



WWF Macroeconomics for
Sustainable Development
Program Office
Annual Report 2004

Protecting Vulnerable People and Vulnerable Places

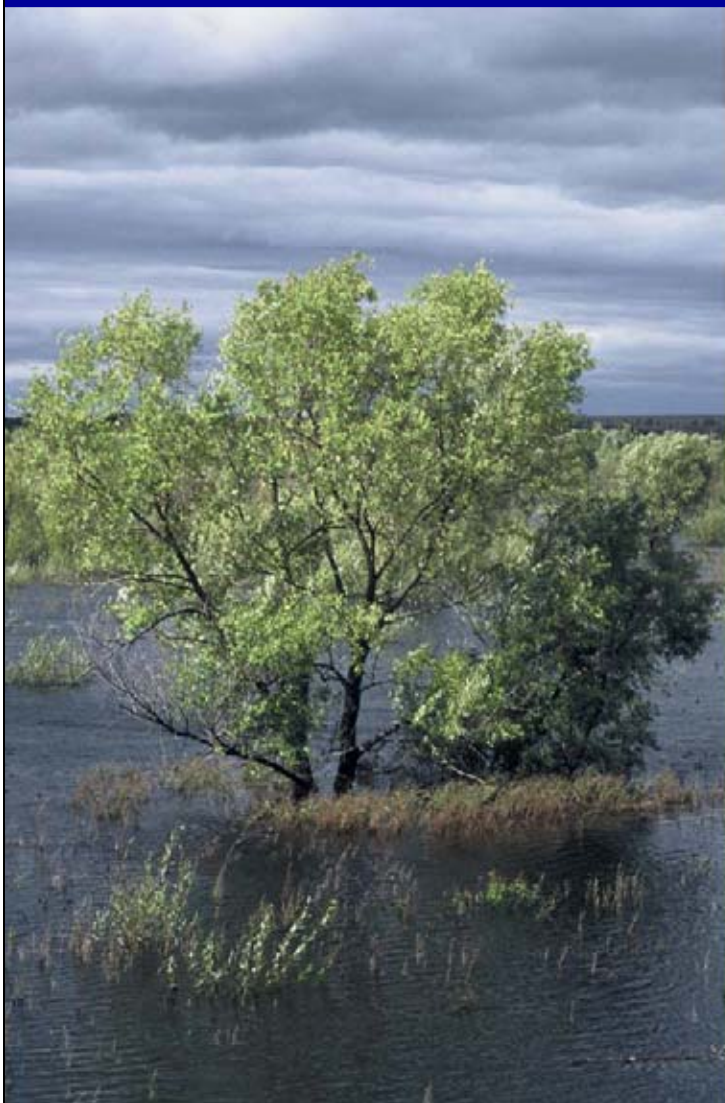


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Protecting Vulnerable People And Vulnerable Places

This MPO Annual Report provides an overview of the current activities undertaken by MPO program staff. This presentation is organized along the lines of our four thematic pillars:

- Poverty and the Environment;
- Trade and the Environment;
- Applied Environmental Economics; and
- Extractive Industries

and offers information about the specific projects being carried under those four pillars in partnership with WWF offices in 26 countries.

This report, however, presents more than just an overview of our many activities. It also offers a strategic vision of how we believe the MPO can contribute to strengthening implementation of WWF's Global Program in unique and crucial ways over the coming decade.

Vulnerable People and Vulnerable Places

This strategic approach, what we have called *Protecting Vulnerable People and Vulnerable Places*, has evolved more clearly over the past five years as the MPO has moved beyond its traditional focus on analyzing the underlying drivers of ecological disruption to directly supporting interventions to address environmental problems in developing countries with a wide range of partners. Through those direct interventions we have developed analytical and interventions options that have proven effective in diverse contexts at local, sub-national and national levels.

This strategic approach, *Protecting Vulnerable People and Vulnerable Places*, is framed by the fact that the world economy is undergoing a major transformation that is having sweeping and long-term effects on



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national economies, social groups and the environment in countries around the world. The instruments used to bring about these changes range from structural adjustment programs and the poverty reduction strategy initiative of the World Bank to Country Strategy Papers of the European Commission and national-level reform policies implemented by governments in countries around the world.

It is our view that the environment is largely left out of these policies and programs other than being considered as assets to support economic growth. In addition, the programs do not fully address the intimate relationship between the livelihoods of the poor, particularly the rural poor, and natural resources, an aspect that is crucial for realizing long-term conservation goals. The result is expansion of areas where vulnerable people and vulnerable places overlap due to a general neglect for the deepening ecological deterioration, and systemic failure to implement institutional and resource management changes that will protect the ecological systems on which rural livelihoods depend.

The MPO Response

In response to the economic changes and the accompanying environmental neglect, we propose and have moved to support activities that elevate the importance of vulnerable environments and vulnerable peoples in national development strategies so as to reduce ecological and human vulnerabilities. MPO activities, whether implemented through our poverty, trade, applied environmental economics or extractive industries programs, are built on three basic points:

- conservation in the developing world requires that we directly address the dependence of rural livelihoods, peri-urban communities, and urban dwellers on surrounding environmental goods and services. This requires a deliberate effort to create conditions under which communities can improve resource management and raise living standards;
- conservation and improved natural resource management at the local level can be sustained only if supportive conditions are created at sub-national and national levels. As appropriate, conducive conditions should be promoted at the international level; and
- creating supportive conditions for conservation and sustainable resource management requires changing development policy, governance and institutional arrangements at the levels indicated.

Strengthening the WWF Network

We believe that this strategic perspective can contribute in unique ways to supporting the Global Program because of the emphasis it places on linking conservation and poverty reduction and because it insists on changing policies and institutional arrangements at higher levels to protect conservation and resource management accomplishments at the local level. We offer this strategic perspective as a complementary approach that can help operationalize ecoregion conservation particularly as ecoregion leaders are faced with integrating poverty reduction issues into strategic plans and as they raise the scale of interventions to address influences at the ecoregion scale and beyond. Similarly we believe that this approach can be supportive of WWF's six Thematic Issues as those programs seek to change policies and practices of national governments and development agencies as regards management of land, fresh water, marine resources, forests, energy and biodiversity.

