



UNDP – UNEP Poverty and Environment Initiative

Europe and the CIS

Regional inception workshop report

Bratislava, Slovakia
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i. Executive summary

1. Following a period of region-wide consultation that confirmed the need for and strong interest in the service that could be rendered by the newly created Poverty-Environment Initiative of UNDP and UNEP, and eager to benefit from PEI steps taken in other regions, an inception workshop in December 2008 brought together 33 representatives of 7 countries from the region and served to formally initiate the Poverty-Environment Initiative in Europe.

2. The first two objectives of the workshop focused on clarification of the PEI concept, its methodology and application, and on interactively learning about different country efforts at integrating environment into national development processes. A third and important objective was to reach conclusion on how we would all work together from here on.

3. Presentations by UNDP and UNEP directors at the outset helped to outline the nature of poverty-environment issues, the state of cooperation between countries and concerned multilateral institutions and emphasized the timeliness of PEI.

4. Presentations given by the countries present (Armenia, Georgia, Kazakhstan, Kosovo, Kyrgyzstan, Moldova, and Tajikistan) demonstrated the diverse nature of the environmental problems being faced by the region and the persistence of poverty, now generally exacerbated by the economic downturn. Presentations also underscored common threads of experience where mainstreaming was concerned. Innovative solutions, of interest to all, were described and high levels of commitment also emerged in certain cases. An area of strong consensus was the need for conceptual and technical support, awareness rising about linkages of environment and economic growth through valuing natural resources, poverty- environment indicators as well as transfer of technical know-how.

5. Workshop participants also analyzed the potential for poverty-environment linkages in their countries, including likely entry points, existing key national mechanisms and structures, challenges for poverty-environment mainstreaming, and planned processes / interventions to address those challenges. They concluded in their presentations to plenary that the major poverty-environment challenges in the region are: (1) lack of clear vision on the link between poverty and environment among decision makers (e.g. short-term, economic-benefit decision making tends to dominate), (2) lack of Evidence-Based Awareness Raising on the links of poverty and environment (scientific cycles), (3) Regional, national, and local-level decision makers lack the knowledge and ability to conduct economic analyses in the region (4) Developed legislative framework is often in place but enforcement mechanisms are very weak (5) Separate consideration of poverty and environment-related issues in major policy documents, (6) No poverty-environment and environmental mainstreaming indicators, (7) Lack of coordination of internal and external financial resources, (8) Recent financial crises may delay achievement of the Mugs by some 7 years.

6. The group proposed that a responsible regional and national coordination unit should be established within the government in each case. The other important issues raised by the group were to revise EIA with consideration of the Ecosystem Function Valuation, and to establish evidence-based decision-making processes in ministries. The group suggested that other important factors to be considered during the planning stage are: (1) Increased access to markets, (2) Research and development of the green sector – energy, (3) Development of new mechanisms on the MDG Carbon fund, and (4) Involvement of the Private Sector as a major stakeholder.

7. Finally the PEI regional team met with countries individually with a view to assessing their readiness for PEI interventions and above all to work out joint next steps. The result of this exercise is summarized in a table at the end of this report and the requests for PEI cooperation and interventions are many.

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8. It is clear that a number of other countries in the region would have sought to send representatives to this inception workshop had the timing been different. The need for PEI in the Europe and CIS region pervades poor and less-poor countries alike.

9. The example of Kazakhstan, one of the richest overall yet saddled with a low environmental protection record coupled with a significant poor population, highlights that one of the challenges in this region will be to design approaches and activities that are catalytic at both the country level as well as regionally with a view to reaching the needs in their full complexity.

10. The Europe and Commonwealth of Independent States (ECIS) regional Poverty Environment Initiative (PEI) Inception Workshop was held in Bratislava, Slovakia on 9-10 December 2008.

11. All the presentations and other workshop-related documents can be found at the website: <http://europeandcis.undp.org/environment/show/B5162631-F203-1EE9-B052D586447F1667>

Workshop Objectives

12. The main objectives of the workshop were to:

- a) discuss the PEI concept, methodology, and implementation modality as well as their application in the region;
- b) learn from current country efforts in integrating environment into national development processes, budgeting and economic decision making; and
- c) Provide an opportunity for countries to express their views and indicate the level of their commitment.

Participants

13. The workshop participants were high-level representatives from planning, finance, and environment ministries of national governments, from the UNCT, regional directors of UNDP and UNEP, the Nairobi-based joint UNDP-UNEP Poverty Environment Facility and the regional PEI team members. See Annex I for list of participants.

1. Opening and introduction to the poverty environment initiative workshop

14. Mr. Jens Wandel, Deputy Regional Director & Regional Centre Director, UNDP BRC, Mr. Christophe Bouvier, Director, UNEP Regional Office for Europe (ROE) and Mr. John Horberry, the Deputy Director, Poverty and Environment Facility, Nairobi and Ms. Nara Luvsan, Senior Adviser of the PEI regional team in turn stressed the importance of the PEI Initiative as a key opportunity to address poverty and environment linkages in the Europe and CIS region while further strengthening cooperation between UNEP and UNDP. Poverty is a serious issue in middle-income countries, mainly due to unequal distribution of benefits resulting from recent economic growth in European and ECIS countries, and is particularly palpable in remote areas, agricultural zones and former small industrial towns in the low and middle-income countries of the region.

