



WWF-MPO
2005 Annual Report

Protecting Vulnerable Places and People:

Socio-Economic Dimensions of Conservation



for a living planet®

November 2005

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Introduction

Vulnerable People:

The year 2005 was characterized by extraordinary, truly shocking images of the increasing vulnerability of the human community to the power of natural disasters, including tsunamis, hurricanes and earthquakes. A central message delivered by those recent experiences is that the costs of those dramatic events of nature fall disproportionately with remarkable predictability on the poorest, most vulnerable populations of a society, regardless of whether they are in countries of the North or South.

The impact of environmental degradation on the poor can, and usually does, remain hidden for many years. As during 2005, it often takes an unforeseen external event, whether natural or human-made, that exposes the underlying social biases of ecological disruption. As events of the past months have made clear, it requires significantly more time for the poor to recover from such devastating events. It also requires significantly longer for the degraded ecosystems to recover, if ever, from devastation of the magnitude wrought by these natural phenomena.

Vulnerable Places:

In addition to the devastating effects of ecological disruption on poor people, there is a more important reason for linking vulnerable places and vulnerable peoples in the strategic approach of the MPO. This is because vulnerable places, places that WWF has defined as its strategic conservation priorities, are

frequently inhabited by vulnerable peoples. Many years of studies across the developing world have shown that areas undergoing or threatened with serious environmental degradation often have populations that rely heavily on natural resources for their well-being.

We understand vulnerable places to be geographic areas where ecological systems are exposed to high levels of stress, are highly sensitive to change and lack resiliency in responding to threats. Vulnerable peoples share parallel characteristics. They are exposed to high levels of stress, are highly susceptible to change and lack resources and resiliency in responding to threats, particularly socio-economic change.

Protecting Both:

This intimate linkage means that it is impossible to protect one without directly protecting and strengthening the other. Vulnerable people live in priority conservation areas, they rely heavily on natural resources for their survival and they are the principal guardians and managers of those special places and natural resources. For this reason, the MPO's strategy views conservation and improving livelihoods as intimately entwined tasks that cannot be addressed as separate endeavors. We seek to promote conservation through tools and interventions that encompass the complex interaction between these unique places and peoples.

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MPO Tools:

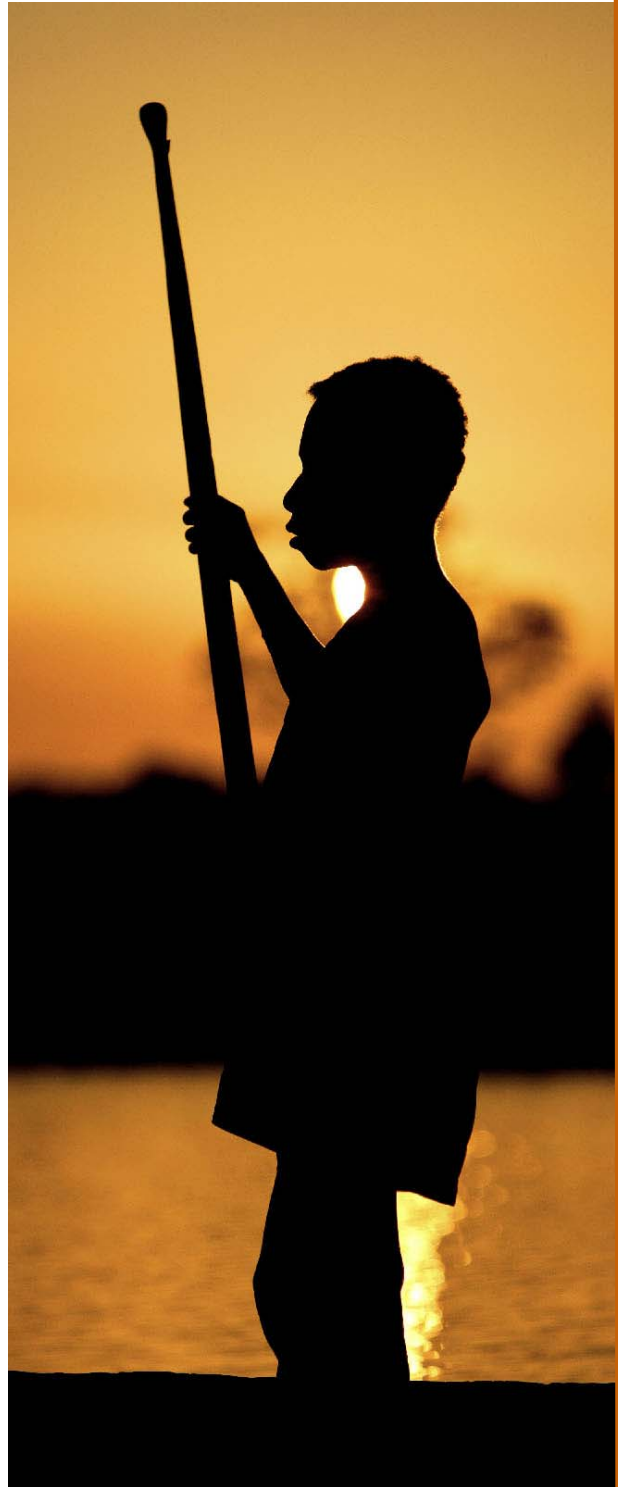
The MPO draws on a wide range of socio-economic tools in pursuing this objective. The first area of work is analyzing the socio-economic drivers of ecological disruption. Over past years, the MPO's analytical work has focused on economic policies, including structural adjustment, expansion of extractive industries and trade liberalization, that change significantly the ways that companies and individuals use natural resources. Our analytical work has also focused on the 'root causes of biodiversity loss' and the environmental aspects of poverty reduction strategies in countries ranging from Cameroon and Vietnam to Brazil and Madagascar.

The second area of work is developing policy responses and proposals that will mitigate environmental impacts of economic growth and help put countries on more sustainable development paths. These responses have been geared to international development agencies such as the World Bank and International Monetary Fund and to companies working in specific localities in many countries, including Tanzania, Peru and Indonesia. Our policy proposals put particular emphasis on practical, doable changes that can bring about incremental, yet significant, improvements in governmental and development agency performance.

During the past five years, the MPO has increased support for direct interventions in developing countries to improve environmental management regimes and reduce the vulnerability of the poor. Interventions include working with local partners to promote regional land-use and natural resource planning, reforming outdated laws and resource management systems and developing new economic instruments, such as environmental compensation programs. These activities are being carried out in more than 20 countries.

In each of these areas, MPO works through local WWF offices or in partnership with a wide range of development agencies, local community organizations and private companies. In total, we are active in 29 countries, in addition to supporting regional and ecoregional activities in Latin America, the Caucasus, the Carpathians, the Greater Mekong, Western Africa Marine, Eastern Africa Marine, and West Indian Ocean Marine.

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MPO Program Overview

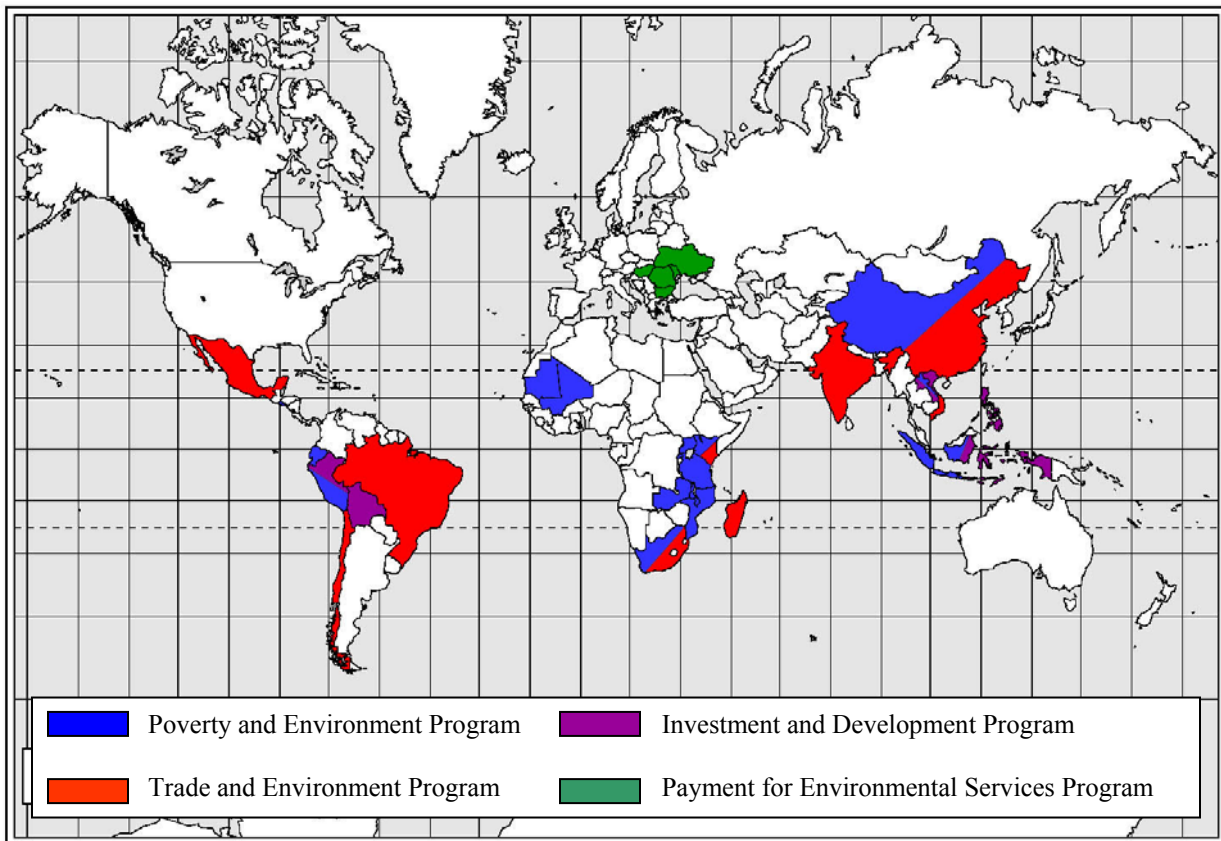
The MPO occupies a unique place and offers unique services to strengthen the effectiveness of the global WWF Network. The MPO focuses on global economic and social policies and practices that directly shape conservation opportunities in regions, countries and localities in both the North and South. We bring technical, analytical and advocacy skills to support local WWF offices as they try to influence the policies of government, development agencies and private enterprise.