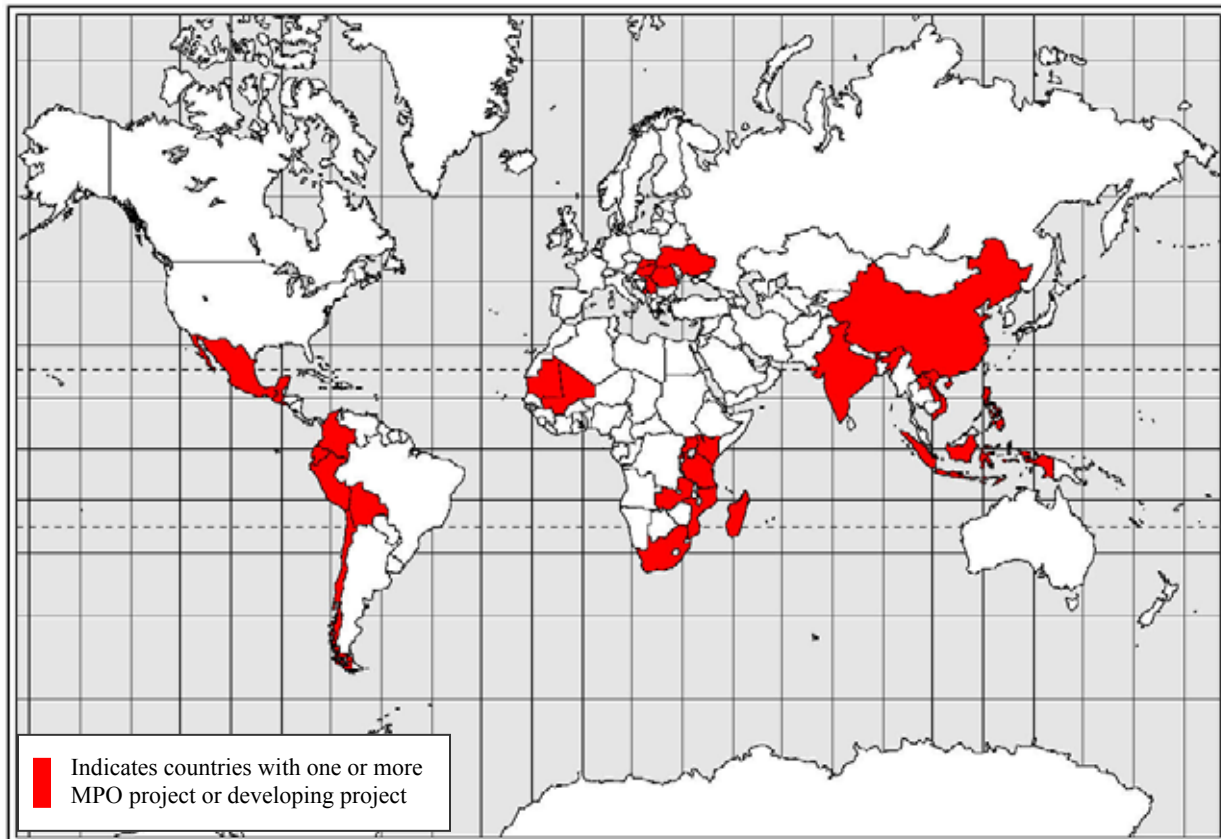
We believe that the MPO's value-added to the WWF Network, and to the environmental and development communities more generally, begins with analyzing and proposing responses to large-scale national and international development programs and policies. These programs and policies include PRSPs, the European Union's Country Strategy Papers, trade

liberalization, extractive industry initiatives and ongoing economic reform programs. However, the MPO's potential contributions can only be realized when combined with the skills, knowledge and influence of WWF offices in countries around the world. It is the convergence of capacities – combining policy analysis and advocacy with local experience and wisdom – that we believe will allow the WWF Network to significantly increase its influence in coming years.

In the following pages we present the programs and projects through which our contributions to WWF's Global Program are being channeled during 2004 and 2005. In addition to presenting a general overview of the MPO's four program areas, we provide information about specific projects, project sites, and activities implemented with local WWF offices and other partners. By emphasizing the specific projects, we hope that this Report will open doors to new opportunities for strengthening fulfillment of WWF's mission.

Respectfully submitted,

David Reed, PhD
Director MPO
October 30, 2004



Poverty and Environment Program

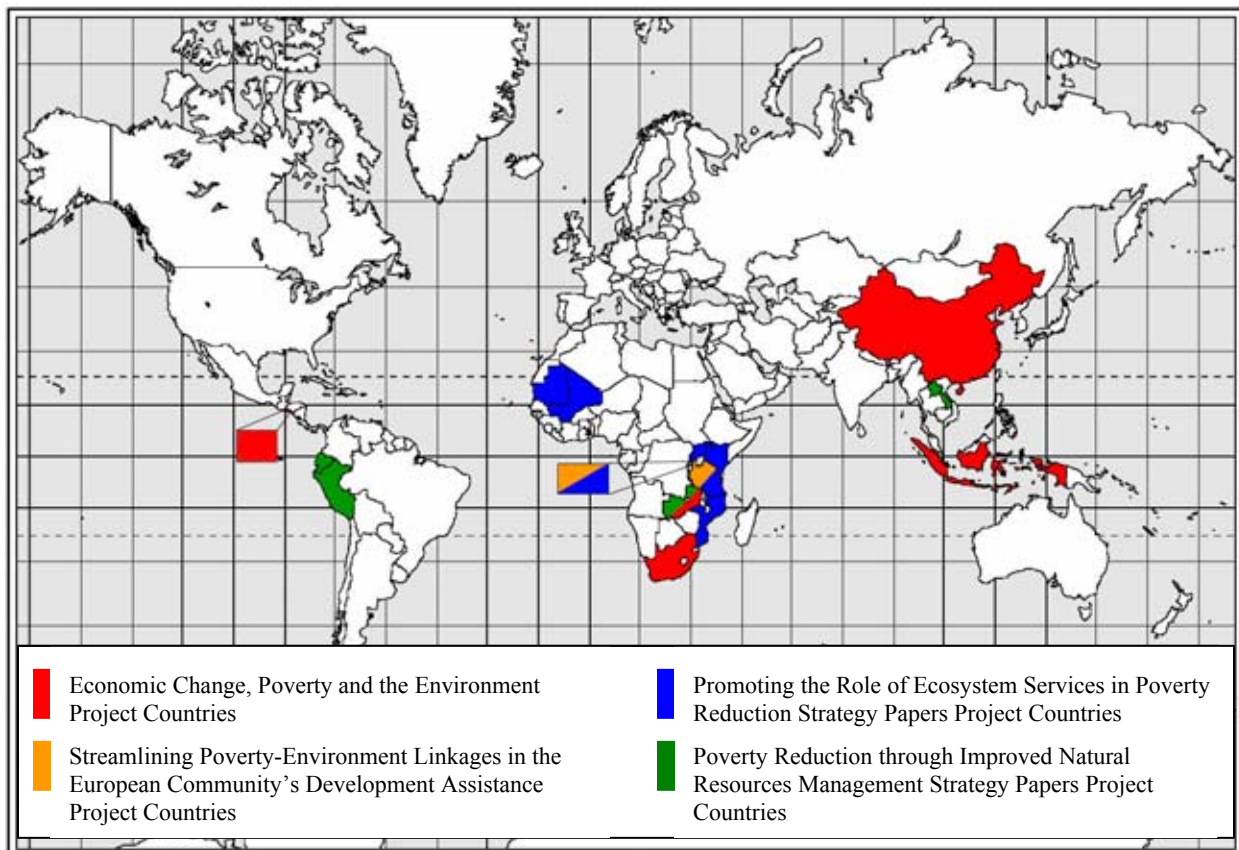
Conservation of the environment, protecting biodiversity and ensuring the integrity of natural systems are central to WWF's mission and are fundamental to the health and well being of all people. Despite the growing negative impacts of ecological degradation on societies in the North and South, environmental services are still widely ignored by governments, development agencies and the private sector as they pursue economic growth strategies. Consequently environmental resources are being exploited and degraded with little regard for immediate and long-term costs and with equal disregard for how those costs are distributed among members of society.

