Blacksmith Institute

Annual Report 2006





Blacksmith Institute

Our History

Our Strategy

Blacksmith Institute's vision is a clean planet for our children. We develop and implement solutions for pollution-related problems in the developing world. We work cooperatively with partnerships of donors, governments, NGO's and others, and provide strategic, technical, and financial support to local

- Identifying polluted places in the developing world, with nominations received from members of the international community and through the internet;
- Assessing the health risks at those locations by reviewing nominations with a Technical Advisory Board of leading international specialists on a rolling monthly basis and visiting candidate sites with likely high health risk implications;
- Conducting an Initial Site Assessment, a triage protocol that validates likely health implications, and enables the design of an intervention, and
- Designing and implementing a remediation strategy tailored to the specifics of the site in question, using local people to implement the project in a cooperative fashion.

Our Focus

Our work encourages the international community to recognize local point-source pollution as a pressing issue of grave concern.

Through our continuing support of local initiatives, Blacksmith empowers active responses to pollution within communities. This approach capitalizes on local knowledge and networks and is inclusive of all site stakeholders from community leaders and local governments, to industry, national and international actors .

Blacksmith Institute's name is inspired by the hard work of a blacksmith who, in a dirty environment, creates items that are practical, useful, and can stand the test of time. Blacksmith Institute strives to emulate this with its projects - creating and supporting local agencies that truly work to solve pollution problems.

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www.blacksmithinstitute.org

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Since 1999, the Blacksmith Institute has been addressing a critical global need: the clean-up of dangerous and largely unknown polluted sites throughout the developing world. Industrial wastes, air emissions, and legacy pollution from old industry affect millions of people around the world. Women and children are especially at risk. Tens of thousands of people are poisoned and killed each year. Others have reduced neurological development, damaged immune systems, and long-term health problems. The World Heath Organization, in conjunction with the World Bank, estimates that 20 percent of deaths in the developing world are directly attributed to environmental factors from pollution. This threatens efforts to create sustainable economies, protect

local environments, and improve the health and development prospects of people living in poverty.

champions as they strive to solve specific, pollution-

related problems in their communities.

Blacksmith Institute

Board of Directors

Technical Advisory Board

Staff

Richard Fuller

Director
Blacksmith Institute

Josh Ginsberg

Vice-President, Conservation Operations Wildlife Conservation Society

Joshua Mailman

President Sirius Business Corporation

Ron Reede

Senior Vice President Lazard Freres & Co.

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Mayfare Software Solutions

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Director ABC News

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CEO

Kapadia Energy Services

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Ellison American Cancer Society
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Massachusetts Institute of Technology

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Founder Quality Environmental Solutions, Inc.

Mukesh Khare, Ph.D.

Professor Indian Institute of Technology in Delhi

lan von Lindern Ph.D

CEO and Chairman, Terra Graphics Environmental Engineering , Inc.

Bill Lorenz

Former Director
Environmental Resources Management

Magrit von Braun, Ph.D. P.E.

Administrative Dean and Founder Environmental Science Program University of Idaho

Mr. Shannon M. Flannigan, P.G.

Litigation support practice leader for Environmental Resource Management, Inc

Richard Fuller

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David Hanrahan, M.Sc.

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Programs Administrator and Africa Projects Coordinator

Bharati Maskey, MS

Polluted Places Coordinator

Maya Shenkmen

Russia Projects Coordinator

Marlo Mendoza

Philippines Projects Coordinator

Peter Hosking

Asia Projects Coordinator

Promila Sharma

India Projects Coordinator

Vladimir Kuznetsov

Russia Proiects Coordinator

World's Worst Polluted Places 2006

Blacksmith Institute Launches First-Ever Polluted Places List

In 2006 Blacksmith Institute produced the first list ever released of the World's Worst Polluted Places. This is a current record of the top 10 toxic locations where pollution severely impacts human health, particularly the health of children. Environmental and health experts – including faculty from Johns Hopkins, MIT, Harvard, Mt. Sinai Medical Center, and City University of New York, among others – who serve on Blacksmith Institute's Technical Advisory Board developed the criteria and evaluated candidate sites.

The Goal: To give voice and urgency to the "Brown Agenda" (i.e., the issue of long-term pollution), which competes with the Green Agenda (conservation, biodiversity) and Global Warming for attention among journalists and policymakers concerned with the environment.

Nominations: Blacksmith staff members identified and researched 35 sites culled from more than 300 that had been presented to Blacksmith over the past seven years for support in clean up by local communities, non-government organizations (NGOs) and a broad range of environmental authorities around the world.