15. The resource-based nature of economic recovery in the region such as rapid growth in the export of fossil fuels from Azerbaijan, Kazakhstan, Russia, and Turkmenistan, metals from Albania, Kyrgyzstan, Ukraine, and Tajikistan, and agricultural products from Moldova, Ukraine, and Uzbekistan underscores the close links across the region between economic growth, ecosystem services, and resource management. In some countries which are net importers of both energy and foodstuffs such as Albania, the Former Yugoslav Republic of Macedonia, Kyrgyzstan, and Tajikistan progress in poverty reduction is now being challenged by rapid growth in global food and energy prices. In the ECIS region, the relationship between poverty and environmental sustainability is particularly strong in rural areas, where, based on the Central Asia Human Development Report, farm workers belong to the groups with the highest risk of poverty.

16. It is very urgent to address the environment and development nexus with a view to reducing trans-boundary air and water pollution in Southeast Europe (SEE) and water allocation and management in Central Asia. In addition, inadequate progress in this area is increasingly exacerbated by the impact of climate change such as sea level rise which could have a devastating impact along the Adriatic, Black, and Caspian seas. Central Asia's semi-arid and arid climate will likely experience further aridation, translating into problems of food production and water resource availability.

17. Mr. Ben Slay, UNDP RBEC Chief Economist, highlighted how Central Asian economies are being affected by a compound crisis of water, energy and food insecurity and its direct impact on environment and poverty.

18. The establishing of PEI is timely and in line with the UN mission to facilitate environmental mainstreaming to improve prospects for pro-poor environment outcomes that contribute to achieving the Millennium Development Goals (MDGs). PEI will help governments to better manage poverty-environment linkages in national development plans, sectoral strategies, environmental policies, economic decision making, and sub-national planning. PEI will provide a great opportunity to strengthen and materialize cooperation with UNEP, and to promote more coordinated and effective assistance provided to partner countries.

19. The main three pillars of the PEI programmatic approach are (1) The preparatory phase, (2) Integrating environment into national development process, and (3) Building implementation capacity

2. Poverty – environment linkages and mainstreaming opportunities in the ECIS region

20. Country representatives made presentations drawing from their country situation, key national strategies, plans and processes and highlighted opportunities and challenges for poverty environment work.

2.1 Kyrgyzstan country presentation

21. Presenters: Mr. Akylbek Japarov, Minister of Economic Development and Trade, Ms. Cholpon Baekova, Vice Speaker of the National Parliament of Kyrgyzstan, Mr. Mamatkalil Razaev, Adviser to the Director of the National Agency of Self Governance and Mr. Abdymital Chyngojoev, State Secretary, Environmental and Forestry State Agency.

Major poverty – environment issues and challenges

22. Poverty-environment issues are very important for Kyrgyzstan. The current population of Kyrgyzstan is 5.2 million with an urban population of 35% and a rural population of 65%. Moreover, 35% of the population earns less than 25 USD a month in Kyrgyzstan. A key problem in Kyrgyzstan is therefore poverty which leads to the irrational and often illegal use of natural resources such as forest cutting, the overuse of arable land and pastures, etc... The main health problems in Kyrgyzstan are the high level of child mortality, respiratory diseases, cardio-vascular problems and cancer. Awareness of the relevance of the environment for human well being is increasing among the poor population in Kyrgyzstan. Of importance is to analyze how exploitation of natural resources affects poor people and who actually benefits from those resources.

National and sub-national mechanisms and systems (institutional, legal and policy) for poverty – environment mainstreaming

23. The need for sustainable environmental development is already stated in the Country Development Strategy (CDS) for the period 2008-2011 and which aims for improvement of peoples' quality of life through economic growth, improved governance and better environmental quality.

24. One of the main priorities stated in the CDS is to adequately address global risks, increase the economy and reduce poverty, including the protection of natural resources for future generations. The 3 main priorities areas mentioned in the CDS are (1) economic growth – with a focus on poverty reduction, innovation and modernization, and the creation of new jobs; (2) better governance – with a focus on human rights, law enforcement, governance without corruption, and an effective judiciary; and (3) better quality of environment – with a focus on environmental security and adaptation to climate change.

25. MDGs as well as the CDS are being applied also at the local level. For example, in 2008, regional (sub-national) development strategies for the first time integrated issues related to the rational use of natural resources and to sustainable development. The government has empowered all sub-governmental and local-level authorities to take measures in both social and environmental areas such as waste management, forestry management and the provision of sewerage and sanitation. UNDP and other organizations are providing support through development projects in areas such as waste management and disposal, forest management, protection of biodiversity, pastures, etc... The government has focused mainly on poverty at the central and local levels that are without any proper environment linkage. Thus, it is recommended that PEI take a new and innovative approach to address the environment linkage in the national policy framework and poverty reduction.

26. The Ministry of Economic Development and Trade in Kyrgyzstan has initiated the integration of poverty and the environment nexus into national and regional development planning. The National Parliament of Kyrgyzstan is currently involved in poverty reduction and environment protection through (1) the signing of an MoU between UNDP and the parliament on 'Partnership and Cooperation' with the environment and poverty reduction as one of the priority areas (2) annual work plans and Parliamentary Committees which focus on economy, budget and finance; (3) energy and the use of resources, agriculture and environment, and regional (sub-national) development and local governance. Examples of cooperation between UNDP and the parliament are the development of an Environmental Code, joint drafting of law on renewable energy sources, cooperation on gender issues,

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etc. The Environmental and Forestry State Agency has taken the initiative to improve the policy and legal framework for natural resources management, taking into account international practices such as the officially adopted Concept for Environmental Security, an elaborated draft of the 'Environmental Code', a Concept of Sustainable Development, a 2nd national communication to the UNFCCC and a 4th National report on biodiversity.

Experience / opportunities for poverty – environment mainstreaming

27. The PEI is very relevant and timely for Kyrgyzstan. UNDP together with ADB has conducted an environmental impact assessment of the Joint Country Strategy together with the donors present in Kyrgyzstan, and this strategy sets environmental sustainability and poverty reduction as major priority areas. A new initiative, the Environmental Information Network in Central Asia and Russia - CARNet - has been recently created which will actively contribute to public-awareness rising.