Experiences over many years and in many countries have shown how successful conservation programs at the local level can be wiped out unless there are supportive and stable conditions at higher levels of governance and policy making. The MPO's principal objective is to create supportive economic, political and social conditions so that local conservation efforts can take hold and flourish over sustained periods of

time. For example, creating supportive economic conditions includes integrating the values of environmental goods and services into economic planning and accounting or having governments adopt incentives, subsidies and fiscal policies that encourage sustainable development. Creating supportive social conditions includes strengthening community institutions that manage natural resources as well as strengthening the rights and responsibilities of vulnerable peoples in accessing and managing land and natural resources. By addressing these enabling conditions, MPO seeks to reduce the threats that drive disruption of ecosystems and environmental degradation.

The MPO's efforts to create, more widely supportive enabling conditions and reduce global threats are currently implemented through four programs and a number of emerging projects.

MPO Project Sites



MPO also carries out projects focused on: the Greater Mekong, the Caucasus, the Carpathians, Latin America, the Eastern African Marine Ecoregion, the West Indian Ocean Marine Ecoregion, and the Western African Marine Ecoregion.

Poverty and Environment Program

The vast majority of the world's poor live in or near some of the world's most biologically rich and vulnerable places. Indeed, their survival often depends upon the quality and availability of natural resources. Key environmental assets that support livelihoods and human well-being include provision of energy, food, housing materials, medicinal treatments, as well as being a source of direct monetary income.

Objectives embraced by the international community to reduce and eventually eradicating poverty, primarily through economic growth, often ignore the reliance of the poor on the environment. National development strategies, such as Poverty Reduction Strategy Papers also take little account of the role that environment and natural resources play in the lives of the poor. In parallel, the conservation agenda often fails to fully understand and address the role of environment in the lives of the rural poor and often tends to overlook how narrow development policies and weak institutions drive environmental degradation. This understanding is crucial to achieving our long-term conservation goals.

The goal of the poverty-environment program is to influence how the environment is managed and to ensure a central role for environmental concerns in policies for economic growth, development and poverty alleviation.

To achieve this goal, we work at multiple levels ranging from supporting demonstration projects at the local-level to influencing the design of national poverty reduction strategies. At the local-level activities include working with partners in capacity building, land use planning, and promoting conservation enterprises. At the subnational-level, activities include supporting regional land use planning and management, strengthening environmental statutes and regulations and opening access of the rural poor to environmental assets. National-level engagements include strengthening the environmental dimension of poverty reduction strategies, increasing attention to environmental dimensions of national development strategies and reforming land and natural resource tenure laws. In addition, the MPO collaborates with a wide range of international development agencies to strengthen the saliency of conservation objectives in those agencies' respective policies and investment programs.

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Economic Change, Poverty and the Environment Project

Donors: European Commission, Dutch Directorate General for Development Cooperation, Swedish International Development Agency

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

Project duration: January 2001 to December 2006

Project objectives:

The principal objective of the Economic Change, Poverty and the Environment (ECPE) Project is to develop and implement a replicable analytical and intervention approach for helping break the linkages between poverty and environmental degradation in rural areas of the developing world. Lessons derived from these interventions and from complementary policy work will be used to inform and strengthen the 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 and causalities 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 among government agencies, civil society groups, and international development agencies to review and implement effective methods to address these dynamics, organize policy activities and interventions 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 country teams have completed their outreach to a wide range of national and local audiences and have taken final measures to ensure the project's sustainability in coming years. MPO is continuing its outreach activities, taking the results of the country teams and more widely applicable outputs to an international audience.

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 preexisting models, namely the stand-alone conservation project and the integrated conservation and development project. This new approach, called the *3xM Approach*, is an integrated approach focused simultaneously at the micro (local), meso (district, regional) and macro (national and international) levels.

Key accomplishments at the country level in the model of the *3xM Approach* are as follows. In China, conflict between reserve managers and the local community were resolved at the local level through an agreement negotiated for community co-management of forests. Provincial authorities granted communities access for nontimber forest product collection for sale. At the national level, information sharing produced an increased understanding of poverty-environment links and community co-management. Forest resources are now managed more sustainably and community incomes have increased five to ten fold.

In Indonesia, at the local level local government legislation was enacted to promote collaborative community management of natural resources. At the provincial level, collaborative community co-management was approved regarding access agreements to improve incomes. At the national level the Ministry of Forests signed an agreement for community decision making in forest management. The next step is the signing of a Presidential decree to ensure sustainability.

In Zambia, 8500 hectares were allocated to the Community Natural Resource Conservation Trust for a game reserve. The community has been involved in planning for business activities and making preliminary links with private sector operators in the area. At the National level, the Minister of Lands approved a 99-year lease for community management of game reserve, an area now designated for community use, the first of its kind.

In El Salvador, territorial management plans were created with communities at the local level. There is increased communication and awareness between the provincial authorities and communities. As a result, a roundtable has been established to manage the conservation of forests, soil and water in the region. At the international level, engagement with donors by communities has increased and now the community uses this connection to influence national decision making.

In South Africa at the local level, the community developed a plan for ecotourism, and a trust was established to manage restored lands. Relationships were improved among the community, SANPark and district government officials and at the national level, the national government was made more aware of a need for implementing strong national policies for sustainable livelihoods.

The MPO presented project results and the *3xM Approach* to staff at both DGIS and Sida. DGIS is actively promoting the *3xM Approach* to the Dutch Embassies. The European Commission is planning to present the results internally and considering using the results of the project in a new training program for center and field staff. The results have also been presented to the Poverty Environment Partnership.

Deliverables and outputs:

- Publication of an analytical approach to understanding the dynamics of poverty and environmental degradation in rural areas of the developing world based on review and refinement of successful experiences and problems encountered by local groups;
- Publication of an intervention approach that brings together analysis of local/regional conditions, programmatic interventions to improve environmental management and livelihoods, and policy and institutional reforms required to create a favorable development environment;
- Written analyses of poverty-environmental dynamics in the localities where the five project partners are working and summaries of the interventions undertaken by the partners to alter these dynamics; and
- Active participation in the debate in the development and environmental communities about the linkages between poverty and the environment.

Key issues:

- Ensuring the long-term sustainability of policy reforms brought about through the project, especially in light of potential changes in government administration and in funding;
- Addressing the limited resources available to the country teams posed limitations on their ability to complete project activities and engage in alliance building processes at the national and sub national levels to break the political marginalization of the poor; and
- Addressing the constraints imposed by the limited capacities in WWF offices on our ability in certain countries to engage with them as full partners.

Staff:

Dawn Montanye (Poverty Program Manager)
 Pablo Gutman (Policy Advisor)
 Brent Nordstrom (Program Officer)

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Co-management in China: WWF China, with the support of the MPO, worked with communities and park officials to address conflicts over use of natural resources in the Baimaxueshan National Reserve. Our project partner brought together representatives of communities and the park service to develop an innovative forest co-management system designed to reduce conflicts and raise incomes in the surrounding villages. The centerpiece of the economic development program was production of Matsutake mushrooms that also requires improved management of forested areas inside the forest reserve. As a result, community incomes have increased 5 to 10 times. The program has expanded to include over forty villages to jointly manage the production of the mushrooms.

Promoting the Role of Ecosystem Services in Poverty Reduction Strategy Papers

Donors: SwedBio, United Nations Environment Programme

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

Project duration: September 2004 to December 2005

Project objectives:

The principal objective is to increase developing countries' capacity to incorporate environmental concerns in their development strategies and identify and promote adoption of specific mechanisms by which the protection of ecosystem services can be integrated into Poverty Reduction Strategy Papers (PRSPs).