It is in many of the most biologically rich and vulnerable places that a vast majority of the world's poor – the rural poor – live. Indeed, their survival often depends on the quality and availability of natural resources. However, the international community's commitment to reduce and eventually eradicate poverty, primarily through economic growth, often ignores the reliance of the poor on the environment. At the same time, conservation organizations often fail to understand and address the role of the environment

in the lives of the rural poor and the central role that the rural poor must play in protecting the ecosystem.

These twin challenges shape the MPO's Poverty and the Environment program. The MPO program develops and implements strategic interventions to address poverty-environment dynamics at local, sub-national and national levels. These interventions are based on an understanding of the national economic and institutional factors that shape local-level actions and behavior. These interventions include changing national laws and policies, reforming resource management institutions at the sub-national level, and increasing access of the poor to natural resources at the local level.

The ultimate purpose of our direct engagements is to ensure a central role for environmental issues in national growth policies and poverty reduction programs. To this end, we seek to increase the resource management capacity of the poor, build alliances between the rural communities and urban-based experts and organizations and advocate specific economic and institutional reforms to promote prosperity and sustainability in rural and peri-urban areas of developing countries.



Economic Change, Poverty and the Environment Project (ECPE)

Donors: European Commission, DGIS, Sida

Implementation sites: China, El Salvador, Indonesia, South Africa, Zambia, plus network-wide and global policy outreach.

Project duration: January 2001 to June 2006

Project objectives:

The principal objective is to intervene directly in selected localities to break the linkages between poverty and environmental degradation in rural areas across the developing world. Lessons derived from these interventions and from complementary policy work will be used to inform and strengthen policies and practices of development agencies to promote win-win policy strategies.

Specific objectives:

- Test and refine an analytical approach designed to decipher the linkages between poverty and environmental degradation, at local, meso and macro levels;
- Develop a coherent strategic intervention approach that will help break poverty-environment dynamics in rural areas with particular focus on economic policy and institutional factors at meso and macro levels;
- Enhance collaboration between government agencies, groups of civil society, and international development agencies to review and implement effective methods to address these dynamics; and
- Organize policy activities on the international level with development agencies and governments to promote understanding and acceptance of win-win policy strategies to address the poverty-environment nexus.

Project status:

The project is in its fourth and final year and has begun the final stage of outreach and delivery of outputs to targeted audiences. Outreach and delivery will take place on two levels. First, the country teams will complete their outreach and activities to a wide range of national and local audiences and they are taking final measures to ensure the project's sustainability in coming years. Second, the MPO will complete its outreach activities, taking the results of the country teams and more widely applicable outputs to an international audience beginning in July 2005.

Key accomplishments and outputs:

The ECPE project has introduced to the WWF Network and conservation partners a new approach to rural conservation and development that goes beyond the two pre-existing models, namely the stand-alone conservation project and the integrated conservation and development project (ICDP). Through this project, MPO has also increased attention given to the poverty-environment relationship in development strategies and country-level programs implemented by international development agencies.

The success of this project resides in the direct impacts registered at local, sub-national and national levels in the five participating countries. In China's Deqin County (Yunnan Province) and Indonesia's Lombok Island, the ECPE focused on preserving valuable mountain ecosystems and improving the lot of local communities hit hard by economic change and political reforms. Interventions at the provincial and national levels included promoting changes in regulations so as to allow government-community co-management agreements to flourish. Selected interventions at the local level included training villagers and protected area staff in sustainable natural resource management practices.



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In El Salvador's La Montaña and South Africa's Riemvasmaak the ECPE project worked with local communities that had recently increased their access to their natural resource base through land reform and land restitution, yet lacked the capability to manage those resources sustainably. In Zambia, the ECPE project team carried out selected interventions at the national level including developing legal and institutional innovations that will allow villages to make use of community assets to capitalize conservancy businesses.

At the global level, the ECPE project has delivered a flow of outputs on issues ranging from sustainable finance and poverty-environment indicators to agricultural intensification and PRSPs.

Deliverables and outputs:

- Publication of an analytical approach to understanding the dynamics of poverty and environmental degradation in rural areas of the developing world;
- Publication of an intervention approach that improves environmental management and livelihoods, and to promote policy and institutional reforms;

- Publication of the results of the project by partners in the five selected countries; and
- Active participation in the debate in the development and environmental communities about the linkages between poverty and the environment

Key issues and problems:

- Ensuring the long-term sustainability of policy reforms brought about through the project, especially in light of potential changes in government administration;
- Limited capacities in WWF offices constrained our ability in certain countries to engage with them as full partners

Staff:

Dawn Montanye (Sr. Program Manager)
Pablo Gutman (Sr. Policy advisor)
Brent Nordstrom (Program officer)



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Promoting the Role of Ecosystem Services in Poverty Reduction Strategy Papers (PRSPs)

Donors: UNEP, SwedBio

Implementation sites: Mauritania, Mali, Mozambique, Kenya, Tanzania, Uganda, Rwanda

Project duration: September 2004 to August 2006

Project objectives:

The overarching objective is to increase developing countries' capacity to mainstream environment in their development strategies and notably Poverty Reduction Strategy Papers (PRSPs).

Specific objectives:

- Work with focal groups, including WWF offices, in seven African countries to assess PRSPs and recommend mechanisms in the PRSPs increasing attention given to the environment and ecosystem services;
- Assess actual government and development agency investments under the rubric of the PRSP framework;
- Identify best practice approaches for including ecosystem services in PRSPs;
- Produce manuals and other materials for guidance in carrying out such analysis and identify points of intervention;
- Strengthen the involvement of key stakeholders with government agencies and development institutions; and
- Deliver results to national and international audiences.

Project status:

The project is in its beginning stages of conducting preparatory workshops, identifying key stakeholders, identifying research partners and designing a methodological approach.

Key accomplishments and outputs:

While still in its start-up period, the project has hired a senior program officer to manage and direct project activities as well as manage the partnership with UNEP. Further, the project has participated in partner meetings to set up a coherent program of work and identified countries and initiated contact with the local WWF offices there. Two preparatory workshops have also been carried out in Mozambique and Uganda.



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Deliverables and outputs:

- Assessments and best practices of seven PRSPs regarding the role of ecosystem services, specific programmatic approaches for protecting ecosystem services, and actual investments in support for ecosystem protection;
- Seven publications, one for each selected country, summarizing significant lessons drawn from the foregoing assessments and intended to guide future interactions of civil society organizations with appropriate agencies and authorities;
- Two manuals, one in French and one in English, summarizing the conclusions and recommendations of the PRSP assessments;
- Training workshops, in both French and English, to share lessons and build local capacity to interact with future PRSPs design and implementation.
- Outreach and delivery of general conclusions and recommendations to international development community

Key issues and problems:

- Lack of interest from government and civil society in this UNEP-sponsored project. The use of participatory approaches should be used, including the project conceptualization and design phases. This lack of “involvement” of local counterparts seriously endangers the project impact and sustainability.
- Following up on project implementation in countries without WWF offices, like Uganda.

Staff:

Susana Carrillo (Senior Program Officer)
Dawn Montanye (Senior Program Manager)



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Streamlining Poverty-Environment Linkages in the European Community's Development Assistance

Donors:	DFID
Implementation sites:	Tanzania, Rwanda
Project duration:	July 2004 to December 2005

Project objectives:

The main objective is to enhance the impact of the European Commission's development assistance on poverty reduction through increased attention to the role of the environment in the livelihoods of the rural poor in EC country development strategies.