28. PEI can link and support Kyrgyzstan in line with the country's development strategy for 2009-2011. PEI application in Kyrgyzstan would help to (1) identify environment and poverty-environment indicators, (2) support ministries such as the ministry of finance and planning on poverty-environment budgeting methodologies and techniques, (3) prioritize links and approaches to address poverty and environment linkages at institutional and political level, (4) increase initiatives and actions to address those links, (5) link initiatives and activities at national and local level, (6) motivate people at the local level to better use natural resources, (7) promote issues of energy efficiency and energy saving into national and sub-national development planning (8) use the regional structures of UNDP, UNEP, and other agencies for strengthening regional cooperation and experience and information sharing, and (9) improve regional (CA) cooperation to address critical trans-boundary issues such as water and energy use and management.

2.2 Tajikistan country presentation

29. The presentation was made by Mr. Djuraev Abdusalim, Head, Department for Hydrometeorology, Committee of Environmental Protection

Major poverty- environment issues and challenges

30. The total population of Tajikistan is 7 million. The poverty rate has been decreasing (53% in 2007 compared to 64% in 2003) and more than 70% of the population lives in rural areas. Economic growth in terms of industry and agriculture is gradually improving in Tajikistan. More than 93% of the country's territory is covered by mountains. Only 5% of the country's territory is used for agriculture yet agriculture represents about one third of GDP. 97% of agricultural land is degraded due to erosion, and 15% of the land is degraded due to salination. On the other hand, intensive agriculture leads to soil erosion and pollution of ground water. Other environmental problems related to poverty in Tajikistan are deforestation, intensive life stock breeding, and the uncontrolled use of mountain slopes for natural resources excavation, causing soil erosion. Only 60% of population has access to drinking water which is not always compliant with drinking water norms. Water management is a top priority to be tackled. Another major problem in Tajikistan is ineffective waste management.

National and sub-national mechanisms and systems (institutional, legal and policy) for poverty- environment mainstreaming

31. The National Development Strategy up to 2015 (NDS) and the Poverty Reduction Strategy Paper (PRSP) for the year 2007-2009 are the main national development planning documents for socio-economic development aiming to increase life quality of the country's population. The main goals of the PRSP are to increase income, and to bring about fairer distribution of economic growth results and benefits, ensuring life quality increase in the poorest areas. The PRSP contains as a priority 'Ensuring sustainable development' with the goals (1) to conduct institutional reform and finalize development of the legal framework, taking into consideration the country's socio-economic situation, and (2) to ensure effective implementation of on-going and new investment projects in the area of environment, such as proper waste management systems, providing clean water, etc.... The second priority area and goal is to move towards the sustainable use of the energy, industry, and agriculture

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sectors in ways that decrease environmental degradation. One of the main emphases is to develop eco-tourism in the country by increasing forest areas by 5%, decreasing the area of degraded land by 5% and developing effective monitoring systems, etc.... One of the major challenges for the government is to establish a proper monitoring system in the area of environment and poverty reduction.

32. Environmental legislation has developed well in Tajikistan. However, the legislation is not implemented effectively. This is due to lack of proper inter-ministerial coordination and the fact that environmental legislation is inadequately aligned with legislation in other sectors. In addition, there is a low level of action relative to tackling the proper use of water resources, land degradation, biodiversity protection, air pollution, forest management and environmental education.

2.3 Kazakhstan country presentation

33. The presentation was made by Ms. Inkar Kadyrzhanova, Head of the Environment and Energy Unit, UNDP Country Office in Kazakhstan

34. This presentation demonstrated the linkage between poverty and environment at the sub-national level. Kazakhstan in transition has been mainly characterized by economic growth and by achievement of improved living standards on average at national level. However disaggregating the data at sub national level show quite a stark picture. For example, the Eastern Caspian regions (Mangystau and Atyrau oblasts) which have the highest economic growth in the country display the worst poverty figures, which is 85% in Mangystau and 44% in Atyray oblast respectively.

35. The current poverty and environment issues and challenges in Kazakhstan are: (1) Very few livelihood choices outside the energy sector (there has been for example a fivefold drop in agricultural added value, markedly decreased living standards and increased poverty in rural areas due to the decreased importance of agriculture and fisheries compared to that of the oil industry) (2) Flooded pastures, destroyed infrastructure and salinization due to the Caspian sea level rise, (3) Over fishing resulting in lower fishery outputs, (4) Low availability and quality of drinking water in rural areas - below basic health and sanitation requirements due to damage to water supply networks, and (5) Pollution from the oil and gas industry.

2.4 Armenia country presentation

36. The presentation was made by *Mr. Tigran Petrosian*, Head of Section, Economy of Natural Resources Use and Mining, Ministry of Economy

Major poverty – environment issues and challenges

37. The GDP growth of Armenia was 13.8% in 2007 with a relatively low unemployment rate of 7.5% that year. The level of poverty in 2007 in Armenia was around 25% and extreme poverty was below 4%. The key environmental problems potentially related to poverty are land degradation and desertification, natural forests depletion, absence of sustainable waste management with many illegal waste dump sites, the high energy intensity of the municipal sector - wood fuel (33.7%) electricity (30.3%) , frequent landslides, floods, droughts, and a high seismic hazard rating. Climate change may affect economy of Armenia, mainly in the areas of energy, water, agriculture and forestry. The country's decision makers do not have a clear vision of poverty and environment as such and do not link the two in policy documents. The legislation framework has been well developed but it is not properly implemented. Similarly, poverty-environment and environmental mainstreaming indicators have not been developed at the policy level.

