

### **UNDP-UNEP Poverty and Environment Initiative (PEI)**

**Overall goal:** *To contribute to poverty reduction and improved well-being of poor and vulnerable groups through mainstreaming of environment into national development processes.*

**Objectives at country level:**

- *Inclusion of environmental sustainability as a central objective in national development strategies, such as poverty reduction strategy papers (PRSPs), MDG implementation plans or equivalents;*
- *Increasing national budget allocations towards the environment;*
- *Building the long-term capacity of the government to integrate environmental concerns into the design and implementation of development plans.*

### **Basic facts of the PEI in Lao PDR**

- In Lao PDR, the focus of PEI is on strengthening capacities of targeted central and provincial authorities to integrate poverty-environment concerns and opportunities into development planning processes.
- The PEI Lao PDR framework document was signed in May 2009. The programme of work was prepared jointly by the Government of Lao PDR and UNDP-UNEP PEI. An extensive preparatory phase was conducted including national consultation workshops with pivotal stakeholders from national and provincial administrations to define priorities.
- The PEI Lao PDR Phase I starts in May 2009 and will run until December 2011 (31 months).
- Current budget for Phase I is US\$ 3,300,363 (2009-2011). UNDP Lao PDR, UNEP and UNDP-UNEP PEI have allocated resources. Contributing donors include Japan through the Japan-UNDP Partnership Fund (US\$ 30,000).
- The programme is implemented by the Government of Lao PDR through its national institutions, coordinated by the Ministry of Planning and Investment (MPI) and including the Water Resources and Environment Administration (WREA) and the National Assembly. Provincial authorities of four pilot provinces (Oudomxay, Phongsaly, Saravane, Savannakhet) will be involved.
- Main national partners include Ministry of Agriculture and Forestry, Ministry of Finance, National Land Management Authority, National Committee on Rural Development and Poverty Eradication, Governor's office of selected pilot provinces, Women's Union and selected development partners such as the Asian Development Bank and IFAD.

### **The context of mainstreaming of environment in Lao PRD**

- In Lao PDR, more than 50% of GDP is derived from agriculture, forestry, livestock and fisheries; approximately 80% of the population relies on the natural resources base for livelihoods; and almost 60% of Foreign Direct Investment is related to the country's environment and natural resource base.
- Poverty rates in Lao PDR declined from 46% (1992) to 34% (2002) due to economic growth rates of 6% and higher. Poverty persists, however, throughout the country and the major challenges include food security (37% rate of malnourished children under five), access to clean water resources and sanitation, ensuring environmental sustainability, limited access to cultivation land, education and employment.
- Key environmental issues affecting the poor include deforestation, illegal logging, conversion of land for agriculture and plantations, decline in non-timber forest products, loss of biodiversity and water resources, depleting fish stocks, and an increased susceptibility to extreme weather conditions caused by climate change (flooding, droughts).
- Investment has grown exponentially in recent years, as Lao PDR has slowly opened up to foreign investment. In terms of value, the hydropower, agriculture and mining sectors attract the most investment, while the largest investors are Thailand, China, Vietnam and France. There is an urgent need to strengthen investment processes and investment management to minimize social and environmental impacts.

- The Lao PDR National Growth and Poverty Eradication Strategy (NGPES), the 6<sup>th</sup> Five Year National Socio-Economic Development Plan and the National Strategy on the Environment include references that emphasize that poverty reduction processes that actively consider poverty-environment linkages are essential for sustainable livelihoods developments.
- Lao PRD's principal development master plan, the 7<sup>th</sup> National Socio-Economic Development Plan (2011-2015), will be developed in 2009/2010, led by the Ministry of Planning and Investment. Given the importance of natural resources for the Lao economy and the livelihoods of Lao people, it is critical to ensure that poverty-environment concerns are adequately reflected in the country's leading development plan.
- Over the next two years (2010-2011), the National Assembly will be debating a series of critical legislative proposals with far-reaching implications for poverty reduction and sustainable development, including a draft Fisheries Law, draft Investment Law, draft Law on Land and Natural resources, revision of the Environment Protection Law, and more, all of which would strongly benefit from improved integration of poverty-environment concerns and indicators.

### **Main activities of the PEI Phase I**

- The Lao PDR PEI programme aims to strengthen the capacity of central and provincial authorities to integrate poverty-environment concerns and opportunities in key development planning processes. The PEI framework outlines four major outputs:
  - Strengthening and integrating poverty-environment linkages into the 7th National Socio-Economic Development Plan (NSED) through evidence-based and policy relevant research and advocacy targeting involved policy-makers. This includes, inter alia, technical briefs, development of indicators and country-specific research on economic valuation of ecosystem services.
  - Supporting the Investment Promotion Department and selected provincial authorities to plan and manage investments in a manner that seeks to maximize social benefits and minimize environmental impacts. The support will encompass, inter alia, legal and policy advisory services targeting new investment legislation, monitoring and compliance, inter-sector coordination and community consultation mechanisms.
  - Providing support to the Water Resources and Environment Administration to build capacity for and improve Environmental Social Impact Assessment (ESIA) processes. This includes the development of technical guidelines, the establishment of an ESIA information centre and technical experts network and training measures.
  - Advocating and advising the National Assembly to enhance awareness of poverty-environment issues and to strengthen the capacities of National Assembly members to actively integrate poverty-environment considerations when reviewing policies and legislation.

### **What has been achieved to date?**

- Framework programme document signed in May 2009.
- A Poverty-Environment Coordinating Board is being set up to ensure sound coordination between the four components. The Board is chaired by MPI and members include representatives from other key Ministries and Agencies (e.g. Ministry of Finance, Agriculture & Forestry, National Committee on Rural Development and Poverty Eradication, Governor's office of selected pilot provinces, Women's Union) UNDP and principal development partners, such as representatives from the Asian Development Bank, IFAD, FAO.
- Collaboration with the joint Asian Development Bank – IFAD programme on Sustainable Natural Resource Management and Productivity Enhancement Project.
- Agreement with UNEP to link an on-going UNEP ecosystem valuation programme with PEI support.
- Provision of support to the bi-annual training of National Assembly members on “Natural resources for pro-poor growth and the role of the National Assembly”.

- Publication of several analytical assessment reports related to poverty-environment-natural resources linkages which successfully informed the preparatory phase outcomes.
- Increased awareness of poverty-environment linkages due to regular coverage of and reporting in major Lao newspapers about the consultation process.

### **Key documents**

- Poverty-Environment Initiative Framework in LAO PDR, May 2009, Ministry of Planning and Investment, LAO PDR, Water Resources and Environment Administration, LAO PDR, UNDP PDR, UNDP-UNEP Poverty-Environment Initiative.
- PEI Report: First Sub-National Workshop for Local Government Authorities from Oudomaxy and Phongsaly Provinces, Summary, December 2008, UNDP-UNEP Poverty-Environment Initiative
- PEI Report: Second Sub-National Workshop for Provincial Authorities from Savannakhet and Saravane, January 2009, UNDP-UNEP Poverty-Environment Initiative
- Press Release, Assessing linkages between Poverty and the Environment in Savannakhet and Saravan provinces, United Nations Development Programme, 20 January 2009
- Press Release, National Consultation Workshop highlights linkages between Poverty Reduction and Natural Resources Management, United Nations Development Programme, 5 March 2009

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