Evaluation: Using a scoring system it developed for this purpose, the Blacksmith TAB weighed pollution conditions in terms of their impact on human health, the size of the affected population, and specifically the risk to children's development.

Action/Reaction:

- According to Dominican news outlet, Diario Libre, the environmental secretariat announced the closing of Metaloxa, the company responsible for polluting the Haina site.
- According to Peru's CPN, local officials publicly called for hastening the clean up and health activities in La Oroya.
- In Russia, a local NGO leader confirms deplorable conditions and calls for remediation.

Top 10 Polluted Sites - 2006

Linfen, China
Dzerzhinsk, Russia
Ranipet, India
Haina, Dominican Republic
Kabwe, Zambia
Rudnaya Pristan, Russia
Norilsk, Russia
Mailuu-Suu, Kyrgyzstan
La Oroya, Peru
Chernobyl, Ukraine

Awareness: Within 24 hours of the press release, a global media campaign delivers the news to millions through online, print and broadcast media channels in 10 languages. The top international news services - Reuters, AP, Bloomberg, and AFP – carried the story, which was picked up by over 300 media outlets in the U.S. and abroad. Notable among the results:

- Most e-mailed story on the BBC Web site.
- Featured on Yahoo News Homepage.
- Radio interviews with Blacksmith director Richard Fuller in Miami, Columbia, Portugal, Australia, and the BBC
- Print stories in Australia, U.S., Italy, France, Peru, Russia
- Visits to Blacksmith Web site increase 400 fold
- Within a week, Blacksmith receives over two dozen new nominations for 2007 list and supportive feedback and thanks from around the globe.



Project Highlights: AFRICA

Blacksmith Country Representatives

Delax Chilumbu

Zambia
Advocacy for Restoration
of the Environment

Saada Juma

Tanzania
AGENDA for Environment
and Responsible
Development

Mamadi Kourouma

Guinea Centre d'Appui au Developpement (CAD)

Dr. Marcelino Lucas

Mozambique Director, Environmental Health Department, Ministry of Health

Ibrahima Sow

Senegal Chemical Engineer, Division of Pollution Control Ministry of Environment

Amadou Diouf

Senegal Director Africa Clear

Senegal: Hann Bay Industrial Zone

Although Hann Bay wraps around the industrial zone of Dakar, Senegal, it is a densely populated area. Residents of the informal settlements along the coastline use the bay for bathing, washing and cooking. Numerous fishing boats can be spotted along the crowded shore. Once known as a recreation destination for local families, industrial pollution along the banks from 1968-1997 has rendered it exceedingly toxic.

The Bay is polluted not only by sewage from the city but also by dangerous untreated industrial waste from the 85 factories feeding the Bay that have little or no effluent treatment facilities. Studies have revealed effluent contamination with highly toxic heavy metals like mercury and lead. Contaminated bay fish are caught by local fishermen and widely consumed throughout the capital.

Blacksmith has established an Advisory Board that has led to the formation of a larger stakeholder group consisting of staff from the Ministries of Environment and Industry. The group is reviewing existing appropriate studies and is currently developing a remediation plan. This project is based on the utilization of a centralized effluent treatment facility for the factories of the Hann Bay region. User fees will pay for the facility construction costs, as well as to remediate the legacy contamination from historical toxins.



Zambia: Lead Mine and Smelter Pollution

One of the world's worst polluted cities, Kabwe, Zambia is located about 130km north of the nation's capital, Lusaka. Since 1902, lead mining and smelting operations were running almost continuously with no emissions controls up until 1994. The mine and smelter have shut down, leaving the city of nearly 300,000 people with a legacy of poison and toxicity from deadly concentrations of lead in the soil and water.

Blacksmith helped found the Kabwe Environmental and Rehabilitation Foundation [KERF], a local NGO, to inform the community about the dangers of lead and how to limit exposure, as well as provide nursing support for the ill. As a result of Blacksmith's ongoing involvement, the World Bank has allocated \$15 million to Kabwe clean-up, as part of a larger \$40 million grant and loan to clean up the industrial Copperbelt Region of Zambia. With Blacksmith support, KERF was approved for a World Bank grant of approximately \$100,000 to establish community information centers. KERF has built the first of many planned community health and education centers to combat lead poisoning. This project also seeks to increase the capacity of national academic and professional expertise in treating and ending lead poisoning.

The Kabwe project exemplifies Blacksmith's ability to leverage funds and act as a powerful intermediary between communities and large donor organizations.

