Joint UNDP-UNEP Poverty Environment Initiative (PEI)

Sustaining Resources, Improving Lives

Annual Progress Report 2014

The Poverty-Environment Initiative (PEI) of the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP) is a global UN effort that supports country-led efforts to mainstream poverty-environment linkages into national development planning and budgeting. PEI provides financial and technical assistance to government partners to set up institutional and capacity-strengthening programmes and carry out activities to address the particular poverty-environment context.

PEI is funded by the Governments of Germany, Norway, Spain, Sweden, the United Kingdom and the European Union and with core funding of UNDP and UNEP.

Sustaining Resources, Improving Lives is also available online: www.unpei.org

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Cover photo: Zanzibar children sailing toy dhows by Yannick Beadoin/GRID Arendal.

This publication has been endorsed by Nik Sekhran and Mette Wilkie, members of the PEI Joint Management Board.

All $ referred to in this publication are US$, unless otherwise specified.

Printing: UNON, Publishing Services Section, Nairobi, ISO 14001:2004-certified

Copies: 200/2015/skk

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Foreword

In September 2015, world leaders took unprecedented steps to shift the world onto a path of inclusive, sustainable and resilient development. The United Nations Sustainable Development Summit 2015, convened as a high-level meeting of the U.N. General Assembly, adopted the 2030 Agenda for Sustainable Development, which includes 17 Sustainable Development Goals (SDGs). These goals will embrace a pledge, by 2030, to end poverty in all its forms everywhere, ensure lasting protection of our planet's environment, and foster a world where no one is left behind.

Universal in its applicability, transformative in its nature, the 2030 Agenda for Sustainable Development rests on the balanced integration of the three dimensions of sustainable development: Environment, Economy and Society. This integrated agenda highlights that poverty eradication and sustainable development are intrinsically linked.

While rapid economic growth over the past two decades has lifted millions of people out of poverty, the challenges the poor face in today's world remain daunting. Increasing pressure on land and water resources is eroding the natural assets the poor depend upon. Access to environmental and natural resources is diminishing. Once open rangelands for pastoralists are progressively being closed. Land grabbing threatens the rural poor and indigenous peoples in many developing countries. The increasing frequency and punishing impact of natural disasters — droughts, floods and the impacts of climate change – place the lives of the poor at ever greater risk.

The Poverty-Environment Initiative, a joint effort of UNDP and UNEP since 2005, works to catalyze major changes to government policy and budgetary priorities in developing countries. The Initiative provides developing countries with tailor-made and practical tools and methodologies to apply an integrated approach to the implementation of the Sustainable Development Goals into their national and local development processes. These practical tools and methodologies promote the transformation of institutions and decision-making needed to break down silos, sustain natural resources and end poverty. In 2014, PEI supported governments in 25 countries to improve lives by sustaining natural resources.

Sustaining resources, improving lives highlights the work of the Poverty-Environment Initiative in 2014. The report features the achievements of the Initiative in each of the major areas of work: coordination across government institutions; cross-sector economic, social and environmental assessments to inform national, local and sectoral policy and planning; supporting fiscal reform; promoting gender equality and social inclusion; South-South cooperation and partnerships; and support to put in place building blocks for implementation of the 2030 Agenda for Sustainable Development.

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Three in a Boat

A Government Minister, who wished to visit a sustainable fisheries project, invited an international Economist to join a boat excursion to the project site. They were crossing the lake with a local Sailor when their boat sprang a leak and began to sink.

The Minister called for immediate action and invited proposals from the others.

The Economist modeled the situation, identified the resources needed to stem the leak, calculated the costs of alternative courses of action and presented these findings to the Minister.

The Minister thanked the Economist and then consulted the Sailor on what should be their preferred option.

The Sailor took out a pocket knife, cut a swath of sail, fitted it into a plug and stuffed it into the hole, sealing the leak. Landing safely ashore, the Sailor profusely thanked the Minister and the Economist.

"What for?" asked the Minister, *"it is your decisive action that saved our lives."*

Stowing away the knife, the Sailor replied, *"I was able to act quickly thanks to the Government's programme that ensures everyone in my community has the proper tools to carry out their trade."*

"The sustainable fisheries workshop led by the Economist taught us how to evaluate the costs and benefits of different alternatives and when to take action even under conditions of uncertainty."

"And the gender empowerment session it included helped give me the confidence to decide what to do when you, Minister, called for immediate action", she added.

The joint UNDP-UNEP Poverty-Environment Initiative applies the essential ingredients of shared knowledge, proper tools and empowerment to the ultimate goal of reducing poverty by strengthening the sustainable management of environmental and natural resources in developing countries. From the waters we drink, the fisheries we harvest, and the forests we raise, to the minerals we mine, the animals we herd, and the land we till — environmental and natural resources underpin livelihoods in many developing countries — particularly of the poor.

Seventy per cent of the world's population that live below the poverty line largely depend on natural resources for their livelihoods. Women outnumber men among those living in households below the poverty line1, making them more vulnerable to environmental degradation and climate change. The Poverty-Environment Initiative has therefore stepped up efforts in 2014 to address gender equality in our work.

2014 marked the first year that the Poverty-Environment Initiative hit full speed, following its successful 5-year acceleration of activities in countries beginning in 2008. Earlier, the Initiative laid the foundation of its current work to build an inclusive, green economy and climate resilience in PEI-supported countries by capitalizing on the successes it had achieved from 2005 onwards. By drilling further down into the bedrock of country-level decision-making, PEI secured increased financial commitments and local capacity to apply tools and methodologies to influence government

1 The poverty line is defined as the bottom 20 per cent of households. See "Gender and poverty: What do we know?" in UN Women, *Transforming Economies, Realizing Rights: Progress of the World's Women 2015-2016* (2015).

development planning and budgeting processes. Thus, PEI serves as an important example of UN reform with UNDP and UNEP's strong partnership jointly delivering an integrated, programmatic approach in supporting countries. With more sustainable development policies, plans and budgets, countries seeking to meet the twin challenges of poverty reduction and environmental sustainability have gained invaluable momentum toward achieving sustainable development.

Poverty-Environment Initiative by the Numbers 2014

25 countries where PEI provided support in 2014
including technical assistance

Since the beginning of the Poverty–Environment Initiative:

97 national policies and subnational development plans in 23 countries have taken on board poverty-environment objectives
37 sector policies and plans in 21 countries have incorporated poverty-environment objectives
18 countries have introduced poverty-environment indicators into their **national and subnational monitoring and evaluation systems**
20 countries' ministries of planning/finance in partnership with ministries of environment lead on **coordinating** the **participation of sectors** to address poverty-environment priorities
17 countries undertook **budget reforms** and have provided tools and strengthened their capacity to address poverty-environment concerns through **national budgeting and expenditure processes**

Coordination across government institutions

Working together is better than going it alone. Successful mainstreaming of poverty and environment objectives in government policies, budgets and programmes requires the engagement of many stakeholders, encompassing government and non-governmental actors and the broad development community operating in the country. Because of the close relationship between poverty-environment mainstreaming and national development planning and budgeting, the ministry of planning or finance, in collaboration with the environmental institutions, plays a major role. Non-governmental actors, including civil society organizations, academic and research institutes, business and industry, media, and the general public, can be powerful advocates for incorporating poverty-environment objectives into development planning at national, subnational and sectoral level. The increased participation of key sectors in decision-making contributes to advancing politically sensitive issues, such as the fair sharing of benefits from investments in the development of a country's natural resources.