National and sub-national mechanisms and systems (institutional, legal and policy) for poverty – environment mainstreaming

38. The government budgeting system in Armenia is such that budget expenditures for any given year to support environmental projects should not be less than the total of 'Environmental Charges and

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Nature Use Fees` for the coming year before the year of planning. Depending on the scale of existing environmental problems, communities receive assistance from the central budget.

39. In terms of natural resources management, Armenia has several national policies and strategies concerning the management of forests, agriculture, energy and water. The National Environmental Action Plan was developed recently in September 2008 and the plan has included cross-sector cooperation such as agriculture, health, transport, energy, industry, education and science, and the establishment of Local Environmental Action Plans in pilot areas. Similarly, the National Council for Sustainable Development was established in 2008 and is chaired by the Prime Minister.

Experience / opportunities for poverty – environment mainstreaming

40. The 'Natural Resources Management and Poverty Reduction' project funded by the World Bank, Sida and GEF (2002 – 2008), has been implemented in two regions involving 100 communities and has increased livestock productivity, as well as the development of water resources infrastructure such as the construction of water points and small dams. It is suggested that on-going UNDP collaboration could help mainstream environmental sustainability and climate change adaptation into UNDAF.

2.5 Georgia country presentations

41. The presentation was made by Mr. Giorgi Nanobashvili, Head of the Economic Policy Department, Ministry of Economic Development.

Major poverty – environment issues and challenges

42. Georgia's economy continues to show strong growth (2007 real GDP growth: 12.4%, versus 9.4% in 2006 and 9.6% in 2005) due to economic reforms and substantial foreign development investment inflows. Currently, the unemployment rate has declined to 13.3% in 2007. It is estimated that 23.6 % of the Georgian population is poor and 9.3 percent is extremely poor. Rural areas account for 59% of the total poor due to government focus for development only in the areas such as construction, finance, communications, tourism, and mining. There are very few development activities in the agricultural sector. Current environmental challenges related to environment-poverty are water pollution (small rivers and the Black sea) due to discharge of untreated water, illegal logging due to wood use as an energy source and low environmental awareness of the local community, unreliable and limited access to water and sanitation systems, and fauna and flora damaged by fires resulting from the August 2008 conflict.

National and sub-national mechanisms and systems (institutional, legal and policy) for poverty – environment mainstreaming

43. The major government strategic planning document of Georgia is 'United Georgia without Poverty (Year 2008-2012). The document mainly focuses on developing national wellbeing, logistics, transport and the infrastructure, and natural resources. The major environmental institution in Georgia is the Ministry of Environment which has prime responsibility for monitoring and enforcing environmental law and regulations in Georgia. The Georgian parliament has formed a Committee for Environmental Protection and Natural Resources and taken a major role in drafting environmental legislation and overseeing the conduct of environmental affairs on behalf of Parliament. Besides the environmental laws which address different environment components such as water and air pollution, the government has laws on providing environmental permits and licenses. The government has also targeted social assistance to the public by focusing on jobs creation. For example 1/3 of the government budget is allocated for social affairs in 2008 and 2009. As of September 2007, targeted social assistance (TSA) covered 30% of the extreme poor and 19% of the overall poor.

Experience / opportunities for poverty – environment mainstreaming

44. The major poverty-environment challenges for Georgia are a rehabilitation plan for water and sanitation, a nationwide waste disposal / landfill management plan and a forestry management policy.

2.6 Kosovo presentation

45. The presentation was made by Mr. *Mytaher Haskuka*, UNDP Kosovo Programme Analyst

Major poverty – environment issues and challenges

46. Economic growth in Kosovo has improved compared to the average real GDP growth of 1.5 % per year during 2002 to 2007. The GDP grew at 3.5% in the year 2007. The current poverty rate is 45% (of which 15 % in extreme poverty), with 42 % unemployment (4 times higher than EU average), low health and educational outcomes. The main reason for this is due to the inability of the economy to generate new jobs and low levels of economic growth. The majority of the poor live in rural areas, in large households and in households with female heads. Kosovo has the lowest life expectancy, the highest incidence of TB cases, infant mortality and maternal mortality in Europe. The most relevant environment-poverty related problems in the country are lack of sufficient access to drinking water supplies, public sewage and sanitation, access to central heating, and the bacteriological contamination of water especially in rural areas.

National and sub-national mechanisms and systems (institutional, legal and policy) for poverty – environment mainstreaming

47. Recently the parliament of Kosovo and UNDP jointly prepared the Kosovo Social Exclusion Agenda while similarly the Ministry of Finance and Economy is in the process of drafting a White Paper on social policies with a view to identifying and addressing the main issues and to better targeting social assistance schemes. Following the 2005 socio-political changes, there developed a more conducive environment for the promotion in 2006 of the MDGs with the Government and the general public. Kosovo is currently reporting annual progress and achievements relative to the MDGs. In addition, recently three environmental laws have been declared and approved which is a good indication of the government's commitment to environmental protection. Similarly, four Administrative Guidance notes about environment have been signed and approved. The government is currently implementing the Kosovo Action Plan in Environment 2006-2010.

Major challenges for poverty – environment mainstreaming

48. The major challenges for the government in poverty-environment mainstreaming are the limited development budget, difficulty in proper implementation and enforcement of laws and regulation, lack of capacity building activities in the areas of poverty-environment, lack of data on environmental parameters, lack of environmental monitoring programs, and the country's non-eligibility for GEF or the Clean Development Mechanism.

49.