Specific objectives:

- Evaluate the anticipated environmental impacts of proposed EC Country Strategy Papers (CSP) in Tanzania and Rwanda and propose strategic interventions that are needed to address the anticipated impacts of CSPs on the environment and the poor; and
- Evaluate current aid programming processes used to develop CSPs and identify long term policy and institutional opportunities to improve poverty-environmental streamlining to enhance future effectiveness of EC development assistance.

Project status:

Desk reviews of the CSP for Tanzania and Rwanda have been completed and focal areas for research reflecting vulnerable ecosystems and vulnerable populations have been identified in each country. Local research teams have been set up to carry out the multi-level poverty environment analysis in Tanzania and Rwanda.

Key accomplishments and outputs:

This project is being carried out with WWF's European Policy Office in Brussels. Thus far, CSP desk reviews for Tanzania and Rwanda have been completed and training of local research teams in Tanzania and Rwanda, working with local WWF offices, is underway.

Additionally, linkages are being made with Eastern African Marine Ecoregion program in Tanzania to help influence the 2007 EU Country Strategy Paper.

Deliverables and outputs:

- Detailed multi-level poverty-environment analysis in two countries, including assessment of poverty-environment dynamics at the local level, their relationship to meso-level institutional arrangements, and linkages to macro policies and institutions.
- Evaluations of the anticipated environmental and livelihood impacts of proposed Country Strategies in the two countries.
- Detailed recommendations to address identified environment weaknesses of current CSPs, including identifying strategic interventions and meaningful programs of action to help the rural poor and promote natural resource management.
- Recommendations for long term EU and national institutional and policy changes and long-term opportunities to facilitate poverty-environmental integration in the CSP process.



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Key issues and problems:

- With a new European Commission being installed in November and a review of the EC development policy to be completed by May 2005, we are uncertain how this activity can influence the formulation of the new EC development policy.
- The head of the Environment Division of the EU Delegation in Tanzania has a very limited idea of environment and does not see the clear linkages to poverty alleviation.
- WWF has a limited presence in Rwanda thus limiting our ability to engage WWF fully.

Staff:

Dawn Montanye (Senior Program Manager)

Jenny Springer (Director Livelihoods and Governance Program)



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“You will agree with me that socio-economics is most of time forgotten for some reason in most resource management analyses and this has not been different for EAME. It was the MPO people who finally brought in the bridge and the connectivity. This changed dramatically in terms of the actions and programmes that will be required to address biodiversity loss in the Ecoregion.”

-Amani Ngusaru

Ecoregion Coordinator for the Eastern African Marine Ecoregion (EAME)

Poverty Reduction through Improved Natural Resources Management

Donors: DGIS

Implementation sites: Laos, Zambia, Peru and Ecuador

Project duration: January 2004 to December 2007
(NOTE: MPO involvement funded up to December 2006)

Project objectives:

The objective of this project implemented by WWF-International is to contribute to poverty reduction in the four countries through improved land, water and forest management in selected river basins and forest ecoregions.

Specific objectives:

- Strengthen the analytical foundations and strategic interventions undertaken by project partners in the four countries to ensure that poverty reduction and conservation objectives in the selected countries are fulfilled;
- Strengthen civil society organizations to more effectively participate in the management of freshwater and forest ecosystems and influence local, national and international policies and planning processes; and
- Improve policies and planning to provide incentives for equitable and sustainable development.

Project status:

The project was launched in January 2004 with a work plan development workshop in Gland, organized by the WWF-International Forest Program with active



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participation from MPO. Work plans were approved and DGIS funds disbursed by Gland in July 2004.

Country teams have hired project staff and are starting to design analytical work for the project with MPO assistance, including field work in Peru/Ecuador and Zambia.

Plans are underway for a meeting of country and management teams – tentatively scheduled for January 2005. These meetings will be held regularly over the course of the four-year project. The focus of this meeting will be to review analytical work, ensure links between analysis and select strategic interventions, and design of M&E plans.

Deliverables and outputs:

- High quality poverty-environment analytical work and design of strategic interventions from three countries/regions: Peru/Ecuador (Rio Pastaza), Laos and Zambia.
- A paper reviewing the applicability of the MPO analytical and intervention approaches with specific reference to watershed/ freshwater issues.
- Meetings and public presentations to share experience and lessons from this work.

Key issues and problems:

- Launch workshop did not include a strong focus on the analytical approach, so MPO technical support is now being provided individually to each project team, and less comprehensively across the teams (e.g., limited engagement with Laos to date)
- Ensuring delivery of MPO technical contributions into the project strategy was a challenge at the outset, and remains an on-going challenge to Network managers and offices not accustomed to the MPO approach

Staff:

Jenny Springer (Director Livelihoods and Governance Program)

Trade and Environment Program

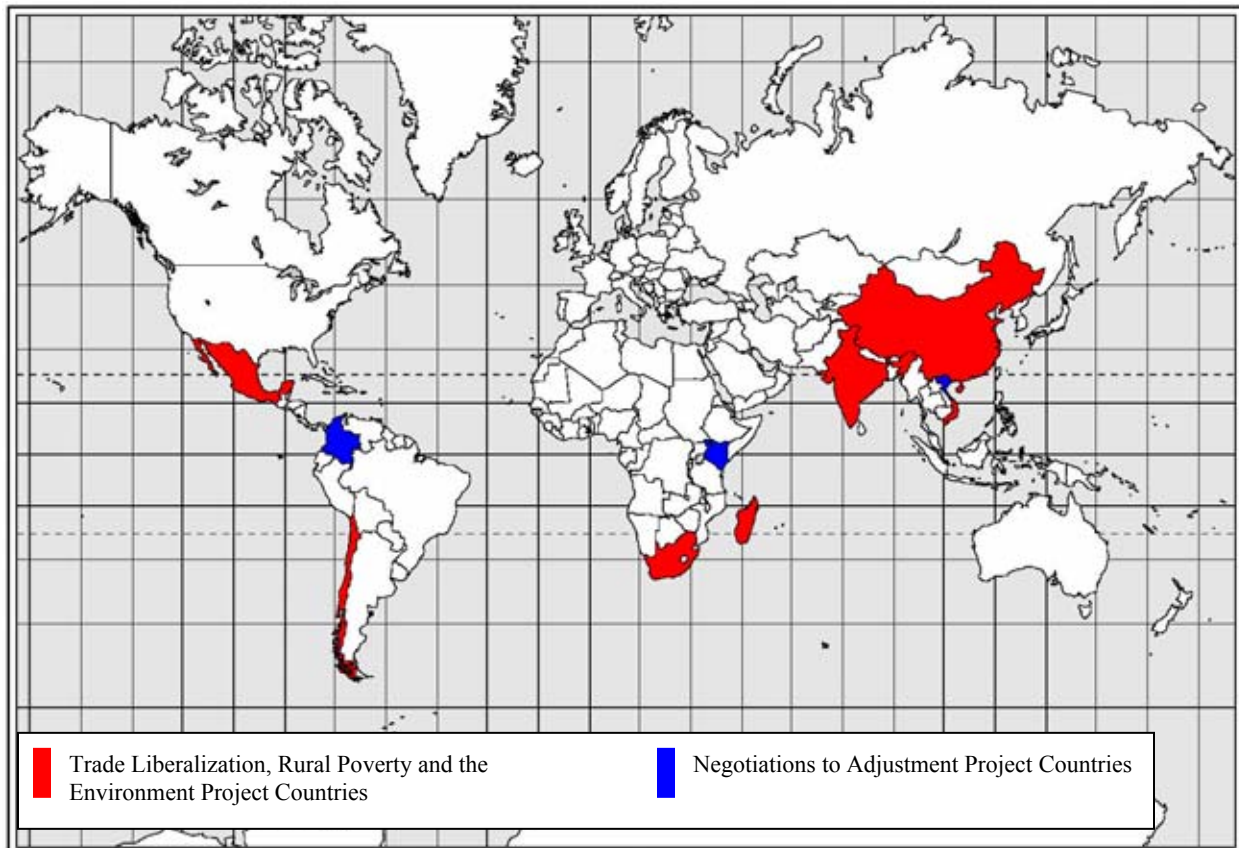
The main goal of MPO's trade program is to promote better understanding of the impacts of trade reforms on the use and users of land and water resources in developing countries. From this sharper understanding, the MPO's Trade and Environment Program engages key actors, ranging from the World Bank and national governments to private corporations and civil society organizations, in changing trade policy and institutions so that they will more directly promote environmental sustainability and social equity.

