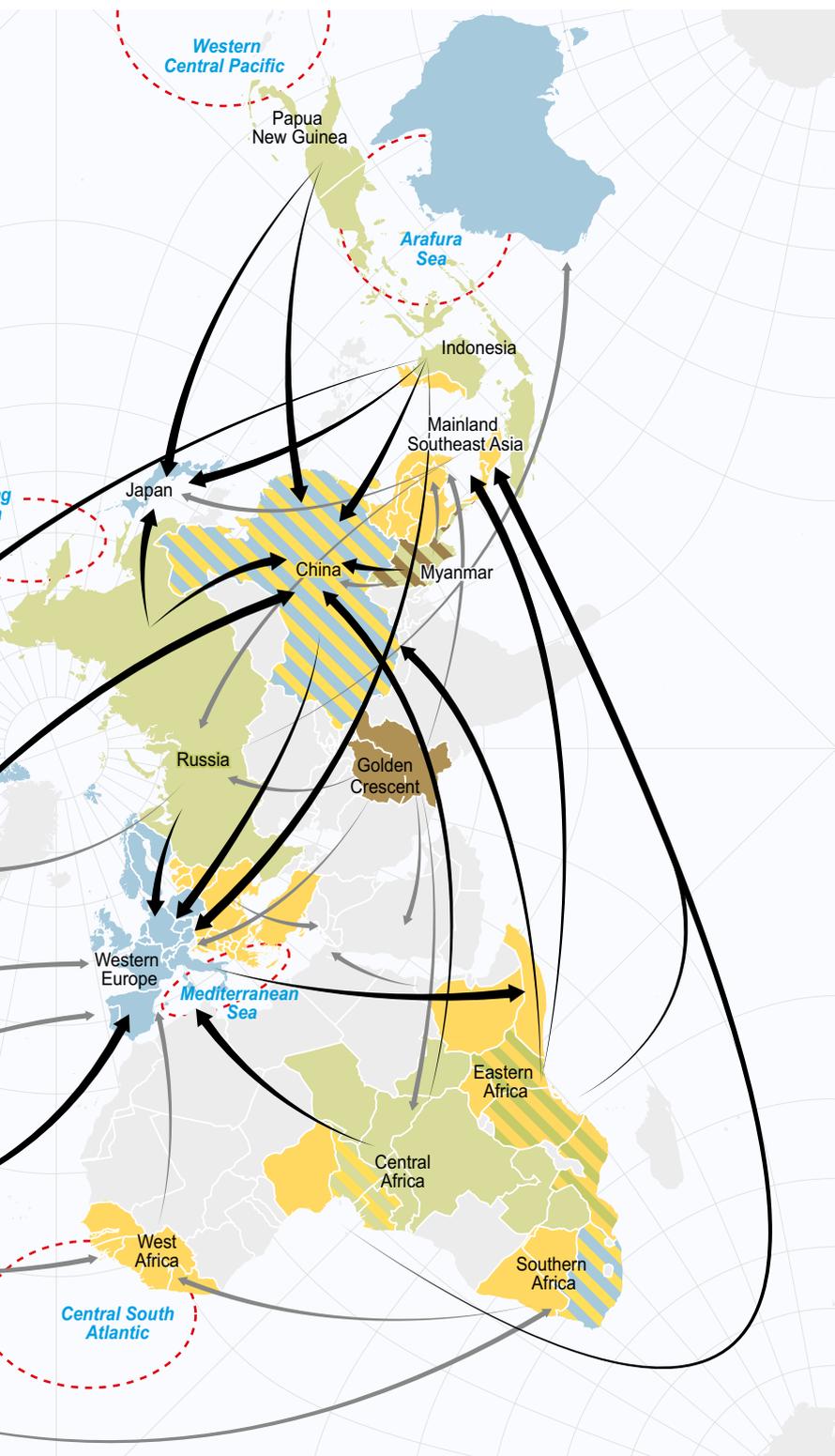


1. Environmental Crime

The Environmental Crime programme¹ expanded in 2014 to cover illegal waste trade, illegal fisheries, illegal logging and the poaching of wildlife and other resources. Developed jointly with the UN Office on Drugs and Crime (UNODC), the International Criminal Police Organization (INTERPOL), and the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), the programme is funded by a range of donors. It supports national and international law enforcement initiatives to combat transnational crime, mainly through the development of better information and analysis techniques, preparation of practical manuals and field training for detection and enforcement personnel.

Illegal trade in wildlife was a major topic of the Ministerial discussions of the first United Nations Environment Assembly (UNEA) in June 2014. GRID-Arendal provided substantive input to the Information Document for these discussions² Along with INTERPOL and UNEP, it released a Rapid Response Assessment (RRA) report, *The Environmental Crime Crisis*. The report highlights how environmental crime is used to finance criminal, militia and terrorist groups and how it threatens human security and sustainable development.

The report was a major news story with over 2000 news articles published in 112 countries around the world.



Environmental crime network

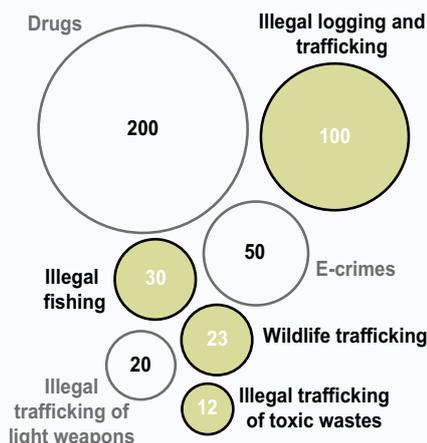
New and old trafficking routes

- Environment-related illegal trafficking. Includes wood, wildlife, animal parts (i.e. ivory, rhinoceros horns and fur) and wastes
- Main illegal, unreported and unregulated fishing areas
- "Traditional" illegal trafficking. Includes heroin, cocaine and human beings
- Main destination country
- Main transit country
- Country of origin of "traditional" illegal trafficking
- Main country or region of origin of environmental related illegal trafficking

Sources: UNODC Annual Reports 2010 e 2013; WWF-Australia; Globaltimber.co.uk, Estimates of the percentage of "Illegal Timber" in the imports of wood-based products from selected countries, 2007; TRAFFIC; FAO; World Ocean Review Report 2013; Michigan State University, Human Trafficking Task Force; Greenpeace, *The Toxic Ship*, 2010; National Geographic press review.

A growing sector

Annual revenue, higher estimates
Billion dollars



Sources: TRAFFIC; FAO; UNODC; Global Financial Integrity

Payment for Ecosystem Services Scheme in the Cubango-Okavango

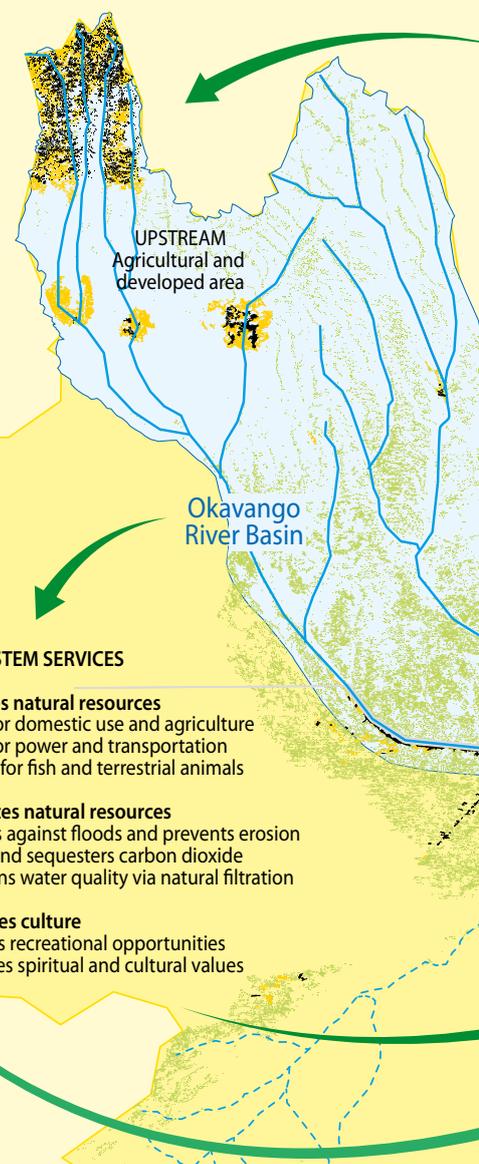
THREATS TO THE CUBANGO-OKAVANGO RIVER BASIN

- Increased pressure on land
- Deforestation
- Unsustainable water abstraction from the basin
- Overfishing
- Habitat loss
- Wildfires
- Reduced water flow and sediment load into the Okavango Delta



ANGOLA

NAMIBIA



ECOSYSTEM SERVICES

- Provides natural resources**
 - Water for domestic use and agriculture
 - Water for power and transportation
 - Habitat for fish and terrestrial animals
- Regulates natural resources**
 - Protects against floods and prevents erosion
 - Stores and sequesters carbon dioxide
 - Maintains water quality via natural filtration
- Enhances culture**
 - Provides recreational opportunities
 - Preserves spiritual and cultural values

- Ephemeral stream
- Okavango active flow basin
- Okavango mega basin
- Tree and shrub savannah
- Developed land
- Cropland

Feedback and communication
 Monitors effectiveness of activities aimed at ecosystems and related services
 Provides constant update on river basin activities through brochures for tourists, websites and financial reports

o River Basin

Funds collected through Endowment Fund are used to implement improved land management activities in the upper catchment that help to secure and conserve environmental services.

- Conservation agriculture
- Riparian forest rehabilitation
- Livelihood diversification
- Protected areas management
- Water efficient commercial irrigated agriculture

Contribution to the endowment fund

- Member States
- Private sector
- Development partners

OKAVANGO ENDOWMENT FUND

BENEFITS FROM THE PES SCHEME IMPLEMENTATION

Willingness of tourism enterprises to provide voluntary financial support could constitute a strong basis for the development of an endowment fund

- Healthy ecosystems
- Improved livelihoods of people
- Viable business opportunities
- Improved natural resources management
- Enhanced trans-boundary cooperation



Okavango Delta
DOWNSTREAM
Tourism and
conservation area

Z A M B I A

Z I M B A B W E

B O T S W A N A

at protecting

activities through
cial audits

2. Transboundary Waters

With nearly 90 per cent of the world's population living in countries where freshwater resources cross borders, the peaceful cooperation and sustainable use of shared waters is critically important. In Africa alone there are 64 shared river and lake basins. These basins are important hubs for economic development and regional integration.