2.7 Moldova country presentation

50. The presentation was made by Inga Podoroghin, Head of Section, International Relations and European Integration. Ministry of Ecology and Natural Resources of Moldova

Major poverty – environment issues and challenges

51. The poverty rate of Moldova in 2005 was 29.1% and extreme poverty was 16.1%. The major environment problems in Moldova with links to poverty and environment are land degradation, forest depletion and water pollution. Land degradation in Moldova has economic and social implications. For example the annual estimated production loss and damage costs to the national economy from soil degradation are about 3.1 billion lei (equivalent to US\$ 251 million) which affects the rural population that live on hand-grown products. Water pollution alone causes 950 to 1850 premature deaths annually and the loss of 2 million working days as result of water-related diseases.

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National and institutional and policy framework and mechanisms for poverty – environment mainstreaming

52. The key government institutions responsible for the national and institutional policy framework and mechanisms for poverty-environment mainstreaming in Moldova are the Government Apparatus (Department of policies and technical assistance coordination), the Ministry of Economy and Trade, the Ministry of Finance, other sectoral ministries (Ministry of Ecology and Natural Resources, Ministry of Agriculture and Food Industry, Ministry of Health, Ministry of Construction and Territorial Development), the National Council for Sustainable Development and Poverty Reduction, the Inter-ministerial Committee for Sustainable Development and Poverty Reduction, the Inter-ministerial Committee for Strategic Planning.

53. The key policy frameworks for development of poverty and environment in Moldova are (1) 1st phase: the Economic Growth and Poverty Reduction Strategy Paper (2004-2007), (2) 2nd phase: the Strategy on National Development (2008-2011), (3) environmental protection and policy concepts, and (4) environmental concepts covering different environment aspects. The key mainstreaming-related legal mechanisms are the Law on Legal and Normative Acts, the Law on Ecological Expertise and Environmental Impact Assessment, and the Law on Strategic Environmental Assessment.

54. Examples of environmental mainstreaming policy in Moldova include the environmental chapters included in the planning documents such as the energy strategy, the strategy on industrial development, the strategy on sustainable development in agro-industry, the strategy on transport infrastructure. The main sources for national environmental development funds are the state budget, local public authorities' budgets and the National Environmental Fund.

Major challenges for poverty – environment mainstreaming

55. The major challenges for poverty-environment mainstreaming are the enhancement of the political will, the establishment of environment units at different ministries, the improvement of the legal and policy framework for integrating environment into other sectors, strengthening capacities in budget planning and sectoral coordinating, and raising awareness and consciousness on the need for mainstreaming environment and poverty aspects into development planning at the policy formulation stage.

56. During a "questions and answers" session, other relevant points were made by participants:

- Climate change is a relevant aspect to consider when designing and implementing PEI in countries. More needs to be learned about community-level climate-change risks and impacts.
- Climate-change related initiatives and activities provide an opportunity to address environment and poverty in an integrated manner. For example, replacing or complementing traditional energy use with alternative measures such as building insulation will result also in 'green' employment, thus poverty reduction.
- PEI could be potentially linked and supported by new financial schemes, such as an MDG carbon facility, where projects financed from carbon trading could have a more integrated approach, and aim for emissions reductions and poverty reduction at the same time (by addressing for example social and employment issues).

57. Mr. David Smith, Africa PEI team leader, shared with the audience lessons learned and pragmatic recommendations from several countries' experience that will be highly useful to the ECIS team as it embarks on its field work in countries.

3. The potential for addressing poverty-environment linkages in participating countries

58. Mr. Vladimir Mikhalev, UNDP Poverty Reduction Policy Adviser, UNDP representative of the PEI regional team made a presentation entitled "Poverty reduction and national development strategies as entry points for poverty-environment mainstreaming". He described the evolution of these strategies in

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the region and highlighted areas that are work in progress, e.g. costing of needs and interventions, linkage to MDG targets, synergy with other sectors and a monitoring mechanism. All these areas present an opportunity for PEI to address.

59. The following break-out groups discussed possible opportunities and challenges of mainstreaming environment in participating countries.

Group 1: Armenia, Tajikistan and Kosovo

Group 2: Kyrgyzstan and Moldova

Group 3: Georgia and Kazakhstan

Group1: Armenia, Tajikistan and Kosovo

60. The major national policy documents for Armenia, Tajikistan and Kosovo are PRSP, sectoral strategies/policies and country development strategies/programmes. For the local level, key policy documents are local-level development policies/plans such as LEAPs (local environment action plans), municipal development strategies, regional development programmes.

61. There are currently various international trans-boundary projects that are supporting the countries at the regional level. Some of the existing trans-boundary projects in the region are Trans-boundary Degradation of the Kura Araks river basin, the Central Asia Water Initiative and the Environment and Security Initiative (EnvSEC). The other major entry point for P-E mainstreaming in the region is to build partnership with various ongoing donor assistance frameworks such as UNDAF, DIFID, USAID, CIDA, SDC, WB and ADB.

62. The major poverty-environment challenges in the region are: (1) lack of clear vision on the link between poverty and environment among decision makers (e.g. short-term, economic-benefit decision making tends to dominate), (2) lack of Evidence-Based Awareness Raising on the links of poverty and environment (Scientific cycles), (3) Regional, national, and local-level decision makers lack the knowledge and ability to conduct economic analyses in the region (4) Developed legislative framework but weak enforcement mechanisms, (5) Separate consideration of poverty and environment-related issues in major policy documents, (6) No poverty-environment and environmental mainstreaming indicators, (7) Lack of coordination of internal and external financial resources, (8) Recent financial crises may delay achievement of the MDGs by 7 years.

63. The group proposed that a responsible regional and national coordination unit should be established within the government in each case. The other important issues raised by the group were to revise EIA with consideration of the Ecosystem Function Valuation, and establishment of evidence-based decision making processes in ministries. The other important factors to be considered during the planning stage is to: (1) Increase access to markets, (2) Research and development of the green sector – energy, (3) Development of new mechanisms on the MDG Carbon fund, and (4) Involvement of the Private Sector as a major stakeholder.