In the context of a sharply polarized debate about the positive and negative impacts of trade liberalization, projects carried out under this program have proven remarkably successful in building dialogue and direct collaboration among the private sector, international institutions, local stakeholders and government agencies. In promoting dialogue and collaboration among these parties, the program seeks to:

- identify options for the use and users of the natural environment as countries respond to economic incentives generated by a liberalized trade regime;

- better understand the trade-offs involved – across sectors and stakeholders – in decisions concerning development and the environment, in the context of the new global economy; and
- develop policy and institutional responses and promote interventions at appropriate levels of governance.

MPO's trade activities are developed from the ground up and focus on the interaction of real people, both wealthy and poor, with their surrounding environment. On-the-ground trade activities have begun in Chile, Mexico, Madagascar, South Africa, China, India and Vietnam and new opportunities are approaching implementation in Honduras, Kenya, Brazil and Colombia. These activities are focused on local and national institutions and policies with particular emphasis on agricultural practices. While all activities are rooted in rigorous empirical analysis, we seek to move directly to interventions and promoting on-the-ground results.



Trade Liberalization, Rural Poverty and the Environment (TPE)

Donors:	European Commission, DGIS
Project Partner:	The World Bank
Implementation sites:	Chile, China, India, Madagascar, Mexico, South Africa and Vietnam
Project duration:	June 2003 to December 2007

Project objectives:

The overarching objective is provide the international community with solid empirical analysis of the impacts of trade liberalization on land and water resources and the rural poor in developing countries and to identify policy responses that can enhance trade's contribution to promoting sustainable development.

Specific objectives:

- Better understand the linkages between ecological systems and the economic, social and institutional changes inherent to trade liberalization and trade policy reforms;
- Identify interventions that address the environmental and social effects, both positive and negative, associated with trade liberalization and trade policy reforms;
- Organize processes at the national level for mediating the trade-offs among winners and losers on environmental, economic and social issues.

Project status:

Analytic work is progressing in seven countries under the supervision of a joint WWF-World Bank technical team and an international advisory committee. Three of the seven country activities have been accepted as Sub-global Assessments under the work plan of the Millennium Ecosystem Assessment. The project teams have met twice to discuss objectives and standards for the analytic side of the project. The next meeting is planned for South Africa in April 2005, with a focus on engagement and outreach.

WWF offices are managing the communication and outreach aspects of the project in Chile, Madagascar, India, Vietnam and China. WWF-South Africa is providing some support to the communications aspects of the project, while WWF-Mexico is not yet engaged.

Key accomplishments:

The obligation of forging working relationships among project partners – WWF, The World Bank, the Dutch Ministry of Development Cooperation, the European Commission, the project's International Advisory Committee, research teams and outreach partners from the seven countries – has moved us closer to understanding the trade-offs between environmental, social and economic goals as trade reforms are implemented. That analytical framework will be greatly enhanced by research outputs from the seven countries and will allow the project's principal partners, WWF and the World Bank, to make clear policy recommendations for national and international trade bodies. Our close collaboration with the UNEP and the Millennium Ecosystem Assessment will also continue to strengthen the outputs of the project.

This project has already spawned a second project (From Trade Negotiations to GlobalAdjustment), and our trade team is at work on a set of possible new activities involving agriculture and the environment, capacity building for civil society organizations related to trade and the environment, the emergence of Asia (and the significance of China) as a global trading metropole, and the development of environmental indicators for the U.S. Millennium Challenge Account.



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Deliverables and outputs:

- Literature review identifying policy and institutional measures that may increase the positive, avoid the negative, or redress the damages that may result from the impact of trade liberalization on the rural poor and rural environments.
- Analysis of probable impacts of trade liberalization on the environment and rural poverty at the national level and written recommendations to reform current policies and institutions.
- Written analyses and recommendations to reform current policies of international trade bodies.
- Public outreach and engagement with national governments, local stakeholders, and civil society organization promoting conclusions and recommendations.

Key issues and problems:

- Ensuring that governments and international trade bodies accept and act on the analysis and recommendations derived from the project
- Strengthening mechanisms by which the WWF Network can use the project's findings and recommendations to inform national, ecoregional, and program office strategies

Staff:

Owen Cylke (Senior Program Manager)
Pablo Gutman (Senior Policy Advisor)
Jonathan Cook (Program Officer)

“The Trade Liberalization, Rural Poverty, and the Environment project has greatly helped us raise conservation work up to the national policy level. The project helped us create a platform for policy-makers, donors and NGOs to debate the intricate linkages between trade, economics, poverty and the environment.”

- Nanie Ratsifandrihamanana
Conservation Director, WWF Madagascar

From Trade Negotiations to Global Adjustment

Donors: DGIS

Implementation sites: Colombia, Kenya and Vietnam

Project duration: January 2005 to December 2006

Project objectives:

The project's principal objective is to enable stakeholders in the three pilot countries to anticipate and respond to the potential environmental and social effects of agricultural trade liberalization and the related transformation of global agricultural markets.

Specific objectives:

- Deepen understanding of environmental and social changes that will result from shifts in comparative and competitive advantage attributable to agricultural trade liberalization;
- Identify probable impacts of trade liberalization on natural resources and poverty, identify supporting environmental and social policies, and propose adjustment options to governments, the private sector, producer organizations, international commodity bodies;
- Assess the trade-offs – across sectors and stakeholders – arising from these impacts, opportunities and options related to agricultural trade liberalization (with particular attention to the environment and poverty reduction);
- Strengthen the capacity of governments and other stakeholders to analyze, assess and address the environmental and social impacts of liberalization, and to reorient the international dialogue on agricultural trade liberalization “from negotiations to adjustment”; and
- Strengthen capacity of WWF network offices and ecoregion programs to respond to the impacts of agricultural trade liberalization on critical ecoregions and ecosystems.

