

## **PRIORITY-SETTING AT WWF-US: TOWARD A NEW CONSERVATION PORTFOLIO**

### SUMMARY

At its February 2005 meeting, the WWF-US Board of Directors adopted a bold new 10-year goal for our actions and investments: to measurably conserve 15 to 20 of the world's most important ecoregions, and in so doing, transform markets, policies, and institutions to reduce threats to these places and to the diversity of life on Earth.

To achieve this goal, the Board also affirmed an approach that reflects our One Global programme in integrating WWF's traditional strengths in field work with our unique ability to address the drivers of biodiversity loss at multiple scales. By going from "local to global" in tackling the challenges of conserving a limited number of places – by working with relevant public and private-sector entities at the local, regional, national, international, and global market levels – we believe that we have the best chance of contributing to the overall targets of the Network and generating the kind of astonishing on-the-ground conservation results that this goal demands.

From April to September, the staff identified an updated set of priorities – both places and their associated drivers – that would reflect the new goal and strategy. The chief challenge was to develop a coherent, actionable portfolio that provides focus and context for WWF-US's conservation programs. This portfolio had to satisfy many demands and constituencies: the need advance a local-to-global strategy that truly integrates ecoregion conservation and thematic policy and market work; the imperative of achieving big results on the ground; our ambition to work in the emerging economies of Brazil, Russia, India, China, and Mexico; our role in supporting the larger WWF Network; and our commitment a small number of iconic places and species long associated with WWF.

In October 2005, WWF's Board of Directors endorsed an initial working portfolio of priorities consisting of 19 places and six drivers of biodiversity loss that strike a balance between these competing forces. This paper seeks to explain the logic and content of that portfolio. In particular, it examines:

- WWF's new conservation priorities and the process used to select them;
- the reasoning and criteria that drove the specific choices we made, both for places and drivers; and
- concrete implications for programs excluded from the new portfolio.

For those interested in greater detail, we have available appendices to this paper that summarize various analyses and other inputs used in the priority-setting process, as well as more detailed information on the new priorities themselves.

NATURE’S MASTERPIECES

WWF’s new portfolio of conservation priorities comprises a constellation of biodiversity superlatives: the world’s largest and most intact tropical forests; the three most diverse freshwater systems in the world; the most diverse coral reefs on Earth; the world’s most biologically significant desert; the world’s most productive fishery. The portfolio is home as well to endangered species that have long been important to WWF: tigers, African and Asian elephants and Indian rhinos; whales and other marine mammals; the great apes; and of course giant pandas.

The portfolio captures high-quality representation from most major biomes (e.g., temperate and tropical forests, grasslands, freshwater systems, coral reefs, mangroves, and others) and is distributed across the major biogeographic realms, with priorities located in North and South America, Africa, and Asia. It invests in geopolitically vital countries of Brazil, Russia, India, China and Mexico (Appendix 1.5). It includes places that are iconic to WWF— places like the Galapagos, the Congo Basin, and the Eastern Himalayas, where we have a long and successful record of conservation action and compelling opportunities for success. It also reflects the reality that WWF-US is part of a larger network, with commitments to partners and long-term funding agreements.

<b>WWF-US’S NEW CONSERVATION PORTFOLIO*</b>		
<b><u>Places</u></b>	<b><u>Drivers</u></b>	
Amazon and Guianas	Madagascar	Agriculture
Amur-Heilong	Mekong	Fisheries
Bering Sea	Meso-american Reef	Forestry
Borneo-Sumatra	Namib-Karoo	Wildlife Trade
Chihuahuan Desert	Northern Great Plains	International Finance
Congo Basin	Southeastern Rivers of the U.S.	Climate Change
Coastal East Africa	Sulu-Sulawesi	
Eastern Himalayas	Valdivia	<i>*See Appendix 1.2 and 1.4 for more information on the portfolio.</i>
Galapagos	Yangtze	
Gulf of California		

Yet the real significance in this portfolio lies in its importance for making real progress against our goal. In the end, we are drawn to these places and these drivers because they represent areas where we believe that WWF can make a difference – indeed, in some places perhaps the defining difference in delivering lasting conservation results. Certainly, making measurable progress in these areas will entail working in close concert with our partners in the WWF Network and the rest of the conservation community. But to the extent that we in WWF-US can focus our resources and energies on this portfolio, on “connecting the dots” from local to global strategies, we can fill a key integrative role that promises to leverage all conservation investments in a place, whether public or private.

