



Millennium Challenge Corporation

Reducing Poverty Through Growth

June 2005

Natural Resources Working Group

The Millennium Challenge Corporation (MCC) works with the world's poorest countries and selects candidate countries as eligible to apply for funding from the Millennium Challenge Account (MCA) based on a country's performance against its peers on policies in three categories: ruling justly, investing in people, and economic freedom. In its authorizing legislation, MCC is also asked to use objective and quantifiable indicators to evaluate a country's demonstrated commitment to, among other things, economic policies that promote the sustainable management of natural resources. Thus far, MCC has been unable to identify an existing measure that meets our general criteria described below. To address this need, MCC has launched a public process to seek broad input from the academic community, public and private sector practitioners, and researchers at think tanks and non-governmental organizations.

MCC Board member Governor Christine Todd Whitman, former Administrator of the Environmental Protection Agency, is spearheading this process. On February 28, 2005, Governor Whitman and MCC CEO Paul V. Applegarth announced MCC's plan to establish a Natural Resources Working Group (NRWG) and kicked off this process by inviting comments and proposals from the public. MCC also enlisted the help of experts with backgrounds in natural and environmental sciences, economics, and public policy to individually rate proposals and submit an independent evaluation to MCC. MCC is working with a variety of individuals and institutions to host a series of meetings to discuss existing indicators or indices, criteria for such an indicator or index, and potential new indicators or indices.

As an intermediate measure, for the selection process for FY04 and FY05, MCC has provided its Board of Directors with supplemental information on:

- percent of land especially dedicated to the protection and maintenance of biological diversity, natural and associated cultural resources (UNEP), and managed through legal or other effective means; Source: United Nations Environment Programme - World Conservation Monitoring Centre (UNEP-WCMC). 2003. World Database on Protected Areas (WDPA) Version 6. Compiled by the World Database on Protected Areas Consortium. Cambridge, UK, as reported through:
http://earthtrends.wri.org/pdf_library/data_tables/Bio2_2003.pdf
- legislative category of performance in implementing the CITES convention (CITES); Source: Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) Secretariat. 24 September 2004. CoP13 Doc. 22 (Rev 1). Available online at <http://www.cites.org/>
- change in forest cover as an average annual percentage from 1990 to 2000 (FAO); Source: Food and Agriculture Organization of the United Nations (FAO). 2001. Global Forest Resources Assessment 2000--Main Report. FAO Forestry Paper No. 140. Rome: FAO. Available online at www.fao.org/forestry/fo/fra/index.jsp

- percent of the urban and rural population with access to improved sanitation (UNICEF-WHO); Source: United Nation's Children's Fund (UNICEF). 2001. State of the World's Children 2002. New York: UNICEF. Data were originally collected under the UNICEF-World Health Organization (WHO) Joint Monitoring Program, as reported through: http://earthtrends.wri.org/pdf_library/data_tables/pop1_2003.pdf

As set out in our FY05 Selection Methodology and Criteria, MCC favors indicators or indices that:

- are developed by an independent third party;
- utilize objective and high-quality data;
- are analytically rigorous and publicly available;
- have broad country coverage and are comparable across countries;
- have a clear theoretical or empirical link to economic growth and poverty reduction;
- are policy-linked, i.e. measure factors that governments can influence within a two to three year horizon; and
- have broad consistency in results from year to year.

To find out how to participate in, or for questions regarding, the Natural Resources Working Group, please contact MCC's office of Development Policy at:

MCCDevelopmentPolicy@mcc.gov