Project status:

The proposal for this project has been developed in partnership with the World Bank, International Food and Agriculture Trade Policy Council (IPC), and International Centre for Trade and Sustainable Development (ICTSD), and DGIS. Close collaboration and involvement of WWF's Colombia Program Office, Eastern Africa Regional Program Office and the Indochina Program Office is anticipated during all stages of program implementation.



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Key accomplishments:

On June 14, 2004, MPO and its partners held a seminar in the Paris office of the World Bank. This seminar generated a great deal of support and interest in the project among the broad range of representatives from European development agencies. MPO and its partners presented an overview of research carried out by international development institutions, trade associations, academic and research teams, and civil society organizations as part of the preparatory phase of the project. This overview included: conclusions from aggregate analysis of benefits and costs of agricultural trade liberalization; a synthesis of research of three commodities (cotton, rice, and sugar); and a summary of recommendations offered by various organizations to respond to the costs and benefits of trade liberalization.

Deliverables and outputs:

- Applied analysis from three local country teams identifying institutional, policy, and practical options to advance and protect core human development and sustainability goals in the context of liberalization of agricultural trade.
- A public consultation process that bring together key stakeholder groups and nurtures country ownership of the program.
- Agreement by stakeholders in each country to implement recommended economic, environmental, and social adjustments.

Key issues and problems:

- Ensuring the participation of private producers/marketing companies in the policy dialogue that may be reluctant to engage with government agencies and civil society
- Convincing government agencies and private companies to undertake specific adjustments identified as necessary and “inevitable” through the analysis and policy dialogue; and
- Translating the lessons and recommendations into the strategies and work programs of WWF ecoregional offices and program offices.

Staff:

Owen Cylke (Senior Program Manager)
Pablo Gutman (Senior Policy advisor)
Jonathan Cook (Program Officer)



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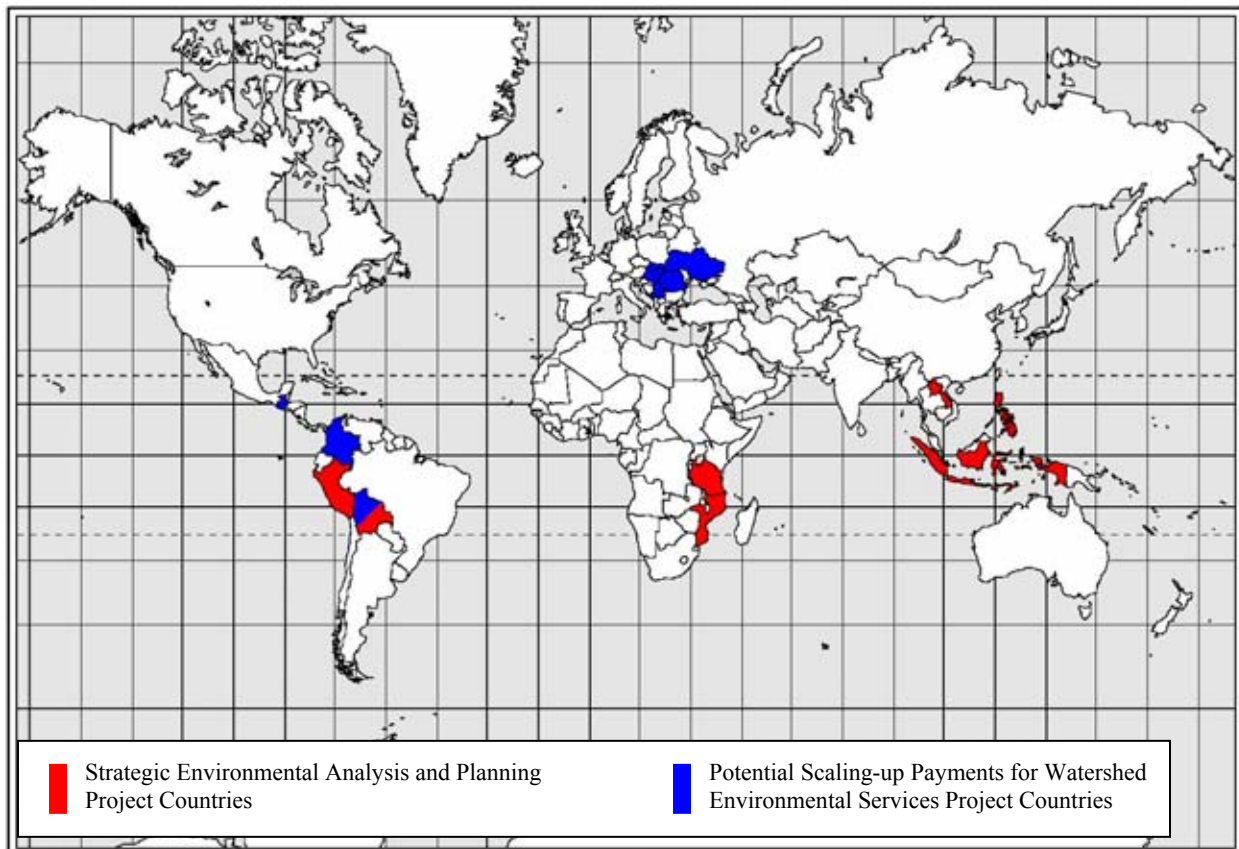
Applied Environmental Economics

MPO's Applied Environmental Economic (AEE) Program utilizes its knowledge of environmental economics and other social sciences to provide expertise and tools to help the WWF Network strengthen its conservation strategies and improve project implementation.

The AEE Program is shaped by both demand from within the WWF Network and by emerging issues that the MPO considers important for promoting WWF's conservation mission. Recent demands from the Network have included requests for support from Colombia, Turkey, India, Brazil and Bolivia. These include requests for assistance in developing policy activities, strengthening project proposals and short-term, specific technical inputs. Initiatives taken by the MPO over the past two years have included Scaling-Up Payments for Watershed Environmental Services and Strategic Vulnerabilities Assessments, each of which is presented in the following pages.



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Strategic Vulnerabilities Assessment

Donors: Sida, Swiss Development Cooperation

Implementation sites: Vietnam, Bolivia, Peru, Indonesia, Philippines, Laos, Mozambique, Tanzania

Project duration: June 2002 to March 2005

Project objectives:

The project's main objective is to enable the WWF Network and other environment/development organizations to anticipate and respond to potential environmental and related social impacts of macro-level development programs, such as structural reform programs, PRSPs, Country Assistance Strategy papers and other economic and institutional initiatives of international financial institutions and country governments.

Specific objectives:

- Develop a flexible analytical instrument that WWF offices can use to assess the probable impacts of macro-level development programs on vulnerable ecosystems and vulnerable peoples and to develop appropriate responses to promote conservation in high priority areas;
- Complete eight country-level case studies as a means to refine and test the analytical instrument, and to improve understanding of the direct and indirect environmental impacts of PRSPs, CAS, ADB programs, and other economic development programs in these countries;
- Promote understanding and adoption of the assessment tool within the WWF Network and disseminate results to international financial institutions and other civil society organizations; and
- Work directly with the World Bank where possible to share lessons learned from this project and from the World Bank's ongoing work in the development of environmental assessment tools.