Box 1: Widening the Table: Key Stakeholders and Sectors of the Poverty-Environment Initiative


Head of State's Office


Parliament


Ministry of Planning / Finance


Ministry of Environment


Local Government


Communities / The general public / Environmental institutions

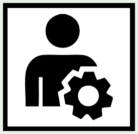

Sectoral agencies


IGOs / Donors


Academic and research institutes


Civil society organizations


Media


Business and industry

So far, 20 countries participating in the Poverty-Environment Initiative have established new ways to bridge the divides within Government and allow for better coordination across its different institutions and sectors. For example, as a top priority in 2014, the Government of **Bhutan** made ensuring that gender, environment, climate change, disaster and poverty issues get the attention they deserve. To help plant such cross-cutting issues in local governments' plans and programme, the Bhutan Government established the national 'Mainstreaming Reference Group' and then replicated it in five of the country's districts, each chaired by the district chief executive officer and with membership represented by the various sectors.

The Mainstreaming Reference Groups are tasked with assisting local governmental institutions and officers to form and carry out development programmes that are sustainable and socially inclusive, and contribute towards achieving the overall goal of "self-reliance and inclusive green socio-economic development". Each of the five districts developed a strategic action plan in 2014 which will be implemented in 2015. The Department of Local Governance has contributed their own financial resources to this end. In this way, the districts' stakeholders will take ownership of the plans they themselves created to address poverty-environment issues.

Mongolia's Parliament approved a *Green Development Policy* in June 2014. The Ministry of Environment, Green Development, and Tourism established a cross-sectoral working group to develop an action plan to carry forward the new policy and invited PEI to serve on the working group. Together with the Ministry of Labour and the Ministry of Population Development and Social Protection, the Ministry of Environment, Green Development, and Tourism developed a draft Action Plan to implement the 4th Strategic Objective – "Engraining green lifestyle by reducing poverty and promoting green jobs" – of the *Green Development Policy*.

Collaboration and coordination with other in-country donors is also a key aspect of the Poverty-Environment Initiative approach to catalyze and sustain change. The United Kingdom Department for International Development (DFID) is supporting a USD 15 million *Environment Friendly Local Government Framework* building on our work in Nepal. This type of synergy minimizes duplication of activities and increases overall resource efficiency.

In another first, **Peru**'s successfully revised *National Solid Waste Management Plan (2014)* integrates poverty-environment aspects, including specific social, youth and gender, objectives and indicators. The Plan underwent extensive participative review done through seven workshops held in different regions of the country with key stakeholders at national and regional level, and including civil society and the private sector. The Ministry of Environment led the participatory process with PEI support.

Five Ministers from across the Mauritanian Government (Finance, Economic Affairs and Development, Fisheries and Maritime Economy, Health, Water and Sanitation) joined the Secretary General of the Ministry of Environment and Sustainable Development at the official launch of the 2014-2017 *Poverty-Environment Initiative Mauritania Project*. Following the launch, a coordination unit for poverty-environment-related issues has been established to monitor national poverty-environment progress.

Rwanda integrated poverty-environment and climate objectives and targets to establish green villages in 30 district plans in 2014. Learning from the Rubaya green village demonstration project implemented earlier with the support of the Rwanda Environment Management Authority and the Poverty-Environment Initiative, the Muhanga District has been the first district to emulate the project in Muyabe Village, with a focus on women's empowerment and gender equality. The Muyabe Village project is supported by the Government of Rwanda, the Swedish International Development Cooperation Agency (SIDA) and UNDP Rwanda.

At the *Sharefair 2014 Inspiring Agricultural Change* organized by UN Women with other UN agencies (Nairobi, 15 to 17 October 2014), PEI helped a Rwandan women-led cooperative showcase technologies and innovations that support rural female small-holder farmers. The experiences from Kabeza, Rubaya, the model Rwandan green village that adopted a more holistic approach to environmental sustainability, are also being shared online in the popular YouTube video *In Kabeza village environmental sustainability helps achieve MDGs*.

Working with Parliaments and Heads of State to influence national and sectoral policy and planning

Parliamentarians and Heads of State play key roles in efforts to reduce poverty and ensure the sustainable use of natural resources. Parliamentary committees can provide an important venue for presenting evidence marshalled by PEI of the link between strengthening management of environment and natural resources and the reduction of poverty rates and improvement of community well-being. Heads of State, with access to state communication channels and major media, can carry the poverty-environment message to the national public, neighbouring countries and the international community.

In **Burkina Faso**, collaboration with Parliamentarians and awareness raised through local media on findings from Poverty-Environment Initiative-supported studies on chemical use and management of cotton and gold mining contributed to the approval of a new mining policy and the establishment of regulations for gold mining, and in the promotion of sustainable business practices.

A new law banning non-biodegradable plastic was adopted as part of the 2014 *Framework Law on Sustainable Development*, in line with PEI's support to the *National Strategy for Sustainable Development* and related *National Investment Plan for Environment and Sustainable Development*.

Malawi Parliamentarians continued to use findings of a PEI-supported studies, *Malawi State of Environment and Outlook Report Environment for Sustainable Economic Growth* (2010) and *Economic Valuation of Sustainable Resource Use* in Malawi (2011), during the preparations for the 2014 U.N. Climate Change Summit in Lima, Peru. Speaking before the U.N. General Assembly earlier in the year, H. E. Peter Mutharika, the President of Malawi, highlighted findings from the economic study on the costs of unsustainable natural resource use. The study focused on the forestry, fisheries, soils and wildlife sectors. It was estimated that unsustainable natural resource use costs Malawi 5.3% of its Gross Domestic Product (GDP) each year, more than the total funding allocated to education and health in 2009.

The country has since developed mainstreaming guidelines for its Public Sector Investment Programme. For the first time, in 2014 Malawi's Ministry of Finance recommended that all capital intensive projects need to undertake and comply with recommendations from Poverty and Social Impact Assessments (PSIA), in line with the new guidelines. Capital intensive projects should further respond to sustainability indicators and conduct Environmental Impact Assessments (EIA).

Lao PDR has realized over 7% annual GDP growth and almost halved poverty rates during the past two decades. Economic growth is driven largely by high inflows of foreign direct investment, mainly into the natural resource and affiliated sectors such as agriculture plantations, forestry, mining and mineral resources, hydropower and tourism. Many of these projects caused extensive harm to the environment. Land grabs from local communities led to relocation and loss of livelihoods, while the profits from the investments were inequitably distributed, with very little compensation for local people. Prospective investors were judged solely on technical and financial grounds; the impacts of their investments on the environment and poverty alleviation were largely overlooked. In 2014, the National Assembly saw that many foreign investment projects were failing to protect communities and serve the national goal of reducing poverty.