This new portfolio is above all an expression of hope. Although threatened, the places in the portfolio still offer outstanding opportunities for conservation success; although global in scope, the drivers in the portfolio still can be shaped to enhance rather than erode biodiversity health. Not that we and our partners will succeed everywhere. But given external realities and our institutional capacity, we believe that this portfolio gives us the best chance of achieving the goal of measurably conserving 15 to 20 of the world's most important ecoregions.

From an organizational perspective, the biggest difference between this portfolio and previous sets of WWF-US priorities lies in the explicit linkage of these places to the larger drivers of biodiversity loss. These drivers threaten our conservation targets at many different places, but because they operate on regional or global scales, they require an inherently different approach from our traditional site-based work. In Borneo, for example, palm oil development poses the biggest threat to the island's forests. Only by working with the global palm oil industry can we hope to address these threats. The same kinds of linkages occur in places like the Bering Sea with the whitefish trade and the forests of the Congo with the European demand for African hardwoods. The portfolio thus explicitly integrates the two traditional strengths of WWF – ecoregion-based conservation and policy efforts – around a common set of priorities. (For a complete list of the combinations of places and drivers in the portfolio, see Appendix 1.3)

#### PRIORITY-SETTING PROCESS: OVERVIEW

WWF-US kicked off its priority-setting exercise by creating a small staff team and asking them to work closely with colleagues in Europe. This team, led by Tom Dillon and Meg Symington, was composed of Adam Tomasek, Cynthia Tapley, Robin Abell, Kim Davis, and Melissa Moye, assisted by Peter Szabo, Taylor Ricketts and Steve Cox. The Team was tasked with developing recommendations for WWF's new conservation portfolio, including both places and drivers, for consideration by the Leadership Team (Appendix 1.1).

The team was encouraged to think creatively about the portfolio, to collaborate closely with other major funding national organizations, and to be open to exploring new opportunities and geographies. The terms of reference included several directives that strongly influenced the final portfolio presented to the Board.

First, the selection process for the portfolio placed primary focus on the places, and the drivers second. This hierarchy mirrors the priorities in our goal, which calls first for results in places and then – in the words of the goal statement, “in so doing” – for the transformation of markets, policies, and institutions. Given our name, our mission, our logo, and our Living Planet Index, it was our conviction that the ultimate measure of our work is the status of species and the habitats upon which they depend. Thus the analysis

that led us to the final portfolio began with the Global 200 list of biologically significant ecoregions and not with a comprehensive review of the threats to biodiversity worldwide.

Second, we have closely engaged the WWF Network in the development of the portfolio. From the outset, it has been evident that executing this strategy will require an unprecedented degree of collaboration with the Network. Indeed, our model presumes that WWF-US will contribute as part of a team with other Network offices in executing a local-to-global strategy. The Priorities Team sought the counsel and guidance of our WWF colleagues in literally scores of countries around the world. We also sought to harmonize our priorities with those of other national organizations – particularly WWF-NL and WWF-UK to avoid the kind of whiplash that field programs experience when receiving disparate funding and directives from different parts of the network.

Finally, the Priorities Team was tasked with producing a coherent portfolio – not simply a list of spectacular places. Their assignment was to craft organizational priorities in which the whole was larger than the sum of its parts – a set of places and drivers that together told a bigger story.

The team worked over the summer collecting and analyzing data and developing its initial recommendations. As inputs for these deliberations, the team solicited and received detailed surveys from more than 100 ecoregions around the world; drew on updated information about the Global 200 from the Conservation Science Program; and assessed the significance of different drivers of biodiversity in each of the ecoregions.

In late August, the team reported back to other national organizations and the WWFUS Leadership Team with three possible portfolios, each built around a different theme: one weighted toward achieving big results at the local level; a second focused on the portfolio best suited to producing globally transformational results; and a third organized around the interface between people and nature. Some 32 different ecoregions, all of outstanding biological value, were represented in the three portfolio options. (See Appendix 2.7)

After reviewing these alternatives, we asked the Priorities Team for a meld of the first two proposals, i.e. a hybrid of big results and driver transformation. Using the resulting list of places as a point of departure, in early September Guillermo Castilleja and Steve Cox convened a series of meetings with senior staff to consider in greater detail the relationship between the places in the portfolio and the drivers of biodiversity loss. The final proposal taken to the Board, places and drivers, was generated following these discussions.

#### CRITERIA AND PROCESS FOR SELECTING PLACES AND DRIVERS

To develop its short list of candidates for the portfolio, the Priorities Team analyzed the Global 200 along three dimensions.