Project status:

During the past six months we have reoriented this project away from developing an analytical and planning tool designed for use by the World Bank and other multilateral development banks to developing a tool, the 'vulnerability filter', to be used by WWF and other civil society organizations. The shift represents the results of our literature analysis on Strategic Environmental Assessments and the need for a tool to be used by those in the field to anticipate impacts of policy changes. The 'vulnerability filter' allows us to target WWF priority areas, and makes this tool more accessible to those on the ground. Earlier studies of adverse environmental change and its linkage with human well-being have consistently shown that the impacts tend to be highly concentrated in vulnerable ecosystems and on vulnerable populations.

The vulnerabilities project is being implemented in eight countries and will cover macroeconomic policies and sector-specific policies in agriculture, mining, oil and gas, forestry and infrastructure. Currently, we have local research teams contracted in Bolivia and Vietnam, a consultant traveling to Laos and the Philippines to carry out local research, and desk studies are being completed for Peru, Tanzania, Mozambique and Indonesia (with input from WWF-US staff and national offices of WWF).

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Key accomplishments:

We are currently refining the methodology based on our literature review and input from the researchers, MPO staff, and experiences to date. Baseline data and information is being collected for all country case-studies. Finally, sectors and regions have been identified for Peru, Indonesia, Vietnam and Bolivia and analysis is being carried out in these areas.

Deliverables and outputs:

- Methodology for developing and applying vulnerability filters for WWF local offices.
- Written report, providing summary and explanation of methodology and case studies
- Vietnam and Bolivia case studies complete as stand-alone vulnerability analyses and presented to national authorities and development agencies.
- Outreach and delivery efforts for the WWF Network on methodology, including at least one seminar
- Series of seminars to key audiences promoting the use of the vulnerability filters for potential users.

Key issues and problems:

- How to distribute the tool to the Network and how to make it a useful and applied instrument.
- Additional resources to ensure that the collaboration with the World Bank continues past March 2005. Can we explore the possibility of doing this directly with World Bank management?

Staff:

Mariana Manus (Research Associate)
Pamela Stedman-Edwards (Consultant)

Scaling-up Payments for Watershed Environmental Services

Donors:	Requested from Sida
Implementation sites: (Potential)	Bolivia, Guatemala, Colombia, Hungary, Romania, Serbia and Montenegro, Slovakia, and Ukraine
Project duration:	January 2004 to December 2007

Project objectives:

The main objective is to help the Network develop and implement scaled-up payment for environmental services (PES) schemes that deliver substantial conservation and rural poverty alleviation improvements.

Specific objectives:

- Scale-up local initiatives by supporting WWF offices involved in local-level water basin-related PES. These initiatives focus on improving participation of the rural poor, increasing conservation benefits, and creating a better understanding of the prospects and limitations of small-scale replication;
- Promote national and international PES schemes by supporting WWF offices involved PES in large watershed basins or country-wide and international PES schemes; and
- Develop the governance, marketing and institutional conditions that make PES possible and attractive to policy makers and resource managers.

Project status:

This initiative grew from the MPO's *Economic Change, Poverty and the Environment* project and has steadily evolved over recent years through a series of regional workshops, publications and project development activities that are now ready to move to a

new level of direct implementation. We expect that by late 2004 we will have confirmation that Sida will grant us core funding for 2005-2007. That core funding would allow us to deliver at least 50% of the outputs listed below for 2005-2007.



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“[From Goodwill to Payments for Environmental Services] has been circulated widely and very well received. With the growing need to find new and innovative mechanisms to fund Natural Resource Management, there is no doubt that this publication will be a very useful toolkit to our staff and partners here at WWF South Africa.”

-Tony Frost
CEO, WWF South Africa

Key accomplishments:

During 2004 we organized two regional workshops. The first was carried out in Bogor, Indonesia for Africa and Asia country offices in collaboration with WWF-UK and CARE- International. The second was held in Cartagena, Colombia for LAC country offices. We have also produced a series of publications on issues of sustainable financing in general and PES in particular, with contributions from more than 20 authors, including case studies from around the WWF network. Among them publications the reference book “*From Goodwill to Payments for Environmental Services. A Survey of Financing Options for Sustainable Natural Resource management in Developing Countries*” has been widely distributed and used as a training tool inside and outside the network.

Additionally, project ideas have been developed in discussions with WWF Freshwater theme leader, over 2 dozen country offices, potential external partners, (including CARE, IIED, World Bank, GTZ), and potential donors (including with Sida, Danida, DGIS, DfID, AFD).

Deliverables and outputs:

- Provide expertise to WWF country staff and other local stakeholders to support the design and implementation of PES schemes
- Train WWF country staff and other local stakeholders in development and implementation of PES schemes
- Engage major stakeholders, including the private sector, governments, communities, and social development NGOs, in a dialogue regarding opportunities and challenges for PES schemes and in concrete PES development and implementation

Key issues and problems:

- Reception to the project has been strong in local WWF office. However coordination has proven to be difficult.
- Additional resources will need to be raised

Staff:

Pablo Gutman (Senior Policy advisor)



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Extractive Industries Program

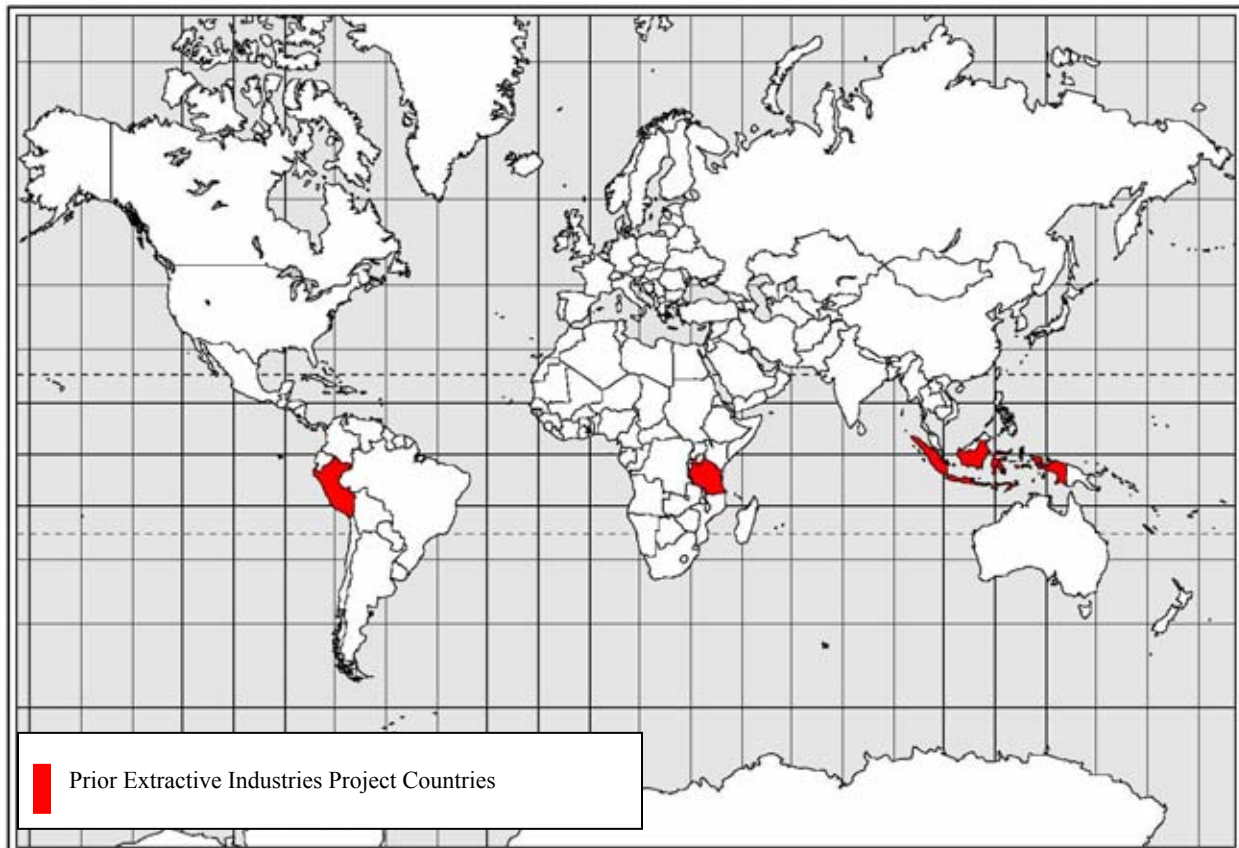
The Extractive Industries Program grows directly from our years of work analyzing and trying to influence structural adjustment programs financed by the Bretton Woods institutions and implemented by developing countries around the globe. Our analytical work on structural adjustment in 16 countries underscored how economic changes were accelerating the expansion of extractive industries often at the same time that institutional and environmental regulatory frameworks were being relaxed so as to attract foreign investors.

