



Letter from the Chairman

Dear Friends,

In this post-September 11th era, it is increasingly obvious that we live in an international community. We are now conscious that activities in faraway lands have a direct impact on the health and future of the entire planet.

Some of the most critical problems in developing countries are those related to pollution. The models Blacksmith is developing to deal with these problems are helping the communities in which we work and have the potential to be replicated across the globe.

This has been a remarkable year for Blacksmith. We have made many trips abroad, including visits to new countries — Mozambique, China and soon, Russia. We are now supporting over a dozen projects in six countries.

As we grow, we face an increasing need for financial support. The economic recession has taken a deep toll on the philanthropic community, so it is more important than ever to support groups like Blacksmith.

The US Dollar goes a long way in developing countries. It takes only about \$10,000 each year to support one of our

projects. Such a grant allows an organization to set up an office, get proper equipment and pay for staffing at local salary levels. With this support also comes a commitment by Blacksmith to stand by our Partners as they seek solutions to their environmental challenges by providing technical assistance, strategic planning and mentorship opportunities.

Despite the freezes many foundations have on their giving, we have decided to expand our budget for next year. It simply is crucial that we continue our work. However, our limited sources of funding have decreased, and even ceased, in some cases.

While we continue to approach the Foundation community, we also appeal for support from individual and corporate donors.

With your contribution, we can continue to support the work of local people seeking solutions to their pollution problems.

We see no other choice in this time of an expanding global community. The environment of the planet is the responsibility of all of us. Please help us protect the future health of the globe.

Richard Fuller



Lake Dianchi, Kunming, China

Russia: The Legacy of the Nuclear Age

The Blacksmith Institute will travel to Russia in December of this year to investigate the environmental situations that have resulted from the legacy left by Russia's nuclear era.

During the 1950's and 60's, several secret cities in Siberia were contaminated with radioactive materials from bomb-making facilities. The level of contamination left behind was extreme — some estimates put the amount of pollutants at one site alone at 22 times the amount released in the Chernobyl accident.

In another example, there is a lake where so much nuclear waste was dumped that even today it would deliver a lethal dose of radiation to a person standing on its shore for just one minute, if it were accessible.

Blacksmith will be visiting the southern city of Chelyabinsk, in a region of high nuclear contamination, to meet with governmental and non-governmental representatives. We will explore opportunities to assist local agencies in their clean-up activities and their efforts to develop effective community outreach strategies. In the late 1940's, about 80 kilometers north of the city of Chelyabinsk, an atomic weapons complex called "Mayak" was built. Its existence has only recently been acknowledged by Russian officials

We expect to find opportunities to support groups as Blacksmith Partners, as well as opportunities to begin building our database of toxic sites for our new initiative, Polluted Places. For more on this program, please see the article on Page 3.

Blacksmith in China

Earlier this year, Richard Fuller (Chairman) and Peter Hosking (Asia Programs Coordinator) traveled to China to begin surveying China's pollution problems and opportunities for Blacksmith to be involved.

The result of the trip was that Blacksmith hired a part-time representative, Hu Jia, and met with several groups, two of which we are now supporting. Yunnan Environmental Protection Bureau and Greener Beijing are Blacksmith's newest partners. By supporting their work, we are beginning to have a presence in two different regions of China. Because working in China has challenges we have not faced before (Non-Government Organizations are technically not permitted and the sheer size of the country provides geographical challenges we are not accustomed to), working with these two groups allows us to support two small organizations doing great work and also is an opportunity for us to get our feet wet in the Chinese environmental arena.