Guinea: PCB Contamination

Over the past 50 years, the EDG Site de Tombo, an electric power plant, has dumped as much as 1,000 gallons of PCB-contaminated transformer oil into Conakry Bay. The plant, located less than 60 meters from the bay's edge, is within 100 yards of a village that relies on the water for drinking, cooking, and bathing. Particularly for workers at the power plant, exposure to PCBs is direct and immediate. Workers drink the site's water and wear no protective gear while in direct contact with PCBs. Children near the power plant are the most vulnerable to PCB poisoning, as their systems are more delicate than those of adults and more easily damaged by even small amounts of PCB chemicals.

Blacksmith Institute is supporting a project that has implemented temporary storage for future PCB drainage while preparing to remediate the legacy pollution. Blacksmith is seeking funding to build a waste treatment facility for the contaminated soil as well as to educate workers on pollution avoidance measures. In addition, project staff will train Ministry of Environment staff to oversee future enforcement of pollution regulations, including monitoring and creating toxic baselines for PCB management nationwide.







Project Highlights: ASIA

Industrial Pollution: Philippines

The Marilao, Obando and Meycauayan River system in the Philippines hosts a multitude of industrial activities along its shores, including: lead recycling facilities, gold refineries, tanneries, open dumpsites, and electroplating. These industries do not have waste treatment facilities and the effluents pollute the surface water system, directly affecting 250,000 people and a thriving aquaculture economy.

Since 2005, Blacksmith Institute has supported a local stakeholder group comprised of community leaders, local government, scientists and industry representatives who have worked to stop ongoing pollution and treat legacy wastes. Two of their great successes are: a tannery waste treatment plant paid for by the Manila Tanneries Association; and a commitment to strictly regulated treatment of lead battery waste stockpiles by the largest lead smelter in the country, Philippine Recyclers Incorporated (PRI), who is a member of the stakeholder group. Additionally, the stakeholder group is working towards formal recognition by the Department of Environment and Natural Resources, designating protection of the river system as one of the first water quality management areas in the Philippines under the newly passed Clean Water Act.



Hazardous Waste: Muthia Village, India

In Muthia, Gujarat, approximately 60,000 tons of toxic sludge from tannery and dye plants as well as other untreated waste has been dumped in the village over the last decade. These hazardous wastes have leached into the groundwater, which has turned yellow. Monsoon rains wash and spread the contaminated sludge over wide areas, impacting the soil as well as all surface water sources. High levels of heavy metals have been found throughout the area, including peoples homes, schools and children's play areas.

In partnership with local authorities and NGOs, Blacksmith funded the implementation of a multiphase clean-up. To prevent further groundwater contamination, the unlined dumps were cleared and the waste was taken to a regulated landfill site while the remaining area was decontaminated. Employing the use of vermiculture, in which worms that concentrate heavy metals in their bodies are used to clean soil, a hazardous waste remediation training program was established for the villagers and local farmers. The project has been successful thus far, and the site continues to be monitored by local groups..

Blacksmith Country Representatives

Marlo Mendoza

Philippines Coordinator

Liu Zhoade

China

Oriental Environmental

Promila Sharma

Polluted Place

Pak Sokharavuth
Cambodia
Ministry of Environment

Leyan Wang

Artisanal Gold Mining: Cambodia

Artisanal gold mining results in about one third of atmospheric mercury pollution making it a global concern. In Ratanikirri province, Cambodia, small scale miners employ mercury amalgamation to extract gold from the ore. The amalgam is heated uncovered to volatilize mercury and recover the gold, resulting in the release of mercury into the surrounding environment. This process has caused elevated mercury levels in gold miners and residents of downstream villages.

In collaboration with Environment Canada and the Global Mercury Project, a series of appropriate technology trainings were held to reduce mercury emissions and exposure among miners and their families. Trainings in the use and construction of a simple, inexpensive piece of equipment known as a retort were given at the mine site, and demonstrations were also given to the local Ministry of Environment and craftsmen in Banlung. Presentations were made in Phnom Penh to the Ministry of Environment, Ministry of Fisheries, Plan International, and Rotary Club.

Blacksmith also measured severe bacterial contamination in the community drinking water well and provided a ceramic water filter that removes harmful bacteria.