- Identify best practices and develop a replicable approach for ensuring inclusion of protection of ecosystem services in PRSP investment programs and institutional reforms; and
- Strengthen the involvement of key stakeholders with government agencies and development institutions.

Specific objectives:

- Work with focal groups, including WWF offices, in the seven African countries to assess PRSPs and recommend mechanisms in the PRSPs for accomplishing the stated goals;
- Assess actual government and development agency investments under the rubric of the PRSP framework;

Project status:

The project is moving into implementation. Because the end of 2005 marks many countries' review of their existing PRSPs, and 2006 marks the design of a new version of these strategies, we are working closely with UNEP, United Nations Development Programme, and country governments to define how their previous PRSPs did or did not take into account poverty environment links and the type of recommendations that can be offered for the next iteration. The MPO has placed a new staff member in Nairobi who is responsible for managing project activities as well as the partnership with UNEP, and is supported by a staff member based in Washington.

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Key accomplishments and outputs:

Desk reviews of poverty environment links in PRSPs have been carried out for Tanzania, Mozambique and Rwanda. These reviews follow a methodology developed by the MPO and are intended to be a starting point for in-country analytical work. In-country analytical work has begun in Rwanda and Kenya. The results of the desk review and in-country work in Rwanda will feed into the government review of PRSP I. The results of the desk review for Mozambique were fed into that country's government debates. UNEP and UNDP have now partnered in the Poverty Environment Initiative, alleviating concerns over duplication and internal UN strife.

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Deliverables and outputs:

- Three desk reviews;
- Initial analytical work in Kenya and Rwanda;
- 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 of ecosystem protection; and
- Training workshops and manuals, in French and English, summarizing the conclusions, lessons learned and recommendations of the PRSP assessments.

Key issues:

- Meeting immediate demand from program offices for assistance;
- Funding.

Staff:

Mita Manek (Program Manager based in Nairobi)
Reimund Kube (Program Officer)

PRSPs in Rwanda: In Rwanda, the MPO staff is working with local researchers to assess the coverage of poverty environment links in the country's first PRSP and how well implementation reflected environmental priorities. The results will feed into a national assessment of the PRSP I, bringing a distinctive focus on the role of the environment in the lives of the poor and in key sectors such as agriculture, which supports 97 percent of the country's poor.



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

Donors: United Kingdom's Department for International Development

Implementation sites: Rwanda, Tanzania

Project duration: July 2004 to December 2005

Project objectives:

The objective was 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's) in Rwanda and Tanzania and propose strategic interventions that are needed to address the anticipated impacts on the environment and the poor; and
- Evaluate current aid programming processes used to develop and revise CSPs, specifically with regard to environmental integration, and identify long-term policy and institutional opportunities to improve poverty-environmental streamlining into future EC development assistance.

Project status:

The analytical portion of the project is complete. This included an institutional review of the Brussels and country levels as well as an in-country analysis of impacts on poverty and environment in areas of focus for EC funding. The research results have been reviewed by a team from the governments, EC delegations and WWF. In Rwanda, the report has been printed and distributed. Because both reports are now complete, the focus will be on finalizing and outreach, which will include events both at the local and national levels in each country. The outreach events are intended to inform the government and EC delegations about the impacts of previous EC financing in these countries and to influence changes in the EC country development strategies for 2007 through 2010 to increase consideration of the environment and poverty environment links.

Key accomplishments and outputs:

The reports in Rwanda and Tanzania have highlighted that the current CSP insufficiently underscores environment-poverty concerns, particularly those associated with key growth areas. Recommendations of the assessment emphasize the need to strengthen environment-poverty linkages in CSP guidelines as well as prioritize the development of strong environmental management frameworks in partner countries. The Tanzania Country Delegation has expressed substantial interest in integrating poverty-environment concerns. The staff indicated that awareness building on poverty-environment linkages and pragmatic CSP/environmental integration guidelines would be very helpful. In Rwanda, the EU is interested in increasing activities in mainstreaming poverty-environment linkages in the framework of their decentralization initiative.

Deliverables and outputs:

- Two reports on poverty-environment links in CSPs for Rwanda and Tanzania;
- Outreach workshops locally and nationally in Rwanda and Tanzania as well as at the EC; and
- A guide to reviewing EU CSP's for poverty environment linkages, including examples from the case studies.

Key issues:

- Government elections in Tanzania inhibited outreach in the fall of 2005; and
- Resources available for capacity building and follow-up on the recommendations from the analytical work are lacking.

Staff:

Dawn Montanye (Poverty Program manager)

Influencing CSP's in Africa: The MPO has been working in collaboration with government and civil society partners in Rwanda and Tanzania to assess the integration of the environmental issues in EU development funding. The EU's funding plan, called Country Strategy Papers, lays out the EU priorities in that country. The results of the assessment will be used in a series of workshops and outreach events advocating for a stronger environmental focus in the next Country Strategy Paper, to be implemented in 2007.

Sida Poverty Environment Program

Donors: Swedish International Development Agency

Implementation sites: East Africa Marine Ecoregion, West Indian Ocean Marine Ecoregion, West Africa Marine, and others to be determined as the project moves forward.

Project duration: January 2005 to December 2007

Project objectives:

The principal objective is to increase the network's ability to address the poverty-environment dimension of conservation at local, subnational, national and regional levels; elevate the environmental dimension to the principal policy and investment mechanisms of a wide range of multilateral and bilateral development agencies; and integrate poverty-environment activities into the work of WWF field offices, community-based organizations and other civil society groups.

Specific objectives:

- Address strategies and activities in the WWF Network, thereby enhancing livelihoods of the poor and improving natural resource management by addressing policy and institutional factors; and
- Develop capacity and direct technical guidance to provide policy guidance at the local, meso and macro levels for Network offices.

Project status:

The nature of the project objectives and mandate to support capacity within the WWF Network allowed us to be more demand driven. This demand certainly has materialized, first from the Global Marine and Fisheries program who were interested in knowing more about the poverty environment links associated with coastal communities. To satisfy this demand we initiated a research project to highlight key areas in sub-Saharan Africa fisheries, focused in Tanzania, Madagascar and Senegal. This work is likely to be extended to Latin America and the Asia Pacific region. We have also started discussions with the Global Species Team to help them strengthen poverty environment links in their work on human-wildlife conflict. We will likely collaborate on four to five case studies. More generally, the project has helped bring a number of staff members from around the Network together to discuss a poverty strategy for the WWF Network. The next meeting is scheduled for February of 2006 in Arusha, Tanzania.

Key accomplishments and outputs:

- The WWF Poverty Working Group consulted with the WWF Network on a strategy for addressing the issue of poverty. A discussion paper has been drafted and will be presented for feedback at various Network meetings;
- In collaboration with the Global Marine and Fisheries program, we produced a methodology with a wider group of fisheries, marine and policy specialists in the WWF Network; and
- Completed assessments on the state of marine fisheries in Tanzania and Madagascar, assessing the impacts of fisheries and marine management policies and development approaches that affect the poverty-environment dynamic.

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Deliverables and outputs:

- A set of country case studies on the links between poverty and coastal fisheries. The work will be used to shape the funding criteria for the World Bank, Food and Agriculture Organization, WWF fisheries partnership agreement to reflect greater attention to poverty-environment linkages;
- Additional case studies carried out in collaboration with other global thematic programs, such as species and freshwater;
- A series of capacity building workshops within the WWF Network to build awareness and tools for identifying and addressing poverty environment links; and
- Support to Network efforts on influencing policies to include poverty environment links such as PRSPs.

Key issues:

- It has been difficult working with the internal bureaucratic structure which has slowed the process for finalizing the research contracts. A field visit to train the researchers was made in early July, the researchers in Tanzania received contracts in August; the researchers in Madagascar received their contracts in October; and
- The World Bank and FAO have not committed to including the results of the poverty-environment work in decision making and prioritization of activities.

Staff:

Dawn Montanye (Poverty Program Manager)

Fisheries in Tanzania: The MPO has been working in collaboration with the Global Marine and Fisheries program to demonstrate key poverty-environment links in coastal fisheries in Tanzania. The results will be used in discussions with the agencies of the Tanzanian Government as that country develops projects and proposals for sustainable fisheries.

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Songwe River Transboundary Catchment Management Project

Donors: Swiss Agency for Development and Cooperation

Implementation sites: Tanzania, Malawi (Miombo/Montane Woodlands Ecoregion, Rift Valley Lake Catchment Area)

Project duration: May 2005 to May 2008

Project objectives:

The principal objective is to ensure that natural resources in the Songwe catchment area are used sustainably and adverse impacts on the river and Lake Malawi ecosystem are minimized, while human livelihoods are improved and poverty is reduced.

Specific objectives:

- Ensure a sustainable, integrated water resources management system with respect to land, forest and fisheries management in selected critical conservation areas is established;
- Ensure that local communities participate in and, in fact, shape future planning for this project and land-use planning in the area in general;
- Bring lessons learned from this project into future Poverty Reduction Strategies and disseminate the lessons not only in the two countries concerned, but also within the international development cooperation community.