The Poverty-Environment Initiative worked directly with Laotian Parliamentarians to raise awareness of pro-poor investment best practice and also supported the Investment Promotion Department of the Ministry of Planning and Investment to strengthen the country´s overall management of foreign direct investments. PEI delivered a programme of trainings on Environmental and Social Impact Assessment (ESIA) and Ecosystem Valuation, methods that support Lao PDR's recently developed national investment database. PEI also helped develop a financial model for agriculture and mining concessions among others.

Rice processing. Photo credit: © Md. Akhlas Uddin/UNDP. UNDP-UNEP Poverty-Environment Initiative *Flickr*

The Lao PDR Government has placed a moratorium on new agricultural plantations and minerals exploitation projects (*Prime Minister's Order 13*) to give these sectors time to evaluate projects' compliance and allow government to resolve problems experienced by investment projects that are not operating effectively or creating severe environmental and social impacts. All sectors and provinces are now monitoring mining and agriculture projects to evaluate their compliance with new regulations to ensure these investments deliver real benefits to the people.[2]

Progress was also made in Lao PDR in weaving sustainable development, environmental protection and natural resource management, poverty eradication and women's advancement objectives into the concept for the *National Socio-Economic Development Plan 2016-2020* currently being prepared. Sustainable development and inclusive green growth will contribute to the country´s hoped for graduation to the status of a Middle-Income Country by 2020. Under **Kyrgyzstan**'s *National Strategy for Sustainable Development 2014-2017*, adopted in 2013, the country's sectors include green development, gender and disaster risk reduction objectives in their planning for the first time. In **Tajikistan,** poverty-environment considerations included in national development are also being accompanied by budget and expenditure monitoring, with a Public Environmental Expenditure Review (PEER) being undertaken for the first time in the water sector.

At the national level, **Guatemala**'s *National Development Plan 2032*, launched in August 2014, included a chapter on environment and natural resources, with a focus on water, forests and energy. The increased cross-sector collaboration promoted through the work on Poverty-Environment Initiative supported sector studies was crucial for this change from

2 See *Mainstreaming Environment and Climate for Poverty Reductions and Sustainable Development: A Handbook to Strengthen Planning and Budgeting Processes*. UNDP and UNEP, 2015, p. 96.

Management of pastures in Naryn Oblast, Kyrgyzstan. Photo credit: UNDP-UNEP Poverty-Environment Initiative

Box 2: Navigating the Poverty-Environment Initiative: Key Concepts, Processes and Tools

Poverty-Environment objectives: Using natural resources sustainably; adapting to climate change; reducing poverty, ensuring equity (especially for marginalized groups such as women and indigenous peoples), working toward inclusive sustainable growth; and building healthy communities resilient to climate change and other calamities.

Poverty-Environment mainstreaming: Putting pro-poor, environmental sustainability objectives into the 'heart' of government by integrating these into development planning and budgeting processes led by ministries of finance, planning and local government, and supported by ministries of environment, at national, subnational and sectoral levels.

Programmatic approach: Poverty-Environment Initiative's flexible approach to mainstreaming that makes the case for prioritizing pro-poor, environmental sustainability objectives in national planning and budgeting processes, and mainstreams these into sector and subnational planning and budgeting, monitoring and private investments.

Entry points: Mainstreaming begins with identifying the needs of the poor; developing impact, vulnerability and adaptation assessments; strengthening mainstreaming capacities within government; raising awareness; and building partnerships.

Fiscal and budget processes: Government's fiscal policy decisions on expenditures – what to spend on – and revenues – what to tax and levy charges on, including through incentives for environmental sustainability investments, such as clean technology. The main steps are budget planning, formulation, execution, implementation and accountability. Monitoring and evaluation promote transparency and accountability and are part of any effective budgeting process, offering a key entry point for mainstreaming.

Tools and methodologies: Institutional and context analysis, economic assessments of the value of inclusive natural resource sustainability, cost-benefit analysis, poverty and social impact analysis, gender analysis matrix, environmental fiscal reform, public expenditure reviews, climate public expenditure and institutional reviews, environmental impact analysis, environmental impact assessment, strategic environmental assessment, ecosystem assessment or vulnerability assessment, among others.

past national development plans. In **Mozambique** nine and in **Rwanda** 16 sector plans include poverty-environment objectives in 2014. In Mozambique and Rwanda district action plans to implement poverty-environment objectives at district level have also been developed, further evidence of PEI's increasing influence at local level.

Laying the ground for the right investments: Locking in poverty-environment objectives through budget guidelines, classification codes and expenditure reviews

Expenditures do matter.

One of the most important indicators of the Poverty-Environment Initiative´s success is the amount of public sector financial expenditure for poverty-environment results in Poverty-Environment Initiative countries. PEI has used public expenditure reviews as a tool to encourage governments to give priority to environment and natural resource management and climate change in their plans and budgets. Increasing budget allocations for sustainable use of natural resources mark an important step in national fiscal reform for ensuring sustainable development and green growth.

The Poverty-Environment Initiative has encouraged national budgeting and expenditure processes to factor in pro-poor and environment sustainability in the budgeting and expenditure decisions at national level through tools like Public

Environment Expenditure Reviews (PEERs) and Climate Public Expenditure Investment Reviews (CPEIRs) and budget tagging and scoring. Seventeen PEI countries have so far revised or put in place national budgeting and expenditure processes that integrate poverty-environment objectives in budgeting and expenditure frameworks.

Bangladesh, Malawi, Mozambique, Indonesia and Nepal, with the support of the Initiative, have made important steps in 2014 to build poverty-environment objectives or budget codes into their national budgeting and expenditure processes.

In 2014, **Malawi** demonstrated its will to continue efforts to infuse poverty-environment concerns, an important sign the Government had taken the lead in institutionalizing the PEI approach in its day-to-day business. For the second consecutive year Malawi's Ministry of Finance has included a chapter on environmental sustainability in its 2014/15 budget guidelines. This year's guidelines put greater emphasis on the links between poverty, environment and climate change. In 2011, it was estimated that Malawi lost 5.3% of its GDP in 2011 due to unsustainable use of natural resources. Increasing budget allocations for sustainable use of natural resource coupled with more systematically making use of Environmental Impact Assessments mark further important steps forward for the country.

Mozambique assessed climate change expenditure for the first time in 2014 and indicative figures show that it averaged 0.34% of the country's GDP, following the Ministry of Finance's introduction of a new budget classification code in 2013.

Climate budget allocations in **Bangladesh** increased by 22% between 2009/10 and 2011/12 as a result of the institutionalization of national and local climate fiscal frameworks. The introduction of a climate budget code with indicators in the 2013 budget now enables the Government to track spending accurately across all departments and is expected to drive further increases in investment.