- First, **biological importance**, emphasizing representativeness, and prioritizing by biome ecoregions with the highest levels of endemism and species richness;
- Second, **results and feasibility**, focused on the likelihood that WWF’s investment could make the difference in terms of achieving big results in a given ecoregion over the next 10 years; and
- Third, **transformational potential**, the prospect of seriously influencing the various markets, institutions, and policies that drive biodiversity loss in that place and in multiple other ecoregions (see Appendix 2.1 for more details)

The appendices to this document provide summaries of the analyses the team performed in evaluating the Global 200 using these three filters. What follows in the body of this paper is a narrative about the context, assumptions, analysis, and findings from each step in the process. Our methods for evaluating terrestrial, freshwater, and marine ecoregions varied due to differences in data availability. We are confident, however, in the integrity and credibility of the results.

### **Biological Criteria**

Our first filter was designed to highlight biological importance. Using a methodology tested in previous WWF priority-setting exercises, we began by identifying the most biologically important Global 200 ecoregions that, as a set, maximized representation of different biomes and biogeographical realms. (Although Global 200 ecoregions are all globally outstanding, some are more exceptional than others.) This focus on representativeness – in other words, seeking to protect the full array of places and species around the world, and not simply tropical “hotspots” – is a distinctive feature of WWF’s conservation approach and the team wanted to ensure that the portfolio reflected this strength.

In addition to representation, the team considered other criteria in making its calculations about biological importance. For example, because of the limited conservation opportunities associated with endemic species, the team ranked endemism as the most important criterion in screening ecoregions, followed by such factors as species richness, species-level endemism, higher-level endemism, the presence of ecological phenomena, and intactness. The team then tested different combinations and weightings, with the objective of identifying those ecoregions that are outstanding across as many combinations as possible.

Because we wanted our portfolio to consist of exceptional places, only those ecoregions assessed as high in biological importance, as ranked through the processes described below, were considered as candidates. Many places were defined by multiple overlapping Global 200 ecoregions, and a single highly-ranked ecoregion justified consideration of a place. An example is the Congo River Basin, which was assessed as

having medium biological importance for terrestrial features but high importance for freshwater.

For the terrestrial evaluation, we ran six scenarios with different combinations of criteria and weightings. For each scenario, the Global 200 ecoregions were ranked within their respective “biome by realm” combinations, and points were then assigned based on where the ecoregion sat in the ranking. Each terrestrial Global 200 ecoregion received a final score by summing the points across all six scenarios, and the places sorted into categories of high, medium, or low based on the final score. Through this approach, every “biome by realm” combination had at least one high Global 200 ecoregion (see Appendix 2.2).

In our marine and freshwater evaluations, we had far fewer species-level data. For marine ecoregions, we used proxies to evaluate biological distinctiveness, with specific proxies differing by major habitat types. For example, the evaluation of tropical coral ecoregions was based on the diversity of coral families and coral species; all other major habitat type evaluations considered marine species richness based on the distributions of exploited invertebrates and fishes, and of reptiles, birds, and marine mammal species. These data were used to generate high, medium, and low assignments for marine Global 200 ecoregions (Appendix 2.2).

The freshwater method used available data, synthesized for *Freshwater Ecoregions of the World* ecoregions, on species richness and endemism for fish and aquatic-dependent amphibians. Endemism was weighted twice as high as richness, and freshwater Global 200 ecoregions were ranked based on the highest scoring component ecoregion from *Freshwater Ecoregions of the World*. (See Appendix 2.2)

## **Results and Feasibility Criteria**

We defined feasibility as the likelihood that WWF could make the critical difference in achieving big results in a place. We evaluated feasibility using four categories of criteria, balancing internal and external factors to help determine the potential for conservation success in any given place. Some of these factors can be directly managed by WWF. Others are external factors that are truly out of the control of WWF.

The Priorities Team used two categories of criteria to evaluate internal feasibility: (1) WWF’s capacity and (2) synchronization with Network priorities. To assess WWF’s relative strength in a given geography, we looked at such issues as strategic leadership; staff capacity; absorptive capacity; exclusivity; and partnerships. Most of the information came directly from the surveys of WWF staff in the field. In terms of synchronizing with Network priorities, we used two criteria to assess Network synchronization: existing relationships with other donor National Organizations (especially Netherlands and UK); and concordance with current Network priority ecoregions (the Focal 57). Higher

rankings in these categories indicated the internal factors had superior potential to result in conservation success.

We used two different sets of criteria to evaluate external feasibility: (1) context for conservation, and (2) fundability. To assess the geopolitical context for the portfolio, we used two composite variables for different measures of risk: governance (political risk); and investment climate (economic risk). The governance composite measure was based on the six indicators contained within the World Bank's *Governance Matters III* report (voice and accountability, political instability and violence, government effectiveness, regulatory burden, rule of law, and control of corruption). The investment climate composite was created by averaging country risk assessments from ratings devised by the French and Belgian export credit agencies. Blended together, all of these external factors gave us a sense of the risks and rewards of investing in conservation in a particular ecoregion.

