



# MILLENNIUM CHALLENGE CORPORATION

REDUCING POVERTY THROUGH GROWTH

July 2006

## RESULTS OF MCC'S SEARCH FOR A NATURAL RESOURCE MANAGEMENT INDICATOR

In its authorizing legislation, MCC is required to evaluate country performance in a variety of specific policy areas through objective and quantifiable indicators to the maximum extent possible. One of these is a country's demonstrated commitment to economic policies that promote the sustainable management of natural resources. To this end, MCC has, from 2004 to 2006, provided its Board of Directors with supplemental quantitative and qualitative information about each country's performance in this area. At the same time, however, MCC has been seeking a single indicator or index of natural resource management that would meet its criteria for a selection indicator and satisfy its legislative mandate. For more information on the criteria for selection indicators, see MCC's Natural Resource Working Group Fact Sheet (June 2005).

In February 2005, MCC launched a public process, spearheaded by MCC Board Member Governor Christine Todd Whitman, to seek broad input from experts and key stakeholders in the environmental community. In the search for a natural resource management indicator, MCC consulted extensively with a broad range of environmental experts, think tanks, NGOs, scholars, the Congress, and various US government agencies. MCC invited experts with a range of experience to participate in a Natural Resources Working Group and to provide input into the process by identifying available indicators, formally proposing new or existing indicators, or serving as an expert evaluator for proposals received by MCC. Throughout this process, MCC researched and catalogued over 120 potential natural resource indicators.

In July 2005, MCC issued a public "call for ideas" for an indicator and assembled a group of economists and natural resources management experts to help evaluate the proposals received. MCC and its group of expert evaluators concluded their review of all the submissions in June 2006.

### Public Outreach in Conjunction with the Brookings Institution

Many of those initially consulted suggested that MCC should convene several experts in this field to take stock of existing and emerging research and to discuss the merits and shortcomings of potential indicators. In response, MCC worked with The Brookings Institution to bring together some of the top experts in the field of natural resources management, environmental indicators, and environmental economics in June 2005. The group debated the nature of several potential indicators, and MCC concluded the forum by announcing a formal "call for ideas" from the experts and general public. MCC also introduced the individuals who had volunteered to serve as independent expert evaluators.

### NEXT STEPS

The two indicators receiving the highest scores were a *Natural Resource Management Index* from Columbia University's Center for International Earth Science Information Network (CIESIN) and the Yale Center for Environmental Law and Policy, and an *Access to Land* indicator from the International Fund for Agricultural Development (IFAD). Additional information on these indices is provided on the following page. MCC is conducting technical and other consultations with various experts, stakeholders, and with the institutions that produce

these indicators to assess the potential application of the indicators to MCC's selection process. MCC expects to make a recommendation in August 2006 to its Board of Directors about all indicators, including a natural resource management indicator, to be used for the Fiscal Year 2007 annual selection cycle.

#### **OVERVIEW: "NATURAL RESOURCE MANAGEMENT" INDEX**

Columbia University's Center for International Earth Science Information Network (CIESIN) and the Yale Center for Environmental Law and Policy have proposed a composite measure of natural resource management comprised of four indicators:

- **Eco-region Protection:** Developed by CIESIN, this indicator assesses whether a country is protecting at least 10% of all of its biomes (e.g. deserts, forests, grasslands, aquatic, and tundra.). It is designed to capture the comprehensiveness of a government's commitment to habitat preservation and biodiversity protection. World Wildlife Fund provides the underlying eco-region data, and the United Nations Environment Program World Conservation Monitoring Center – in partnership with the IUCN World Commission on Protected Areas and the World Database on Protected Areas Consortium – provide the underlying data on protected areas.
- **Access to Improved Sanitation:** Produced by WHO and UNICEF, this indicator measures the percentage of the population with access to facilities that hygienically separate human excreta from human, animal and insect contact. Facilities such as sewers or septic tanks, pour-flush latrines and simple pit or ventilated improved pit latrines are assumed to be adequate, provided that they are not public.
- **Access to Improved Water:** Produced by WHO and UNICEF, this indicator measures the percentage of the population with access to at least 20 liters of water per person per day from an "improved" source (household connections, public standpipes, boreholes, protected dug wells, protected springs, and rainwater collection) within one kilometer of the user's dwelling.
- **Child Mortality (Ages 1-4):** Produced by the Population Division of the United Nations Department of Economic and Social Affairs, this indicator measures the probability of a child dying between the ages of 1 and 4. Because the causes of child mortality among 1-4 year olds are predominantly environmental, this indicator is considered to be an excellent proxy for underlying environmental conditions.

This composite indicator is consistent with MCC's legislative mandate because it evaluates government commitment to sound management of water resources and water systems, proper sewage disposal and sanitary control, air quality standards, habitat preservation, and biodiversity protection. For more, please see: [www.yale.edu/epi/](http://www.yale.edu/epi/) and <http://sedac.ciesin.columbia.edu/es/epi/>.

### **OVERVIEW: “ACCESS TO LAND” INDICATOR**

The International Fund for Agricultural Development’s (IFAD) “Access to Land” indicator, a component of its Performance Based Allocation System, assesses the existence of an institutional, legal, and market framework for secure land tenure. Specifically, it measures the extent to which:

- “a range of land access mechanisms is available to rural poor households, including women, indigenous populations and other vulnerable groups, and their land access is generally secure;”
- “the law guarantees secure, equal, and enforceable land rights to poor men and women;”
- “the majority of land holdings are titled and/or registered;”
- “formal land markets [the free buying, selling, and renting of private land] function effectively and are used by the rural poor;” and
- “the government has a policy for the clear and equitable allocation and management of common property resources.”

This indicator is consistent with MCC’s legislative mandate because research indicates that secure land tenure facilitates long-term investments in land productivity and diminishes the likelihood of short-term actions with negative environmental impacts such as deforestation.

For more on IFAD’s indicator methodology, see: [www.ifad.org/gbdocs/gc/27/e/GC-27-L-6.pdf](http://www.ifad.org/gbdocs/gc/27/e/GC-27-L-6.pdf) . The 2004 IFAD country scores are at: [www.ifad.org/gbdocs/gc/28/e/GC-28-L-9.pdf](http://www.ifad.org/gbdocs/gc/28/e/GC-28-L-9.pdf)