Group 2: Kyrgyzstan and Moldova

64. Preconditions for poverty-environment mainstreaming need to adequately consider global challenges such as the energy crisis, the political will of governments and parliaments to comply with the MEAs and to ensure environmental security. Obvious entry points for poverty-environment mainstreaming are national policy documents and donors' regional and country strategies. Another possible entry point is to work and build partnerships with key ministries such as the ministries of finance, planning, economy, environmental and parliamentary committees and donor councils.

65. The current challenges for poverty-environment mainstreaming in Kyrgyzstan and Moldova are the energy crises, difficulty in adaptation to climate change, lack of inter-sectoral cooperation and coordination, lack of private sector involvement, financial constraints, and capacity development for identifying and addressing poverty-environment linkages. The possible planned processes and interventions to address the above-mentioned challenges are to support and build the capacity of the

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countries in implementing the countries' strategic development plans, the development of joint country support strategies; support to the development of mid- and long-term development strategy plans for the countries in question, and support in costing of natural resources in the MDG framework.

Group 3: Georgia and Kazakhstan

66. Political will was stressed by the group as one of the preconditions for poverty-environment mainstreaming into national strategic plans. Other possible entry points for poverty-environment mainstreaming are to assess the MDG needs of the countries and to assist the country to achieve the MDG goals and targets. The PEI programme needs to study sectoral strategies and mid-term development plans of the countries and make P-E policy suitable and adoptable with the countries' national plans.

67. Existing key government institutions such as ministries of economy, finance, environment and other relevant government and task forces play a key role in national mechanisms for mainstreaming environment in sectoral planning in the countries.

68. The main challenges for the countries in linking poverty-environment into mainstreamed national and sectoral development plans are the lack of data and indicators on poverty and environment linkages in the country, the lack of knowledge of policy makers and government authorities about linkages of environment and economic development, the lack of inter-agency cooperation, weak legislation, and the lack of proper enforcement and monitoring of policies. It is necessary to overcome the challenges through a capacity development focus on both central and local-level government authorities, and through the provision of tools and methodologies for poverty-environment mainstreaming.

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4. Results of country-specific meetings

The objective of the PEI regional team meeting each country representatives individually was to better understand countries needs, opportunities and commitment to poverty – environment mainstreaming. This has enabled the PEI regional team select countries where the first scoping missions shall be conducted. The following issues have been discussed with each country group: clarification of PEI objectives and approach, in case required by the country; potential entry points for P-E mainstreaming; how concretely could PEI help in this process; and what could be potentially the next steps, if any.

| | Country | Potential entry points and opportunities | How PEI can help with P-E mainstreaming | Next steps |
|---|------------|--|--|---|
| 1 | Kyrgyzstan | <ul style="list-style-type: none"> • Long-term strategy (up to year 2020) which will be drafted mid 2009. Good entry point is the current Joint Country Support Strategy • Parliament and Ministry of Economy have expressed their full support for PEI programme. High-level government representation at the Inception Workshop is evidence of such commitment • It has been stressed that environment gained much relevance lately and is high on the government's agenda • Country can use the existence of the National Committee for Strategic Development (ministries, parliament, judiciary, local governments, donors) • Country is currently finalizing its Environmental Code and other legislation - for example on forestry, GMOs, etc; • Government has confirmed good cooperation with UNDP which is very good sign for potential entry point | <ul style="list-style-type: none"> • Promote systematic approach in addressing P-E linkages and institutionalization of such issues • Establish national environmental fund • Provide for models and approaches for assessing long-term programmes from the environmental security point of view • Focus on lower-level decision-makers • Use and allocate resources more efficiently such as training in effective water resources management at the local level • To assess real value of natural resources such as water, groundwater, forest, etc... • Support development of legal base for P-E mainstreaming • Promote involvement of private sector • Build capacity through knowledge and technology transfer • Strengthen links between central and local governments | <ul style="list-style-type: none"> • Scoping mission of the PEI regional team to Kyrgyzstan in the first quarter of 2009 with aim to meet the potential key players, to understand better government structure and processes and preliminary identification of opportunities and focus of the potential country programme. |
| 2 | Georgia | <ul style="list-style-type: none"> • Follow-up planning process within the implementation of the country programme 'United Georgia without Poverty (2008-2012)' • Strategy for Sustainable Development where Ministry of Environment will have a leading role | <ul style="list-style-type: none"> • Georgia needs help with developing a strategic integrated document by promoting participatory and holistic approach, and establishing an effective monitoring system, including time-frame, for measuring the | <ul style="list-style-type: none"> • Further dialogue and consultation • |