The Transboundary Waters Programme in Africa focuses on projects in the Lake Victoria, Okavango and Limpopo river basins. A plan to extend the programme into additional, internationally significant catchments is being explored.

These are huge areas and work involves multiple partners. GRID-Arendal and the Lake Victoria Basin Commission will produce a regional atlas by 2016 which will highlight changes in the Basin.

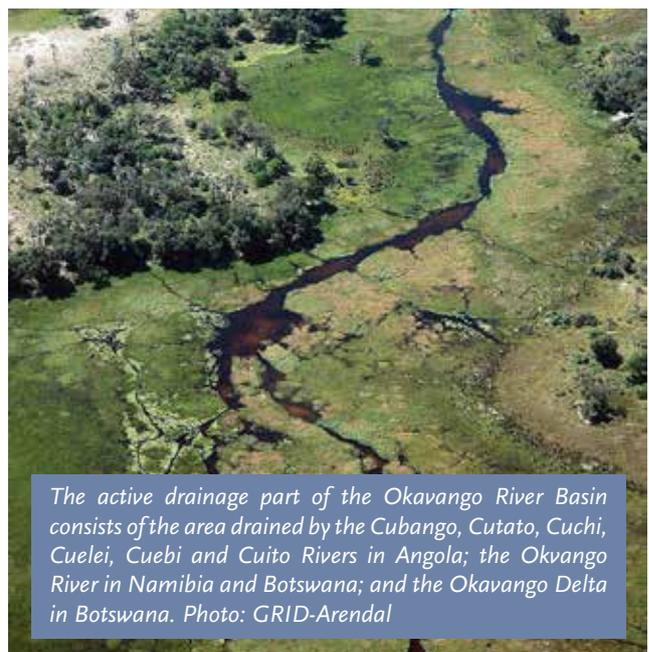
- The Cubango-Okavango River is among the most intact rivers in the world but it is under threat from human development and climate change. GRID-Arendal is working with partners to bring together communities in Angola, Botswana, and Namibia that rely on the river for its provision of freshwater, sustenance, and income opportunities. The project involves establishing financial incentives given to landowners or land stewards to ensure the maintenance of “ecosystem services” like protection against floods, erosion and siltation, maintenance of water quality and supply, and provision of viable fish stocks.



Estimates show that more than 380,000 people derive direct livelihood support from the Okavango River Basin. Photo: iStock/BartCo

- GRID-Arendal also supports the Interim Secretariat of the Tehran Convention. The Framework Convention for the Protection of the Marine Environment of the Caspian Sea, also known as the “Tehran Convention” is the first legally binding regional agreement signed by all five Caspian littoral States (Republic of Azerbaijan, Islamic Republic of Iran, Republic of Kazakhstan, Russian Federation and Turkmenistan). It lays out the general requirements and the institutional mechanism for environmental protection in the Caspian region.

IMPACT	TW
<p>UNEP collaboration with GRID-Arendal under the Tehran Convention</p>	
<p>Extract from recent UNEP letter from Jan Dusik, Director and Regional Representative, UNEP Regional Office for Europe, to the Norwegian Ministry of Foreign Affairs, Section for Russia, Eurasia and Regional Cooperation</p>	
<p><i>“Our collaboration with GRID-Arendal, a partner and implementing agency for activities under the Tehran Convention, is longstanding, and has already yielded fruitful results. Not only is GRID-Arendal a close partner in overseeing and managing the work of the Secretariat, it also acts as resource institute for supporting a range of activities in the context of the implementation of the Convention’s Programme of Work, within the areas of its competence and expertise....”</i></p>	



The active drainage part of the Okavango River Basin consists of the area drained by the Cubango, Cutato, Cuchi, Cuelej, Cuebi and Cuito Rivers in Angola; the Okvango River in Namibia and Botswana; and the Okavango Delta in Botswana. Photo: GRID-Arendal

3. Supporting Environmental Management

For many years GRID-Arendal has worked with developing countries to support their efforts to manage their environments. In 2014, we prepared a *User Guide* to help the Africa Environmental Information Network (AfricaEIN)³ support African countries keep their state of the environment under review. One application is the

development of country environment profiles. In 2014, 10 countries -- Cameroon, Ghana, Kenya, Lesotho, Malawi, Mauritius, Tanzania, Uganda, Zambia and Zimbabwe – published their environmental profiles on line using GRID-Arendal’s *User Guide*. In order to better profile the AfricaEIN, a stand-alone website is being developed. In addition, a video explaining the network was also produced in English and French.⁴

IMPACT

EM

Award for Zambia Atlas of Our Changing Environment

The Zambia Environmental Management Agency (ZEMA)⁵ was given an award in October 2014 for its work on the Zambia Atlas⁶ (published in 2013). The atlas was a joint effort of GRID-Arendal, ZEMA and UNEP. The research benefited from the Fredskorpset (FK) Norway Exchange⁷ when Joel Simwinga of ZEMA was seconded to GRID-Arendal and Bernardas Padegimas, a GRID-Arendal staff member, was seconded to ZEMA. Additional support was received from GRID-Sioux Falls. ZEMA received the Best Public Sector Campaign Award, in recognition of the collaborative approach used in producing the atlas and its influence on the public, from Zambia Public Relations Association (ZAPRA).

Water grabbing⁸ in Africa

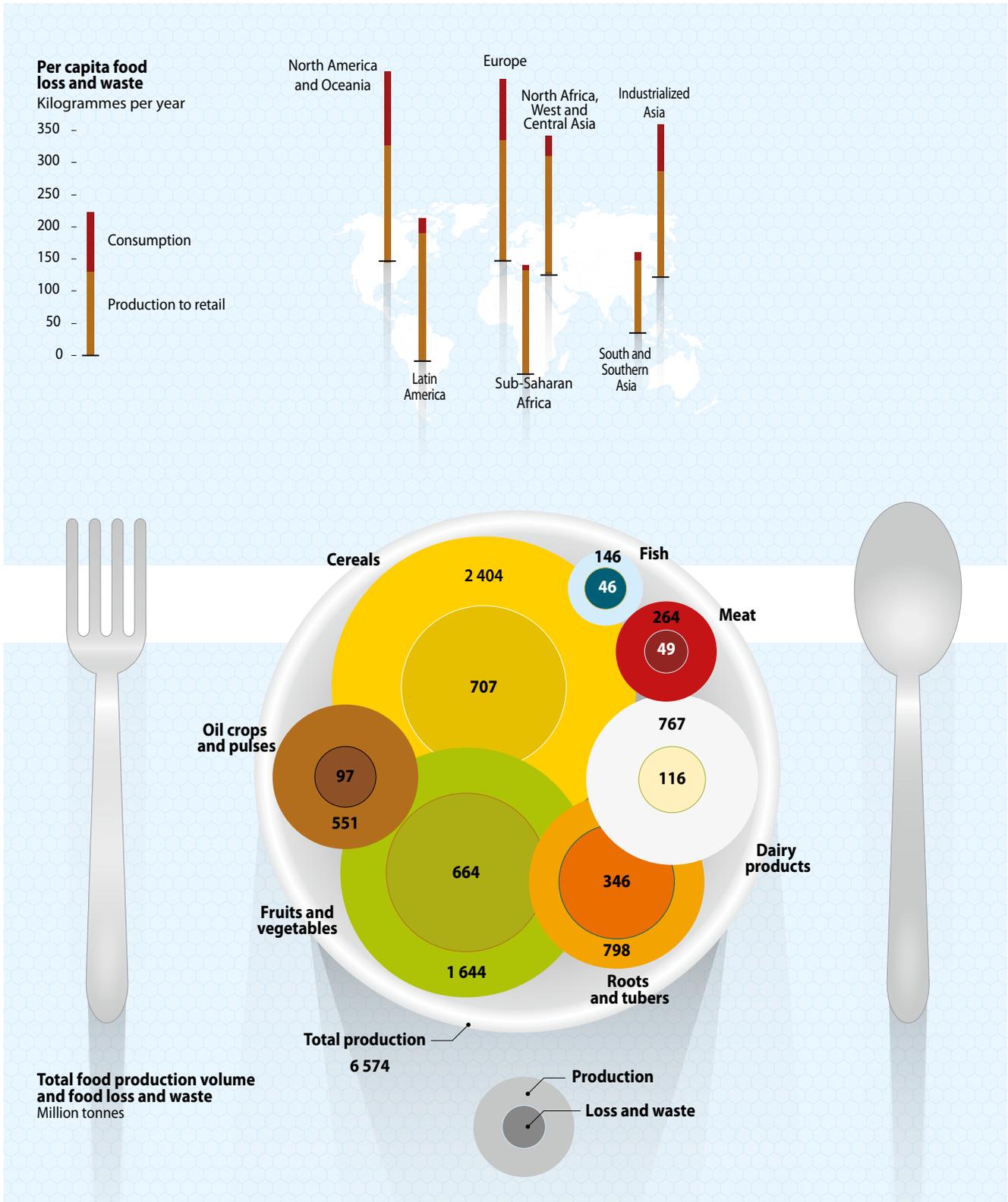
Who controls access to water is a vital question in many developing countries. This project looks at the extent of large-scale land investments in Africa and highlights their effect on people’s livelihoods and on water ecosystems. A summary of the project’s initial findings was published and distributed at the World Water Week in early autumn 2014 and the full report was finalised in December.