Project Highlights: Eastern Europe

Blacksmith Country Representatives

Vladimir Kuznetsov Russia

Polluted Places Coordinator

Alexey Yablokov

Russia

Director, Center for Russian Environmental Policy in Moscow

Petr SharovRussia
Far Eastern Health Fund

Radioactive Milk: Bryansk, Russia

After the failure at Chernobyl, significant areas in Russia and Ukraine became polluted with the radio-nuclide Cesium-137. In Bryansk, Russia tens of thousands of residents were unknowingly consuming meat and dairy products tainted with excessive levels of radioactive materials. As the main consumers of dairy products, children in Bryansk were exposed to excessive amounts of radiation. Doctors in Bryansk have recorded higher than average oncological diseases as well as decreased immune system capacity in the local children.

Blacksmith Institute funded the Veterinary Laboratory of Bryansk region, an organization with experience in monitoring cesium in milk and meat, to distribute neutralizing preparations to dairy cows. The Veterinary Laboratory monitored the manufacturing and delivery of veterinary preparations as well as the training of the population in administering the preparations.



Sakhalin Island

Northern Sakhalin has several onshore oil and gas fields, developed by the Russian company Rosneft-Sakhalinmorneftegaz, that have been operating with no controls since the 1920's. Oil leaks and spills are common due to the obsolete equipment, primitive drilling technologies and corroded oil pipelines. Two of the oldest rigs still operate as they did approximately 75 years ago. These onshore Soviet-era oil companies cause massive pollution and environmental damage.

Blacksmith Institute has funded a program that surveyed the area and analyzed the extent of the damage caused by mineral oils and the suspended solids. Currently, a report is being prepared that will detail a remediation plan for the company to pursue.



Chemical Weapons Waste: Dzerzhinsk, Russia

In Dzerzhinsk, an epicenter of Russian chemical manufacturing, the average life expectancy is 42 years. Until the end of the Cold War, the city was among Russia's principal production sites of chemical weapons. According to figures from Dzerzhinsk's environmental agency, between 1930 and 1998, almost 300,000 tons of chemical waste, composed of 190 different toxic compounds were improperly disposed of, into the water table. These chemicals have turned the water into a white sludge containing dioxins and high levels of phenol - an industrial chemical which can lead to acute poisoning and death. Levels of phenol are reportedly 17 million times the safe limit. The city draws its drinking water from the same aquifers into which these old wastes and unused products were pumped. Now that many of these industries are no longer in operation, the local groundwater has risen, along with the water level in the canal. This rise in the canal's water level threatens to dump arsenic, mercury, lead and dioxins into the Oka river basin, a source of drinking water for the nearby city of Nizhny Novgorod.

Following the support of a baseline research project in the area in 2004, Blacksmith, in cooperation with the local government, has funded the installation of water treatment systems in settlements throughout Dzerzhinsk where groundwater is highly polluted, yet remains the sole source of drinking water. In addition, Blacksmith has funded the establishment of a steering committee led by a local NGO (DRONT) in cooperation with the Nizhniy Novgorod municipal government, to begin the design of a large-scale remediation and pollution mitigation plan for the entire affected area.

