Mainstreaming Environment for Poverty Reduction and Sustainable Growth in Asia and Pacific, 26 - 27 March, 2007, Bangkok, Thailand

Summary
UNDP and UNEP, in partnership with ADB and UNESCAP, organized a 2 day workshop on environmental mainstreaming for poverty reduction and sustainable growth in Asia and the Pacific. Some 55 representatives from Planning, Finance, and Environment Ministries of national governments (Bhutan, Laos, Mongolia, Nepal, Pakistan, PNG, Thailand and Vietnam), and from UN and other agencies attended the meeting. The workshop was followed by country consultations and agency meetings, which produced a detailed roadmap for different poverty-environment and mainstreaming initiatives.

The workshop focused on four dimensions of mainstreaming: National, sectoral, sub-national and budgetary planning. Country presentations provided overviews of the policy and institutional frameworks for development planning and environmental management and highlighted opportunities, challenges and constraints. Plenary discussions and break-out groups focused on good and bad practices and the way forward in terms of pro-poor environmental mainstreaming. All presentations and related documents have been posted on www.povertyenvironment.net.

Background
UNDP and UNEP, in partnership with ADB and UNESCAP, organized a 2 day workshop on environmental mainstreaming for poverty reduction and sustainable growth in Asia and the Pacific. Some 55 representatives from Planning, Finance, and Environment Ministries of national governments (Bhutan, Laos, Mongolia, Nepal, Pakistan, PNG, Thailand and Vietnam), and from UN and other agencies attended the meeting.

Focusing on country experiences in mainstreaming environment into national development processes, budgets and economic decision making, sectoral plans and subnational processes, the workshop

- reviewed mainstreaming approaches, methodologies and tools;
- identified and discussed good and bad practices in mainstreaming; and
- set future directions for mainstreaming through country-specific action plans.

Opening Session
In opening the workshop, the Director of UNDP's Regional Center in Bangkok (RCB) highlighted the important contributions of sustainable environmental management to poverty reduction and the achievement of the MDGs. UNDP has responded to this challenge through a number of mainstreaming initiatives in the region and through the recent launch of the UNDP/UNEP Poverty and Environment Facility in Nairobi.

The Regional Director of UNEP also stressed the need for sustainable ecosystem management as a prerequisite for poverty reduction, and gave an overview of the workshop objectives. In a similar vein, the Director of ESCAP's Environment and Sustainable Development Division, made reference to the negative environmental impacts of rapid economic growth in the region, and called for a comprehensive framework such as the Green Growth approach to manage growth within the limits of the carrying capacity. The Director of the Environment and Social Safeguard Division, ADB, focused his remarks on the investment needs to achieve the MDGs. Much of this investment will be targeted in

three sectors: water, transport and energy, all of which have profound implications for the environment. ADB has launched a number of initiatives to address the sustainability of each of these sectors, and is also working on knowledge management through its Poverty-Environment Programme (PEP).

Mainstreaming Overview

Following the opening remarks, two senior officials from the UNDP/UNEP Poverty and Environment Facility in Nairobi gave an overview presentation on mainstreaming environment for poverty reduction. They introduced the main goals of the Facility as capacity development to identify links between poverty and the environment and to integrate pro-poor environmental sustainability into national development processes. At least four barriers to mainstreaming have been identified: (i) Unsustainable use of the environment reduces the social and economic benefits produced by environmental resources. (ii) Pro-poor development is hampered by environmental damage; (iii) The contributions of environment to social and economic development is often poorly understood; and (iv) Insufficient success to date in operationally integrating poverty environment linkages into national and sectoral development processes. To address these barriers, the Facility will upscale the ongoing UNDP/UNEP Poverty Environment Initiative (PEI) and build on the lessons learned from the pilot countries in Africa and Asia.