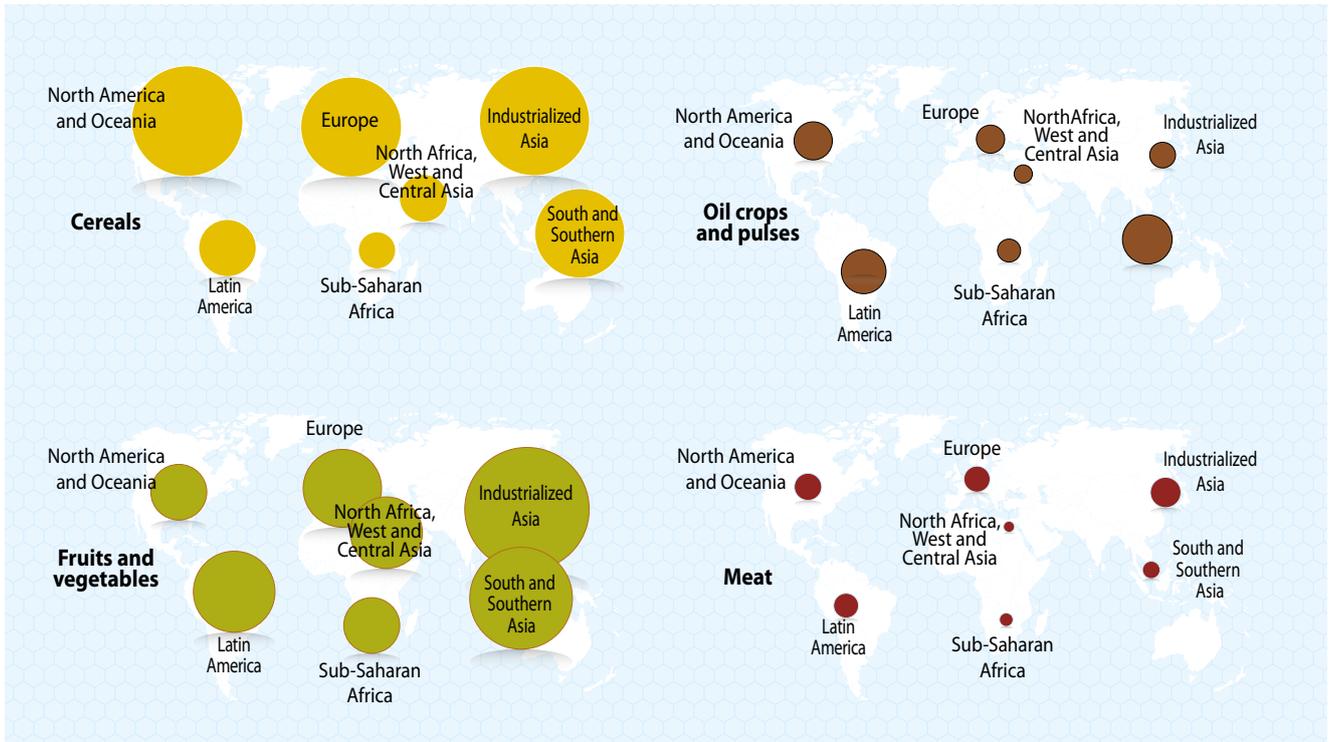
Other work in the region involved examining food waste. A joint study with UNEP, *Food Wasted, Food Lost*, argues that ecosystem degradation is a major cause of loss in potential food production, while human practices and preferences are blamed not only for food loss but also food waste. It calls for investment in better management of food producing ecosystems.



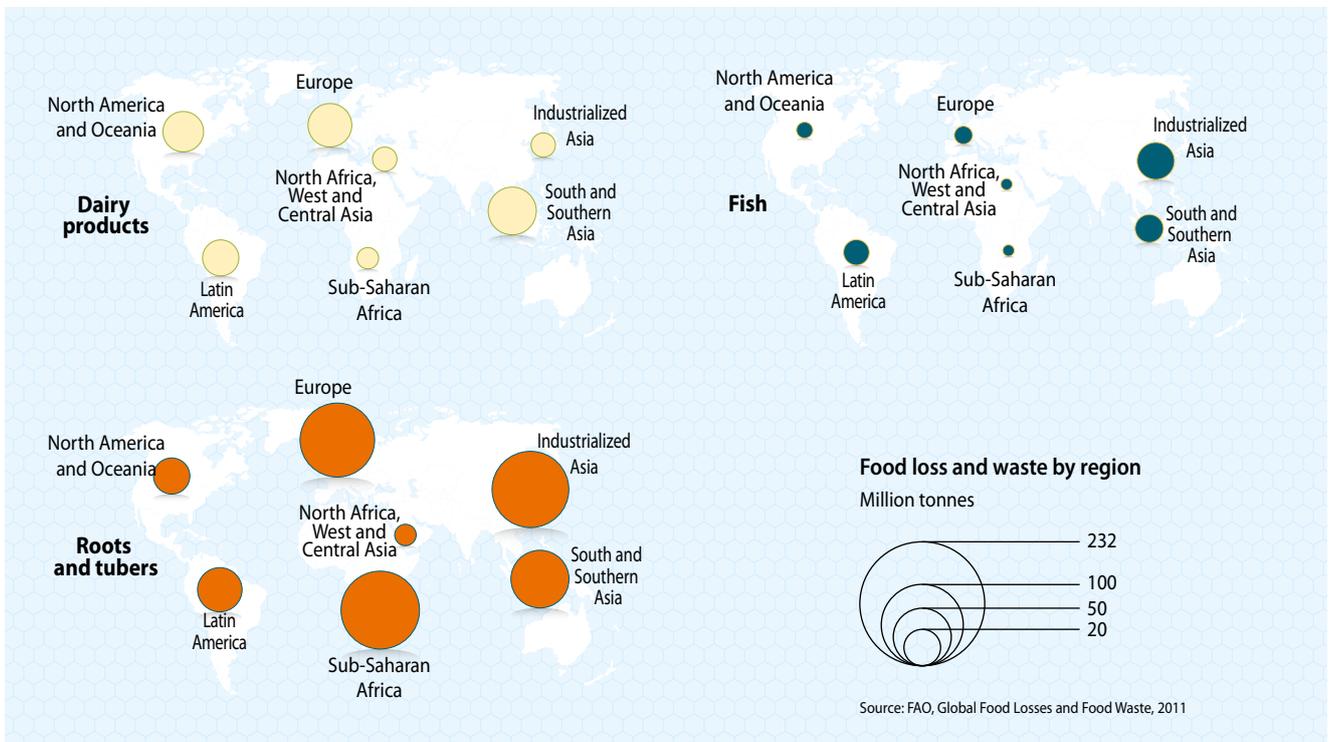
Droughts and floods worsen losses in potential food production from agriculture due to land degradation, including soil erosion and salinization. Photo: iStock/no_limit_pictures

This graphic shows how much food is lost and wasted in the world every year. It breaks down the data by region and shows that losses on the way to market (production to retail) are higher in the developing world. However, in wealthier countries more food is wasted after it is purchased (consumption). A joint study with UNEP, Food Wasted, Food Lost, argued that ecosystem degradation is a major cause of loss in potential food production, while human practices and preferences are blamed not only for food loss but also food waste. The report called for better management and restoration of food producing ecosystems.





Food loss and waste



4. Adaptation to Climate Change

Climate Change and Security

UNEP and GRID-Arendal are partners in the Environment and Security Initiative (ENVSEC). Its goal is to contribute to the reduction of environment and security risks through strengthened cooperation between countries in four regions: Central Asia, Eastern Europe, Southern Caucasus, and South-Eastern Europe.

GRID-Arendal is responsible for the assessment component in the project entitled “Climate change and

security in Eastern Europe, Central Asia and the Southern Caucasus” which is part of a bigger EU-funded package. The objective is to facilitate participatory assessments of links between climate-change and security in the three regions, highlighting hotspots, and to present the assessment results in a visual and practical format. The results will be used to produce a cross-regional picture of climate change-security issues and links.

Himalayan Climate Change Adaptation Programme

The Himalayan Climate Change Adaptation Programme (HICAP) aims to enhance the resilience of mountain people, particularly women, by improving the understanding of vulnerability to change and identifying opportunities and potentials for adaptation.

GRID-Arendal is one of three organizations leading HICAP. The others are the International Centre for Integrated Mountain Development (ICIMOD) and the Centre for International Climate and Environmental Research - Oslo (CICERO). GRID-Arendal contributed to several assessment reports and led one on regional food security called *The Last Straw? The additional burden of climate change on food security in the Hindu Kush Himalaya*.⁹ It was launched at the Global Mountain Forum in Cuzco, Peru in May 2014.

IMPACT

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Feedback from some grantees on the success of the training sessions

Om Astha Rai of Nepal wrote *“The grant program has been a great opportunity for me. It gave me a chance to visit remote villages of Mustang district, which is vulnerable to climate change. I would have perhaps never reached these remote Mustang villages had I not received the grant. What I saw and experienced in Mustang will always help me better understand impacts of climate change on mountain people. It will help me link scientific report with field experience for my future stories”*



The Himalayan Climate Change Adaptation Programme (HICAP) aims to enhance the resilience of mountain people, particularly women, by improving the understanding of vulnerability to change and identifying opportunities for adaptation. Photo: Bjørn Kaltenborn

A young girl does school work by the light of a kerosene lamp. Kerosene is one of the main sources of household air pollution throughout the developing world. Photo: iStock/triloks



GRID-Arendal also conducted a training session for 12 Indian and Nepalese journalists in Assam, Northeast India in February 2014. The workshop focused on climate and flood issues within the Brahmaputra river basin, and led to the publication of numerous articles in the local, national and international press.¹⁰

GRID-Arendal and ICIMOD also launched a grant programme for journalists in the region to provide opportunities to report from remote areas directly affected by climate change.

Why mountains matter

In collaboration with UNEP/Vienna, GRID-Arendal has developed a series of *Mountain Policy Briefs* for the Mountain Partnership on why mountains matter for Energy, Climate change and Disaster Risk Reduction, Forests and Biodiversity, and Water.¹¹ Partly as a result of this work and related outreach efforts, at the time of writing wording on mountains have been included in the post-2015 Sustainable Development Goals process being led by the United Nations.

