



ENVIRONMENTAL
AND ENERGY
STUDY INSTITUTE

1993 ANNUAL REPORT

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STATEMENT ON TAX-EXEMPT STATUS

EESI is a private, non-profit, tax-exempt 501(c)(3) corporation. We are pleased to accept contributions from all individuals, foundations and private corporations that share our mission. All contributions to EESI are tax-deductible to the full extent of the law.

EARTH SHARE

A portion of EESI's financial support comes from its membership in Earth Share, a federation of publicly supported environmental and conservation charities. Earth Share seeks to expand the financial support and the involvement of people, particularly at the workplace, to advance its affiliates' efforts to protect public health and welfare and to conserve natural resources for future generations.

Through Earth Share, EESI participates in the Combined Federal Campaign. Our CFC number is 0921.

If you would like to support EESI's work or add Earth Share to a workplace giving program, please contact Diane Schwartz, EESI Director of Development and Special Projects, at (202) 628-1400.



EXECUTIVE DIRECTOR'S MESSAGE

I find it tough to find the time to peruse annual reports, and I suspect you're in the same boat. To encourage you to read this year's annual report from EESI, we've made it even shorter, and I hope pithier, than previous ones. We may have telescoped some of our work and ideas too much, but, annual reports have to be read to be of any use. So, I'm willing to make some sacrifices in order to get you to continue reading.

Before you turn the page to get to the heart of EESI, I'd like to say a few things to put our work in context.

The federal government, most particularly the U.S. Congress, is not terribly popular these days. You don't have to be a radio talk show fan to know that. Nonetheless, what happens in Washington, D.C., involves huge stakes, affecting the lives of people all over America and elsewhere in the world. That fact, coupled with EESI's heritage as an outgrowth of Congress, is why we at EESI continue to seek changes in public policy and budget priorities here in the nation's capital. All the while, we work with people "beyond the beltway" to make sure that our work — and resulting policy and budget decisions — responds to their concerns and ideas.

No, Washington is not important on every issue, or good at every task. But what happens in Washington on selected issues can enable communities, states and regions around the country, and in other nations, to fulfill their goals — or it can block their best-laid plans. And decisions made in Washington on budget priorities and the "rules of the game" offer tremendous leverage to quickly replicate innovations and mobilize massive change — or to maintain the status quo. Plus, in some important areas, such as basic environmental research and standards for protecting public health, the federal government is appropriately the major actor.

What follows describes EESI's work in a small number of important areas, where a little money and a lot of talent and perseverance applied to federal policy and budget priorities have made a big difference. We've also described our collaborations with key people from the local, state, regional, national and international levels to make sure that Washington helps, not hinders.

We carried out a wide variety and a staggering number of activities during 1993: 46 educational programs for policymakers and the people who influence them, with total attendance in the thousands; testimony before nine different Congressional subcommittees; dozens of reports and publications delivered all over Washington and to thousands more people around the country; and scores of background memos.

Also in 1993, EESI held its eighth annual Congressional Leadership Dinner, honoring one of our own directors, Republican Senator John Chafee from Rhode Island. We singled out John for his outstanding contributions to cleaner air and water and to wetlands protection. The funds from this dinner supported special educational programs for Members of Congress and their staff to stimulate their leadership on emerging environmental and energy issues.

Now, I'd like to tip my hat to all those people who gave generously of their money, talent and knowledge — our funders, our staff, our collaborators and our Board of Directors — and to all those policymakers who, in the end, made the decisions that transformed EESI's work into positive changes in people's lives.

I welcome your feedback about this abbreviated annual report and your questions and comments about EESI's priorities, initiatives and achievements.



Ken Murphy

MISSION STATEMENT

The Environmental and Energy Study Institute (EESI) is a non-profit organization dedicated to promoting environmentally sustainable societies. EESI believes meeting this goal requires transitions to social and economic patterns that sustain people and the natural resources upon which present and future generations depend.

EESI produces credible, timely information and innovative policy initiatives that lead to these transitions. These products are developed and promoted through action-oriented briefings, workshops, analysis, publications, task forces and working groups.

EESI's target audience is Congress and other national policymakers — and the people who influence them.

EESI enjoys a strategic position with national policymakers as the nation's only independent organization established by Congressional environmental and energy leaders.