UNEP's Regional Director for Asia and the Pacific focused in his keynote presentation on regional environmental trends and the implications for sustainable development. These include increasing water scarcity, air pollution due to rapid urbanization, and the widening scale of natural disasters. The challenge for sustainable development is a shift from the current linear production models of the industrial economy to more circular paradigms that stress the efficient use of resources including recycling. SD challenges could be met by national strategic planning cycle for SD (ref: on-going NSDS and SSDS program in Asia and Pacific at: http://www.rrcap.unep.org/projects/nsds.cfm)

The ensuing discussion covered a wide range of issues. Several speakers stressed the importance of identifying and measuring the values of environmental services and the need for feasible and credible indicators. This would also include national accounting standards. Other speakers highlighted that mainstreaming environment is a two-way street, i.e. encompasses the integration of environment into development planning and processes and vice versa. Another theme of the discussions was the need to ensure that mainstreaming efforts are country-driven and –owned and that they require a set of clear guidelines and procedures. To supplement the presentations UNDP/UNEP elaborated on the mainstreaming experiences in Vietnam and Tanzania.

Mainstreaming and National Planning

Bhutan's presentation provided an overview of the country's environmental and developmental achievements, challenges and policies. The delegation also highlighted Bhutan's status and trends in achieving the MDGs. With regard to mainstreaming, Bhutan's development is guided by the holistic philosophy of Gross National Happiness which includes environmental conservation as one of the 4 pillars. Various policies and acts (incl. the 9th Plan) implement the sustainable development principles of GNH. At the institutional level, the National Environment Commission (NEC) is the primary responsible agency, and in addition environmental units have been formed in key line ministries and at district level. Despite these achievements sustainable mainstreaming faces several challenges in Bhutan such as the capacity gaps, lack of reliable data, the high cost of environmental safeguards, etc.

Vietnam's presentation also gave an overview of its environment and development profile and the country's policy framework which includes the Comprehensive Poverty Reduction and Growth Strategy (CPRGS), the Social Economic Development strategy (SEDS) and the National Strategy for Environment Protection (NSEP). Despite these frameworks mainstreaming gaps remain, particularly in the areas of water/sanitation, renewable energy and at the community level. The second part of the presentation reviewed Vietnam's experiences with the PEI, a USD 3.5 Mill. project, implemented by the Ministry of Natural Resources and Environment. Initial results of the Vietnam PEI include the integration of 8 environmental indicators into the SEDP 2006-10; the revision and ratification of the environment protection law; and the incorporation of poverty reduction principles into the draft biodiversity law. Some lessons learned from the project are the need for environment champions, the importance of coordination among agencies and between the centre and provinces, the need to enhance research capacity, and the importance of stakeholder forums to discuss policy issues.

Following the two presentations, the discussion provided an opportunity to elaborate further on Bhutan's and Vietnam's experiences. In this context, the institutional mainstreaming setup in Bhutan was clarified, and the role of "enlightened leadership" emphasized. One participant enquired about the linkages and mechanisms that translate environmental issues in development plans into operational plans and budgetary allocations. Another participant raised the issue of MEA reporting and their integration with development planning. Other comments highlighted the need to identify and measure the allocations for environment in national budgets, and to capture environmental services through market mechanisms.

The break-out group offered further suggestions as to what works and what doesn't in mainstreaming and national planning. Among the success criteria, institutional arrangements such as a strong national environment agency or an environment unit in the planning commission and sustained donor support rank high, whereas barriers to mainstreaming include capacity constraints, weak compliance and lack of coordination.

Mainstreaming and Sectoral Planning

In their presentation, the Laotian delegation gave a detailed overview of environmental trends and described the institutional and policy framework for mainstreaming, with a particular emphasis on the National Growth and Poverty Eradication Strategy (NGPES) planning process. In addition, the various layers of environmental institutions at national, provincial and local level were explained. The presentation also made particular reference to the experiences with new environmental and social safeguards in the context of the hydropower project Nam Theun 2. Like in other countries, major challenges remain, such as data and capacity gaps.