For fundability, we used three criteria: US Government (USAID and Millennium Challenge Account) investment potential; non-US government aid agency investment potential; and US private-sector investment potential. There was no uniform dataset for US-based foundation or philanthropic investment potential.

Aggregate scores for the 11 factors described above were compiled for each ecoregion, and each ecoregion was assigned a *High*, *Medium*, or *Low* summary ranking. Internal measures of feasibility accounted for 60% of the overall score; external measures accounted for 40%. (All scores and final rankings can be found in Appendix 2.3).

### **Transformational Criteria**

The third set of criteria we examined dealt with the potential for ecoregions to serve as platforms for transforming global drivers of biodiversity loss. To that end, we analyzed the importance of various drivers to the Global 200 ecoregions and found that that agriculture, climate change, fisheries, forestry, international finance, and wildlife trade affect the greatest number of ecoregions (in that order).

The Priorities Team consulted more than 60 global experts, including staff from the WWF Network, to gain an understanding of how the drivers operate on a global scale and the linkages between these drivers and the conservation challenges of the ecoregions under consideration. That assessment included identifying the institutions, markets, and policies most significant for each driver and the key opportunities and strategies for transformation.

In addition to engaging global experts, we sent surveys to 140 ecoregions and received responses from 108 (78%) of them. In their responses, field teams identified all drivers affecting their ecoregions, and then selected the five highest-priority drivers, where possible describing the scope and intensity of each. They also provided information on key markets, policies and institutions necessary at national, regional, and global scales for the top five drivers (See Appendices 2.5 and 2.6).

## [box results of survey above...showing ranking of frequency of key drivers as top two threats to ecoregions]

In our analysis, an ecoregion was considered to hold potential to serve as a platform for global transformation if the global experts highlighted it as important for a driver, if that driver was among the top threats to the ecoregion, and if global institutions, markets, and policies had been identified either by the ecoregion itself or through consulting with global experts. When a driver was identified as closely connected to international actors involved with that driver in multiple parts of the world, we considered there to be potential for not only local but also global transformation of the driver.

Criteria used to prioritize drivers included:

- Those most prevalent across Global 200 ecoregions
- Those of highest priority for the most Global 200 ecoregions
- Those that cause irreversible damage to the functionality of an ecosystem
- Those that are easiest to engage due to concentration of actors in the sector or to the existence of the strongest global institutions, markets, policies (i.e. “handles”)
- Those that are most connected to U.S. market demands
- Those that are most connected to U.S.-based institutions

Although our analysis focused on drivers that have a direct and visible connection to ecoregions, such as forestry and agriculture, we recognized that abating threats to the portfolio required that we address some drivers less directly connected to ecoregions. International finance and climate change, for instance, affect all of the ecoregions, and also affect the context for our work on the more “direct” drivers.

We recognized that the chance of program drift increases the farther our driver work strays from its place-based focus, and this danger is particularly acute with such a broad driver as international finance. By the same token, some of the most severe threats to our portfolio stem from projects underwritten by large lending institutions and we must find a way to engage them if we hope to reach our goal. (In this way, finance serves as a pathway to addressing infrastructure threats such as roads and mineral development.) Ultimately, keeping focused on our strategy will be a matter of management discipline and not portfolio selection.

Selecting a set of six drivers for the portfolio does not imply that our conservation strategies *in specific places* will be limited to those six. Depending on the issues affecting the ecoregion, we might well find ourselves grappling with other drivers of biodiversity loss – mining, for example, or alien species, or oil and gas development. Our strategy, after all, is to do “whatever it takes” to secure big conservation results in these places. Our efforts to transform markets, policies, and institutions, on the other hand, will be limited to the six drivers included in the portfolio. (See Appendix 2.4 for rankings.)



## FROM PRIORITIES TO THE PORTFOLIO

Having already passed ecoregions through a biological filter, the assembly rules for the portfolio attempted to strike a balance between a diverse and sometimes divergent collection of interests. For example, a first consideration was an ecoregion's potential to serve as a platform for transforming markets, policies, and institutions; these characteristics worked strongly in that place's favor in the selection process. At least 10 of the places in the final portfolio offer these kinds of opportunities.