ENERGY AND CLIMATE

During 1993, EESI's Energy and Climate Program played an instrumental role in several key initiatives aimed at producing a more environmentally sound and efficient energy system in the United States:

- A 25 percent increase in funding, to \$1.02 billion, to accelerate the use of new energy efficiency and renewable energy technologies. This increase markedly closed the gap between sustainable energy sources and nuclear and fossil energy sources, signalling a major shift in energy priorities.
- A doubled budget, to \$38 million, for the Environmental Protection Agency's voluntary "Green Programs" to promote energy-efficient lighting and computers. EPA's Green Lights Program alone projects savings of more than \$1 billion and reduced carbon dioxide emissions equal to the removal of 2 million cars from the nation's roads.
- Hundreds of millions of dollars in new investments to environmentally sound and efficient transportation systems, such as mass transit, pedestrian ways and bike paths.
- A series of new, largely voluntary, initiatives to fulfill U.S. commitments to reduce greenhouse gas emissions to 1990 levels by the year 2000, as part of the national Climate Change Action Plan (CCAP) issued by President Bill Clinton in October 1993. "Business and industry should seize on CCAP to show that voluntary programs can be an effective tool to attain environmental and economic goals," said Energy and Climate Director Carol Werner, who served as the environmental, non-governmental organization (NGO) representative on the U.S. delegation to the August climate negotiations in Geneva.

Carol and Program Associates Doug Howell, Drew Kleibrink and Karen Schmidt advanced program goals using a mix of strategies throughout 1993.

We organized 24 well-attended Congressional education programs on issues related to fiscal policy, climate change, and energy efficiency and renewable energy technologies. Several of the programs sought to clear up controversies surrounding the energy tax component of the president's economic package. Overall, the programs emphasized environmental protection, economic development and opportunities to bring innovative technologies into the U.S. and international marketplaces.

In a complementary strategy on technology issues, Carol participated in federal initiatives to develop public-private partnerships that will speed the domestic and global

use of renewable energy technologies. Such partnerships can leverage large investments and create "win-win" opportunities that benefit the environment *and* the economy.

We promoted our goals through another successful strategy: a working group of Congressional staff to help them focus on an issue and develop strategy and policy initiatives. Here, we continued to run our Congressional staff climate group, which met periodically throughout the year to exchange views and ideas on climate issues and policies with key administration and other climate experts.

EESI also pursued its objectives by working in-concert with other organizations. For example, EESI hosted the Sustainable Energy Budget Coalition throughout 1993. The coalition's work, endorsed by more than 100 organizations, led to higher federal funding levels for priority programs, a bipartisan Congressional resolution urging a much greater role for energy efficiency and renewable energy in the U.S. economy, and a new emphasis by the Department of Energy on strategies to get sustainable energy technologies out of the lab and into the marketplace. EESI testified on the coalition's behalf before six Congressional subcommittees.

We pushed for strong implementation of the landmark Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) through the coalition known as the Surface Transportation Policy Project. Besides securing adequate funding for "clean" transportation under the new law, we placed priority on giving local officials more flexibility to combat air pollution and traffic congestion and on increasing public participation in transportation infrastructure decisions. Our efforts began to pay off: U.S. Transportation Secretary Federico Peña adopted many of our ideas, and legislation incorporating our work was introduced in Congress.

In another group effort, we organized a 120-member national coalition to preserve the "rubberized asphalt" provision in ISTEA. Under fierce attack by traditional paving interests, this provision requires used tires to be recycled into asphalt pavement. As the largest federal recycling program, it would remove 250 million tires annually from the nation's landfills, where they pose serious environmental and public health threats. Rubberized asphalt also produces more durable, cost-effective and safer roads, as proven by several states and European nations.

We had another coalition success when we co-sponsored a national roundtable on energy and equity issues. This unprecedented forum brought together energy, low-income and social justice advocates to identify common goals and strategies.

During 1993, major successes for the International Program included:

- Organizing a powerful, broad-based coalition of non-governmental organizations (NGOs), which saved U.S. sustainable development assistance from deep budget cuts and began the difficult task of rebuilding political support for U.S. efforts to assist poor countries by stressing the goal of environmentally sustainable development.
- Designing and implementing a strategy that convinced the Clinton administration to sign the global convention on preserving biodiversity.
- Spurring the United States to embrace a new policy toward heavily indebted countries which will help them turn around their stumbling economies and reduce the pressure on them to sacrifice natural and human resources to pay back their debts.
- Enhancing Congressional understanding of trade and environment issues, which will remain important as the United States pursues trade liberalization measures beyond the North American Free Trade Agreement (NAFTA).

As with the Energy and Climate programs, we deployed a mix of targeted strategies to achieve program goals.

As noted above, we forged an unparalleled coalition of NGOs concerned with the U.S. role in sustainable development worldwide which altered decisively the politics of U.S. foreign assistance. In mid-1993, International Program Director Gareth Porter brought together a dozen environmental, population, development and humanitarian NGOs to discuss reform of the Foreign Assistance Act and the Agency for International Development. Later, when the group got wind of an administration proposal to slash bilateral development assistance by up to 60 percent, it mobilized broad NGO support to demand restoration of the funding.