Project status:

Various studies of the area have been conducted and reports have been produced and distributed. The project partners, WWF- SARPO and WWF-Tanzania Program Office, the Centre for Development and Environment of the University of Berne, and the MPO have elaborated, in cooperation with government partners of the two countries, a project framework including annual plans from 2005 through 2008. There has been a planning meeting in Tanzania, and the main project office is up and running.

Key accomplishments and outputs:

So far the MPO has participated in the planning process for the river catchment program and the development of the terms of reference for the accompanying land-use planning process. The MPO will soon identify, prepare and backstop local researchers in their work on socio-economic issues like traditional and modern legislation and the effects of decentralization in the transboundary context.

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Deliverables and outputs:

- Contribute to and supervise the review and the identification of entry points for influencing the design of the PRSP in Malawi and the implementation in Tanzania; and
- Integrate macro-economic policy, institutional arrangements and decentralization analysis in the land-use planning and project implementation process.

Key issues:

- Questions of compatibility between the two countries' legislative and management systems; and
- Introduction of other development measures that might not be in harmony with the project goals, such as dam building and river canalization .

Staff:

Reimund Kube (Project Manager)

Dawn Montanye (Poverty Program Manager)

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Planning for River Catchments: In the Songwe River basin, the MPO is contributing with its analytical work to a better understanding of the conditions for sustainable development of local communities and its connections to institutional arrangements and national policies. It will also help identify opportunities that the decentralization process offers and strengthen the role that local people play in it. The MPO has been involved in the whole project planning process from the beginning, thus contributing to intervention plans in the fields of land-use planning, forest and river fisheries management, and income-generating activities.

Poverty Reduction through Improved Natural Resources Management

Donors: Dutch Directorate General for Development Cooperation

Implementation sites: Ecuador, Laos, Peru and Zambia

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

Project objectives:

The overarching objective of this project implemented by WWF-International is to contribute to poverty reduction in the selected countries through improved land, water and forest management. It draws on the lessons of the Economic Change, Poverty, and the Environment project to support linked conservation and poverty reduction outcomes in three priority watershed areas: the Rio Pastaza in Peru and Ecuador, the Kafue River in Zambia and the Mekong in Laos.

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;
- Improve policies and planning to provide incentives for equitable and sustainable development.

Project status:

Over the course of 2005, the MPO has continued to actively support this project. Project staff traveled to Copperbelt Province, Zambia, in March 2005 to support the field project team in designing a multilevel assessment of poverty-environment issues as a foundational project activity. A January 2005 workshop bringing together all the project teams was conducted in collaboration with Foundations of Success (FOS). The main objective of the workshop was to provide training to project staff in adaptive management, using an adaptive management project cycle developed by FOS. The MPO's engagement focused on incorporating key elements of the multilevel poverty-environment approach into the basic adaptive management process.

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Key accomplishments and outputs:

Country teams have applied the adaptive management framework incorporating poverty-environment elements to produce conceptual models of each project situation, refine intervention strategies and develop monitoring and evaluation plans.

The incorporation of multilevel poverty-environment elements into an adaptive management framework is a key element in promoting broader application and ensuring replicability of the project's analytical and intervention approaches. As WWF and other conservation organizations rely increasingly on adaptive management frameworks as a tool for program design, analysis and implementation, articulating the poverty-environment approach in their terms and incorporating it in these frameworks is important to their broader application. In addition, the feedback loops inherent in an effective adaptive management approach can support the responsiveness and adjustments to complex and diverse poverty-environment dynamics that are required for effective implementation.

Deliverables and outputs:

The MPO participation in this project is funded through a no-cost extension of DGIS funding for the ECPE project. Deliverables are therefore focused on refining the final deliverables of the ECPE project.

- Outputs of analytical work and design of strategic interventions from three additional countries/regions: Peru/Ecuador (Rio Pastaza), Laos and Zambia;
- A paper reviewing and synthesizing the applicability of the analytical and intervention approaches with specific reference to a watershed/freshwater setting, including any adaptations required; and
- Meetings and public presentations to share experience and lessons from this work.

Policy Support in Peru: In Peru, the Pastaza Watershed Coordination Committee (PWCC) has been established, including representatives from six different indigenous organizations. WWF-Peru has supported a capacity building process with committee members in dealing with oil-related institutions. PWCC members participated in public hearings on the revision of the Water Law organized by the National Water Council (CONAGUAS).

Key issues:

- Limited communication among project teams has limited peer interaction and identification of support needs. The project has worked to address this by launching a listserv discussion group.

Staff:

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Jenny Springer (Director, Livelihoods and Governance Program)
Dawn Montanye (Poverty Program Manager)

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Trade and Environment Program

The goal of the MPO's trade program is to promote a better understanding of the linkages among trade reforms, human development and sustainability goals in developing countries. In carrying out its work, the MPO collaborates with a wide range of policy and research organizations in both developed and developing countries, and engages an even wider range of stakeholders in fashioning responses to the global trade phenomenon. These stakeholders include community organizations and local governments, businesses, national governments, and international institutions, including the World Bank and the World Trade Organization.

In the context of a sharply polarized debate about the positive and negative impacts of trade reform, activities carried out under this program have proven remarkably successful in promoting dialogue and direct collaboration among stakeholders. Specifically, the program seeks to:

- Identify institutional, policy and practice options in response to trade reforms that can best achieve and protect core human development and sustainability goals;
- 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 and promote institutional, policy and practice responses at all levels of governance.

The MPO's trade engagement is focused on the use and users of land and water resources in developing countries—on real people in real places, typically on vulnerable people in vulnerable places. Our objective is to move analysis, debate and action on trade into contexts that will ensure attention, response and results for threatened ecosystems and the rural poor who depend on them. On-the-ground activities are ongoing in Brazil, Chile, Mexico, Kenya, Madagascar, South Africa, China, India and Vietnam. There is a particular focus on agriculture as a key economic activity in rural areas that has significant environmental and social implications. All our activities are rooted in rigorous empirical analysis, but we seek to move directly to promoting interventions and on-the-ground results, particularly in the context of local and national institutions and policies.

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Trade Liberalization, Rural Poverty and the Environment

Donors: European Commission, Dutch Directorate General for Development Cooperation

Project Partner : World Bank

Implementation sites: Chile, Mexico, Madagascar, South Africa, China, India and Vietnam

Project duration: June 2003 to December 2007

Project objectives:

The overarching objective is to expand understanding of the linkages among trade policy, market forces and sustainable development. Through research and capacity building in seven liberalizing economies, the project will provide stakeholders with the basis to identify institutional and policy measures that maximize the synergies and minimize the trade-offs between poverty alleviation and environmental sustainability.

Specific objectives:

- Better understand the interplay among trade liberalization, rural poverty and the environment;
- Identify response options that can better achieve (and/or protect) human development and sustainability goals;
- Develop information and decision tools to mediate the trade-offs across sectors and stakeholders in decisions concerning the environment; and
- Promote institutional, policy and practice responses at the level of governance where they can be most effective.

Project status:

Analytic work is complete and draft reports are in process 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 were accepted as Sub-global Assessments under the work plan of the Millennium Ecosystem Assessment. The project teams have met three times to discuss objectives and standards for the analytic side of the project, and most recently to review draft reports and findings. The next steps on the analytic side are to finalize country reports; to begin communications and outreach activities to disseminate project results within each country; and to develop a “synthesis report” of findings, themes and recommendations across the seven countries.

WWF offices are managing the communication and outreach activities 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 and outputs:

The analytic component of the project engaged colleagues at 10 prominent research institutions, The World Bank, an international advisory committee, and two important donor organizations (DGIS and the European Union). Working together, we have been able to deepen our collective understanding of the relationships among trade liberalization, rural poverty and the environment; demonstrate the potential for ecosystems to contribute to poverty reduction; assess the compatibility of policies established by different institutions at different scales; integrate economic, environmental and social perspectives; identify a range of institutional, policy and practice interventions; and facilitate integrated ecosystem management.

This project has already spawned a second project (From Trade Negotiations to Global Adjustment), 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, and the emergence of Asia (and the significance of China) as a global trading metropole.

Water Policy in South Africa: After the first fully democratic elections in 1994, and the adoption of a new constitution in 1996, the government launched new water legislation based on principles of equitable access to water resources and the sustainable use of water. Not surprisingly, the new legislation presents considerable technical and institutional challenges: Institutionally resolving trade-offs across goals, sectors and stakeholders. Technically identifying information requirements, analytic tools and decision processes. The MPO has supported analytic work in the first catchment area to employ the new legislation, and WWF South Africa is working with a broad range of stakeholders (small holders, the sugar industry and government) to identify an equitable and sustainable allocation of water rights.