The power of numbers is further demonstrated in **Nepal**, where climate budget codes have been implemented. Poverty-Environment objectives are well reflected in national budget allocations for climate change, which have increased from 6.7 to 10.3% between the 2012/13 and 2013/14 fiscal years. In response to findings of a PEI supported studies in 2011 and 2013[3], the Initiative has been supporting aligning development planning and budgeting by sectors to address large inefficiencies remaining in the coordination of their development

Bhutan has put in place the public environmental expenditure review (PEER) and is now linking PEER to the budget cycle through the Ministry of Finance's annual budget notification, which since 2013 includes gender, environment, climate change, and disaster and poverty issues. The *Public Environmental Expenditure Review 10th Five Year Plan Bhutan* conducted on the first two financial years of Bhutan's 10th Five Year Plan, carried out the Initiative´s support in 2011, shows a total increase in public environment expenditure by almost 49 % from 2008/09 to 2009/10. Public environmental expenditure increased in both absolute and relative terms from 2008/09 to 2009/10 which was more than the increase in public expenditure (30 %) and Gross Domestic Product (15 %). Total public environmental expenditure in Bhutan has increased by 226% between 2007 and 2013. This achievement has been aided by national and local capacity building and the

3 Climate Public Expenditure and Institutional Review (CPEIR), Government of Nepal, National Planning Commission, United Nations Development Programme and United Nations Environment Programme Capacity Development for Development Effectiveness Facility for Asia Pacific, Kathmandu, December 2011; Climate Change Budget Code Application Review, National Planning Commission, Kathmandu, November 2013

application by the country's Mainstreaming Reference Group of poverty-environment tools such as poverty-environment inclusive budget guidelines.

Indonesia is the latest country to come aboard the climate fiscal boat. It issued a Ministerial Decree to seven of its line ministries instructing them to implement its Budget Tagging for the Climate Change Mitigation, Adaptation and Biodiversity System by 2015. This will contribute to the delivery of the National and Local Climate Fiscal Frameworks developed with PEI support in line with the *National Action Plan for Reducing Greenhouse Gas Emission*.

Promoting Equity, Fairness and Participation of the Poor and Marginalized Groups

The Poverty-Environment Initiative is committed to advancing equity – the fair treatment of all groups in society – to achieve poverty-environment objectives that lie at the core of sustainable development. Ecosystems and the services they provide, such as food, water, disease management, climate regulation, and spiritual fulfilment, are preconditions for the full enjoyment of human rights, including rights to life, health, water, and food. Efforts to promote environmental sustainability can only be effective if they occur in the context of favorable legal frameworks, and are greatly informed by the exercise of certain human rights, such as the rights to information, public participation in decision-making and access to justice. PEI supports countries to strengthen participation of marginalized groups in decision making and to see that women and men have the same access to productive resources. Our teams successfully work with UNDP and UNEP Gender Teams on a wide range of activities to promote gender equality, from joint studies and gender analyses to the 'gender review' of annual work plans, project and programme documents, sector work, integration of gender indicators in plans and monitoring and evaluation systems, capacity building and sharing of experience through south-south cooperation.

> *"The [Naivasha, Kenya] training has shown how gender and natural capital are crucial variables for economic development, it has demonstrated that the mainstreaming of both gender- and environment-related issues require a systematic approach. But most importantly the training has provided me with the tools to further this work in my country".*
>
> **Mudith Cheyo Buzenja,**
> *Assistant Director of Poverty Eradication and Economic Empowerment,*
> *Ministry of Finance and Economic Affairs, Tanzania*

We helped prepare gender-sensitive mainstreaming guidelines and training which resulted in the inclusion of gender equality in the revision of sector policies in **Bhutan**. In **Tajikistan** this work has been taken to the next level through the inclusion of gender and youth groups in the working groups preparing the District Development Plans. In **Paraguay** PEI assisted in identifying and prioritizing women's needs and poverty-environment gender sensitive indicators in the methodology for conditional cash transfers. In **Kyrgyzstan**, local women groups increased their capacity on gender responsive planning and budgeting to enhance environmentally sustainable economic opportunities of vulnerable groups. These trainings together with findings from related studies supported also by UN Women have empowered these women to participate in planning and budgeting processes.

In 2014 UN Women Eastern and Southern Africa Regional Office and PEI Africa joined efforts in designing an assessment of the cost of the gender gap in agriculture productivity in Malawi, Tanzania and Uganda together with the World Bank. The partnership extended cooperation begun through the organization of a regional Gender Economic Policy Management Initiative (GEPMI) inspired training held in Naivasha, **Kenya** earlier in 2014.

In **Guatemala**, PEI's work embraces wider vulnerable communities. In the *National Development Plan* and the *Corredor Seco Regional Development Plan*, the environment chapter advocates for more technical and sustainable agriculture for food security through applying a gender and indigenous peoples' approach. In the **Philippines**, the *Ancestral Domain Sustainable Development and Protection Plan* (ADSDPP) provides an opportunity for indigenous peoples to be empowered to inform local comprehensive land use and development plans. PEI is working to pursue these opportunities through related budget allocations and the participation of indigenous peoples in Local Development Councils.

Heavily affected by extreme weather events such as hurricanes, tropical storms, flooding and drought, the **Dominican Republic** is one of the world's most sensitive countries to climate risk. These risks fall heaviest on the country's poor. In August 2014, the Dominican Republic launched the Environmental Vulnerability Index (IVAM in Spanish) at household level – of its kind worldwide. With Poverty-Environment Initiative´s support, in partnership with UNEP's Spain–funded *Regional Gateway for Technology Transfer and Climate Change Action* (REGATTA), the *National Beneficiary System of the*

A family in the Dominican Republic. Photo credit: © Giuseppe Bizzari/FAO

Social Policy Cabinet (SIUBEN) had developed and piloted a methodology to measure household vulnerability to climate related extreme events in the Lake Enriquillo area. The result was so successful that SIUBEN adopted this methodology for application at the national level, thus creating the IVAM, a first of its kind innovation in addressing a key poverty risk. The ultimate goal of the IVAM is to influence national systems of social public policy and ensure that cash transfers to the poorest also address their high level of vulnerability to climate disasters.

The Laos PDR Concession Agreements developed with PEI support in previous years are now strengthened by an Annex with an Agriculture and Forestry Standard Environmental and Social Obligation. Learning from this work, **Myanmar** is currently developing a Model Investment Treaty in line with the International Investment Treaties that govern foreign direct investments.

In **Peru**, the Municipality of Arequipa established a Technical Group on Solid Waste (GTRS), through a municipal resolution that monitors the revised Municipal Waste Management Plan in collaboration with a platform formed by civil society organizations and an open forum on the recycling supply chain, formed by the private sector, public institutions and solid waste management associations. Such groups have managed to engage the provincial municipality in improving the transparency of their relations with the solid waste association and in supporting the recyclers' registration process.