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| | | <ul style="list-style-type: none"> • Regional (sub-national) development programmes in one of the post-conflict regions • Ministry of Finance has strongest role in development planning | <p>targets achieved</p> <ul style="list-style-type: none"> • Capacity development for integrated strategic planning • Aligning of local, regional and national planning. | |
| 3 | Kazakhstan | <ul style="list-style-type: none"> • The PEI was proposed to be applied, unlike in other country groups, to the concrete Eastern Caspian regions, pointing out the regional disparities in the poverty level. However, no concrete entry point for P-E mainstreaming has been identified • PEI would be linked to already ongoing UNDP projects in Caspian region and as such improve cost-effectiveness of interventions • At the national level the PEI could be linked to the follow-up of sectoral planning within the Mid-term development strategy (2020). It has to be however discussed with government • Since representatives of the Kazakh government (national or regional) were not present, the level of commitment, as a precondition for PEI application, could not be identified. | <ul style="list-style-type: none"> • PEI could help with consultancy in making the economic case. It could contribute to discussion with government the issue of human rights, governance and P-E linkages. | <ul style="list-style-type: none"> • Further dialogue and consultation |
| 4 | Armenia | <ul style="list-style-type: none"> • Replication of the successful project 'Natural Resources Management and Poverty Reduction' project funded by World Bank, Sida and GEF (finalized in 2008), applied in other regions of Armenia as pilot programmes. The project's main positive result to date is that it created structures and infrastructure for regional development and enabled the regions to be self-sustainable. The project is under evaluation now and the results will be available in English. The country group has offered to share its experience from | <ul style="list-style-type: none"> • Country has new National Council for Sustainable Development (NCSD). PEI representatives could help to persuade the council to create a special task force on poverty and environment. This would potentially enable all relevant policies to be reviewed from the P-E point of view in future. | <ul style="list-style-type: none"> • The next meeting of NCSD is in March 2009. The Armenian delegation shall come with a concrete suggestion as to how can PEI assist. |

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| | | the project even if it is not selected as a pilot country. | | |
| 5 | Tajikistan | <ul style="list-style-type: none"> • On-going development planning at district level is the potential PEI entry point, which is being done in line with National Development Strategy. 2 districts are currently finalizing their development plans. • New PRSP, development of which starts in 2009. By February 2009 the structure of PRSP shall be designed and the first draft shall be ready by June 2009. Ministry of Economy is the leading agency. UNDP role in the process still unclear. • In case the PEI is applied in Tajikistan and any entry point is selected, it has been stressed that in parallel PEI shall be linked to and reflected in the Joint Country Support Strategy of UNDAF which is under development and the Country Programme Document. NSD and district plans' implementation depend very much on donor funding (only 40% will be covered nationally). • Ministries of finance, economy and environment already started to work together on strengthening the PEI implementation, and the Ministry of Economy already have good experience in raising public awareness on poverty. | <ul style="list-style-type: none"> • Strengthen the role of the State Environmental Committee in district level planning and that is currently very limited • Increase capacity of state organs in integrated strategic planning • Develop methodology for district level planning that would be officially adopted by the Ministry of Economy • Increase understanding of government on P-E linkages • Develop indicators for district level planning • Build capacity in indicators and target setting | <ul style="list-style-type: none"> • Sukhrob from UNDP country office will clarify the role of UNDP in PRSP development and will provide the PEI regional team with the two finalized district plans and the related project documentation. |
| 6 | Moldova | <ul style="list-style-type: none"> • The concrete entry point has not been identified. National Strategy for Development is the main country planning document. • Institutional frameworks to be potentially used for PEI support are the Committee for Coordination Policies and Technical Assistance, chaired by the prime minister and the National Council for Strategy Development. Their commitment was not clear at the time of the workshop. • The main actor is development planning and it is coordinated directly by the Ministry of Economy (Minister of Economy being a deputy prime minister at the same time). | <ul style="list-style-type: none"> • Lobby high-level structures since environmental problems are usually disregarded in priority setting (e.g. recent severe droughts have not been considered as an environment-related issue); • Strengthen the role of the environmental ministry • To support evidence-based studies – economic assessment if environmental degradation and disasters (e.g. droughts). | <ul style="list-style-type: none"> • To consult the above-mentioned institutions in order to assess the level of their commitment in a potential PEI country programme and their potential interest in conducting the evidence-based studies mentioned above |

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| 7 | Kosovo | <ul style="list-style-type: none"> • No concrete entry points have been identified; largely due to the fact representatives of the government could not be present at the workshop. • Major country documents developed recently are Sustainable Development Plan, White Paper on Social Assistance and Social Inclusion Strategy. • Municipality level planning is happening in the country. | <ul style="list-style-type: none"> • PEI could have a catalytic role in Kosovo development, which has many initiatives nowadays. PEI could help to integrate poverty and environment within those initiatives. • PEI could develop capacity to conduct P-E impact assessment. | <ul style="list-style-type: none"> • UNDP representatives will follow-up with identification of potential concrete entry points for PEI. |
|---|--------|--|---|---|

5. Conclusions

69. The workshop brought together a good mix of candidate countries from 3 different sub-regions, namely Central Asia, the Caucasus and South-East Europe. Despite the first half of December being a busy period when government and UN country officials have overlapping demands on their time, the turn-out both in terms of number and level of representation was impressive as can be seen from the participants list. The workshop moved quickly from generalities into concrete discussions which revealed the multiple facets of poverty-related environment and growth issues. In many parts of the region environmental degradation and income-earning opportunities are regrettably still viewed as an “either or” choice forcing decision-makers, economic entities, and the population at large to generally opt for an income-earning preference.

70. Despite ecology being reflected in many key national growth strategies as a separate sector, country representatives confirmed the dire need for most of the PEI tools, and for policy and programme advice, in particular given the miserable funding generally allocated to the environment field. Participants prioritized the following areas of assistance:

- Raising awareness and building the technical know-how of medium- and top-level decision makers about linkages of environment and economic growth
- Strengthening linkages among institutions both at central and local levels
- Focusing at the local level where we face most serious poverty issues and making the linkage to district-level planning
- Developing methodology for valuing natural resources, P-E indicators, budgeting for environment
- Linking with and using other available and new financial mechanisms (e.g. carbon finance)
- Involving the private sector

71. The countries represented had good reasons and substantiated stories to illustrate why poverty-environment mainstreaming is crucial at this stage of their development. For instance, despite indicators signaling appreciable overall economic growth, Kazakhstan ranks particularly low in terms of its environmental performance and the oil-extracting regions are significantly those harboring the deepest and widest pockets of poverty. Thus PEI involvement in Kazakhstan is urgently called for, albeit in ways as yet to be defined. In Kosovo, sustainable development plans are being crafted right now and the moment is especially ripe for PEI to play a catalytic role. All other countries present at the workshop stood to benefit in similar fashion. Further countries of the region are interested in deriving benefit from PEI but, due to the timing and short notice of this inception workshop, could not send their representatives.

