

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 poverty-environment linkages 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 in support of pro-poor environmental outcomes;*
- *Building the long-term capacity of the government to integrate poverty-environment concerns into the design and implementation of development plans.*

Basic facts of the PEI in Bhutan

- Following a preparatory phase (October 2007-April 2008), the first phase of PEI in Bhutan commenced in July 2008 and was completed in December 2009. Phase 1 focused on creating awareness on the importance of addressing poverty-environment linkages especially to address rural poverty in Bhutan. Over the course of Phase 1, the Gross National Happiness Commission (GNHC) -Bhutan's apex planning agency – assumed a central role in integrating pro-poor environmental considerations in planning processes both at the central and local level. The budget for the first phase was USD 388,000. PEI also supported a review of public environmental expenditure of the 9th Five-year Plan period.
- The second phase of PEI commenced in January 2010 and will be completed in July 2013, to coincide with completion of the 10th five-year plan.
- PEI Phase II was designed in collaboration with the Government of Denmark (DANIDA) and is titled the 'Joint Support for Capacity Development in Mainstreaming Environment, Climate Change and Poverty concerns in Policies, Plans and Programmes'. The programme constitutes the third phase of Danish support to the environment sector in Bhutan through the Sustainable Environment Support programme (SESP) and the second phase of PEI. JSP commenced in January 2010 and will be completed in July 2013 along with the 10th Five-year Plan. The overall budget of JSP is around USD 4.2 million, made up of contributions from Government of Denmark (approx USD 3.27 million), UNDP/UNEP (USD 0.75 million) and UNDP Bhutan core funds (USD 0.11 million). A parallel funding modality is adopted by UN and the Government of Denmark for disbursement of the respective contributions.
- The project is coordinated by the Gross National Happiness Commission (GNHC) with other implementing partners including the National Environment Commission, Ministry of Agriculture, Ministry of Economic Affairs, Ministry of Works and Human Settlements, Ministry of Finance, Ministry of Home and Cultural Affairs, local governments units and civil society organizations.

The context of mainstreaming in Bhutan

- Bhutan's vision 2020 document envisions environmental conservation as dynamic and treats natural resources not merely to be preserved but also as an immense asset that can be sustainably and wisely utilized for socio-economic development.
- Article 5 of the Constitution of the Kingdom of Bhutan (2008) mandates the Royal Government of Bhutan to ensure ecologically balanced sustainable development while promoting justifiable economic and social development.

- Bhutan's Gross National Happiness philosophy, an overarching development framework, takes environmental conservation into account as an integral component.
- The National Environment Commission of the Royal Government of Bhutan has identified the lack of environmental mainstreaming as one of the main shortcomings of the 9th Five Year Plan and has suggested that environmental issues are mainstreamed at the planning stage of the strategic plans, programmes and policies in the 10th Plan. The 10th Five Year Plan (2008-2013) guidelines demonstrate the commitment to mainstreaming and consider environment as cross-cutting issues intimately intertwined with poverty reduction.
- The key strategies of the 10th Five Year Plan to reduce poverty through environmental management interventions include sustainable use of environmental resources as an asset by the local communities for better income and wellbeing, community based eco-tourism, bio-prospecting and implementation of interventions to reduce human-wildlife conflicts.
- Despite the strong relationship between economy, environment and poverty in Bhutan, there is a lack of detailed diagnosis of key poverty-environment linkages with key poverty reduction and growth priorities—such as agriculture, water and sanitation, energy and tourism.

Main activities of the Joint Support Programme (PEI Phase 2 and SESP Phase 3)

- Raise awareness on poverty-environment linkages through national, district and sub-district level workshops.
- Establish poverty-environment linkages through studies and analysis - determine where the links are strongest; substantiate policy decisions (e.g., incentives to promote p-e initiatives); support investment decisions (i.e., targeting public expenditure to maximize p-e outcomes); validate and prioritize programmes (e.g., EFRC, rural electrification, watershed protection, etc.)
- Review planning processes of the 10th FYP from a poverty-environment and climate perspective (e.g. policies governing rural production and livelihoods) and recommend improvements.
- Finalize guidelines for integrating poverty-environment considerations and apply the guidelines to the development plans, policies, and programs, of all sectors/ministries at the central level, as well as to selected local levels.
- Analyze status and use of poverty-environmental indicators vis-à-vis Gross National Happiness (GNH) indicators, to report conditions and trends related to pro-poor environmental outcomes.
- Monitoring of poverty-environment related outcomes and linking such outcomes to programmes and budgets - through National Plan Monitoring System (PlaMS) and through outcome-based budgeting (Public Expenditure Management System, Multi-Year Rolling Budgets).
- Integrate poverty-environment considerations into the strategic framework of the Government's targeted poverty intervention programme -the Rural Economy Advancement Programme - and scale up the application of integrated village development planning through amendments to the Local Development Planning Manual and enhanced local capacities to use the manual.

What has been achieved to date?

- The GNHC is an active proponent of environmental mainstreaming. It has now embraced the task of ensuring the integration of environmental considerations into all sector development plans and has taken measures to incorporate specific language to this effect in the Planning Manual. The Planning Manual guides sectors in the formulation of sector development plans for inclusion in national development plans.
- Participatory assessments of livelihood options and poverty-environment linkages in 10 targeted villages under the Bhutan's Rural Economy Advancement Programme were completed. Guidelines for participatory village planning for food security and poverty reduction were

developed. The participatory planning approach will help analyze priorities, identify project ideas, prepare investment plans and undertake activities.