Yunnan EPB focuses on sound environmental planning in the area of Lake Dianchi, as a demonstration project for central and provincial governments

Yunnan Environmental Protection Bureau is working on small town environmental planning to promote sustainable development with a demonstration project in the Lake Dianchi basin. This area is the most urbanized part of the southern Chinese province of Yunnan, with a population of 2.5 million, and accounts for 30% of Yunnan's GDP. Kunming, the capital of Yunnan, has a population of 1.8 million and lies within the basin. There are over 100 small towns in the Kunming area that are growing rapidly, resulting in deterioration of water quality, ecological degradation, growth of algae, and accelerated eutrophication of Lake Dianchi. Both central and provincial governments realize that it is urgent to prevent and control water pollution so as to maintain economic development that is environmentally sustainable. There are programs underway to control pollution in Kunming, but relatively little has been done to control pollution in the rural areas surrounding Kunming. The Yunnan Environmental Protection Bureau (YEPB) has therefore decided to launch a pilot program in the town of Fubao to identify and test innovative methods for reducing non-point



The Prairie Desert of Inner Mongolia

sources of pollution. These methods would be incorporated into town development planning and would involve various stakeholders. Once their effectiveness is demonstrated, these 'best practices' can be incorporated into the development planning of other small towns in the area and thus, provide a basis for sound environmental management. The photo on the first page of this newsletter shows the devastation of the lake.

Greener Beijing The prairie desert of the East Ujumchin Banner in Inner Mongolia is being threatened by illegal mining of zinc-iron ores. The wastewater and waste slag pollution created by the mining operation poses a threat not only to the local ecosystem, but to the livelihoods of local herdsmen and members of a local Production Collectivity Team as well. Greener Beijing Volunteers, a grassroots environmental NGO in China, has launched an effort to address this problem through a number of different means. They will organize a team of experts to assess the site and propose methods for cleanup, provide legal assistance to the local victims of pollution, and raise public awareness of the problem through the media and the Internet.

We will continue to support these two groups and hope to add more partners in China. Currently, we are discussing the possibility of working on a project concerning the Three Gorges Dam along the Yangtze River. ●



Greener Beijing investigates the situation at a Zinc-Iron mine, where grasslands were illegally taken from local herdsmen

Targeted International Philanthropy in Tough Economic Times

Giving in the international arena can be difficult and confusing. Finding appropriate collaborators and partners who may be separated by substantial cultural differences and a dozen time zones can scare away even the most committed donors. The costs of establishing in-country operations can seem enormous, diverting funds away from more needy project work. Just giving to well-established organizations might mean that real and urgent needs are overlooked. And, as with any new endeavor, finding competent and trustworthy partners is no easy matter.

We began exploring international giving in 1999. Our objective was to create local infrastructure to solve pollution problems in the Global South – an area of massively overlooked need. We know that hundreds of millions of people in the Global South are injured or killed by pollution yearly, yet there is little activity either from the U.S., or often even in the affected countries themselves. It seemed urgent to us that this gap be filled.

The next step was to determine how best to use our limited resources most effectively.

1. Developing the Strategy

It became clear to us that in order to solve pollution issues, most countries needed to have a set of effective laws and enforcement regimes, working sewage systems, controls on industrial and medical waste, systems to manage cleanup of legacy sites, good solid waste management, controls on hazardous wastes and materials, and a healthy NGO community acting as a watchdog. Unfortunately, this is rare, if not non-existent.

So, Blacksmith decided that our role in the international community would be to make sure all these areas are addressed in every poor country. We decided that we would only support local initiatives, to develop local capacity and avoid the potential pitfalls of foreigners working with local groups as consultants.

2. In-Country Surveys

We initially decided to work in Eastern Africa and South-East Asia, and arranged trips to each area, targeting Cambodia, Thailand, Zambia, and Tanzania. We spent about a week in each country, meeting with governmental and non-governmental agencies interested or active in the areas. From this initial analysis, we were able to outline our key priorities in each location, and make known our interest in supporting solutions in each community.

3. Establishing Local Initiatives & Solutions

For each problem, we sought someone with a practical solution. For example, when a hazardous materials law needed writing in Cambodia, we requested, and eventually supported, an initiative with their Ministry of Environment. And in Zambia, when a town blighted with lead poisoning needed an NGO to provide community education and encourage the government to get World Bank support, we helped found a local group to oversee that process.

We quickly found that these start-up initiatives needed more than funds. For example, they needed help on how to write a strategy plan and how to network with other

groups and potential donors. We created a support system of local experts and partners in the U.S. who mentor these newly budding operations.