72. This reality places an extra challenge for PEI in the Europe and CIS region, namely that of elaborating approaches and activities that can both address the needs of the countries recognized as poor while also managing to be helpful to those that appear less poor overall but that nonetheless suffer heavily from unsolved poverty-environment issues.

6. Next steps

73. The ECIS regional team will initiate the PEI scoping phase and conduct in the first half of 2009 scoping missions to a maximum of 3 countries identified by the results of the workshop and the ongoing dialogue with countries in the region. PEI implementation will start in the

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ECIS in 2 selected countries. More countries can be potentially covered in case more resources are mobilized.

74. Following the demand of many countries and in parallel with the scoping missions, it is proposed to establish a community of practice in the region for different country stakeholders, UNDP and UNEP experts, as well as representatives of other agencies and donor organizations. The community shall be supported by its own web site and work space.

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ANNEX: List of participants

| SN | Country | Name | | Organization |
|----|------------|----------------------|-----|--|
| 1 | Armenia | Petrosian Tigran | Mr. | Head of Section, Economy of Natural Resources Use and Mining, Ministry of Economy |
| 2 | Armenia | Hayrapetyan Armen | Mr. | Head of Macroeconomic Policy Department, Ministry of Finance |
| 3 | Armenia | Martirosyan Viktor | Mr. | Head of Natural Resource Management and Poverty Reduction Implementation Unit, Ministry of Nature Protection |
| 4 | Armenia | Martirosyan Armen | Mr. | UNDP Armenia, Environmental Governance Portfolio Analyst |
| 5 | Georgia | Chubabria Ketevan | Ms. | Head of the Division of Project Coordination at the Department of Sustainable Development, Ministry of Environment and Natural Resources |
| 6 | Georgia | Tsereteli Maka | Ms. | Head of Policy Division at the Department of Sustainable Development, Ministry of Environment and Natural Resources |
| 7 | Georgia | Nanobashvili Giorgi | Mr. | Head of the Economic Policy Department, Ministry of Economic Development, Ministry of Economic Development |
| 8 | Kazakhstan | Abdildina Bakhyt | Ms. | Head of Democratic Governance and Territorial Development, UNDP |
| 9 | Kazakhstan | Kadyrzhanova Inkar | Ms. | Head of Environment and Energy Unit, UNDP |
| 10 | Kenya | Horberry John | Mr. | Poverty and Environment Facility, Nairobi |
| 11 | Kenya | Latif Razi | Mr. | Poverty and Environment Facility, Nairobi |
| 12 | Kenya | Smith David | Mr. | UNEP, PEI Africa Regional Team |
| 13 | Kosovo | Haskuka Mytaher | Mr. | UNDP Kosovo Programme Analyst-Policy |
| 14 | Kosovo | Mattson Lisa | Ms. | UNDP Kosovo Programme Analyst-Environment |
| 15 | Kosovo | Hyseini Kadri | Mr. | Senior Political Advisor, Ministry of Environment and Spatial Planning |
| 16 | Kosovo | Hallaq Gynaj | Mr. | Political Advisor, Ministry of Environment and Spatial Planning |
| 17 | Kyrgyzstan | Baekova Cholpon | Ms. | Vice Speaker of National Parliament of Kyrgyzstan |
| 18 | Kyrgyzstan | Djanganaracheva Mira | Ms. | UNDP National Manager, Environment and Sustainable Development Programme |
| 19 | Kyrgyzstan | Choibaeva Roza | Ms. | UNDP Programme Manager, Poverty Reduction Programme |
| 20 | Kyrgyzstan | Chyngojoev Abdymital | Mr. | State Secretary, Environmental and Forestry State Agency |
| 21 | Kyrgyzstan | Japarov Akylbek | Mr. | Minister of Economical Development and Trade |
| 22 | Kyrgyzstan | Razaev Mamatkalil | Mr. | Adviser to Director of National Agency of Self Governance |
| 23 | Moldova | Podoroghin Inga | Ms. | Head of Section, International Relations and European Integration, Ministry of Ecology and Natural Resources |
| 24 | Slovakia | Dinu Adriana | Ms. | UNDP BRC EEP, Bratislava |
| 25 | Slovakia | Martonakova Henrieta | Ms. | UNDP BRC EEP, Bratislava |
| 26 | Slovakia | Mikhalev Vladimir | Mr. | UNDP BRC PP, Bratislava |
| 27 | Slovakia | Wandel Jens | Mr. | UNDP BRC, Bratislava |

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|----|-------------|----------------------------|-----|--|
| 28 | Slovakia | Slay Ben | Mr. | UNDP BRC , Bratislava |
| 29 | Switzerland | Bouvier Christophe | Mr. | UNEP Regional Office for Europe, Geneva |
| 30 | Switzerland | Luvsan Nara | Ms. | UNEP, PEI ECIS Regional Team, Geneva |
| 31 | Tajikistan | Djuraev Abdusalim | Mr. | Head, Department for Hydrometeorology, Committee of Environmental Protection |
| 32 | Tajikistan | Khoshmukhamedov Sukhrob | Mr. | UNDP Tajikistan |
| 33 | Tajikistan | Kendjaeva Zainab | Ms. | Head of the Department for Monitoring of National and Regional Development Programmes, Ministry of Economic Development and Trade |