Similarly, the Government of the **Philippines** has introduced a tool to facilitate full disclosure of local government revenues from mining and energy production. The Philippines have put in place a Mineral Statistics Management Information System (MSMIS) that is collecting, processing and reporting information vital for computation of excise taxes and other fees such as extraction fees and royalties paid by the mining industry to the government. The MSMIS is linked to the Mining Tax Information Management System (MTIMS) to inform the Mineral Industry Statistics. To ensure proper use of these tools, PEI has also provided capacity building support to sector officers during a National Forum on Artisanal and Small-scale Mining.

The tool is being used to identify the total contribution of mining and energy production to the income of host local government units. This work has resulted in a policy for adherence to the *Extractive Industries Transparency Initiative* (EITI) at the subnational level and has facilitated the establishment of a network to lobby for monitoring the benefit-sharing scheme developed with the Initiative's support in 12 provinces, 26 municipalities and five cities. The network works closely with the Department of Trade and Industry and the Board of Investments and consultations are ongoing on benefit sharing between the national government and local government units, as well as their utilization for poverty alleviation and environmental protection by local government.

Strengthening our Partnerships

Collaboration and coordination with other programmes and in-country donors is also a key aspect of the Poverty-Environment Initiative's approach to catalyze and sustain change. These have taken many different forms in 2014 and are mostly linked to specific work we do in countries, developing organically from the bottom up. PEI aims at strengthening government capacity to take an integrated approach to related sustainable development issues, in particular building an inclusive sustainable economy, climate change adaptation and mitigation, climate and environmental financing, and sustainable production and consumption. This is reflected in closer cooperation with other UN programmes such as Partnership for Action on Green Economy (PAGE) and the 10-year framework of programmes on sustainable consumption and production patterns at the country level, examples of such collaboration include joint work underway in Burkina Faso and Mongolia. With the PAGE and SWITCH Africa programmes, PEI helped **Burkina Faso** develop a road map on how the three development projects can better be coordinated. PEI strengthened coordination within UNEP-supported programmes (e.g. SWITCH, Green Economy, Sustainable Consumption and Production) and UNDP and its global policy centres, and expanded external collaboration with UN Women during 2014. Following the restructuring of UNDP and building on UNDP´s role as co-manager of the Initiative, PEI benefits from the co-location of its UNEP and UNDP Poverty-Environment Facility team and close working relationship with the UNDP UNDP Global Policy Centre for Resilient Ecosystems and Desertification (GPC-Nairobi).

Other partnerships have already provided substantial results. Cooperation with the Organization for Economic Cooperation and Development (OECD) in Kyrgyzstan resulted in the development and integration of Green Indicators in the national monitoring system. Work with the United Nations Capital Development Fund (UNCDF), which has been scaled up from **Bhutan** to **Bangladesh** and **Nepal** through the Local Climate Adaptive Living Facility (LoCAL) programme and is planned to be scaled up in Africa too in 2015. The partnership has already increased the level of finance available to local governments for climate change adaptation and resilience in Bhutan.

PEI is a founding participant in the Poverty Environment Partnership (PEP), an informal network of development agencies, which seeks to improve the coordination of work on poverty reduction and achieving environmental sustainability. Launched in 2002, the PEP has since 2005 annually hosted PEI's Technical Advisory Group, which in 2014 gave valuable advice on the preparation of the Initiative's flagship publication, *Mainstreaming Environment and Climate for Poverty Reduction and Sustainable, A Handbook to Strengthen Planning and Budgeting Processes* (2015).

Donors sustaining the effort to mainstream poverty-environment

Key multilateral and bilateral development partners are the lifeblood of the Poverty-Environment Initiative. In 2014, the Poverty-Environment Initiative was funded through the generous support of the Governments of **Germany, Norway**, **Spain**, **Sweden**, the **United Kingdom** and the **European Union**. PEI serves as a catalyst for poverty reduction and sustainable development through the contributions made by donors, including those made directly within PEI countries. These come in the form of financial aid (e.g. Swiss Agency for Development and Cooperation (SDC) in **Lao PDR**) and technical assistance. Total expenditure incurred in support of the PEI in 2014 alone amounted to a record level of nearly USD 16 million (up from 14.7 million in 2013). Every US dollar contributed by PEI donors has generated an additional 2 US dollars in support of the programme, doubling the return during earlier phases.

Often donors pick up PEI's work and take it to the next level, as happened with the roll out by Germany's Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) in **Mozambique** of the 'mainstreaming matrix' developed under PEI or the United Kingdom's Department for International Development (DFID) support for incorporating PEI guidelines in over three dozen districts in **Tajikistan**.

In **Mozambique**, the World Bank is planning to support complementary initiatives, such as one on Climate Public Expenditure and Institutional Review (CPEIR). DFID is supporting to the tune of USD 15 million an *Environmentally-friendly Local Government Framework*, building on earlier PEI work in **Nepal**. Co-financing from the Czech-UNDP Trust Fund in **Kyrgyzstan** is strengthening capacity in Experimental Ecosystem Accounting and in **Tajikistan** supports scaling up the environmental impact assessment from legislation to implementation. These types of synergies give donors and recipient countries a 'bigger bang for the buck' and increase the overall efficiency of resources, while avoiding duplication of activities.

Donors provide further leadership through the PEI Donor Steering Group, which annually assesses the progress of the Initiative and provides important strategic direction to PEI's efforts. In 2014, the meeting of Donor Steering Group was hosted by the Government of Norway.

Expanding South-South Cooperation

In 2014, Poverty-Environment Initiative's country-led programmes increased their engagement with cohort countries through a variety of South-South and South-North-South cooperation activities. These contribute to the uptake of good practices in the mainstreaming of poverty-environment objectives. A South-South exchange between **Mauritania** and **Burkina Faso** led to an effort to pilot programme budgeting in Mauritania. An earlier South-South exchange visit for Government representatives from Burkina Faso to Rwanda held in February 2014 helped Burkina Faso learn from Rwanda's successfully establishment in 2011 of the National Fund for Environment and Climate Change (FONERWA). Following the visit, Burkina Faso and **Rwanda** agreed to continue technical collaboration on the management of environment and climate change funds. Burkina Faso, learning from Rwanda´s experience, also adopted a law banning single-use, thin plastic bags which went into effect in July 2015.

Box 3: Why an integrated approach is needed to implement the 2030 Agenda for Sustainable Development

The new Sustainable Development Goals (SDGs) have brought the debate on poverty eradication and environmental sustainability to the heart of what the global community must do to achieve the 2030 Agenda for Sustainable Development. The new set of global goals is inherently cross-cutting. For this reason taking an integrated approach to their implementation is now fundamentally recognized as essential for the success of the 2030 Agenda. Their achievement will draw upon key initiatives, such as the Poverty-Environment Initiative, which have over the course of a decade 'road-tested' integrated approaches to poverty reduction through sustainable development. An integrated approach to SDG implementation starts by setting national priorities and targets. Countries can build on PEI's experience with building cross-sectoral institutions to secure broad commitments around nationally owned SDG implementation plans, acknowledging the leadership role of ministries of finance and planning, together with ministries of environment, to bring sectoral ministries, development partners, civil society organizations and the private sector together. Developing country-specific evidence through economic, social and poverty analyses will help the partners identify the opportunities sustainable environmental and natural resource management brings to achieving SDG targets. It will also help identify synergies and trade-offs across sectors and potential bottlenecks.