Deliverables and outputs:

- Publication of a literature review identifying policy and institutional measures that may increase the positives, avoid the negatives, and/or redress the damages that may result from the impact of trade liberalization on the rural poor and critical ecosystems;
- Submission of draft final reports assessing the probable impacts of trade liberalization on the environment and rural poverty at the national level, and written recommendations to reform current policies and institutions;
- Launch of public outreach and engagement with national governments, local stakeholders and civil society organizations to promote the conclusions and recommendations; and
- Develop a synthesis exercise with a view to identifying common themes and recommendations from across the seven case studies.

Key issues:

- Developing an ongoing system for monitoring critical situations and trends related to trade liberalization, rural poverty and the environment;
- Assessing the strengths and weaknesses of recommended interventions over time;
- Identifying through our synthesis report the most robust findings and key uncertainties that affect the relationship, among trade liberalization, rural poverty and the environment;
- Promoting the widespread adoption of approaches, tools and methodologies that were found useful in the implementation of the project.

Staff:

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Pablo Gutman (Senior Policy Advisor)
Jonathan Cook (Program Officer)

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From Trade Negotiations to Global Adjustment

Donors: Dutch Directorate General for Development Cooperation

Implementation sites: Brazil, Kenya, and Vietnam

Project duration: January 2005 to June 2006

Project objectives:

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

Specific objectives:

- Better understand the changes in the use and users of land and water resources that will inevitably accompany shifts in comparative and competitive advantage associated with agricultural trade liberalization; and to identify the environmental and social consequences of those changes;
- Propose adjustment options to stakeholders, including governments, the private sector, producer organizations and international commodity bodies and support them as they assess the trade-offs related to these options;
- Strengthen the capacity of governments and other stakeholders to analyze, assess and address the environmental and social impacts of liberalization and the capacity of WWF Network offices and ecoregion programs to respond to the impacts of agricultural trade liberalization on critical ecoregions and ecosystems.

Project status:

This project was developed in partnership with the International Food and Agricultural Trade Policy Council, the World Bank, the International Centre for Trade and Sustainable Development, and DGIS. Close collaboration and involvement of WWF-Brazil, WWF's Eastern Africa Regional Program Office and WWF-Vietnam have been achieved at all stages of program implementation.

Key accomplishments and outputs:

Project work plans have been approved for both Kenya and Vietnam, and preliminary work is under way in Brazil. In each case, there has been close collaboration with existing and complementary WWF activities and operations.

In Kenya, stakeholder groups have been formed both at the local level and in Nairobi, each supported by analytic and management teams from SNV, the Dutch Development Organization, and the Tegemeo Institute. In Vietnam, important relationships have been developed with the government, Vietnamese research institutions and the international private sector. In Brazil, work is being coordinated with WWF Brazil and the WWF Network's agriculture and freshwater staff.

In addition, analytic work on cross-cutting issues is under way on intervention strategies with Australian Commonwealth Scientific and Research Organization, and with the International Food and Agricultural Trade Policy Council on options for moderating international trade and investment rules to take closer account of environmental and social concerns.

Floriculture along Lake Naivasha: Kenya's floriculture sector is an important contributor to the country's foreign exchange earnings. Between 1995 and 2002, Kenyan flower and horticultural export earnings grew by more than 300 percent, in a period when overall export growth was only 40 percent. Almost 75 percent of Kenya's flower production is accounted for by 25 producers, foreign-owned farms accounting for more than 65 percent of the production from the Lake Naivasha Ecosystem.

Demands on that ecosystem are now so great that trade-offs among ecosystem services have become the rule. The problem is compounded by increasing serious degradation in the capability of the ecosystem to provide these services. In response, the WWF Network has organized a portfolio of conservation and development activities to address the challenge. The MPO is working with WWF-EARPO to engage stakeholders at Lake Naivasha and decision makers in Nairobi in dialogue to assess response options, to mediate trade-offs and to take action.

Deliverables and outputs:

- Applied analysis from three 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;
- Public consultation processes that bring together key stakeholder groups and nurture country ownership of the program; and
- Agreement by stakeholders in each country to promote and implement recommended economic, environmental and social adjustments.

Key issues:

- Ensuring the participation of private producers/marketing companies in the policy dialogue that may be reluctant to engage with government agencies and civil society; and
- Convincing government agencies and private companies to undertake specific adjustments identified as necessary and “inevitable” through the analysis and policy dialogue.

Staff:

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Payments for Ecosystem Services Program

With traditional sources of funding for natural resource management and conservation dwindling, a variety of payments for ecosystems services (PES) and related schemes have emerged as potential sources of sustainable financing (SF) for conservation. Thus far most PES schemes have been small in size, cumbersome to manage and are not rural-poor friendly. This program seeks to address these limitations by focusing on how to scale-up current PES and other sustainable financing schemes so that they deliver substantial and long-lasting conservation while alleviating rural poverty.

Over the next five years, this program will contribute to changing perceptions and behavior of the public sector, the private sector and the public at large regarding the importance of ecosystem services and the need to pay for their conservation. These changes aim to create enabling conditions for WWF to achieve its conservation goals. Over the next five years, the program seeks to achieve results at the local, national and international level.

- At the local level, the project will strengthen 6 to 10 WWF PES local level projects in priority ecoregions. The project will support WWF programs involved in ongoing or new local-level PES schemes, giving special attention to how to increase the participation of the rural poor, increase conservation benefits and better understand the prospects and the limitations of small-scale replication.

- At the national and international levels, the project will help launch three to six new SF/PES schemes for large priority basins, ecoregions, country, and/or provincial-level systems. Project support will target WWF country programs involved in ongoing or new large-scale SF/PES. One area of particular interest will be how these PES proposals can be built into integrated river basin management and by river basin authorities. Two international meetings will be convened to take stock and advance the understanding of PES potential and limitations for (a) less-developed countries; (b) middle-income countries; (c) rich countries and (d) international PES schemes to pay for the global commons.
- At the policy level, the project will mainstream the policy process by bringing together conservation and rural development practitioners and stakeholders, including the WWF Network, government, private sector, and civil society. This multi-stakeholder forum will share program findings and recommendations regarding opportunities for scaling-up SF/PES schemes that deliver conservation and rural poverty alleviation in different countries and ecoregions.

The MPO's PES activities promote capacity building and training, foster specific projects, and scale up PES programs to provide meaningful benefits to the rural poor and long-lasting conservation benefits.

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Promoting PES and Other Sources of Sustainable Financing for Rural Conservation and Development

Donors: Swedish International Development Agency, MPO core funds

Implementation sites: This is a network-wide support program, with projects thus far anchored by WWF-Central America (Guatemala) and WWF-DCPO (Austria)

Project duration: January 2004 to December 2007

Project objectives:

The overarching purpose of this program is to scale up, through direct applications, payments for environmental services (PES) and other sustainable financing options to link conservation to rural poverty reduction, and to foster WWF Network capability to design and implement PES schemes that deliver substantial and long-lasting conservation and rural development.

Specific objectives:

- Strengthen three to six local-level WWF PES projects in priority ecoregions. Through the work with rural communities with little or no access to wealth, the focus is to find ways to benefit ecosystem services and contribute to poverty alleviation, often a result of degraded ecosystem functioning, through the sustainable financing of long-lasting conservation programs;
- Help launch one to three new SF/PES schemes for high priority, national/international basins and/or ecoregions. Through direct applications, this project will deliver to Sida, the development community, the WWF Network and participating governmental agencies an implementation approach that can be replicated in other contexts by highlighting required financing and institutional and policy conditions for successful PES activities.

Project status:

This project has evolved from one that focused solely on PES in watersheds to one that includes all WWF priority ecoregions and other sources of sustainable financing. The project is fully operational and its core activities during 2005 were in capacity-building activities, supporting WWF country offices to develop their PES projects; and building up the MPO core team and its support network and communication resources. The MPO has appointed WWF's Danube Carpathian Program Office (DCPO) as the focal point for Eastern Europe and NIS countries, and WWF-Central America has been appointed as Latin America's anchor. The DCPO held a training meeting for PES practitioners in July, and in October held a project development workshop as well as a regional stakeholders workshop. WWF-Central America is holding meetings with local farmers, industries and governments to analyze possible improvements in watershed management for the Sierra de las Minas Water Fund. A training workshop was held in mid-September to bring stakeholders together to discuss water use in bottling plants as well as broader applications of PES in the region and possible points of entry for industrial water-users.

PES Support in Guatemala: The MPO has granted resources and is providing training and advice to support the Water Fund project in Guatemala's Sierra de las Minas Biosphere Reserve, which is led by the Guatemalan NGO Defenders of Nature and WWF-Central America. The Water Fund is helping to ensure the financial sustainability of the protected areas of the Motagua and Polochic river systems by channeling payments from water users, first from industry (bottling companies and hydroelectric plants), and eventually from agricultural and residential users as well, into funds that protect and restore watersheds and that compensate upstream forest owners for conservation. Before the Water Fund was created, no financial mechanisms existed to charge user fees that could be paid to upstream managers of the Reserve or to forest owners for their contribution to maintaining important ecosystem services. The project works to increase participation of local resource users, including the private sector and municipalities, in the conservation of their own natural resource base.