Resilience in pastoral ecosystems and livelihoods of nomadic herders

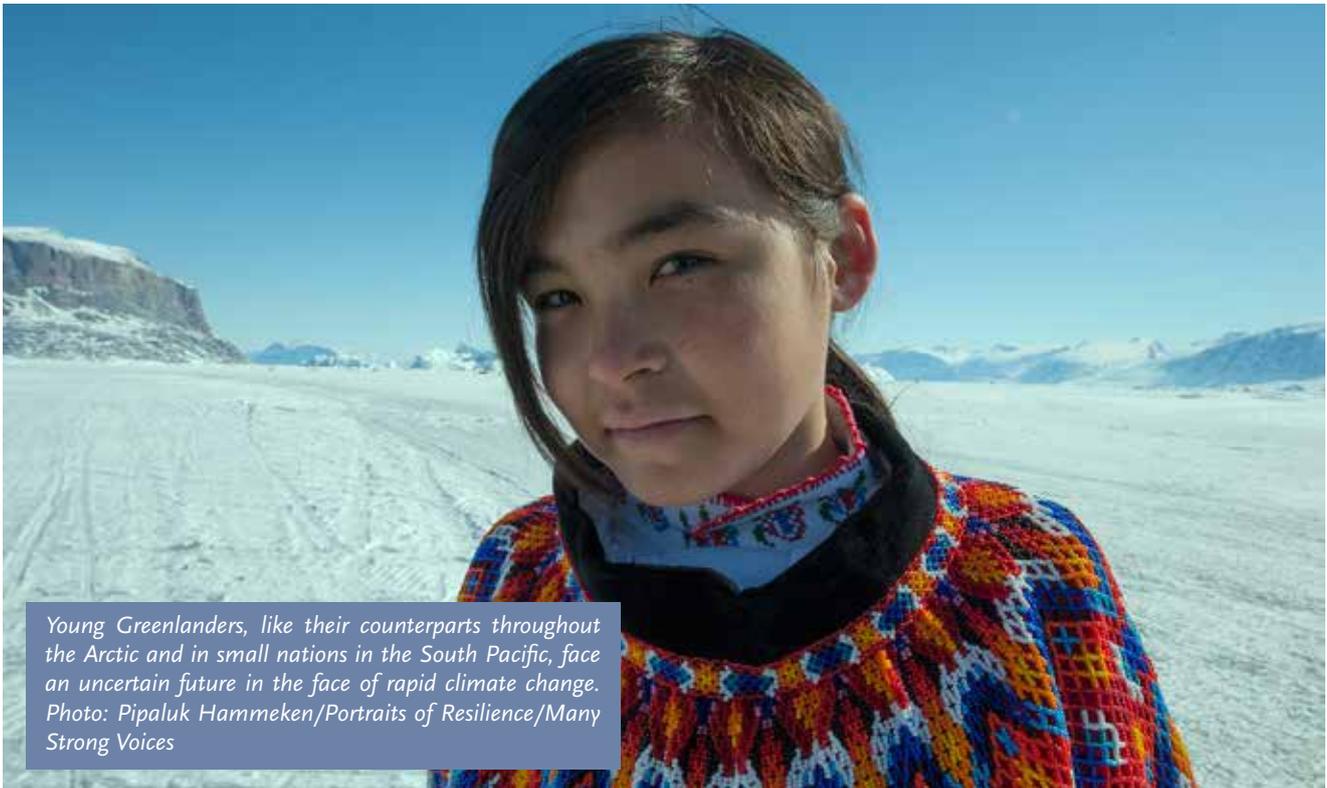
During 2014, GRID-Arendal with the International Centre for Reindeer Husbandry (ICR), the Association of World Reindeer Herders (WRH), and partners in Mongolia and the Republic of Sakha (Yakutia) worked on

a proposal for a multi-million dollar Global Environment Facility project. The objective is to develop methods and skills to conserve and enhance biological diversity and reduce pasture degradation in selected areas of reindeer herding in Russia and Mongolia.

In 2014, the project organised a field visit for a group of 15 Russian and Mongolian reindeer herders and decision makers to the Laponia World Heritage Site, enabling them to learn about a unique form of governance that allows for biodiversity objectives and traditional livelihoods of Indigenous Peoples such as reindeer husbandry to co-exist successfully. This is a model that could be transferred to other reindeer herding regions.

Household air pollution and human health

GRID-Arendal worked on a report for the Government of Norway on the health effects of emissions originating from incomplete combustion of fuels used for cooking, heating and lighting in the developing world. The report, *Survive Breathing – Reduce household air pollution to save lives and help the climate*,¹² also pointed to the combined benefits to health, climate and the economy that can be achieved by reducing pollutants such as black carbon (or soot). It summarizes what is known about solid fuel (primarily wood fuel & charcoal) and kerosene use and provides an overview of the science of air pollution and examines some of the key initiatives to reduce it. Finally, it provides a framework to help decision makers implement effective pollution reduction strategies.



Many strong Arctic and tropical voices

The well-known GRID-Arendal project, Many Strong Voices (MSV) helps to raise the profile of people in the Arctic and Small Island Developing States (SIDS) and their struggles with climate change. Following submission of the final report on the previous MSV project, GRID-Arendal submitted a new proposal to the Norwegian Government and has lined up partnerships with many institutions to continue the initiative.

Keeping a finger on the Arctic pulse

As a “UNEP Centre of Excellence on Polar issues,” GRID-Arendal continues to maintain a strong focus on the Arctic, including:

- The European-funded ‘Strategic Environmental Impact Assessment of Development of the Arctic’ project where GRID-Arendal organized eight stakeholders’ consultation workshops, the outputs of which formed a significant contribution to the main deliverable.¹³
- Organizing the final meetings of the Arctic NGO Forum, a three-year project funded by the European Commission and led by GRID and Ecorys¹⁴ from the Netherlands. The Arctic NGO Forum supported non-governmental organizations (NGOs) concerned with Arctic environmental issues and helps them to meet, exchange ideas and perspectives and provide advice to the global Arctic community.
- Being a member of the Steering Committee of ‘The Economics of Ecosystems and Biodiversity (TEEB) for the Arctic’¹⁵ scoping study. The Arctic TEEB study focuses on the benefits received from Arctic nature by

people living both within, and beyond, the Arctic and is the first step in investigating the potential for a full TEEB assessment for the Arctic.

- Revising and updating the well-received Arctic chapter of the UNEP 2013 Yearbook, which was also coordinated by GRID-Arendal. This latest product, the *UNEP Year eBook 2014 Update: Rapid Change in the Arctic*, is entirely online¹⁶ and is available on our website and through iTunes.
- Completing a series of *Snowy Owl* videos in collaboration with the University of the Arctic.¹⁷ A request has been received to broadcast the videos on Alaskan state TV.
- Leading the establishment of the University of the Arctic Thematic Network on Photography.

IMPACT

CC

Sir Richard Branson on Many Strong Voices

MSV was endorsed Sir Richard Branson, founder of Virgin Airlines: “[O]rganizations like *Many Strong Voices* collaborate, act and innovate to achieve lasting change. Their critical work fills the gap between those affected by adverse climate impacts and the political and business leaders focused on creating big picture solutions.”

Sir Richard’s endorsement was reported in an email received from Tricia Keller, Partnerships Director, Virgin Unite on 18 April 2014. In the same message Ms Keller stated: “We’re big fans of the work you’re doing and your significant impact.”

5. Marine and Coastal Resources

Continental Shelf Delineation West Africa/ Somalia

GRID-Arendal has worked with national experts and partners from the Norwegian Petroleum Directorate for over six years on the West African Continental Shelf Initiative. Other partners include the Norwegian Ministry of Foreign Affairs and the Norwegian Mapping Authority. A major accomplishment in 2014 was the joint-submission by seven West African States¹⁸ to the UN Commission on the Limits of the Continental Shelf (CLCS) to claim areas of shelf beyond 200 nautical miles. In addition to the West Africa work, GRID-Arendal completed the final version of the Continental Shelf Submission of the Federal Republic of Somalia. This submission was lodged with the CLCS in July



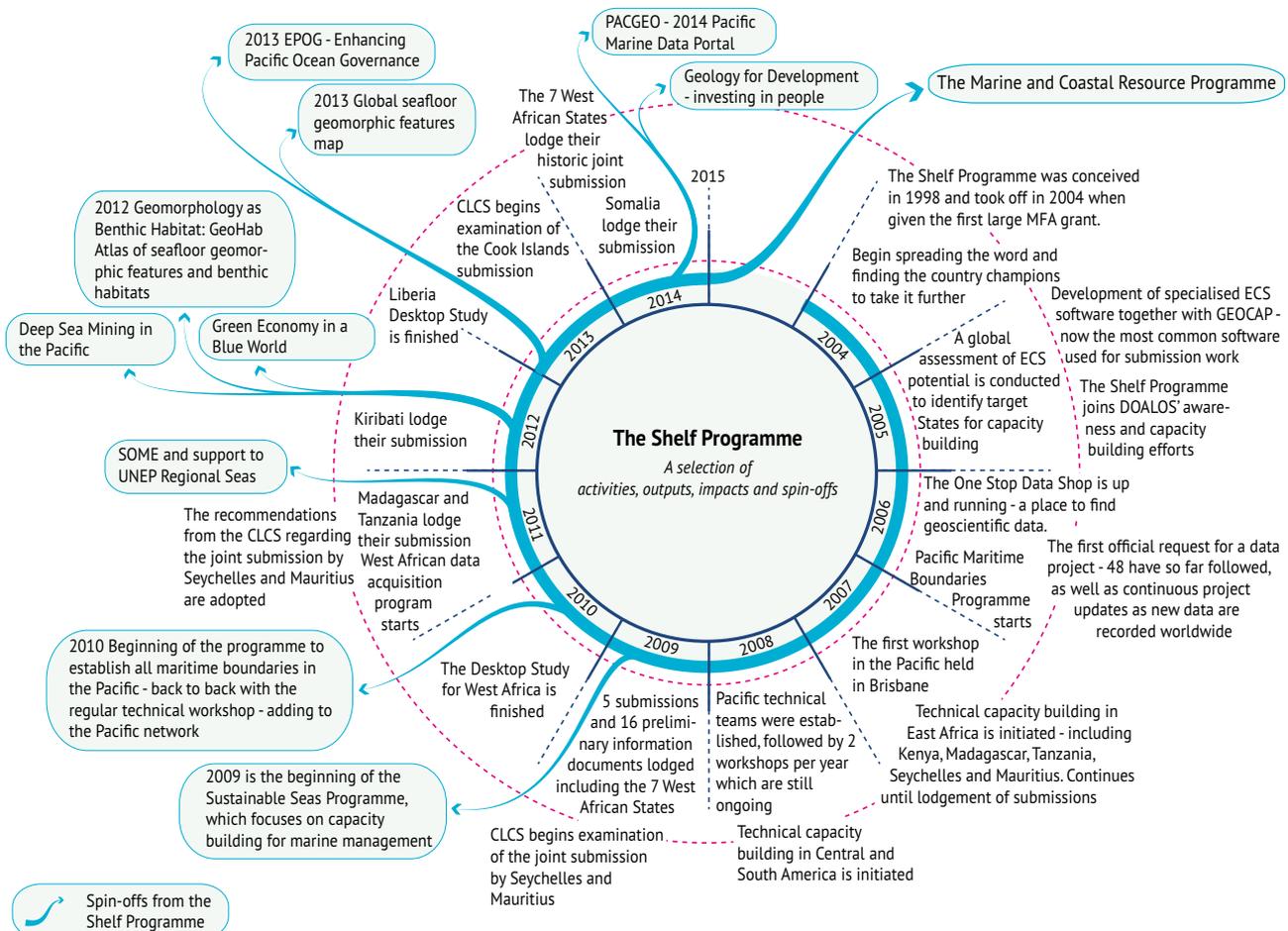
Regional experts sharing ideas and knowledge at the Sierra Leone state of marine environment assessment workshop, February 2014. Photo: GRID-Arendal.

Sustainable Seas – Managing Human Impacts on the Marine Environment

GRID-Arendal helps to build capacity in ecosystem-based marine management in developing countries. As part of this, GRID-Arendal worked with UNEP and

the International Oceanographic Commission (IOC) of UNESCO to develop a draft workplan for the “Capacity Building for State of the Marine Environment Reporting” programme. As well, GRID helped UNEP draw up a global support programme for its Regional Seas Programme now being tested in West Africa.