We also hired local experts in each country, usually on a part-time basis, to be our representatives. The representatives assist our partners and their projects, and help us develop new projects as needed.

Many of these projects are very inexpensive. We can often support a local initiative for \$10,000 per year, and our local representatives' costs are often only a few hundred dollars each month. A small amount of money can go a long way in the Global South.

4. Ongoing Support

We now have initiatives in seven countries, and we're growing. We require formal reports from them each quarter, and full and detailed expenditure disclosures at the end of each grant period. We visit each region once a year, and our country representatives are in constant contact with our partners. We commit to providing ongoing support for as long as the work is effective.

Our experience has been very rewarding. We believe that this model of focused giving will bear fruit in the years to come and we encourage our peers in the philanthropic community to seriously consider engaging in targeted international giving in the future. ●

Blacksmith's Newest Initiative: Polluted Places

We are launching a new initiative to identify and develop viable clean-up strategies for the worst polluted sites in the developing world. We're calling it Polluted Places. The idea is that we enroll the general development community as partners, identify and list those problem places most affecting human health, then divide them up amongst the partners themselves to put solutions into place.

Blacksmith paid visits to the World Bank and USAID in early October to introduce the project and explore ways in which the organizations might pool their resources and expertise. Both agencies showed keen interest in the project and a willingness to explore potential partnerships.

We are also asking experts from multilateral agencies, national governments, international environmental NGOs, scientific groups, foundations, and the media to nominate sites for inclusion in the project. The information these experts supply on these sites will assist us in creating a comprehensive central database that will be used to focus resources and decision-making on clean-up initiatives.

For information about this project, please contact Charles Iceland at iceland@blacksmithinstitute.org, or (646) 742-0200 x.204

The Blacksmith Institute Supports:

MOZAMBIQUE

• *Leaded Gas Task Force* works within the Ministries of Environment and Health to plan for the phase out of leaded gas in Mozambique.

ZAMBIA

- *Advocacy for Restoration for the Environment* is an advocacy group working on cleaning up the Kafue River basin
- *Kabwe Environmental and Rehabilitation Foundation* works with the community in Kabwe, a city of 250,000 with severe lead poisoning.

TANZANIA

- *Environmental Professionals' Organization* is developing a solution to the industry-related water pollution problems in Dar es Salaam.
- *Lawyers Environmental Action Team* represents the community in Mwanza, on Lake Victoria, in pollution litigation against polluting industries.
- *Clean Mikocheni Trust* advocates for sewage systems in Dar es Salaam.

CAMBODIA

- *Hazardous Materials Regulation Team* works within several governmental offices to write the law for Hazardous Materials in Cambodia.
- *Medical Waste Team* works within the Ministries for Environment and Health to develop a plan for medical waste disposal in Cambodia.
- *Mlup Baitong* has developed and is implementing a plan for recycling and waste management in one of Cambodia's largest national parks.

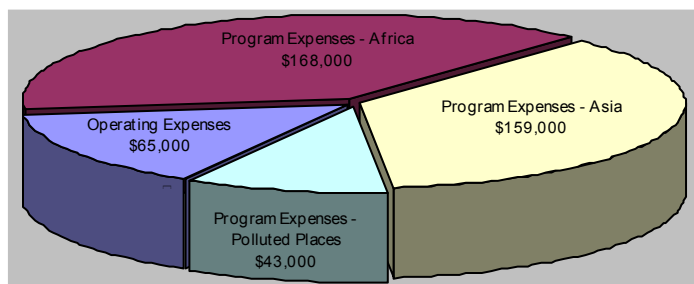
CHINA

- *Greener Beijing* is working to protect an area of Inner Mongolia that is threatened by illegal mining.
- *Yunnan Environmental Protection Bureau* is developing a pilot project in a highly populated lake area for sound environmental management.

THAILAND

- *Environmental Law for the Wants* works on legal advocacy on behalf of victims of environmental pollution.

Blacksmith Institute Budget - 2003 \$435,000



Many Thanks to our Generous Donors in 2002:

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