In the second presentation of this session, Nepal reviewed the major achievements and challenges of sustainable development in the country. The 10th Plan was a major watershed for the integration of environmental concerns, and community-based resource management initiatives proved particularly successful in reconciling poverty alleviation and environmental protection. Nepal is also planning to transition from project-level EIA to more comprehensive strategic environment assessments. The main challenges in the current context are the weak enforcement capacities and the institutional instability as a result of the conflict.

In the discussion following the presentations, speakers revisited some of the earlier issues such as the dual nature of mainstreaming, and the mechanisms and processes that link the plans with budget execution. Other interventions concerned the balance of environmental costs and benefits in the development process, and how tradeoffs between different environmental management options are handled.

The breakout group provided some further insights about successes and failures with sectoral mainstreaming. The former include the harmonization of sectoral regulatory frameworks, awareness-raising and public-private partnerships, whereas the latter encompass too restrictive resource regimes and poor monitoring systems.

Mainstreaming and Sub-national Planning

Pakistan started off this session with a presentation on its mainstreaming experiences. After an overview of poverty trends in the country, the delegation reviewed the existing institutional and policy framework for environmental management. At the sub-national level, the provinces and districts exercise important planning and regulatory functions, but often lack the capacities for a comprehensive approach to the integration of environment and poverty concerns. Pakistan is also in the process of preparing a National Sustainable Development Strategy, which aims to enhance community level environmental management by strengthening the capacity of union councils, municipal administrations and district governments.

In the second presentation, the delegation from Papua New Guinea outlined the environmental challenges of the country, foremost among which are high levels of deforestation. The development priorities are enshrined in the 2nd Medium Term Development Strategy (MDTS), and PNG has its own tailored set of MDG targets and indicators. Despite some good practices for environmental mainstreaming (eg. Women in Mining Action Plan), data and capacity gaps have hampered further progress. The current MDG7 Initiative and other donor-supported programmes are expected to address these bottlenecks.

In the discussion, additional clarifications on urbanization and mining issues in PNG as well as on the decentralization process in Pakistan were provided. One participant commented on the specific circumstances of community land tenure in PNG, and the importance of working with civil society and the churches to achieve environmental mainstreaming. Other participants raised the issue of vested interests in resource-rich countries, which often lead to institutional structures that are not conducive to integrated management and conflict resolution. Regarding capacity development at the sub-national level, many speakers highlighted the need for sustained and comprehensive donor support, including assistance for data collection and management.

Mainstreaming and Budget

This session was introduced by a presentation from Thailand, which elaborated on the country's development paradigms and planning framework. The 10th National Economic and Social Development Plan embraces Sufficiency Economy as a foundation for national development. It also pays particular attention to the role of natural resources and biodiversity to maintain sustainable ecosystems and create economic value. In terms of budgetary processes, resources for environmental matters are allocated annually to concerned agencies according to environmental action plans. In addition, a couple of financing schemes (environmental fund, emission charges and fees) have been put in place.

This presentation was followed by a panel of speakers which addressed specific aspects of the session theme. Pakistan gave an overview of its environmental fiscal reforms, which is currently implemented in a pilot phase, and aims to identify different fiscal instruments such as fuel pricing, park fees, etc. to raise revenues and reduce resource exploitation. Mongolia's intervention focused on the role of external funding for environmental management and the implementation of the country's Integrated Development Policy (2008-21). Bhutan provided an overview of its Trust Fund for Environment Conservation, which has a current endowment of USD30 Mill., and whose proceeds are used for various environmental projects. The Fund is integrated with the Government budget, and the Ministry of Finance is responsible for channeling the resources. In Vietnam, 1% of the budget has been set aside for environmental purposes, and the Ministry of Natural Resources and the Environment is currently working on a regulatory framework for environmental investments. Papua New Guinea made reference to the integration of environmental matters in the MTDS and budgeting procedures, and stressed the need for increased levels of investments for environmental management. Nepal provided a detailed overview of its budgeting procedures, whereby line ministries (incl. Environment) prepare proposals which are sent to the National Planning Commission for review and endorsement. In Laos, donor support is the main source of investments for the environment, and recently an Environment Protection Fund was established.