Gareth coordinated the preparation of a coalition letter, ultimately signed by the heads of 216 NGOs, which urged President Bill Clinton to reject the proposed cut in sustainable development funding. That letter, delivered to the president in person in early November, was credited with mobilizing both Clinton and Vice President Al Gore to intervene to sustain funding. "This experience showed that the NGOs can make a big difference in the budget process," said Gareth, "if they abandon competition for budget resources and unite

behind a conception of development assistance that integrates environment, population, human resource development and popular participation."

On the biodiversity treaty, our strategy grew out of a sense that the new administration would not sign the treaty unless its concern for the environment could be meshed with its concern for economic growth, especially in technology industries. Biotechnology companies feared that the treaty could jeopardize profits from their inventions. Gareth was a key player in a small group of environmental NGOs and biotechnology and pharmaceutical companies that negotiated an agreement in early 1993 to address these concerns. The agreement reassured industry and convinced the administration that an approach existed that would have the support of both industry and environmental groups. Clinton referred to the group's efforts in his 1993 Earth Day speech announcing his intention to sign the convention.

EESI also was a leader in persuading the administration and Congress to reduce debt owed to the U.S. government by the poorest developing countries, most of which are in sub-Saharan Africa. In an effort to increase foreign exchange earnings to make debt service payments, these countries have stepped up their exploitation of tropical forests and other natural resources. Heavy debt burdens also have robbed resources from vital human development programs, such as health and education, further undermining the countries' efforts to rebuild their struggling economies. We organized an NGO working group on debt to push the administration to reduce the government-to-government debt of the poorest countries by two-thirds (the so-called "Trinidad Terms"). When the administration failed to adopt this objective, Program Associate Inji Islam joined with the Congressional Black Caucus to advance the proposal. As a result, in a major step forward on debt policy, Congress adopted language calling on the president to reduce the bilateral debt of eligible countries in accordance with the Trinidad Terms.

On trade, we co-founded a Congressional staff working group to explore the links between trade and the environment and policy strategies to minimize the negative impacts of liberalized trade on the environment. Program Associate Hayes McCarthy coordinated the group — the only forum to provide interested Congressional staff with timely information on the issues and policy options and to offer an opportunity, especially between the House and Senate, to exchange views on different options. The meetings became an important vehicle for debating the many contentious environmental issues surrounding NAFTA.

The Water Program continued to push for better integrated water policies, increased protection for groundwater resources and increased water conservation. We view these strategies as key to more cost-effective and improved protection of water resources for the benefit of public health, the economy and water-dependent ecosystems. Successes in 1993 included:

- Growing consensus on proposed amendments to the federal Clean Water Act (CWA) that will serve to advance our Water Program's three priorities.
- Emergence of a proposal based on our ideas about how to help small, poor communities safeguard their drinking water at lower cost — as an alternative to rolling back safeguards or bankrupting these communities.
- Adoption by President Clinton of two executive orders to boost water efficiency in federal facilities, which could save millions of gallons of water and millions of taxpayer dollars per year.

"Federal water policies are governed by a 'crazy quilt' of essentially single-purpose laws and programs," said EESI Water Program Director Don Gray. "Federal, state and local programs frequently conflict, they are too narrowly focused to adequately protect and sustain water resources, and they don't operate in an efficient, timely and cost-effective fashion."

Don, Program Associate Marilyn Arnold and Program Attorney Donna Downing took steps throughout the year to educate Congress and the new administration on the need for much better integrated water policies and programs. They also developed specific policy proposals to accomplish this objective.

Again, we used a mix of strategies to achieve our goals. For example, we organized an extremely well-attended series of Congressional educational briefings to identify new policy directions to sustain the nation's water resources. Despite the diversity of participants, the briefings produced a remarkable consensus on the need and opportunities for better integration of protection and conservation of both groundwater and surface water into existing law and policies. We published a summary of the series for Congress and hundreds of water policy leaders nationwide.

Out of these fact-finding sessions, Don developed and submitted testimony on the CWA reauthorization, offering specific recommendations to strengthen groundwater protection and water conservation efforts. His testimony also underscored the role that "sustainable agriculture" can play in enhancing water quality. Many of Don's recommendations

were adopted in the House, Senate and administration versions of the reauthorization.

We further advanced sustainable agriculture by holding Congressional briefings to assess the contribution of traditional agricultural practices to non-point source pollution of both groundwater and surface waters, as well as the relative impact of various policy options on both agricultural profitability and improved water quality. We also continued to participate in national and Midwestern coalitions on sustainable agriculture which are developing strategies for the 1995 reauthorization of the federal farm bill.

We worked with a broad group of interests to formulate a proposal to enable small, low-income communities to comply with the Safe Drinking Water Act (SDWA). The proposal would provide water systems with financial and technical assistance and relief from costly monitoring requirements for finished drinking water — in return for increased protection of the source waters of drinking water. The proposal is an alternative to rolling back SDWA safeguards or ignoring the needs of financially strapped small communities. Its basic concepts were incorporated into the administration's SDWA reauthorization proposal.

