



*for a living planet*



## From Negotiations to Adjustment



# Background

There is growing uncertainty around the completion of the Doha Round of international trade liberalization and the prospects for trade to sustain the global economic expansion of the last half-century. It is unclear whether the United States and Europe will make meaningful concessions to help the developing countries; whether the increasing economic success of Brazil, China, and India will fragment consensus within the South; and whether the Doha Round will fulfill its much-touted promise to materially benefit the world's poor people.

It is equally uncertain whether unrelenting pressure on the world's ecosystems, exacerbated by an expansion of trade, will undercut their capacity to support livelihoods and provide valuable services. Indeed, the issue of sustainability seems to have vanished from the trade debate. Concerns about the environment and its fundamental importance to real people in real places have been relegated to the sidelines of the negotiations.

# A New Approach

It is in this context that WWF's Macroeconomics for Sustainable Development Program Office (MPO) has created a programmatic approach, "From Negotiations to Adjustment," that proposes a shift in the trade debate toward the national and local levels. The initiative seeks to anticipate and address the specific effects of trade, investment, and related transformations in global agriculture on the rural areas in which most of the world's poor live, and on the ecosystems upon which they depend. It asks two key questions:

- 1. What are necessary conditions at the national and local levels to ensure that trade leads to more sustainable and equitable development?**
- 2. How can a variety of stakeholders—governments, producer groups, the private sector, donor agencies, academia, and non-governmental organizations (NGOs)—help to establish these conditions?**

The "From Negotiations to Adjustment" approach focuses on providing analysis, building capacity, and developing platforms and processes to help these stakeholders begin to answer these questions themselves. Its ultimate goal is to generate a range of institutional, policy, and practice interventions that link trade, human development, and environmental protection in specific national and local contexts.





The “From Negotiations to Adjustment” approach does not take a position on trade per se, but rather focuses on concrete interventions at national and local levels.

It combines political and technical elements, emphasizing the participatory engagement of a broad range of stakeholders in anticipating, defining, and responding to the trade-offs that arise from economic change.

The approach comprises five key elements:

**Identifying the environmental and social effects of trade-related agricultural change, particularly with regard to vulnerable people and places**

**Identifying the trade-offs between different stakeholders arising from competing demands on natural resources, ecological systems, and ecosystem services**

**Creating and supporting platforms and processes by which stakeholders can collaborate in mediating trade-offs, devising response options, and promoting interventions**

**Providing analytic and technical support as requested by stakeholders, including evaluating policy options, integrating economic and environmental concerns, and/or comparing response options**

**Maintaining a clearinghouse of analytic tools, response options, and strategic interventions for stakeholders, and bringing these experiences to the national, regional, and global levels**





The approach also seeks to improve the capacity of government, the private sector, and civil society to monitor the likely effects of trade and investment.

ACTIVITIES TIMELINE

The “From Negotiations to Adjustment” approach is implemented through discrete modules organized in countries or regions around particular trade or economic policies, commodities, environmental impacts, or vulnerable groups or places. Each module is designed for an 18-month period, broken into two sequenced steps.

STEP 1 6 MONTHS

GOAL Identify issues and create teams

Identify focal areas and issues through consultations with:

- producer groups (small, medium, and large) and the private sector
- governments and key national and international institutions
- civil society and local communities

Build local support teams to:

- conduct preliminary analyses
- engage and facilitate dialogue between stakeholders
- provide ongoing technical support throughout the entire activity



INTERVENTIONS TOOLKIT

Policy and Regulation

- Land use planning and zoning
- Environmental impact assessments
- Terms of entry for foreign direct investment
- Pacing and sequencing of trade liberalization

Private-Sector Initiatives

- Certification of best practices
- Public-private partnerships
- Bringing small farmers into value chains
- Payments for ecosystem services

Governance and Advocacy

- Conflict resolution and mediation
- Formalized stakeholder interaction with policy makers
- Capacity-building for civil society
- Knowledge and technical exchange

STEP 2 12 MONTHS

GOAL Identify responses, mediate trade-offs, and implement interventions

Create and manage institutional platforms to:

- frame and sharpen the issues
- identify responses to those issues
- mediate trade-offs between those responses
- link local and national stakeholder groups

Provide additional analysis and technical support:

- as requested by local and national stakeholder groups

Develop and advocate interventions:

- see “Interventions Toolkit” for illustrative examples



# The “From Negotiations to Adjustment” project began in three countries in 2005.



## Kenya

**KENYA** is the largest producer of cut flowers in Africa and the leading exporter to Europe. More than 75 percent of flowers at Lake Naivasha (the major producing area) come from 25 medium- and large-scale, foreign owned firms. The pressure on the lake, which is internationally recognized by the Ramsar Convention on Wetlands, and its supporting ecosystem is increasing the competing demands on an ever-diminishing resource. The resulting conflicts seriously inhibit development, poverty alleviation, and healthy ecosystem function. The overall objective of the project is to engage and support stakeholders in developing innovative responses to these trade-offs and pressures. The

aim is to sustain the benefits from trade and investment, which also means sustaining the natural resource base on which economic growth, livelihoods, and ecosystem services all depend. Project partners are WWF’s East Africa Regional Program Office, SNV-Kenya, and the Tegemeo Institute.