Core activities, outputs, impacts and spin-offs during the last decade of the Shelf Programme



GRID-Arendal also assisted the Environmental Protection Agency (EPA) of Sierra Leone to draft and review its State of the Marine Environment report. The information and report draft have been posted online!¹⁹ Draft reports for Cote D'Ivoire, Gabon and Congo are in production, and discussions are underway with the Abidjan Convention Secretariat²⁰ on how to produce reports for the entire 22-nation Regional Seas Abidjan Convention in West Africa.

IMPACT

MC

Recognition of a successful State of the Marine Environment workshop in Sierra Leone

Extract from a letter to the Norwegian Ministry of Foreign Affairs received from Mrs. H Jallow, Executive Chairperson, Environment Protection Agency, Office of the President, Sierra Leone

“Re: Technical Support Towards the State of the Marine Environment – Reporting Pilot Project in Sierra Leone

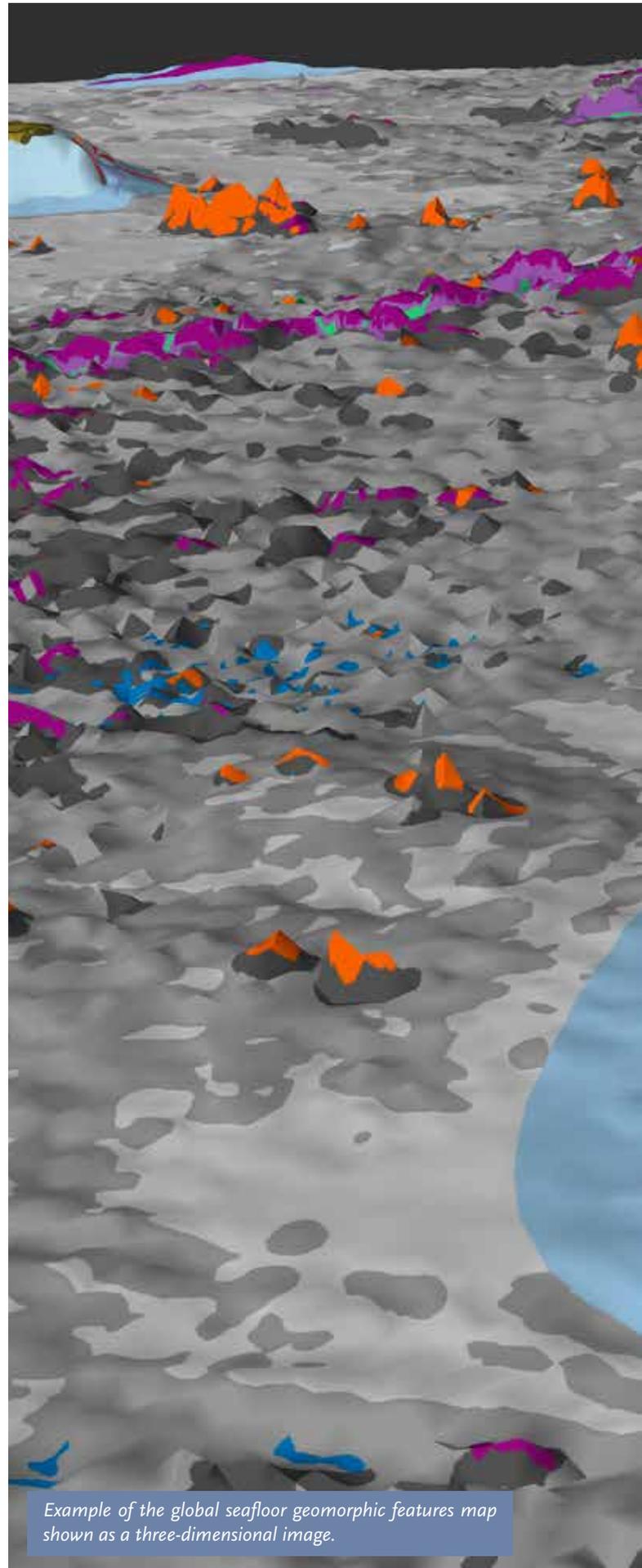
Between 4th and 7th February, 2014, a team comprising three Experts from GRID- Arendal ... were in Freetown, Sierra Leone on a capacity building and technical assistance mission under the auspices of the UNEP/Abidjan Convention. The five days visit was dedicated to facilitating a national workshop on the development of the state of marine environment report. The results of the workshop formed a good basis for the production of the report and the outcome of the workshop met our expectations.

It is therefore our pleasure to commend GRID Arendal and the Government of Norway for their effort and support to Sierra Leone. We greatly appreciate this collaboration and pledge our firm commitment in strengthening the relationship for the common good of the two nations.”

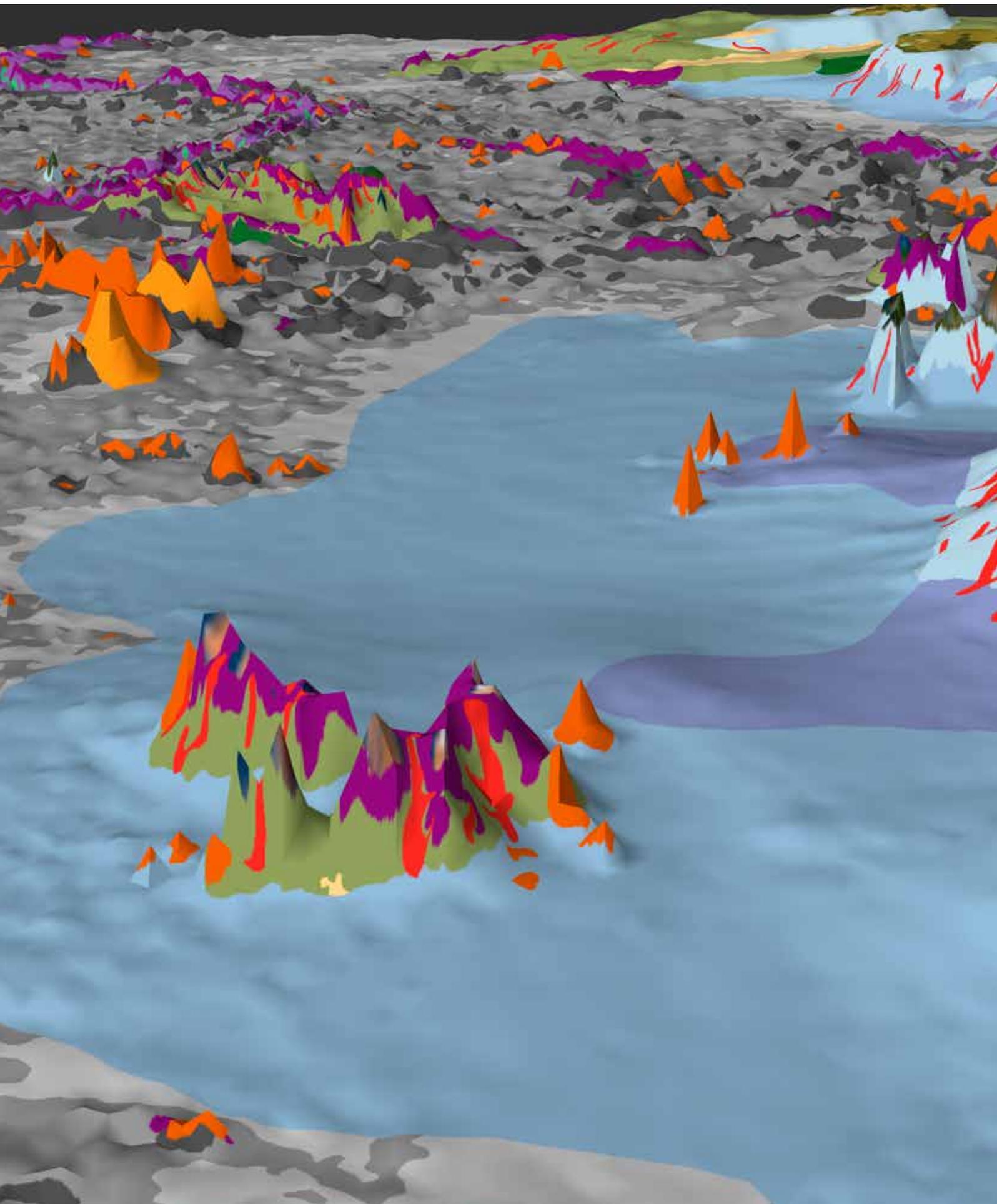
Mapping the bottom of the ocean

GRID-Arendal worked with Conservation International and Geoscience Australia to publish the first digital map of global seafloor geomorphology.²¹ The map was published in the scientific journal *Marine Geology* and was one of the top three most downloaded articles in 2014. The spatial data for the map is available to support planning, research and improved environmental management.²²

GRID-Arendal has provided the global seafloor geomorphic habitat map and additional analysis of seamounts, canyons and marine minerals to the Pacific Ocean Ecosystem Analysis (PACIOCEA) project.²³ This project explores marine spatial planning in the island nations of the south-western Pacific and is jointly run by the French Marine Protected Areas Agency²⁴ and coordinated by the Secretariat of the Pacific Regional Environment Programme (SPREP).²⁵



Example of the global seafloor geomorphic features map shown as a three-dimensional image.



Integrated marine information in the Pacific Region

PacGeo²⁶ is a web-based interactive mapping and decision support system that provides access to integrated marine information in the Pacific Region. It contains information on maritime boundaries, fisheries, regulations, environment, offshore minerals and includes aerial photographs. GRID-Arendal and partners trained technical personnel from Fiji, the Cook Islands, Vanuatu and Kiribati on PacGeo at a 2014 Pacific Maritime Boundaries workshop in Sydney, Australia. Since then Fiji has established FijiGeo, the Fiji Geospatial Data Services Portal, administered by the Ministry of Lands and Minerals Resources in collaboration with other Fijian agencies. The Solomon Islands is discussing the establishment of SoLIS – the Solomon Islands Land Information System.

GRID-Arendal and partners are also taking part in a project aimed at informing EU policy makers on the implications of deep sea mining. The report, *Study to investigate state of knowledge of Deep Sea Mining*, was commissioned by the EU Directorate-General for Maritime Affairs and Fisheries (DG MARE)²⁷ and was finished in August. This effort is a direct consequence of GRID-Arendal's work on deep sea minerals and mining in the Pacific region.