Marilyn assisted Vice President Al Gore's "reinventing government" project in incorporating water use efficiency practices into federal operations. The project's final report included key EESI recommendations to improve water management at federal facilities. And when the first executive order was issued, the administration publicly thanked Marilyn for her role in its adoption.

We carried out related initiatives to promote water use efficiency, which can meet multiple environment and economic objectives: fish and wildlife habitat protection; improved water quality; enhanced recreational opportunities; reduced need for costly water supply and wastewater treatment projects; and lower energy costs for the pumping, heating and treatment of water. We also increased our coverage of issues of importance to Native Americans, for whom water use efficiency can free up water to implement water rights settlements.

Don was reappointed by House Speaker Tom Foley to serve as the only NGO representative on the Defense Environmental Task Force established by Congress. Don has taken the lead on the task force in advancing strategies to expedite the return of closing military bases to community use while maintaining public health safeguards and increasing opportunities for communities and environmental justice activists to voice their concerns.

GRANTS AND FINANCIALS

GRANTS AND CONTRIBUTIONS

We are grateful to the following people and organizations who contributed more than \$1,000, and to others who contributed directly to EESI or through their workplace giving campaigns.

\$20,000 or more

Congressional Leadership Dinner
 Earth Share
 Educational Foundation of America
 Energy Foundation
 Ford Foundation
 George Gund Foundation
 Teresa and H. John Heinz III Foundation
 William and Flora Hewlett Foundation
 W. Alton Jones Foundation
 Joyce Foundation
 W. K. Kellogg Foundation
 John D. and Catherine T. MacArthur Foundation
 John Merck Fund
 Joyce Mertz-Gilmore Foundation
 Charles Stewart Mott Foundation
 William Penn Foundation
 Alida Rockefeller Charitable Lead Trust, No. 2
 Rockefeller Foundation
 Summit Foundation
 Surdna Foundation
 Wallace Genetic Foundation
 U.S. Environmental Protection Agency

\$5,000 to \$19,999

AES Corporation
 ARCO Foundation
 William Bingham Foundation
 Chadbourne & Parke
 E.I. du Pont de Nemours & Co.
 Eastman Kodak Charitable Trust
 John A. Harris
 New-Land Foundation
 Ottinger Foundation
 Turner Foundation
 Vinson and Elkins
 WMX Technologies, Inc.
 Winslow Foundation

\$1,000 to \$4,999

Robert O. and Sylvia Blake
 Exxon Corporation
 Louise L. Ottinger Charitable Trust
 Sun Company
 Nelson Talbott Foundation
 United Steelworkers of America
 Robert B. Wallace
 World Resources Institute

STATEMENT OF FINANCIAL POSITION

December 31, 1993

ASSETS

Current Assets	
Cash in Banks and Certificates of Deposit	\$ 600,790
U. S. Government Securities	779,600
Accounts Receivable	2,592
Grants Receivable	578,096
Prepaid Expenses	<u>31,961</u>
Total Current Assets	\$1,993,039
Investments (At Market)	1,012,904
Fixed Assets	
Property, Equipment and Leasehold Improvements	\$ 232,815
Less: Accumulated Depreciation	<u>(154,172)</u>
Total Fixed Assets	78,643
Other Assets	
Security Deposits	<u>26,857</u>
TOTAL ASSETS	\$3,111,443

LIABILITIES AND NET ASSETS

Current Liabilities	
Deferred Revenues	\$1,358,484
Accrued Expenses and Taxes	99,121
Accounts Payable	<u>12,558</u>
Total Current Liabilities	\$1,470,163
Net Assets	
Unrestricted Net Assets	<u>1,641,280</u>
TOTAL LIABILITIES AND NET ASSETS	\$3,111,443

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS

For the Year Ended December 31, 1993

Operating Revenues	
Project Grant Revenue	\$ 803,392
Subscriptions	386,260
Leadership Fund Revenue	169,900
Operating Grant Revenue	123,708
Printing	58,581
Special Reports	57,154
Other Revenue	11,945
Publications	<u>8,026</u>
Total Operating Revenue	\$1,618,966
Less: Direct Project Expenses	<u>1,449,639</u>
Operating Revenue After Direct Expenses	\$ 169,327
Less: Indirect Expenses	<u>230,380</u>
Excess of Operating (Expenses) over Revenues	\$ (61,053)
Add: Investment Income	<u>96,921</u>
Excess of Revenue Over Expenses	\$ 35,868
Unrestricted Net Assets, January 1, 1993	<u>1,605,412</u>
UNRESTRICTED NET ASSETS, DECEMBER 31, 1993	\$1,641,280

EESI

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