Key accomplishments and outputs:

As of mid-2005, the project had appointed two of four regional anchors. WWF-Central America serves as the focus point for Latin America, and the DCPO is the anchor for Europe, NIS, and Near East countries.

The MPO has facilitated and supported meetings and workshops in Eastern Europe and Latin America to discuss, assess and begin implementing sustainable solutions to water resource management that will benefit forests, habitat and species conservation and will be sustainable over the long term because of financial solvency. We have granted resources to WWF-Central America in support of the Sierra de las Minas Water Fund and to WWF-DCPO in support of development of a PES program in the lower Danube and Danube Delta regions.

The project has prepared and launched several short publications on PES and a monthly newsletter to exchange ideas, lessons and insights and engage in dialogue about emerging possibilities for PES schemes among PES practitioners and experts within the WWF Network and around the world.

Deliverables and outputs:

- Provide in-house and external consulting expertise to WWF offices and other stakeholders to support the design and implementation of PES initiatives;
- Organize SF/PES activities for training, capacity and project clinics;
- Engage private businesses and other stakeholders in a dialogue regarding opportunities and challenges for PES.

Key issues:

- Finding suitable anchor offices for Africa and Asia, which is still pending; and
- Demands from the network for project support and capacity building that already outstrip the project's limited resources.

Staff:

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Fostering Payments for Environmental Services (PES) in the Danube Basin

Donors: UNEP – GEF / Sida / MPO core funds

Implementation sites: Bulgaria, Moldova, Rumania, Ukraine, Hungary

Project duration: Project development: 2005-2006. Project implementation: 2007-2010

Project objectives:

The fundamental objective for fostering PES in the Danube is to develop payments for environmental services (PES) and related sustainable financing schemes that support environmental conservation and improved rural livelihoods in large-scale international watersheds.

Specific objectives:

- To develop PES schemes that reward the adoption of conservation-friendly land uses in several locations along the Lower Danube and Danube Delta;
- To derive lessons of relevance for the Danube basin and sub-basins.
- To derive lessons for stakeholders in other international watersheds from this successful program and who are considering adapting it to their watersheds;
- To make significant contributions to the conservation community's knowledge of how to scale-up PES schemes so that they deliver significant conservation and rural livelihood improvements.

Project status:

This project is the result of a collaborative effort, initially between the MPO and WWF's Freshwater team and has now expanded to include the MPO, WWF's Danube Carpathian Program Office (DCPO) and WWF's European Policy Office (EPO). In early 2005, a project proposal was prepared and submitted to UNEP that in mid 2005 was awarded a project preparation grant. The full four-year project proposal, developed during the second half of 2005, will be re-submitted to UNEP-GEF and other donors by December 2005. The project is in its beginning stages and, while

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Environmental Services in the Danube Basin:

The multilevel work that is a trademark of the MPO approach is also a central feature of the Danube PES project. We are collaborating with the DCPO in the design and implementation of a four-year project that works on micro, meso and macro scales. At the local level, collaboration is helping to implement environmentally friendly land use changes among farmers and local authorities in 3 to 6 local demonstration areas in the Lower Danube Green Corridor, in the upper Tisza and in the Danube Delta. The MPO is coordinating with the DCPO, working with national government agencies in Bulgaria and Romania to ensure a major place for conservation in their agricultural and rural development plans, especially in the context of opportunities offered by EU frameworks and the greening of the CAP. At the international level, the project is working with the International Commission for the Protection of the Danube River to mainstream PES and other sustainable financing schemes into their integrated river basin management strategies, as well as to transfer these experiences to other international basins.

Key accomplishments and outputs:

While in its first phase of project development, a collaborative effort has been set up between several WWF offices and programs to prepare a project development proposal. This proposal received UNEP-GEF endorsement and financing within record time and obtained the endorsement and support from all participant countries' authorities. Since then, the project has organized three regional project development workshops. A regional stakeholders workshop was held in Bulgaria to share PES experiences and information, with experts from around the world speaking on PES schemes in the Americas and Europe, as well as to discuss opportunities for PES in relation to WWF work in the EU, Eastern Europe and NIS countries. The project is now poised to develop and re-submit the full project proposal (December 2005).

Deliverables and outputs:

The main deliverable of 2005 work will be a detailed, four-year project design to be re-submitted to UNEP-GEF for a Medium Project Grant.

Key issues:

The viability of this project will be decided during 2006 negotiations with UNEP-GEF and other European donors.

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Investment and Development Program

Integration of the world economy over the past decade has significantly strengthened the influence of the private sector, notably multinational corporations, in shaping livelihoods and opportunities of individuals and countries around the globe. As global markets and demand for energy and raw materials have grown, private corporations have significantly increased investments in hydrocarbons and mining operations in countries of the developing world. Today, mining and drilling operations are taking place in areas previously untouched by modern economies.

Parallel to and reinforcing the growth of private extractive industries, regional development agencies have increased their investments in infrastructure

programs designed to promote regional economic integration. These programs establish the infrastructure grid, including roads, canals, dams, energy and communications, that will shape economy activities in the regions for decades to come.

The MPO has initiated work in both of these areas during the past year, as explained in detail below. In addition, we have concluded development of analytical methodology whose explicit purpose is to ensure that vulnerable places and vulnerable peoples do not suffer damage from implementation of these major economic investment programs whose geographic and environmental impacts are far-reaching and enduring.

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Extractive Industries in Vulnerable Ecoregions

Donors: Tiffany & Co. Foundation, matching funds being sought

Implementation sites: To be determined

Project duration: November 2004 to November 2006

Project objectives:

The principal objective of this project is to strengthen the WWF network's capacity to influence extractive industry (EI) policies and projects at national and international levels as they threaten vulnerable places and vulnerable peoples.

Specific objectives:

- Catalyze support for environmentally and socially responsible mining practices through a variety of stakeholder engagement events related to the Responsible Mine Framework, to include regional (international) workshops and engagement with the private sector as opportunities arise;
- Together with Michael Rae in WWF-Australia, explore the potential for third party, independent mine certification as a result of WWF-Australia's Mine Certification Evaluation Project (to be completed by the end of 2005) and the results of the Responsible Mine Framework;
- Develop pilot tests of principles contained in the Framework in key WWF ecoregions. Examples of possible projects could include testing a methodology for identification of "no go" zones for mining, or testing the potential for conservation offsets in a particular ecoregion.
- Continue to engage with the WWF Network in the development of its oil/gas strategy, as appropriate.

Project status:

Over the past year, the Extractive Industries project manager worked with WWF offices in the United States, Australia, the United Kingdom, and WWF-International to develop a strategy for the MPO's work in extractive industries. An internal strategy paper addressing mining issues was developed and reviewed by experts within the Network. The project manager also participated in a meeting of the oil/gas team at WWF-International, held in February 2005, contributing to the development of an oil/gas strategy paper and proposing possible projects that the MPO could undertake to support the team. The oil/gas strategy paper was approved by WWF's Program Committee in April 2005, although funding has not been forthcoming to carry out activities proposed in the strategy.

A survey of ecoregion managers to gauge their interest in EI issues was conducted, and results indicated a strong interest among at least half of those present in addressing EI-related issues. These results were fed into the oil/gas strategy paper, as well as, priority-setting activities undertaken in the WWF-US. Field visits to Mongolia and Peru were also conducted to gauge interest in pursuing mining and/or EI related work. The WWF-Mongolia Program Office subsequently developed a proposal for a poverty-environment case study to address interventions with small-scale miners in priority ecoregions. The Peru Program Office continues to evaluate its priorities in the extractive industries sector and will most likely focus primarily on oil/gas related issues as well as infrastructure.

A \$100K grant was secured from the Tiffany & Co. Foundation to further the MPO's work in the extractive industry sectors, with a promise of up to an additional \$100K from the Foundation in matching contributions. The MPO is engaged in discussion with the CEO of Tiffany & Co. to develop additional matching grants from other companies in the jewelry sector.

Key accomplishments and outputs:

Completion of the Responsible Mine Framework constituted the main accomplishment for this project. A comprehensive review of mining practices, the Framework identifies "leading edge" issues that companies should pursue with regard to the environment and communities. Reviewed by more than 20 experts in the mining field, the Framework addresses issues related to environmentally responsible mining practices, community consent, "no go" zones and sound governance. The Framework was released as an online document (see www.frameworkforresponsiblemining.org) on October 19, 2005.

Deliverables and outputs:

Over the next year, the MPO staff will work with the Center for Science in Public Participation, EARTHWORKS and other NGO and industry partners to build support for the Framework for Responsible Mining. Although specific venues and opportunities have yet to be identified, we will participate in meetings and (if appropriate) take the lead in organizing workshops to vet the issues addressed in the Framework. Possible venues include future meetings of the Council on Responsible Jewelry Practices, a newly formed group of jewelers and other metal product buyers and investors; bilateral engagement with mining industry players, such as BHP-Billiton and Placer Dome; and future meetings of a small group of companies and NGOs that have begun to investigate the potential for certification in the mining sector (WWF-Australia and the Center for Science in Public Participation are both involved in this group).