A systematic, integrated approach to the SDGs would work to support national development processes, in particular the actions flowing from the United Nation Development Assistance Frameworks (UNDAFs) which serve as a contract between UN teams on the ground and the host country to achieve national development. Ultimately, national plans will inform local ones and bring home what achieving the SDGs requires of local actors. Sub-national, sector and local development plans need to be aligned with national plans. Partners need to understand how integrated approaches would impact change, design their policy interventions and allocation of budgets and financing accordingly, fine-tune the means of implementation, and measure and report back on the actions that truly deliver on poverty reduction and environmental sustainability goals.

Beyond these country-led efforts, major challenges lie ahead for all countries and development agencies to ensure that they are fit for purpose to attain the SDGs and successful implementation of the 2030 Agenda for Sustainable Development. Experience over the last decade has demonstrated that there are practical and operationally proven approaches to meeting these challenges. The Poverty-Environment Initiative and related integrative initiatives should help governments and development partners hit the ground running to realize the 2030 Agenda.

High-level Presence at United Nations Environment Assembly and in the Post-2015 Development Agenda debate

(Left to right:) Ms. Laura Martin Murillo, Executive Director, SustainLabour; H. E. Sanjaasuren Oyun, Minister for Environment and Green Development, Mongolia, Ms. Mette Wilkie, Director, UNEP Division of Environmental Policy Implementation, H. E. Salifou Ouedraogo, Minister of Environment and Sustainable Development, Burkina Faso, Mr. Nik Sekhran, Director, Sustainable Development, UNDP Bureau for Policy and Programme Support. Photo credit: UNEP

Poverty-Environment Initiative shared its vision during the first session of the United Nations Environment Assembly (UNEA) of the United Nations Environment Programme that took place at UNEP headquarters in Nairobi from 23 to 27 June 2014. During UNEA, the Poverty-Environment Initiative and the Partnership for Action on Green Economy (PAGE) jointly organized a panel discussion on mainstreaming poverty reduction for an inclusive green economy. The panel featured Environment Ministers from Burkina Faso and Mongolia, a high level representative from Sustain Labour, an international labour foundation for sustainable development, and senior representatives from UNDP and UNEP.

H. E. Salifou Ouedraogo, Burkina Faso's Minister for Environment and Sustainable Development, highlighted that an inclusive green economy requires cross-sectoral engagement and that poverty-environment objectives must be included in national policies, sector plans and budget frameworks. He noted that with the support of PEI such objectives have been included in Burkina Faso's poverty reduction strategy and the five-year development plan. H. E. Sanjaasuren Oyun, Mongolia's Minister for Environment and Green Development, spoke about the Government's first green development policy and how, together with PAGE, it is working to enhance the capacity of the public and private sector to transition to green economy principles. Ms. Laura Martin Murillo from the trade union SustainLabour outlined how the union in Peru and other countries are supporting workers to address environmental issues related to the use of pesticides in the agriculture sector, for example, to reduce poverty and the negative impacts on health. PEI and PAGE were cited as excellent examples of inter-agency, multi-disciplinary and cross-sectoral collaboration, cooperation and coordination, committed to Delivering as One to tackle the twin challenges of poverty and environmental sustainability.

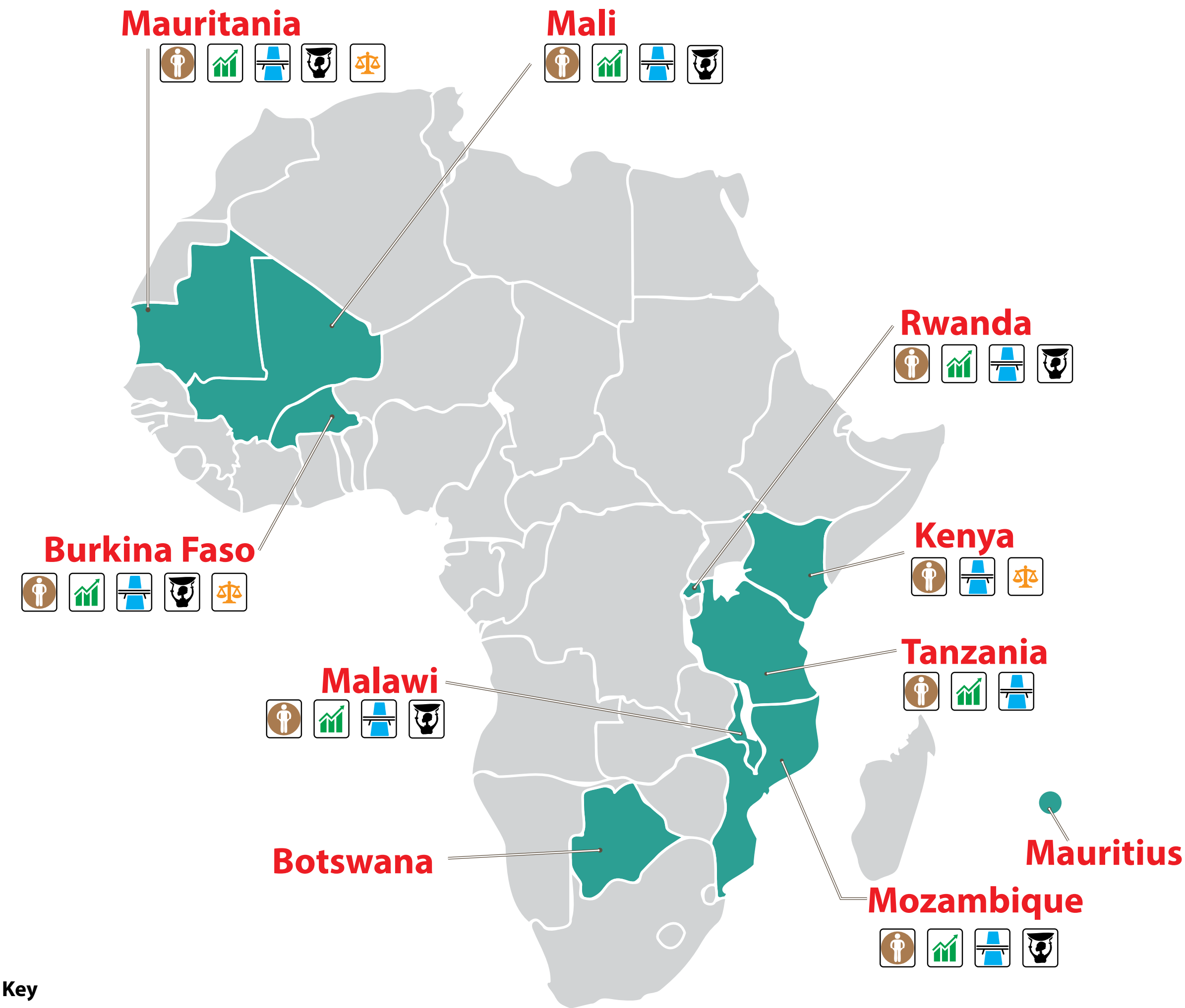
Through the implementation of the Poverty-Environment Initiative together with UNDP we are taking action on the green economy.