## Brazil

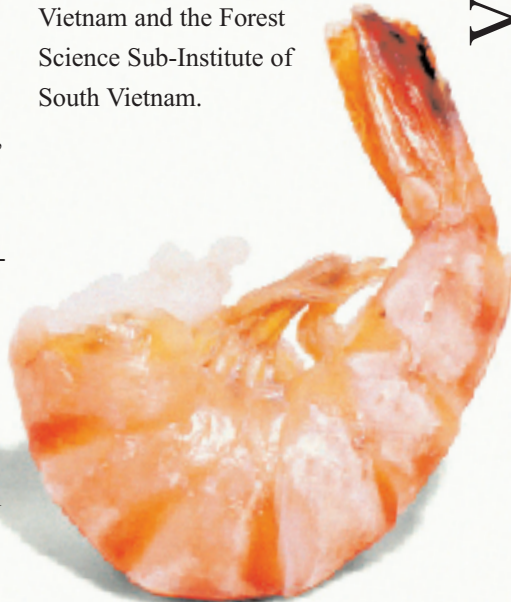
**BRAZIL** is the world’s largest producer and exporter of sugarcane. It is predicted that the area of sugarcane cultivation will have to expand by 75 percent in ten years to keep up with demand. Demand may spike even further as the European Union and United States reduce their domestic sugar subsidies, and as high oil prices spur global demand for biofuels such as sugar-based ethanol. One of the most likely areas for expansion is the *cerrado*, a unique and seriously threatened region of grasslands and savannah in southeastern Brazil. The project seeks to identify the risks of unplanned expansion and poor agricultural practices in terms of water pollution, soil erosion, and

biodiversity loss and to highlight better practices and policies that discourage the conversion of high-value conservation areas. A comprehensive study on the likely environmental and social impacts of sugarcane expansion in Brazil is being shared with key stakeholders from the government, producer groups, the financial sector, and NGOs. The project’s broader goals are to promote responsible production practices, better land use planning, and relevant trade and policy reforms. Project partners are WWF Brazil and the Federal University of São Carlos.

**VIETNAM** became a leading exporter of agricultural products such as coffee, shrimp, and rice during the 1990s. Though this impressive economic growth helped to reduce poverty in rural areas, it also led to deforestation, groundwater depletion, and biodiversity loss. Another commodity, cocoa, is now at an early stage of development in Vietnam. Current production areas total about 4,500 hectares, but there are plans to expand to 20,000 hectares by 2010. However, when grown on existing agricultural lands and intercropped to provide additional livelihood options for small farmers,

cocoa can make a positive contribution toward the goals of biodiversity conservation and poverty alleviation. The project seeks to understand and address the environmental and social implications of expanding cocoa production and to engage the sector at an early stage in order to ensure that its growth is planned and managed carefully, best practices are adopted, and sound policies are introduced to minimize adverse impacts. Through collaborative dialogue with key stakeholders, the project is generating recommendations for appropriate policies, production techniques, and areas for producing cocoa in Vietnam. Project partners are WWF Vietnam and the Forest Science Sub-Institute of South Vietnam.

## Vietnam







# Key Messages

## 1. Avoid Aggregates

Understand that aggregate data gloss over the impacts and opportunities of trade for real people in real places. Trade reaches countries, communities,

and ecosystems as part of a larger matrix of economic change, and its effects on them depend on many intervening factors.

## 2. Articulate Linkages

Identify the connections between the reduction of poverty, vulnerability, and risk, and the protection of the natural environment and its services. Analysis of trade’s effects on poverty

often fails to include reference to the environment—despite clear evidence of the direct dependence of poor people on the ecosystems around them.

## 3. Emphasize Environmental Services

Leverage the potential of ecosystems to contribute to poverty reduction and enhanced human well-being. Humans already benefit from the many

provisioning, regulating, and supporting services of ecosystems, such as food provision, climate regulation, and soil formation.

## 4. Move “From Negotiations to Adjustment”

Engage trade at the point of economic and environmental consequence to re-center the trade debate and generate interventions around issues of consequence to real people. Build from this point back to relevant drivers of change.

## 5. Identify and Mediate Conflicts

Understand and address the trade-offs involved, across sectors and stakeholders, in decisions concerning the environment. Build transparent

and participatory platforms to mediate trade-offs at all levels of governance.

## 6. Develop Interventions

Identify response options that can better achieve core human development and sustainability goals. Interventions may include options to adjust to, respond to, and proactively

engage the international trade regime, standards of global value chains, or priorities of national development plans that currently structure production and labor.

## 7. Address Real Drivers of Change

Move beyond immediate environmental impacts to tackle (when possible) the demographic, economic, political, cultural, and

technological drivers of environmental change at the landscape and community scales.

## 8. Focus on Development

Begin with real people and places, put sustainability at the center of concern, and ask how trade can contribute to a broader sustainable development strategy.





WWF’s Macroeconomics for Sustainable Development Program Office (MPO) develops analysis and undertakes interventions to address the environmental implications of a changing global economy, from structural adjustment programs to trade liberalization. For nearly twenty years, MPO has focused on the root causes of biodiversity loss, the role of the environment in the lives of the poor, and the relationships between human and environmental vulnerability.

Through collaboration with a wide range of partners and stakeholders, MPO’s Trade Program seeks to promote a better understanding of the relationships between trade, human development, and sustainability; and to ensure that trade liberalization does not harm critical ecosystems and the rural poor who depend upon them.

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is dedicated to the memory  
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(1941–2005).**

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