In the discussion, speakers noted the difficulty of determining the scope of environmental finance, as most budgets do not explicitly specify *environmental* expenditures. ESCAP shared its experiences with green taxes, and UNDP gave a brief overview of its environmental needs assessment and costing methodology. Other speakers noted the danger of keeping donor-financed environmental initiatives outside national budgets, as they then tend to become less of a national priority.

The break-out group on this theme provided additional reflections and recommendations on the prerequisites and pitfalls of budgetary mainstreaming. Mechanisms such as Green GDP and payments for ecosystem services could enhance environmental finance but these and other tools require significant capacities and conducive institutional arrangements.

Country Priorities for Environmental Mainstreaming

The workshop delegations had an opportunity to discuss in break-out groups their respective priorities for environmental mainstreaming as well as the support needed from different stakeholders. Detailed action plans were prepared and presented in plenary. Most groups identified capacity building, awareness raising, review of policies and institutions, development of monitoring and evaluation indicators to measure progress, stakeholder participation, and green accounting as possible action areas. In most countries, the planning agency would take the lead in implementation, with key partners from the Ministries of Finance and Environment, key sectoral line agencies, and civil society and the private sector. Many of the speakers noted that, though provisions may be in place, it is still a long way before mainstreaming can be fully effective at the national, sub-national, and local levels.

Bhutan's mainstreaming programme consists of seven areas: 1) creating an enabling environment; 2) building awareness and advocacy; 3) capacity building at various levels; 4) implementing EM activities in terms of planning and field implementation; 5) monitoring and impact assessment; 6) documenting lessons and scaling up; and 7) advocacy,

awareness on PES and Green accounting. Most activities will be led by the National Environment Commission and the Planning Commission Secretariat.

Nepal's priorities are divided into central and district levels. For the former, key activities include: 1) strategic environmental assessments at the policy, planning, and program level; 2) economic evaluation of environmental services; 3) awareness generation among stakeholders; 4) incentive mechanism for clean and green industry; 5) policy impact economic analysis At the district level, next steps would focus on creating EM advocacy among local bodies, building local capacity (environmental units) to implement green infrastructure, and raising awareness.

Pakistan will focus on revisions in the enabling environment and regulatory framework, including the strengthening of the mandate of the Pakistan Environmental Protection Council's Secretariat. Emphasis will also be given to the identification and implementation of appropriate indicators and targets.

Lao PDR echoed the call for better dialogue and participation between all stakeholders, and proposed to conduct dialogues at different levels on economic growth and sustainable development in order to raise awareness, and document and share knowledge. Similarly, Lao PDR will engage other countries such as Vietnam (on approaches to EM) and Bhutan (on the Trust Fund) in consultations on guidance and best practices for implementing environmental mainstreaming.

Vietnam will continue the implementation of the national PEI project and focus on the development of indicators for monitoring and evaluation; stakeholders dialogues, to raise awareness and promote action; establishment of a mechanism to integrate the environment into poverty alleviation practices (e.g. mainstreaming environment in micro-credit systems for income generation); and development of mechanisms to empower local NGOs and communities and foster information exchange. In addition, the private sector will be brought on board the various mainstreaming activities.

Papua New Guinea will take up environmental mainstreaming in full force in 2009, due to upcoming elections and following the review of the MDTS. In the meantime, PNG will continue with the MDG 7 initiative, which currently is conducting sectoral reviews (fisheries, agriculture). Baseline data generated from the reviews will inform the development of indicators for MDG7 monitoring and evaluation.

Mongolia will focus on strengthening capacities to monitor and enforce environmental regulations; develop non-regulatory approaches, such as environmental education and awareness and economic instruments for environmental management; and create a Training and Research Centre for Sustainable Development.

Country Consultations

The workshop was followed by a series of country consultations with the member delegations, which helped to fine-tune the mainstreaming priorities and to identify concrete entry points and activities for UN support. The recommendations from these consultations were then discussed in an inter-agency meeting, which produced a detailed work plan for poverty-environment mainstreaming support.