Scientific and Traditional Knowledge to Reduce Community Vulnerability

GRID-Arendal staff contributed to two papers relating to marine ecosystem based adaptation (EbA). *Comparing tools and methodologies for climate change adaptation in Small Island Developing States (SIDS)* was presented at the ADAPTtoCLIMATE conference in Cyprus, March 2014.²⁹ *Ecosystem-Based Adaptation for Food Security in the AIMS SIDS: Integrating External and Local Knowledge* was published in a peer-reviewed journal in August.³⁰

IMPACT

MC

Under the ocean

Part of an e-mail from J.M.Herndon, San Diego, California, 10 February 2014

"I just downloaded the proof copy of your paper "Geomorphology of the Oceans". You and your colleagues have indeed done a magnificent and thorough job. These days few understand the importance of thorough work of global perspective. This work will benefit many, including me"

GRID-Arendal Blue Carbon Initiative

Blue carbon refers to the ability of marine ecosystems to store the carbon dioxide humans are producing and which is contributing to a changing global climate. It is estimated that "50% of the carbon in the atmosphere that becomes bound or 'sequestered' in natural systems is cycled into the seas and oceans – another example of nature's ingenuity for 'carbon capture and storage'."³¹ Protecting these ecosystems is important as the world grapples with reducing the amount of carbon being released into the atmosphere.

GRID-Arendal was busy working on blue carbon related projects in 2014. Among these was the successful completion of the Abu Dhabi Blue Carbon Demonstration Project and the launch of the international GEF/UNEP Blue Forests Project, with demonstrations and project work in five continents.

A report entitled *Building Blue Carbon Projects: An Introductory Guide* was produced as part of the Abu Dhabi Blue Carbon Demonstration Project. This report,

IMPACT

MC

Positive feedback on the *Deep Sea Minerals* booklets²⁸

Extract from an e-mail received from A. Swaddling, Environment Advisor, Deep Sea Minerals Project, Secretariat for the Pacific Community

"I am tasked to disseminate environmental information on Deep Sea Minerals to build capacity in the region, as well as increase public awarenessThe production of the Deep Sea Minerals booklet series is a fantastic achievement. I would like to use some of the imagery and graphics....."





Mangrove forests provide many ecosystem services including helping to protect shorelines from the impacts of storms and tsunamis. Photo: Sarah Frais-Torres/Marine Photobank

put together with many international partners including UNEP, explores how blue carbon can work, by using the value of carbon stored and sequestered in coastal and marine ecosystems to support conservation and sustainable management. The report was downloaded 3000 times in the first three months of its posting on the Blue Carbon Portal web-site.³²

The project contributes to the GEF/UNEP Blue Forests Project as one of its featured small-scale interventions, which includes other country sites and project work in South America, Asia, and Africa.

Another innovative aspect of GRID-Arendal's Blue Carbon work was a report entitled *Fish Carbon: An Exploration of Marine Vertebrate Carbon Services*³³ which explores natural mechanisms of carbon cycling for all marine vertebrates in all marine ecosystems, from shallow coasts to ocean depths.

IMPACT	MC
<p>Widespread interest in the Blue Carbon project</p> <p>The Abu Dhabi Blue Carbon Demonstration Project attracted international attention including from countries soliciting GRID-Arendal for information and possible assistance in replicating the approach. The Environment Agency - Abu Dhabi (EAD) has expressed high regard for the work:</p> <p><i>“The Blue Carbon ecosystems are an extremely important part and parcel of the cultural identity of the Emirate of Abu Dhabi, and indeed the UAE. The Blue Carbon project demonstrated the power of data collaboration in the field of the environment, and its use in decision-making, policy making, as well as urban planning. It is extremely critical to understand what and where our natural capital is, and ensure that not only do we protect it, but that we also capitalise on it.”</i></p> <p>H.E. Razan Khalifa Al Mubarak, Secretary General, EAD (posted 24 November 2014 on http://ameinfo.com/finance-and-economy/archive/abu-dhabi-expands-ongoing-blue-carbon-work-emirate-national-level/)</p>	

IMPACT	MC
<p>Linking fish to climate change</p> <p>Extract from the Preface of <i>Fish Carbon: Exploring Marine Vertebrate Carbon Services</i> provided by Dr. Sylvia Earle, former Chief Scientist, U.S. National Ocean and Atmospheric Association (NOAA)</p> <p><i>“Fish Carbon: Exploring Marine Vertebrate Carbon Services’ highlights the direct relevance of marine vertebrates to climate change mitigation and presents an opportunity to secure this service...through the protection and conservation of marine vertebrates.</i></p> <p><i>Acknowledging the importance of marine life in climate change will not only provide much needed opportunities for climate mitigation, but will simultaneously enhance food security for coastal and island communities, while safeguarding biodiversity and marine ecosystems on a global scale, particularly in the unprotected high seas.”</i></p>	



Blue Forests

GRID-Arendal is the Executing Agency for the four-year GEF/UNEP Blue Forests Project. The project was formally launched in November 2014 and will be granted USD 4.5 million from the GEF Trust Fund.

During the inception period, significant progress has been made towards the two key country-scale project outputs of ‘improving understanding’ and ‘improving ecosystem management and capacity building’. For example, activities of the Madagascar small-scale intervention site included collecting data in 76 mangrove forest inventory plots and completing the first analysis of soil organic carbon, among other things. A project brochure was prepared for UN climate negotiations in Lima, Peru, in December.

Norwegian Blue Forest Network

Closer to home, GRID-Arendal, the Norsk Institutt for Vannforskning (NIVA)³⁴ and the Institute of Marine Research³⁵ launched the Norwegian Blue Forests Network in November 2014. The network will focus on strengthening and sharing national competence on ‘blue forest’ habitats both domestically and internationally.

Green Economy – The Economics of Ecosystems and Biodiversity (TEEB) for Oceans and Coasts

At the end of 2014, a larger group of partners had submitted formal Expressions of Interest to the Global Environment Facility (GEF). Included was USD 81 million in promised co-financing to help support the project. The governments of Norway, Sweden, the USA and Canada are deciding whether or not to become project partners. The proposal is expected to be reviewed later in 2015.

Green Economy – Blue World Capacity Development

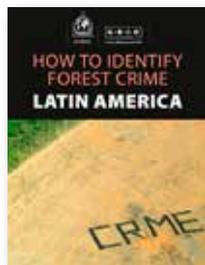
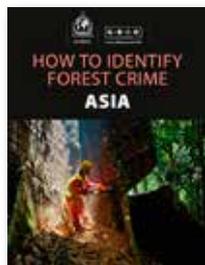
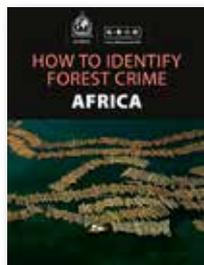
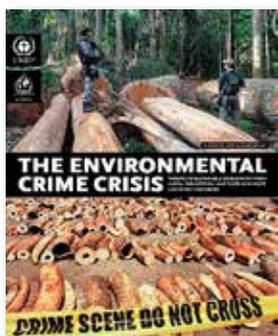
The Blue Solutions project is a partnership between the German Development Agency (GIZ), GRID-Arendal, IUCN and UNEP. It supports marine and coastal planners and decision makers on a range of marine management topics, including protected area governance, marine spatial planning, ecosystem-based adaptation to climate change, and conservation finance and ecosystem services - GRID-Arendal has the lead for the two latter.

More than 100 policy-makers and practitioners from 17 countries in Asia and the Pacific met on Mactan Island, Cebu, Philippines in May 2014 to exchange experiences on marine and coastal management and governance. Organized by Blue Solutions, the Regional Forum on “Solutions for Oceans, Coasts and Human Well-Being in Asia and the Pacific” brought in 25 “solution providers” to share their success stories and explain what worked, and why.

GRID-Arendal has developed a highly participatory one-week training module on integrating marine and coastal ecosystem services into development planning. GRID-Arendal trained over 50 coastal management practitioners from more than 20 countries’ development, environment and fisheries agencies on how to analyse the values marine ecosystem services provide to human wellbeing, and to integrate those into decision-making. Two training workshops were held in the Philippines and Bonaire, involving UNEP, the World Resources Institute and the International Coral Reef Initiative as partners.

To help bridging the language gap between science, the public and decision-makers on ecosystem services, GRID-Arendal organized a session at the International Marine Conservation Congress in Glasgow, Scotland which brought together more than 60 participants. A paper called *Learning to speak ecosystem services*, based on participants’ input, was published in the February/March 2015 issue of *Marine Ecosystems and Management*.

Publications



Environmental Crime

Nellemann, C., R. Henriksen, P. Raxter, N. Ash, and E. Mrema (Eds). 2014. The Environmental Crime Crisis – Threats to Sustainable Development from Illegal Exploitation and Trade in Wildlife and Forest Resources. A UNEP Rapid Response Assessment. United Nations Environment Programme and GRID-Arendal, Nairobi and Arendal. ISBN: 978-82-7701-132-5. Also available in Arabic, Chinese, French, Russian and Spanish. <http://www.grida.no/publications/rr/crime>

INTERPOL and GRID-Arendal. 2014. How to Identify Forest Crime in Africa. ISBN: 978-82-7701-127-1. Also available in French and Swahili. <http://www.grida.no/publications/forest-crime>

INTERPOL and GRID-Arendal. 2014. How to Identify Forest Crime in Asia. ISBN: 978-82-7701-126-4. Also available in Indonesian and Chinese. <http://www.grida.no/publications/forest-crime>

INTERPOL and GRID-Arendal. 2014. How to Identify Forest Crime in Latin America. ISBN: 978-82-7701-128-8. Also available in Spanish and Portuguese. <http://www.grida.no/publications/forest-crime>

Rainforest Foundation Norway and GRID-Arendal. 2014. State of the Rainforest 2014. Ellen Hofswang (Ed.). <http://www.grida.no/publications/soe-rain-forest>



Transboundary Waters

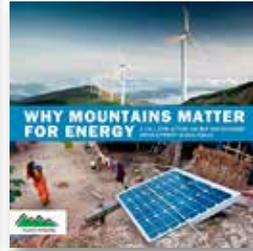
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FAO, UNEP, GRID-Arendal and IWMI. 2014. Project: Analysis of impacts of large-scale investments in agriculture on water resources, ecosystems and livelihoods; and development of policy options for decision makers. Summary of project findings. <http://www.grida.no/publications/water-grab>

Formo, R.K., H. Jørstad, C. Nellemann, C. Mafuta, R. Munang, J. Andrews, and J.N.Hval. 2014. Food Wasted, Food Lost – Food security by restoring ecosystems and reducing food loss. United Nations Environment Programme and GRID-Arendal, Nairobi and Arendal.