Key issues:

The EI program has suffered from a number of difficulties in the past year, of which the following presented the greatest challenges:

Responsible Mining Framework: The 2005 release of the Responsible Mine Framework marks the beginning of a new stage in the MPO's work on mining. This report, which reflects a comprehensive review of environmentally and socially responsible mining practices, provides the basis on which the MPO can build a dialogue with NGOs, the mining industry and mining affected communities. Although research projects conducted by NGOs and the mining industry have made the case for more responsible behavior on the part of the mining industry, a synthesis of recommended practices for environmentally and socially responsible mining has been lacking.

The MPO will participate with its NGO partners in workshops conducted in the United States and other countries to build support for adoption of the practices promoted in the Framework. These workshops will serve as an opportunity for negotiation and dialogue among NGOs, community groups and the private sector. From this broad stakeholder engagement, we aim to build support for a commonly accepted set of international standards that could be applied to mining projects around the world, and could result in the development of a third party certification system for this sector, similar to the Forest Stewardship Council's Principles and Criteria for Sustainable Forestry.

- Lack of clarity and leadership in the WWF network for an oil/gas strategy: Although WWF's Program Committee approved the proposed oil/gas strategy, there has been little progress to date in implementing any of the activities proposed in the strategy. In part, this is the result of a lack of associated funding (an unfunded mandate), as well as lack of clarity regarding who should be tasked with leading this group. In that context, the MPO staff has found it difficult to identify an appropriate role for future work in this sector, despite repeated suggestions and proposals;
- Difficulty promoting a similar mining-oriented strategy that could enjoy broad support in the Network: It is not clear whether mining issues are considered sufficiently important to warrant a broad Network strategy. Although some offices are concerned with the impact of mining in their ecoregions, support at the highest levels of the organization for a broader strategy has not been forthcoming. Indeed, some offices (e.g., WWF-US, WWF-Peru) have made a conscious choice not to pursue either extractive industry issues (in the case of WWF-US) or mining (in the case of WWF-Peru). The MPO staff feel that, given this scenario, the most logical way forward is to develop discrete and targeted work on mining with WWF offices that are most concerned with this issue, forgoing any further attempt to develop a Network-wide mining strategy.

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Strategic Economic Development Analysis: Infrastructure

Donors: Funding is being sought

Implementation sites: Latin America, Mekong, Caucasus/Carpathians

Project duration: Launched May 2005, Duration of project to be determined

Project objectives:

The overarching objective is to enable the WWF Network to anticipate and respond to potential environmental and related social impacts of large-scale infrastructure development programs through effective policy advocacy programs. Based on existing analytical work by the MPO and close cooperation with the regional programs, Phase I will provide a framework for ecoregions and policy officers to identify, map and analyze the threats on a spatially related basis. Phase II will pinpoint key levers for addressing and mitigating threats to conservation objectives and values in essence, translating the analysis into strategic responses to the identified threats and working constructively, where possible, with the multilateral development banks, national governments, other investors, and interested NGOs and civil society. We anticipate developing strategic responses to publicly funded initiatives, for example, to international financial institutions, and to private investments that will influence our conservation objectives. Initial work will be carried out in three regions selected because of strategic geographic location and the existing capacity and interests in corresponding program offices engaging in the work.

Specific objectives:

- Develop a flexible analytical instrument that WWF offices can use to identify and assess the probable impacts of infrastructure development programs on vulnerable ecosystems and vulnerable peoples;
- Work closely with the regional offices (Southwest-Amazon, Caucasus/Carpathians and Mekong) in designing this instrument and in supporting the analyses and development of policy programs specific to each region; and
- Create a set of guidelines, based on experience in the three regions, for the development of policy responses to large infrastructure investments in order to ensure conservation in high-priority areas and appropriate investments in development.

Project status:

During the first four months of the project, successful efforts were made to increase awareness within the WWF Network of the importance of addressing the threat of large-scale infrastructure programs early in the process of their development. A number of program offices, in addition to the three selected for the first phase of the project, have shown interest.

Initial summaries of planned infrastructure programs in the Mekong and the Caucasus/Carpathians were completed and circulated. Initial work was completed on a draft “Sustainable Development Assessment” paper, which will form the basis of the analytical instrument. The work on the Mekong, along with a set of guiding questions based on work carried out by the Mekong office and the MPO, will serve as input for a policy development meeting.

The MPO is working closely with the Southwest Amazon program and with an informal group of NGOs (including NatureServe, WRI, TNC, CI, Environmental Defense, Bank Information Center, Amazon Alliance) in the development of an analytical map for the IIRSA project in Latin America. This map, and an accompanying issues paper to be drafted by the MPO, is being completed as part of ongoing work with Inter-American Development Bank promoting the use of cumulative impact assessments for these large-scale projects.

Key accomplishments and outputs:

- Development of a draft analytical approach for assessing impact of large-scale infrastructure projects;
- Cooperation with the Southwest Amazon, Caucasus/Carpathians and Mekong offices in the development of regionally appropriate analyses and responses; and
- Contribution to the development of an informal NGO group willing to take on infrastructure issues on a broad scale, including indirect impacts on poverty, development patterns and environmental services.

Key issues:

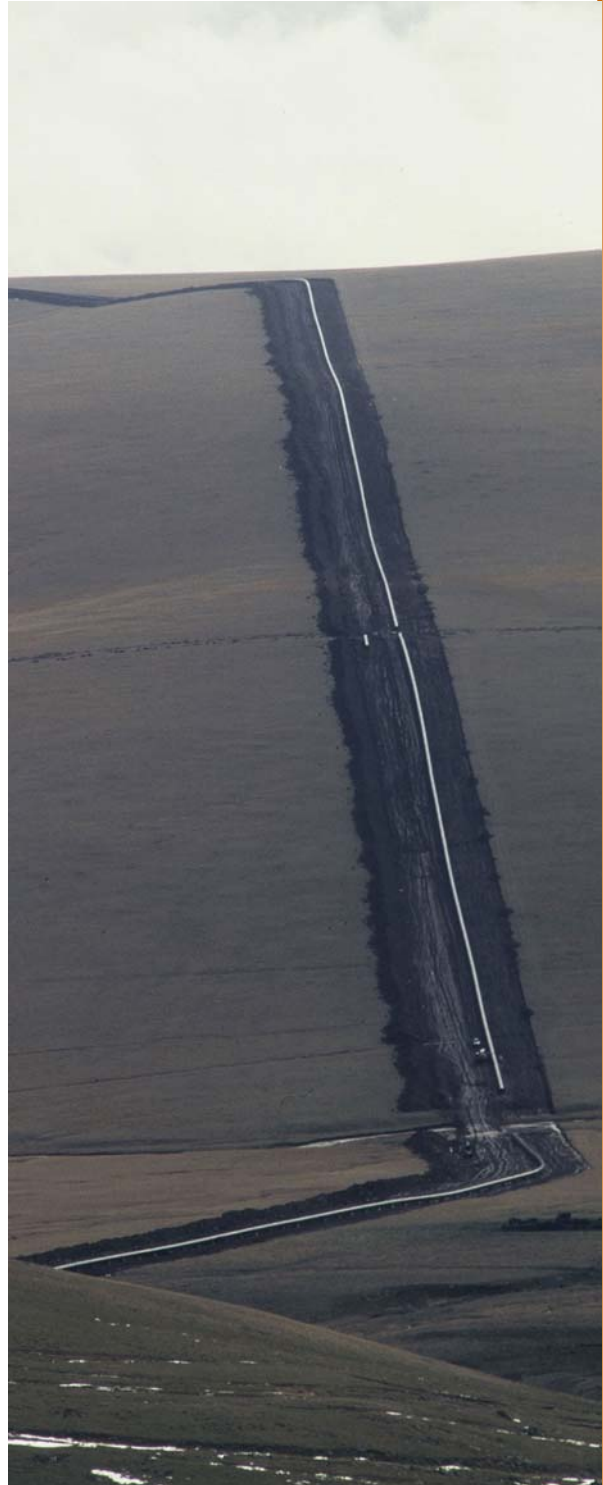
- Meeting immediate demand from program offices for assistance; and
- Funding.

Staff:

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Infrastructure Development in Latin America: In preparation for the IIRSA initiative in Latin America, the IDB commissioned an environmental analysis to pinpoint the places where environmental issues are most likely to arise. With strong support from WWF's Southwest Amazon program, a group of NGOs has been discussing problems with the IDB. As a result of these discussions this group of NGOs has agreed to work together informally to prepare its own analytical map—covering areas of concern for biodiversity conservation and for environmental services and poverty alleviation—to present to the IDB in order to 1) demonstrate how this type of analysis should be done and 2) draw attention to major areas of environmental concern under IIRSA. Because of its newly initiated work in infrastructure, the MPO has been asked to play a leading role in developing the socio-economic analytical framework for this work. This experience should prove invaluable for the development of similar analytical maps for other regions and for initiating similar NGO cooperation in other regions.