Second, the team tried hard to craft a portfolio that would help ensure that the work of WWF-US would be perceived as urgent and relevant. To generate resources on the scale necessary to create transformational change in these places, we will have to experience dramatic growth in our fundraising, and the portfolio needs to be sufficiently compelling to serve as the centerpiece of both promotional and fundraising campaigns. Four icons of WWF that have been of great interest to US constituencies – the Galapagos, Northern Great Plains, Madagascar, and the Eastern Himalayas – were thus included in the portfolio despite their uncertain fit with the local-to-global strategy.

A third design principle revolved around the concept of representation, an approach very distinctive of WWF's priority-setting overall. We focus not just on places with the highest number of species, but rather on a representative set of ecoregions. Consistent with that tradition, the new portfolio includes a representative cross-section of the planet's ecosystems, stretching from the equator to the poles. This portfolio – with places like the Bering Sea, the Amur-Heilong River, and the Southeastern Rivers of the U.S. – delivers on WWF's promise to protect the full range of biodiversity, and not only tropical hotspots (Appendix 1.6).

In addition, we wanted our portfolio to include a few places with higher risks and concomitantly high potential returns, as well as places where we felt relatively confident in our ability to deliver big results. Related to this consideration was our desire to increase significantly our investment in geographies where WWF-US has had limited or no presence, such as Borneo and the Amur-Heilong.

Finally, two other factors were in play in refining the portfolio from the larger group down to a more focused number. First, WWF-US's existing (and future) commitments to various ecoregions have been an important part of the mix. In some cases, such as the Namib-Karoo, WWF administers large multi-year grants; it would be counterproductive to sever these relationships. Second, as noted above, our ability to execute on our strategy in most of these places depends on the collaboration across the Network. Consequently, in finalizing the portfolio we were biased toward places that were supported by multiple national organizations and where it seemed likely or at least possible to secure clear and tightly reasoned agreements between WWF-US and the various relevant Network players.

## TRANSITIONAL PROJECTS

Just as important as the decisions of what to include in the portfolio were the decisions about opportunities we chose to forgo. In general, these choices of where *not* to work fell into two groups. First, there were a number of highly ranked ecoregions – the Cerrado, the Rann of Kutch, or Anatolia Freshwater for example – that would have been entirely new to WWF-US. Some other places were excluded from the portfolio because they lacked on-the-ground capacity to build a conservation program around, and thus were deemed less feasible.

The second group consisted of places where WWF-US is currently investing but that did not score high on all three of the criteria. This list includes South Florida, the Klamath-Siskiyou in the Northwestern United States, the Atlantic Forest in Brazil, and Tibet; in all, WWF-US invested about \$1 million in these places, of which some \$700,000 were restricted dollars. A key next step for the institution will be crafting thoughtful transition plans for these ecoregions so we can disengage with a minimum of disruption or damage to our reputation. A positive example in this regard concerns the Klamath, where we are already in discussions with another national conservation organization to absorb the management and staffing of the project

Finally, we can envision a third group of transitional places – ecoregions selected for the portfolio but where we are unable to reach agreement with our Network partners about vision, strategy, and roles and responsibilities. Our ground-truthing exercise during the priority-setting process looked for potential trouble spots in this regard, but it is impossible to predict what conflicts might arise until we go through the critical and laborious process of negotiating program implementation agreements for the portfolio places. Because of the need to reach these agreements, we should also be prepared to phase the rollout of this portfolio, with some places ready to go very soon and others requiring several years of incubation. This in turn suggests that we will need to develop flexible management structures for our conservation programs as we shift resources and staff to work on the new portfolio.

## CONCLUSION

Some observers might fail to detect a significant difference between our new conservation portfolio and previous lists. WWF has a long record of involvement in many of the places in the portfolio. The same holds true for the drivers. The establishment of the Marine and Forestry Stewardship Councils are but two examples of our prior investment in seeking to redirect drivers of biodiversity loss.

Such a cursory analysis, however, misses the profound institutional changes that this portfolio portends for WWF-US. Some of the places may seem familiar, but how we intend to achieve conservation in those places is dramatically different. In each place, we will look at conservation needs from the most local, on-the-ground work in protected areas to international capital flows that facilitate habitat loss. Where there are gaps in that

chain of conservation strategies, we will work with other programs in the Network to fill them. Where our site-based work can serve as a platform for reshaping the trajectory of damaging policy or market forces, we will meet that challenge. And we will stick to these places for the long term.

These new approaches to old problems give us an opportunity to achieve the lofty aspirations of our 10-year goal which embodies our sense of where we can best advance the mission and aspirations of the WWF network. This new portfolio sets the context for those aspirations, defining the arenas in which we commit to make a lasting difference for conservation.