- The work with the Rural Economy Advancement Programme has led to the formulation of a strategic framework embedding poverty-environment considerations under which all of the Bhutan's future growth and poverty reduction programmes will be developed and implemented under the 10th Five Year Plan.
- The preparation of poverty-environment mainstreaming guidelines was completed in 2009. An exercise in applying the guidelines to the 10th plan programme of the all sectors will be carried out under the JSP and is expected to elicit environment and climate mainstreaming related capacity development needs within sectors at different levels of government.
- The JSP is being implemented in close coordination with the Local Governance Support Programme (LGSP) -a multi-donor programme that provides capacity development and financial support (through block grants) to local governments. PEI support will be used to improve the pro-poor environmental outcomes from application of the block grants.
- The PEI programme in Bhutan has strengthened donor harmonization. The JSP is a significant achievement in collaboration between the UN and a bilateral development partner (DANIDA). The close collaboration between JSP and the LGSP has strengthened partnerships within the UN system, specifically between UNDP/UNEP and UNCDF. UNDP/UNEP together with UNCDF is in the process of developing a new capital grant mechanism for climate adaptation measures at the local government level, which will be pilot-tested in Bhutan. The programme will support assessments of LG's planning process involving risks and vulnerability assessment of infrastructure to climate risks.

Lessons learned

- Seeking to engage agencies that have a key role in development planning processes in early stages of the project is critical. An earlier environmental mainstreaming project in Bhutan which primarily engaged the National Environmental Commission was less effective because it was seen as an environment sector initiative. PEI directly engaged the GNHC which has a central role in influencing the national and local planning processes. PEI also focused on poverty reduction as the final outcome of poverty-environment mainstreaming efforts. This resonates well with line agencies which share a similar goal.
- PEI gained acceptance of the GNHC, partly by supporting the governments own core targeted poverty intervention programme. By doing so, PEI was seen as being responsive and also used a very good entry point to demonstrate the linkages between poverty and environment/natural resources in rural Bhutan.
- In considering the multi-dimensional nature of poverty-environment linkages, the need to bring on board various stakeholders (government, NGOs/CSOs, development partners, media and private sectors) is crucial to the overall success of poverty-environment mainstreaming.
- Good understanding of the programme and strong involvement by all stakeholders including UNDP Country Office strengthens synergies with ongoing projects/programmes and increases impacts and chances of success.
- PEI's approach to mainstreaming poverty environment considerations in plans has prompted a close review of the planning processes at the national and local levels. The resulting amendments to the planning process will have much greater ramifications including an improvement in coordination – both horizontal and vertical -amongst sectors and different levels of government. The amendments will also facilitate effective mainstreaming of other cross-cutting issues (e.g., disaster risk reduction, etc).
- In Bhutan linkages between poverty and environment are recognized and addressed through numerous projects, programmes and policies and at all levels. However, these initiatives have

often been approached with different viewpoints and objectives – either core conservation or core poverty reduction – and often missed opportunities to capture synergy between efforts. There is a need to document ongoing practices and highlight opportunities and challenges for better coordination between development activities that achieve pro-poor environmental outcomes. PEI as a mechanism should facilitate taking the evidence from projects/programmes on the ground to convince policy makers to integrate as part or mainstream into the bigger national program.

Way forward

- PEI-Bhutan will help further strengthening partnerships within the government agencies and development partners to successfully implement the current programme. There is further potential to tap synergy between programmes of the UN Country Programme and Action Plan to address poverty-environment linkages. The capacity to identify and maximize on such opportunities is being established within the UNDP Country Office and will be an asset during future country programming operations.
- The findings from the local assessments will be used to formulate recommendations for policy, institutional and fiscal reforms that aim to integrate pro-poor environmental measures in development processes.
- PEI-Bhutan will support the integration of poverty-environment linkages into sectors' long-term strategic plans, policies and programmes.
- PEI-Bhutan will explore financing sources and mechanisms to continue addressing poverty-environment mainstreaming measures (mainly capacity development needs) from UNDP-Bhutan, in country donors and national governmental resources, with a view to ensure the sustainability of the effort.
- PEI through the application of PEM Guidelines will establish poverty-environment linked indicators both at the national and local level, which will be eventually incorporated into the Planning and Monitoring System (PlaMS) for long term monitoring of pro-poor environmental outcomes.
- The capital grant mechanism for climate adaptation measures at the local government will be developed in partnership with UNCDF and pilot tested in two districts.
- The application of the guidelines will identify detailed studies and assessments that need to be conducted for sector agencies to revise relevant policies and plans and develop specific programmes and projects that address environment and climate mainstreaming.

Key documents for PEI- Bhutan

- Guidelines for Identifying Targeted Poverty Interventions
- Strategic Framework for Rural Economic Advancement Programmes (REAP)
- Poverty Environment Mainstreaming Guidelines for the Planning Purposes of the Royal Government of Bhutan
- Report on Analysis of Public Environment Expenditure of the Royal Government of Bhutan for the 9th Plan.
- Programme Document for the Joint Support Programme on Capacity Development in Mainstreaming Environment, Climate Change and Poverty Concerns in Policies, Plans and Programmes.