Adaptation to Climate Change

CICERO, GRID-Arendal and ICIMOD. 2014. The Last Straw? Food security in the Hindu Kush Himalayas and the additional burden of climate change. ISBN: 978-82-7701-129-5. <http://www.grida.no/publications/last-straw>

The Mountain Partnership. 2014. Mountain Policy Briefs on:

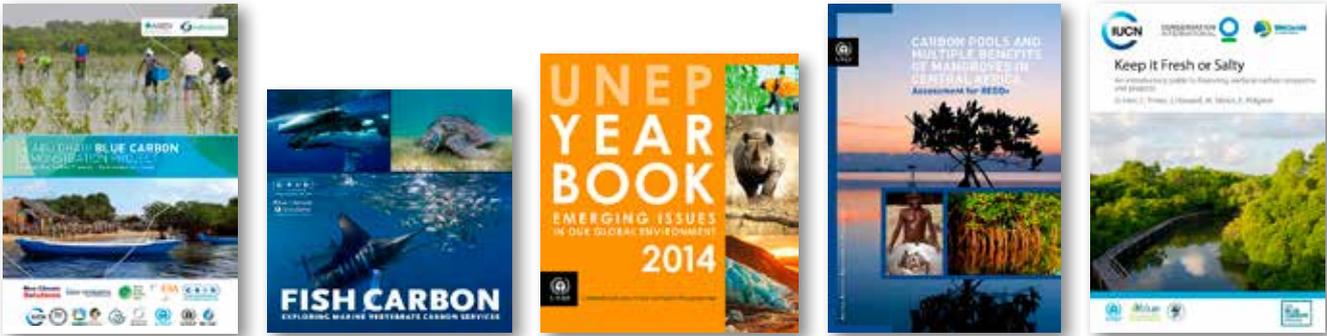
- Why Mountains Matter for Energy: A Call for Action on the Sustainable Development Goals (SDGs)
- Why Mountains Matter for Forests and Biodiversity: A Call for Action on the Sustainable Development Goals (SDGs)
- Why Mountains Matter for Climate Change Adaptation and Disaster Risk Reduction: A Call for Action on the Sustainable Development Goals (SDGs)

- Mountains as the Water Towers of the World: A Call for Action on the Sustainable Development Goals (SDGs) <http://www.grida.no/publications/mountain-policy-briefs>

GRID-Arendal also contributed to:

The Climate and Clean Air Coalition to Reduce Short-Lived Climate Pollutants (CCAC). 2014. Time to Act: To Reduce Short-lived Climate Pollutants. Content contribution, graphics and copy editing. <http://www.grida.no/publications/slcp>

Future Imperfect: Climate change and adaptation in the Carpathians. ISBN 978-82-7701-145-5. Editing. <http://www.grida.no/publications/future-imperfect>



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AGEDI. 2014. Building Blue Carbon Projects – An Introductory Guide. Published by AGEDI. Produced by GRID-Arendal. <http://bluecarbonportal.org/the-new-blue-carbon-homepage-2/document-inventory/?download-info=building-blue-carbon-projects-an-introductory-guide>

Harris, P.T., M. Macmillan-Lawler, J. Rupp, and E.K. Baker. 2014. Geomorphology of the Oceans. *Marine Geology*, Volume 352, pp 4–24. <http://www.sciencedirect.com/science/article/pii/S0025322714000310>

Lutz, S.J. and A.H. Martin. 2014. Fish Carbon: Exploring Marine Vertebrate Carbon Services. Jointly produced by GRID-Arendal and Blue Climate Solutions and published by GRID-Arendal. ISBN: 978-82-7701-146-2. <http://www.grida.no/publications/fish-carbon>

Neumann, C. 2014. Marine Fish and Shellfish Farming. Chapter 3 in *UNEP Yearbook 2014*, pp 18-23. <http://www.unep.org/yearbook/2014>

Mavrogenis, S., I. Kelman, J. Mercer, and T. Kurvits. 2014. Comparing tools and methodologies for climate change adaptation in Small Island Developing States [SIDS]. http://adapttoclimate.uest.gr/full_paper/Mavrogenis_Kelman_Mercer_Kurvits.pdf

Mercer, J., T. Kurvits, I. Kelman and M. Stavros. 2014. Ecosystem-Based Adaptation for Food Security in the AIMS SIDS: Integrating External and Local Knowledge. *Sustainability* 2014, 6(9), 5566-5597.

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Ajonina, G. J., G. Kairo, G. Grimsditch, T. Sembres, G. Chuyong, D. E. Mibog, A. Nyambane and C. FitzGerald. 2014. Carbon pools and multiple benefits of mangroves in Central Africa: Assessment for REDD+. 72pp. ISBN: 978-92-807-3426-3 (production and layout). http://www.unep.org/pdf/REDDcarbon_lowres.pdf

Blue solutions from Asia and the Pacific: regional forum on solutions for oceans, coasts and human well-being in Asia and the Pacific, Cebu, Philippines (in its capacity as a partner in Blue Solutions). <http://bluesolutions.info/publication-blue-solutions-asia-pacific>

Herr, D., E. Trines, J. Howard, M. Silvius and E. Pidgeon (2014). Keep it fresh or salty. An introductory guide to financing wetland carbon programs and projects. Gland, Switzerland: IUCN, CI and WI. ISBN: 978-2-8317-1700-5. <http://bluecarbonportal.org/blog/keep-it-fresh-or-salty-an-introductory-guide-to-financing-wetland-carbon-programs-and-projects>

Notes

1. <http://www.envcrime.org/>
2. UNEP/EA.1/INF/19
3. <http://www.grida.no/publications/africa-ein/>
4. <http://www.grida.no/news/default/6227.aspx>
5. <http://www.necz.org.zm/>
6. <http://www.grida.no/publications/zambia-atlas/>
7. <http://www.fredskorpset.no/en/>
8. "Water grabbing refers to situations where powerful actors take control of valuable water resources for their own benefit, depriving local communities whose livelihoods often depend on these resources and ecosystems." <http://www.tni.org/primer/global-water-grab-primer>
9. <http://www.grida.no/publications/last-straw/>
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11. <http://www.grida.no/publications/mountain-policy-briefs/>
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13. <http://www.arcticinfo.eu/en/>
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15. <http://www.grida.no/polar/activities/6102.aspx>
16. <http://www.grida.no/polar/news/6092.aspx>
17. <http://www.grida.no/polar/activities/5671.aspx>
18. Cabo Verde, Gambia, Guinea, Guinea Bissau, Mauritania, Senegal and Sierra Leone. <http://cop11.abidjanconvention.org/media/documents/Report/COP11%20-%20%20Final%20Report%20En.pdf>
19. <http://some.grida.no/sierra-leone-%28draft%29.aspx>
20. The Convention for Cooperation in the Protection, Management and Development of the Marine and Coastal Environment of the Atlantic Coast of the West, Central and Southern Africa Region (Abidjan Convention)
21. <http://www.bluehabitats.org/>
22. To date the data have been downloaded over 160 times, with indicated uses including marine spatial planning, whale and dolphin research, climate change research and teaching and learning.
23. <http://www.sprep.org/biodiversity-ecosystems-management/french-polynesia-and-new-caledonia-to-enhance-ocean-management>
24. Agence des aires marines protégées (<http://www.aires-marines.com>)
25. <http://www.sprep.org>
26. <http://www.pacgeo.org>
27. http://ec.europa.eu/dgs/maritimeaffairs_fisheries/index_en.htm
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29. http://adaptclimate.uest.gr/full_paper/Mavrogenis_Kelman_Mercer_Kurvits.pdf
30. <http://www.mdpi.com/2071-1050/6/9/5566>
31. http://www.grida.no/files/publications/blue-carbon/BCflyer_screen.pdf
32. <http://bluecarbonportal.org/>
33. <http://www.grida.no/publications/fish-carbon>. See also <http://www.grida.no/news/default/6221.aspx>
34. <http://www.niva.no/>
35. <http://www.imr.no/en>

Board report

As we look forward in anticipation to exciting challenges of 2015, the Board looks back and reflects on our achievements.

2014 has been a successfully busy and rewarding year. In August GRID-Arendal celebrated its 25th Anniversary. Since its establishment in 1989, the foundation has supported the United Nations Environment Programme (UNEP) by providing environmental information, communications and capacity building services to strengthen environmental management capacity and to motivate decision-makers to act. Through our long term relationship with UNEP, we are pleased to be perceived today as one of the most effective collaborating centres in the UNEP family.

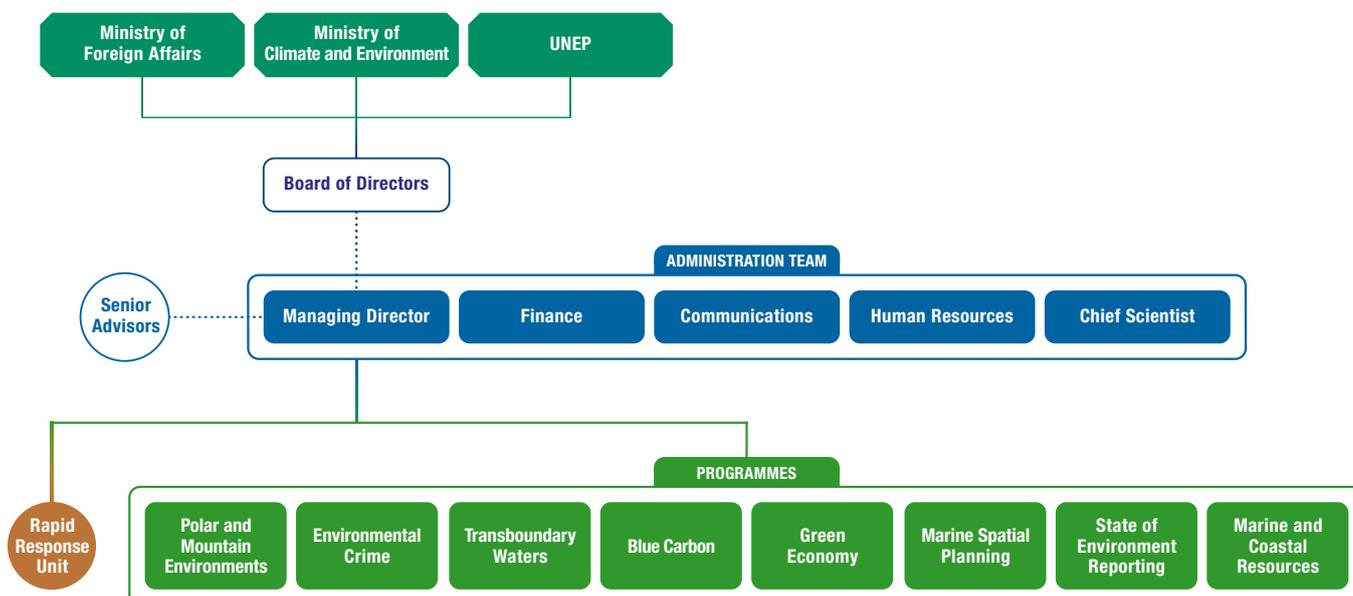
The Board is pleased with GRID-Arendal's 25th anniversary celebration. Guided by the theme "Cold region – hot topics: Inputs from Arendal to the Sustainable Development Goals" the celebration featured a programme of events that included a number of workshops, seminars and report launches that were well attended by top national and local actors in politics, business and civil society.