Current Project List

CAMBODIA

Pesticide Contamination

Ministry of the Environment,

Department of Pollution Control

Gold Mining and Mercury Emissions

Ministry of the Environment,

Department of Pollution Control

CHINA

Greener Beijing

Greener Beijing Institute

Fubao Village

Yunnan Environmental Protection Bureau

DOMNICAN REPUBLIC

Haina Lead Battery Contamination

GUINEA

Gold Mining and Mercury Emissions

Centre D'Appui au Develeppement, UNIDO

PCB Clean-up and Removal

Centre D'Appui au Develeppement

INDIA

Groundwater Contamination, Kanpur

Central Pollution Control Board and Eco-Friends

Groundwater Contamination, Meerut

Janhit Foundation

Kolkata Lead Smelter Residue Assessment

Aruputo Chromium Contamination Assessment

Tangra Tannery Chromium Contamination

Roro Hills Asbestos Dump

Hyderabad Lake Pollution

Muthia Village Hazardous Waste

Concept Biotech

Panki Katra Fly-Ash

Center for Environment Education

Bicchadi Industrial Estate

Gujurat Stakeholders Group

Society for Environmentla Protection

MOZAMBIQUE

Pilot Project for the Reduction of

Mercury Contamination

Ministry for the Coordination of Environmental Affairs

NEPAL

Dhobi Khola River Pollution

WATO

PHILIPPINES

 ${\bf Marilao/Mey cau ayan\ Industrial\ Contamination}$

Ministry of Environment

RUSSIA

Rudnaya Pristan Lead Remediation

Far Eastern Health Fund

Sakhalin Oil Remediation

Sakhalin Environment Watch

Nizhny Novgorod Toxic Chemical Remediation

Volga Center for Environmental Health

Drinking Water Treatment, Dzerzhinsk

DRONT

Bryansk Radionuclide Treatment

Eksorb

Krasnoufimsk Monazite Remediation

SOKOL

Muslyumova Radioactive Sludge Removal

TECHA

SENEGAL

Pilot Project for the Control of Air Pollution in

Dakar

Africa Clean, Ministry of Environment

Baia de Hanne Industrial Pollution

Africa Clean, Ministry of Environment

Leaded Gasoline Vendor Testing

Africa Clean

Gold Mining and Mercury Emissions

Ministry of the Environment,

Department of Pollution Control

TANZANIA

Lake Victoria Pollution, Mwanza

LEAT (Lawyers' Environmental Action Team)

Environmental Management Trust

Msimbazi River Action Network

THAILAND

EnLAW (Environmental Law for the Wants)

ZAMBIA

Kabwe Clean-up Oversight

ARE (Advocacy for Restoration of the Environment)

Kafue River Cleanup

ARE (Advocacy for Restoration of the Environment)

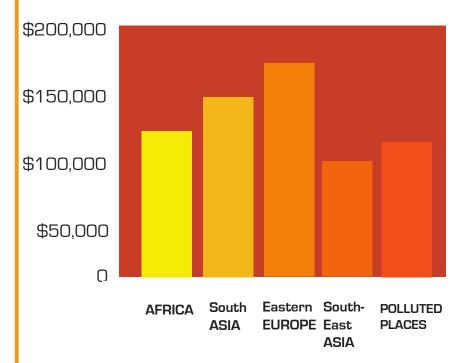
2006 Financial Highlights

In 2006, Blacksmith Institute's total revenue was approximately \$870,000. This total was a result of focused fund raising efforts and strategic development planning. Blacksmith's 2006 expenses totaled \$780,000. Of that figure, 85 percent or \$663,000 directly supported our programs.

This past year, Blacksmith Institute supported 35 ongoing projects in 13 countries, completing 7 in 2006 and renewing 24 for 2007. Blacksmith Institute continues to approve new projects: 362 sites have been nominated to our Polluted Places online database. We are constantly expanding geographically and are tackling a diverse range of environmental and human health issues.

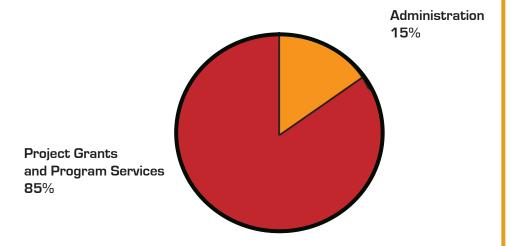
Private institutions and foundations continue to be the major funding sources for Blacksmith, though individual donations provide substantial support for our programs.

Expenses by Region



These results are in the process of being audited. Please contact our office for all audited statements.

2006 Expenses



Developing and implementing solutions for the innumerable pollution-related problems in the developing world is the focus of our work.

We develop partnerships with donors and transnational organizations to provide strategic, technical, and financial support to local champions as they strive to solve specific, pollution-related problems in their communities.

2006 Donors

Blacksmith Institute would like to thank the following individuals and organizations for their generous support:

Asian Development Bank

Communities and Small-Scale Mining

Dudley T. Dougherty Foundation

ERM Foundation

Mailman Foundation. Inc.

Ohrstrom Foundation

Richard and Rebecca Evans Foundation

Sigrid Rausing Trust

Vincent Mulford Foundation

USEPA

Whole Systems Foundation

William T. Hillman Foundation

World Bank

Roy J. Zuckerberg Family Foundation

Richard Fuller

Joshua Ginsberg Sheldon Kasowitz

Joshua Mailman

Ron Reede

Paul Roux

ABM Company of New York

Classic Recycling

Great Forest Inc.

The Hobbs Group

Men At Work Construction Corp

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Eugene Choi

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Barbara Fischer

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Sara Kate Gillingham-Ryan

Joann Hanson

Mr. and Mrs. Stephen Laico

Valerie Lester

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Marc Kenneth

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Murray and Lisa Palmer

Nancy Sammon

Lisa Schlingerman

C.R. Sonne

Charlotte Treifus

Lloyd Zuckerberg

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In addition, we wish to thank the numerous companies and individuals whose unfailing generosity gives Blacksmith the opportunity to continue its vital work around the globe. Your crucial gifts help us consistently expand and save lives daily.