UNEP Executive Director Achim Steiner,
High-level Stock-taking event on the Post-2015 Development Agenda, New York, September 30, 2014

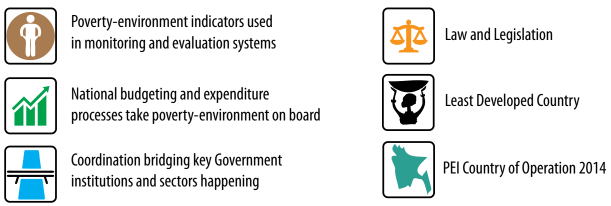
Box 4: Trending in 2014

- Governments in PEI countries are increasingly bringing on board an integrated approach to the twin challenges of poverty alleviation and environmental sustainability in their planning, budgeting and programming, as an effective way to attain sustainable development.
- Greater county ownership over the Programme is helping to make the case for poverty-environment action, with Governments commonly employing financial tools and instruments developed with Poverty-Environment Initiative's support that examine the costs to the national or local economy of environmental degradation and how these costs impact pro-poor growth and environmental sustainability.
- Sharpened focus on Ministries of Planning and Finance leading to higher country level investments in and budget allocations and expenditure for poverty-environment objectives, including climate change adaptation.
- Improved capacity for transparency and accountability in plans and guidance, and strengthened partnerships.
- Poverty-Environment Initiative is making efforts to engage more systematically with civil society and communities to help Governments to regulate private investment through the use of safeguards and accountability initiatives, particularly at the local level.
- A widening number of partnerships in 2014 leverage the Initiative's strengths and our ability to deliver on countries' programmatic priorities.

Map 1: Selected achievements in Africa

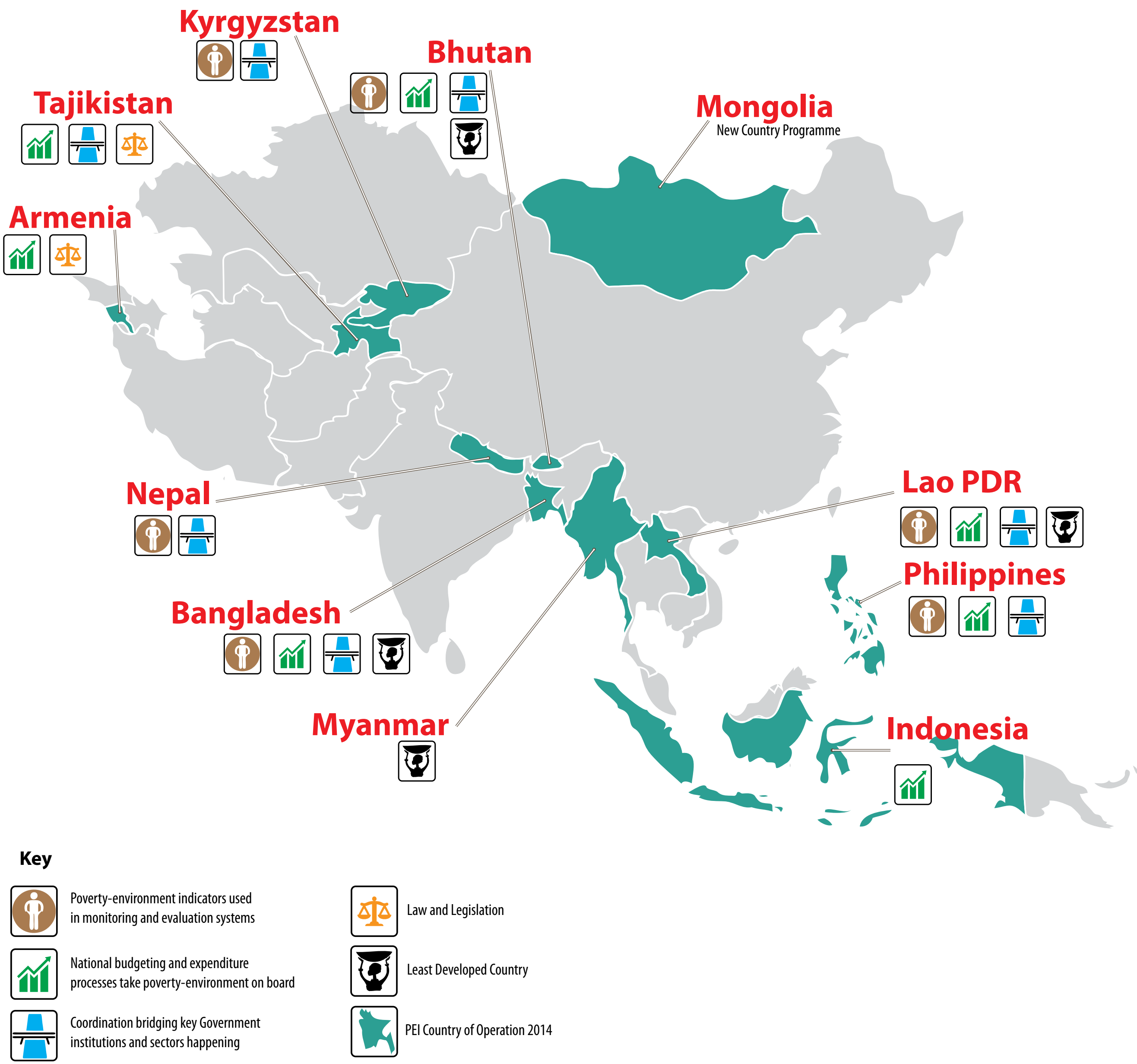


Key



Map 2: Selected achievements in Latin America and the Caribbean

Map 3: Selected achievements in Asia Pacific and Europe and Commonwealth of Independent States



Box 5: Six Countries where PEI lessons helped shape legislation

Country: Armenia
Law / Legislation: Draft "Framework law on environment protection"

Why does this matter? The Government with PEI's support introduced the Valuation of Ecosystem Services into the "Concept on Establishing Innovative Economic and Fiscal Mechanisms in the Environmental Sector".

Country: Burkina Faso
Law / Legislation: Framework Law on Sustainable Development (2014)

Law 017-2014/AN of 20 May 2014 prohibiting the production, import, marketing and distribution of non-biodegradable plastic bags.

Why does this matter? PEI supported a South-South exchange between PEI Burkina and PEI Rwanda in 2014. Rwanda had banned plastic bags in 2008 as part of its Vision 2020 plan to transform the country into a sustainable middle-income nation.