Strategic Environmental Analysis and Planning (SEAP)

Donors: Swedish International Development Agency, Swiss Agency for Development and Cooperation

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

Project duration: June 2002 to March 2005

Project objectives:

The overarching objective was 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 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;
- Carry out 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 national and multilateral development programs in these countries; and
- Promote understanding and adoption of the assessment tool within the WWF network and disseminate results to international financial institutions and other civil society organizations.

Project status:

Completed. During the final three months of the project, the approach paper was reviewed and prepared for publication. The five case studies that were successfully completed were reviewed and prepared for publication. The final approach paper, titled “Strategic Environmental Vulnerabilities Assessment: Framework Paper” is a tool to be used by WWF and other civil society organizations to anticipate impacts of policy changes on vulnerable places and peoples. The vulnerability filter allows us to target WWF priority areas, and makes this tool more accessible to those on the ground.

The completed case studies cover macroeconomic policies and sector-specific policies in agriculture, mining, oil and gas, forestry and infrastructure. These studies illustrate the links between development policies and possible detrimental impacts on vulnerable places and peoples, using maps and strategic environmental assessment tools. The analyses clearly demonstrate the overlap and the linkages between adverse environmental impacts of development policies and vulnerable ecosystems and on vulnerable populations.

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Identifying Vulnerabilities in Vietnam: The case study in Vietnam looked at the impact of policies promoting paddy rice production in the highlands of Quang Nam (Central Annamites). Mapping environmental vulnerabilities (priority conservation areas and areas prone to erosion) found that the residents of these areas were among the poorest in the region and were largely from ethnic minorities. This validated our vulnerable places/vulnerable peoples approach. The study found that these impoverished peoples did not benefit from the paddy rice policies. Moreover, changing production patterns in the lowlands puts increasing pressure on the resources of the highlands—leading to further deforestation, impoverishment and loss of environmental resources and biodiversity. This relationship confirmed the need in all regions to look specifically at the impact of policies on vulnerable peoples and places, since policies that promote economic development under favorable conditions may have negative environmental and social impacts in vulnerable places.

Key accomplishments and outputs:

The methodology and key case studies were completed and prepared for publication. The vulnerabilities methodology and the case studies are proving useful for ongoing work on infrastructure in Latin America, the Caucasus/Carpathians and the Mekong.

Deliverables and outputs:

- Published methodology for developing and applying SEAP vulnerability filters;
- Published summaries of five case studies; and
- Vietnam and Bolivia case studies complete as stand-alone vulnerability analyses and presented to national authorities and development agencies.

Key issues:

- Distribution of the tool to the Network and how to make it a useful and applied instrument; and
- Incorporation of this tool into work on infrastructure.

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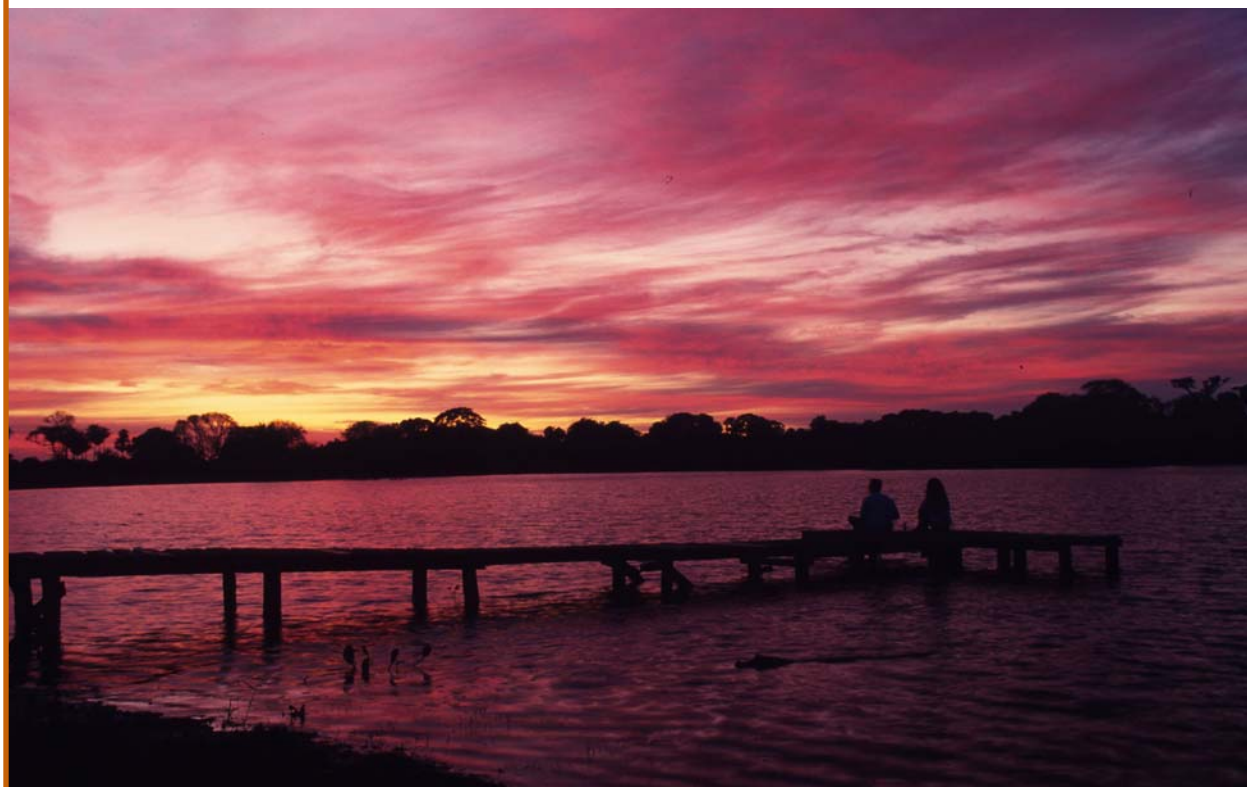


Emerging projects overview

One of the MPO's functions is to identify and initiate responses to important trends, policies and other initiatives that can influence opportunities and conditions for promoting WWF's conservation agenda. In the mid-1990s, the MPO anticipated renewed attention to poverty reduction and strategically situated the MPO, and the WWF Network more generally, at the forefront of addressing the poverty dimension of conservation. Similarly, in response to growing public conflicts over the benefits and costs associated with trade liberalization, the MPO formed a strong partnership with the World Bank to analyze the impacts and to organize a public education and policy program.

During the course of 2005, the issue of security, conflict and the environment has demanded increased attention from the MPO Director.

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Security, Conflict and the Environment

Emerging Issue Overview:

The events of September 11, 2001, had a dramatic impact on the thinking and strategies of policy makers in the world's most influential countries. As policy makers moved away from the initial shock of the terrorist attack, they looked at a broader range of threats that challenged the security of their countries and identified four major threats: terrorism, weapons of mass destruction, disruption of energy supplies and illegal networks (drugs, human trafficking, etc.). With the passage of several years, the policy response to those threats has moved from a Cold War, quasi-military reaction to a broader, more inclusive strategy that gives increased importance to social stability and transparent governance.

The somewhat broadened response and analytical perspective notwithstanding, international development policy is being shaped by the 'new security agenda.' Most recently, the UK government has proposed that the European Commission's policies for Africa in the coming five years be predicated on many of the concepts of security mentioned above.

During the past year, the MPO contracted an expert in the British Prime Minister's Strategy Unit to begin exploration of the possible impact of the 'new security agenda' on WWF's conservation priorities and mission. We organized several meetings with WWF-US and have engaged other development agencies to determine the degree to which this emerging agenda might limit conservation opportunities or open collaboration and funding sources. This exploratory process will continue during the course of the coming year as we host other meetings and seminars, organized with WWF-US. The MPO is working with other development agencies through the Poverty-Environment Partnership to explore synergies and program opportunities

One of the important lessons drawn from this work to date is the need to avoid being pulled into the strategic responses and activities of the major powers. Above all, the WWF Network should continue to strengthen its engagement with civil society, building stronger, more equitable natural resource management systems and increasing the transparency of governments, particularly regarding natural resource wealth.

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WWF-MPO Annual Report 2004: Protecting Vulnerable People and Vulnerable Places. WWF-MPO, 2004.

Changing the Political Economy of Poverty and Ecological Disruption. By David Reed. WWF-MPO 2005

Strategic Environmental Vulnerabilities Assessment: Framework Paper. By Pamela Stedman-Edwards. WWF-MPO 2005

Trade Liberalization, Rural Poverty and the Environment: A Wide-Ranging Review of the Debates. By Rachel Cleetus. WWF-MPO 2005

Demand for MPO Publications: A recent review of statistics on the MPO's web site revealed that MPO publications are regularly among the most downloaded from WWF. Estimates are that *Trade Liberalization, Rural Poverty and the Environment: A Wide-ranging Review of the Debates* was downloaded over 5000 times during the past year. While *Poverty Reduction and Biodiversity Conservation: The Complex Role for Intensifying Agriculture* has been downloaded an estimated 22,000 times since its 2003 release.

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