Our understanding of these dynamics was deepened through our recent engagement with the World Bank's Extractive Industries Review for which the MPO provided analytical work and policy recommendations for three selected countries: Peru, Tanzania and Indonesia. That analytical and policy work furthered our understanding of the unique contributions that the MPO can make to strengthening the Network and civil society's engagement with the private sector, governments and development agencies.

As explained in the accompanying project report, the specific contours and focus of the Extractive Industries Program will be determined through consultation with key offices of the WWF Network in coming months.



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Extractive Industries in Vulnerable Ecoregions

Donors: World Bank Extractive Industries Review, Forest Conversion Initiative, Tiffany and Co. Foundation

Implementation sites: Peru, Tanzania, Indonesia , Future sites to be determined

Project duration: November 2004 to November 2006

Project objectives:

The principal objective of this program is to strengthen the WWF Network's capacity to influence extractive industry policies and projects as they threaten vulnerable places and vulnerable peoples.

Specific objectives:

- Analyze and respond to economic policy and institutional reforms that support expansion of extractive industries in specific developing countries, giving particular attention to how the national policy and institutional context fails to provide adequate environmental and social protections;
- Develop institutional and policy responses for the financial community, mining corporations, international development agencies and community-based organizations to strengthen environmental and social protections; and
- Forge supportive relationships with a wide range of organizations in analyzing and promoting changes in extractive industry policies as appropriate.

Project status:

During the past two years, the MPO carried out a grant from the World Bank Group under the purview of its Extractive Industries Review (EIR) to assess the impact of structural adjustment policies on extractive industries in Peru, Tanzania, and Indonesia. The recommendations offered by the MPO figured prominently in the EIR's final report and MPO

likewise played a very active role in sharing the results of the study with a wide range of agencies, groups and corporations.

The contributions of MPO's EI work was reflected in the 2002 internal WWF review of extractive industries that recognized the MPO's analytical and policy work at the national level. Consistent with this assessment, the internal review recommended strengthening this macro-level analytical and advocacy work to support Network EI activities.

At the present time, the MPO is focusing its efforts on strengthening the Network's ability to address the growing number and gravity of threats posed to critical ecoregions and local communities by extractive industries. Expanding MPO's work goes hand-in-hand with the increased attention being given by many WWF offices around the world to specific EI investments at the local level. Part of the MPO's efforts to strengthen WWF's capacity has been to carry out an analysis of the global EI movement to identify key themes, organizations, countries and sites working to address the growing threats of expanded EI investments. This analysis will be shared with the WWF Network and CSOs more generally to help shape the future direction of our EI program.

During the coming six months the recently-appointed EI program manager will work closely with WWF offices in Gland, the United States, Australia, the United Kingdom, Canada and elsewhere to refine our EI strategy for the coming two years. We likewise anticipate developing an inclusive fund-raising initiative in close collaboration with other WWF offices.



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Key accomplishments:

MPO has completed its analysis of extractive industries in Tanzania, Peru and Indonesia for the World Bank Extractive Industries Review. This analysis has helped establish MPO as a valuable and unique contributor to the EI movement. To help shape future WWF policies and advocacy activities, MPO conducted an analysis of the 'Topology of the Extractive Industries movement,' soon to be released.

Deliverables and outputs:

By March 2005, present an MPO EI strategy for the coming two years following review by others in the Network.

Key issues and problems:

Ensuring that a proper coordination mechanism is established in the WWF Network to integrate the diverse, yet complementary EI activities currently being carried out by Network offices. The Global Policy Initiative (GPI) could provide an ideal context for strengthening coordination of EI activities

Staff:

Marta Miranda (Senior Program Officer)



WWF Macroeconomics Program Office

1250 Twenty-Fourth Street, NW
Washington, DC 20037-1175, USA

Phone: 202 778 9752

Fax: 202 293 9211

E-mail: MPO@wwfus.org

Website: <http://www.panda.org/mpo>

David W. Reed

Director, MPO
202 778 9602
David.Reed@wwfus.org

Susana Carrillo

Senior Program Officer
Poverty
202 778 9799
Susana.Carrillo@wwfus.org

Jonathan Cook

Program Officer
Trade
202 778 9711
Jonathan.Cook@wwfus.org

Owen Cylke

Senior Program Manager
Trade
202 778 9622
Owen.Cylke@wwfus.org

Pablo Gutman

Senior Policy Advisor
202 778 9740
Pablo.Gutman@wwfus.org

Tamara Jovovic

Operations Manager
202 861 8315
Tamara.Jovovic@wwfus.org

Mariana Manus

Research Associate
Applied Environmental Economics
202 778 9735
Mariana.Manus@wwfus.org

Xavier Maret

Visiting Senior Policy Advisor
202 778 9714
Xavier.Maret@wwfus.org

Marta Miranda

Senior Program Officer
Extractive Industries
202 822 3460
Marta.Miranda@wwfus.org

Dawn Montanye

Senior Program Manager
Poverty
202 778 9694
Dawn.Montanye@wwfus.org

Brent C. Nordstrom

Program Officer
Communications and Outreach
202 778 9698
Brent.Nordstrom@wwfus.org

Rowena Shurn

Administrative Assistant
202 778 9752
Rowena.Shurn@wwfus.org

Jenny Springer

Director, WWF-US
Livelihoods and Governance
202 778 9724
Jenny.Springer@wwfus.org

Pamela Stedman-Edwards

Consultant
Applied Environmental Economics
Pamela.Stedman-Edwards@wwfus.org

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