As GRID-Arendal celebrated its milestone anniversary, UNEP and GRID-Arendal signed a new Framework Agreement through which the foundation agreed to renew its cooperation with UNEP. The cooperation between UNEP and GRID-Arendal has matured greatly since its establishment 25 years ago. This new agreement underscores the value of this cooperation. The agreement was signed by UN Under-Secretary-General and UNEP

Executive Director Achim Steiner and Olav Orheim, Chairman of the Board of Directors of GRID-Arendal. Also present at the signing ceremony were Tine Sundtoft, Norwegian Minister of Climate and Environment, Øystein Djupedal, Aust-Agder County Governor, and Einar Halvorsen, Mayor of Arendal.

The Board is particularly pleased with UNEP's recognition of GRID-Arendal's contribution in the areas of the Polar Regions, the marine environment, communications and outreach, environmental assessments and capacity building in developing states. We are also delighted that both UNEP and the Government of Norway regard GRID-Arendal as an effective organization that supports the UN system through its environment programme.

After eight successful years Dr. Peter Prokosch stepped down from his post as Managing Director of GRID-Arendal in August 2014. The Board appointed Dr. Peter Harris to succeed Dr. Peter Prokosch. Dr. Peter Harris is an accomplished scientist and has published over 100 papers in scientific journals. He has more than 20 years of experience as manager of environmental projects in the Great Barrier Reef, Pacific Island countries and Antarctica, including advising the Australian government on marine issues. Since 2010 he has been a member of the United Nations Group of Experts appointed to carry out Global Reporting and Assessment of the State of the Marine Environment. The Board is delighted to welcome Dr. Peter Harris as he brings with him a wealth of international leadership and experience. We have every confidence that he will successfully lead GRID-Arendal and drive its growth and development in the months and years ahead.



Under new leadership, GRID-Arendal developed a new organizational structure to simplify and improve operation and management, to better match the skills and qualifications of the staff with the programme of work to be delivered in the foreseeable future, and to focus attention on the delivery of content and the measure of impact and outcomes. The new structure, which includes twenty-seven full-time, permanent positions, was rolled out in December, 2014.

A key element of the new structure is the creation of eight programme areas that address such global environmental challenges as Environmental Crime, Transboundary Waters, Polar and Mountain Environments, Blue Carbon, Green Economy, Marine Spatial Planning, State of Environment Reporting and Marine and Coastal issues. These programme areas deliver specific, agreed, funded outputs. Part of this change is the creation of several strategic cross-cutting themes that characterize GRID-Arendal's work programmes and the outputs the programmes deliver.

Another element in the new structure is the closing of GRID-Arendal's outpost office in Ottawa, Canada. One of the two staff members based in Canada will relocate to Arendal in 2015, while the other will continue to serve as a consultant. From March 2015, GRID-Arendal will no longer rent an office space in Canada. The savings that will be generated as a result of the restructuring will contribute to providing GRID-Arendal with a good foundation upon which to secure a positive financial outcome in 2015.

The Board is pleased to report a positive financial result for 2014 of NOK 416.897, which will be added to the prior year's equity, thereby creating a new equity balance of NOK 7.332.818. This results in an equity ratio of 30% end of 2014.

Because of costs related to restructuring, the foundation did not reach the budgeted surplus for 2014. But the underlying operations are healthy and there have not been significant cost overruns on projects or administrative costs. 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 2016.

As part of the reorganisation, new policies were developed at the end of 2014 for further implementation in 2015. These policies included staff travel, anti-corruption, procurement and a new code of conduct. Many of these policies are designed to improve programme funding

through enhanced focus on project management skills, clear ownership of projects, results and expected impacts. They will also provide clarity for staff on their responsibilities and obligations working for GRID-Arendal and within the Norwegian legal system.

The Board is optimistic about the outlook for 2015. A new Framework Agreement between GRID-Arendal and the Norwegian Ministry of Foreign Affairs will continue to provide GRID-Arendal with a financial basis for focused work in key areas to support UNEP.

GRID-Arendal's environmental policy is based on the foundation's "green" values and commitment to operate in an environmentally responsible and resource efficient manner. The Board believes that the foundation's positive impact on the environment is significantly larger than the negative influences caused by any activities 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 2014 amounted to 4.1% of the total working days, while short-term sick leave constituted 1.9%. There were no injuries to staff in 2014, 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 2014 the Board was comprised of 3 women and 4 men. The staff consisted of 12 women and 18 men. The average number of employees for 2014 was 36. 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 is aware of 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.

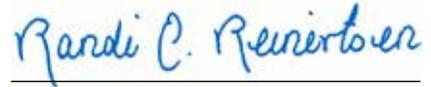
Arendal, 18 March 2015



Olav Orheim
(Chair)



Peter Harris
(Managing Director)



Randi Eidsmo Reinertsen
(Deputy Chair)



Berit Lein



Yngvild Lorentzen



Nils Audun Karbø



Klaus J. Liedtke



Morten Sørensen
(staff representative)

Financial report

Balance sheet (NoK)

Assets	Note	2014	2013
<i>Tangible fixed assets</i>			
Machinery and equipment	2	47 147	100 868
Total tangible fixed assets		47 147	100 868
<i>Financial fixed assets</i>			
Investments in subsidiaries	5,8	7 012 000	5 012 000
Total financial fixed assets		7 012 000	5 012 000
Total fixed assets		7 059 147	5 112 868
<i>Current assets</i>			
<i>Debtors</i>			
Accounts receivables		3 486 034	6 791 841
Other receivables		608 987	999 877
Total debtors		4 095 021	7 791 718
Cash and bank deposits	6	13 377 093	8 217 465
Total current assets		17 472 114	16 009 183
Total assets		24 531 261	21 122 051
Equity and liabilities			
Restricted equity		500 000	500 000
Total restricted equity		500 000	500 000
Retained earnings			
Other equity		6 832 818	6 415 921
Total retained earnings		6 832 818	6 415 921
Total equity		7 332 818	6 915 921
<i>Current liabilities</i>			
Trade creditors		2 192 620	2 939 962
Public duties payable		1 416 104	1 319 019
Other short term liabilities		13 589 719	9 947 149
Total short term liabilities		17 198 443	14 206 131
Total liabilities		17 198 443	14 206 131
Total equity and liabilities		24 531 261	21 122 051

Arendal, 18 March 2015



Olav Orheim
(Chair)



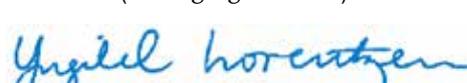
Peter Harris
(Managing Director)



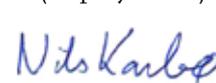
Randi Eidsmo Reinertsen
(Deputy Chair)



Berit Lein



Yngvild Lorentzen



Nils Audun Karbø



Klaus J. Liedtke



Morten Sørensen
(staff representative)

Income statement (NoK)

Operating income and operating expenses	Note	2014	2013
Operating income		51 971 561	54 330 671
Project costs		9 000 954	14 247 975
Personnel costs	3	28 160 495	26 597 318
Depreciation	2	53 721	33 507
Other operating expenses	7	14 194 149	15 392 172
Operating expenses		51 409 319	56 270 972
Operating result		562 243	-1 940 301
<i>Financial income and expenses</i>			
Other financial income		849 291	901 342
Other financial expenses		994 636	540 814
Net financial income and expenses		-145 345	360 528
Annual net profit		416 897	-1 579 773
<i>Brought forward</i>			
Net brought forward		416 897	-1 579 773

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 2014 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.

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 01.01.1	100 868
Addition 2014	0
Depreciation 2014	-53 721
Book value 31.12.14	47 147

Note 3**Salary (NoK)**

	2014	2013
Salary and holiday pay	20 183 090	19 113 011
Employers contribution	2 911 993	2 715 306
Pension costs	1 274 926	1 219 238
Other personnel costs	3 790 485	3 549 762
Total	28 160 495	26 597 318

Average number of employees	36	35
Salary of Managing Director	819 014	
Fee to Chairman of the Board	40 500	
Fee to other Board members	73 250	

Stiftelsen GRID-Arendal has entered into a pension agreement with te CEO that can lead to future payments. There are accruals set aside for the most likely outcome of this obligation.

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 1 274 926,- 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 for 3 staff members. This is applicable to one staff member in 2014.

Note 5**Long term investments (NoK)**

Shares subsidiaries: Teaterplassen AS

Owners share: 71%

Purchase cost: 7 012 000,-

Share of equity 31.12.2014: 13 585 203,-

Note 6**Petty cash and bank accounts**

NoK 832 087,- of the total cash is restricted to meet the liability arising from the payroll taxes withheld.

Note 7**Auditors fees**

The audit fee for 2014 is split into two parts:

The audit as required by law Nok 98 000,-.

Other services provided by the auditor Nok 50 000,-.

Note 8**Balances with subsidiaries**

As of 31.12.2014 Grid Arendal has a debt of NOK 4.000.000 to Teaterplassen AS.



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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 416 897. The financial statements comprise the balance sheet as at 31 December 2014, 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 2014, and of its financial performance for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

KPMG AS, a Norwegian member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
 Status og/eller revisorer - medlemmer av Den norske Revisjonsforbund.

Offices in:		
Dubai	Haugesund	Sandnessjøen
Ålesund	Kristiansund	Stord
Arendal	Larvik	Strøme
Bergen	Molde	Tromsø
Bodø	Narvik	Tvedestrand
Elverum	Oslo	Tønsberg
Fosnes	Trondheim	Volda
Gjøvik	Ålesund	
Hauger		



Independent auditor's report 2014
 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, 18 March 2015
 KPMG AS

Terje H. Holst
 statsautorisert revisor

[Translation has been made for information purposes only]



A Centre Collaborating with UNEP

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