Country: Dominican Republic
Law / Legislation: National Land Use Law (under development)

Why does this matter? PEI helped prepare studies which recommended that national territorial planning policy incorporate environmental and poverty reduction indicators and make the necessary link between territorial planning and ecosystem services and capacities, climate change adaptation and vulnerability.

Country: Kenya
Law / Legislation: National Environment Policy

Why does this matter? The Policy was endorsed by the Kenyan Parliament in 2013. Working with the Ministry of Environment and Natural Resources in 2007 and 2008, PEI Kenya had supported the work of seven thematic task forces and the national Steering Committee in the production of the Environment Policy Paper that fed into the draft Policy, and, along with its partners (e.g. Denmark's DANIDA Natural Resource Programme), to undertake the Policy's elaboration through a public participation process. Some things take time.

Country: Mauritania
Law / Legislation: Finance Law

Why does this matter? Mauritania allocated USD 220,000 of public funds for poverty-environment objectives in 2014 following the inclusion of poverty-environment references in the Law.

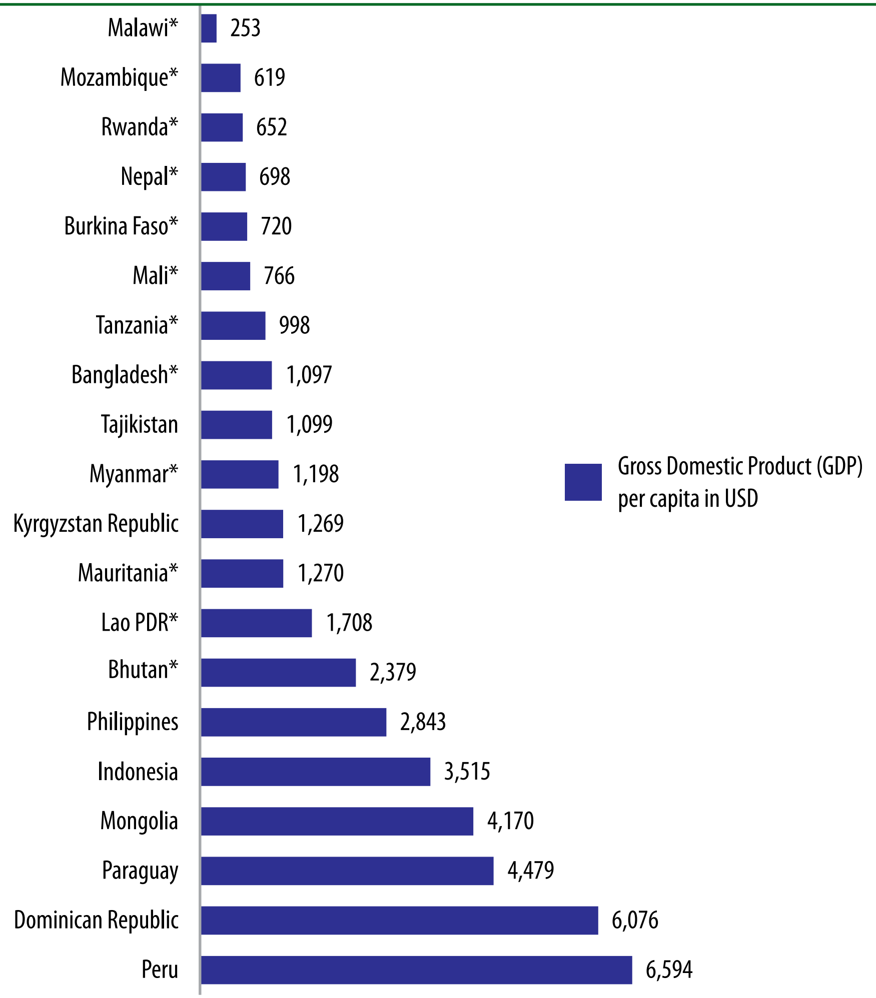
Country: Tajikistan
Law / Legislation: Draft Law on "Public participation in environmental protection"

Why does this matter? The pending legislation aims to engage non-state actors and other civil society organizations in the monitoring of the state of the environment and the impact of sustainable development policies and plans on the poor and on environmental protection. It was developed in partnership with the Ecological Commission of the Tajik Parliament, and is currently under the consideration of the Government of Tajikistan.

Poverty-Environment Initiative addresses 12 of the World's Least Development Countries

PEI's 25 country programmes in 2014 include 12 Least Developed Countries. The current total population of PEI countries is estimated to exceed 723 million.[4]

Figure 1: Gross Domestic Products (GDP) per capita in selected PEI Countries



Source: Gross Domestic Product (GDP) per capita are in current US$ from The World Bank (2010–2014).

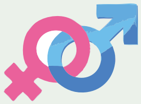
* Least Developed Country (LDC): General Assembly resolution 68/L.20 adopted on 4 December 2013
Graph excludes PEI technical assistance programme countries

4. Population figures are 2015 from official national sources or UN projections.

Box 6: Highlighting 2014 Achievements

Pas de plastique!

Burkina Faso adopts a new law banning non-biodegradable thin plastics



Off the chart!

Kyrgyzstan and Tajikistan put in place district development plans that integrate poverty-environment objectives and related gender sensitive indicators

Everyone gets a fair share!

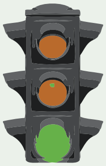
The Philippines adopts a policy for adherence to the Extractive Industries Transparency Initiative (EITI) at the subnational level and establishes a network in 12 provinces, 26 municipalities and five cities to lobby for monitoring the benefit-sharing scheme developed with Poverty-Environment Initiative support

Waste not, want not!

Peru revises the *National Solid Waste Management Plan* to integrate poverty-environment objectives and indicators, including ones that address social, youth and gender issues

Stop in the name of love, before you break my heart!

Lao PDR imposes a Government Moratorium on new agricultural plantations and minerals exploitation projects to allow government to resolve problems experienced by investment projects that are not operating effectively and/or creating severe environmental and social impacts



Ready, steady, go!

9 **Mozambique** and 16 **Rwanda** development sector plans include poverty-environment objectives for the first time and they develop action plans to implement the objectives at district level to help ensure benefits reach the poor

Good to the last drop!

Tajikistan implements a Public Environmental Expenditure Review (PEER) for the first time in the water sector

Welcome to the new Global Policy Centre in Nairobi

This year the Poverty-Environment Initiative came under the joint management of the UNDP Global Policy Centre for Resilient Ecosystems and Desertification (GPC-Nairobi), building on the former UNDP Drylands Development Centre and established in Nairobi in October 2014. PEI extends a warm welcome to its sister team at GPC-Nairobi.

Box 7. Poverty-Environment Initiative global communities online

Join the PEI global communities on Facebook and Twitter:

www.facebook.com/ThePovertyEnvironmentInitiative

www.twitter.com @PEIGlobal and visit out website **www.unpei.org**

Donors

The UNDP-UNEP Poverty-Environment Initiative is currently funded by the Governments of Germany, Norway, Spain, Sweden, the United Kingdom and the European Union. PEI would like to thank their present donors for their support to the programme.

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Resilient nations.

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