
Regional Lesson Learning on Improving Public and Private Investment for Pro-Poor Environment and Climate Outcomes

**Poverty Environment Initiative (PEI) workshop
23 – 24 June 2010, Lao Plaza Hotel, Vientiane**

Workshop report

I. Background

The Poverty Environment Initiative of the Asia Pacific (PEI-AP) seeks to reduce poverty by integrating pro-poor environmental considerations into national and sub-national development planning of target countries. PEI-AP consequently works closely with planning, finance and other non-environment ministries, as well as local governments. In 2005, UNDP and UNEP began the process of integrating their respective poverty and environment programmes to form the UNDP-UNEP Poverty-Environment Initiative (PEI). Coordinated by the UN Poverty Environment Facility (PEF) in Nairobi, the global PEI network currently operates in Africa, Asia-Pacific, Latin America, Europe and CIS. PEI Asia-Pacific team was formed in late 2007 and PEI Asia-Pacific programmes are currently underway in Bangladesh, Bhutan, Lao PDR, Nepal, Thailand and Timor-Leste. The programme is funded by governments of Belgium, Denmark, Ireland, Norway, Spain, Sweden, the United Kingdom and the European Commission.

II. Workshop Objectives

The objectives of the regional lesson-learning workshop were to:

- Exchange approaches and experiences in managing public and private investment for poverty reduction and sustainable natural resource management (NRM), taking into account the changing context of decentralization, increasing private investment and climate change.
- Examine challenges and opportunities for the design and implementation of PEI programmes
- Agree next steps for PEI programmes in each country

III. Participants and Organisers

The workshop was attended by around 70 participants representing finance, planning, local government and environment government agencies across the region and UNDP Country Offices, UNEP Regional Office for Asia and the Pacific, UNDP Regional Centre in Bangkok and the UNDP/UNEP Poverty Environment Facility in Nairobi. The complete list of participants is attached as a separate document (Annex II). The workshop was organized by the UNDP/UNEP Regional PEI Team and UNDP Laos.

IV. Agenda

The workshop consisted of the following sessions:

- *Introductions and workshop objectives*

- *Session 1: Changing public investment at national level*
- *Session 2: Changing public investment at local level*
- *Session 3: Changing private investment*
- *Thematic break out groups*
- *Session 4: Programme design and implementation*
- *Session 5: Communication and advocacy; monitoring and exit strategies*
- *Country break-out groups*
- *Conclusions and next steps*

Detailed workshop agenda is provided in Annex II.

V. Workshop Proceedings

Introductions and workshop objectives

Bruno Cammaert (UNDP-UNEP Laos) welcomed the participants, and provided an overview of the PEI programme in Lao PDR. He introduced Houmpheng Souralay (Ministry of Planning and Investment, Lao PDR) to officially open the workshop.

Houmpheng Souralay (Ministry of Planning and Investment, Lao PDR) welcomed the participants stating that the objective of the PEI is to pursue pro-poor, pro-environment outcomes: minimizing the impact of economic growth on natural resources preserves them for future generations. Over the last decade, Lao PDR has experienced strong economic growth and poverty reduction, but also environmental degradation and negative social outcomes, such as land disputes. By integrating environmental and social concerns into the next 5-year National Social and Economic Development Plan (NSED), PEI in Lao PDR seeks to rectify this situation and encourage sustainable development. Houmpheng Souralay thanked the PEI regional team for organising the workshop, and officially opened the proceedings.

Young-woo Park (UNEP Laos) welcomed the participants, recalling his youth in South Korea and his first visit to Lao PDR in 2004 as first-hand experiences of poverty-environment (PE) links. The PEI concept allows for a holistic approach to sustainable development by integrating environmental concerns into the national development process rather than a reactive approach, where environment ministries are responsible for “cleaning up the mess” created by other agencies.

Session 1: Improving public investment at national level

Sanath Ranawana (UNEP ROAP) provided an overview of the achievements of PEI in the Asia-Pacific to date. Formal PEI programmes are running in 6 countries, with regional technical support provided to 3 others. PE concerns vary between countries, and this is reflected in the variety of activities carried out by PEI. This includes altering planning and budgeting processes at the national and sub-national levels and assisting governments in managing private investment. Examples of outcomes sought include minimising the negative social and environmental impacts of foreign investments in Lao PDR: increasing communities’ share of benefits from extractive industries and ecosystem services in the Philippines; and scaling up community-based natural resource (NR) enterprises in Nepal. The aim of the workshop is to review PEI achievements to date, and to come up with ideas for improvements including how PEI regional team can provide better support.

S.M. Nasim Uddin (Planning Commission, Bangladesh) provided an overview of the PEI programme in Bangladesh. Climate change and its impact on economy and poverty are a major concern for the country. The PEI Poverty, Environment and Climate Mainstreaming (PECM) project will hence seek to integrate poverty-environment-climate (PEC) concerns into national level planning and budgeting processes. A socio-economic analysis will identify PEC links in three key economic sectors; these links will then be integrated into sectoral

planning documents, implementing regulations and guidelines, and the monitoring system. Technical training on PEC links will be provided to government staff. The inception workshop for the PECM project is scheduled in mid-July, after which the project will commence.

Wangchuk Namgay (Gross National Happiness Commission, Bhutan) and Tashi Dorji (UNDP Bhutan) provided an overview of the PEI programme in Bhutan. PEI conducted a public environmental expenditure review (PEER) for Bhutan in 2009; results showed that average annual public environmental investment was 7.4 percent of total public investment, and that investment was lowest in the soil and water conservation sector. PEI has also developed PE mainstreaming guidelines and is revising the current guidelines incorporating step-by-step guidance and climate change issues, which will be used by the Gross National Happiness Commission (GNHC) during its formulation of the 11th Five-Year Plan. Environment-Climate-Poverty (ECP) guidelines will also be used in a review of budget allocations for local government. PEI is also supporting the environmentally-friendly road construction (EFRC) initiative, and providing capacity building for GNHC. Future PEI activities include the revision of the Local Development Planning Manual (LDPM), further analysis of PE linkages in Bhutan, and establishing PE indicators in the national plan monitoring and budgeting system.

Session 2: Improving public investment at local level

Seon-Mi Choi (UNEP ROAP) presented the findings of a discussion note recently prepared by UNCDF, UNED and UNDP. *Local governance and management of natural resources and the environment* assessed the ways in which local governments (LGs) manage natural resource and environment management (NREM) issues, and proposed ways in which this management can be improved. The note found that LGs have three main instruments for managing NREM matters:

- Local planning and regulation;
- Local fiscal revenues (taxes, fees and charges); and
- Local public expenditure management.

Possible ways of improving NREM management include (among others):

- Increasing understanding of NREM and the role of LGs;
- Moving beyond project prioritization and towards strategic integrated planning (based on evidence and analysis, and involving community participation);
- Social and environmental costs of resource use reflected in the fees and taxes;
- Pro-poor and simplified local taxes on NREM services;
- LGs providing fiscal incentives for value-adding and sustainable use of resources;
- Using top-up or tied block grants as incentives for LGs to engage in sustainable NRM; and
- Improving the transparency of LG expenditure.

David Jackson (UNCDF) delivered a presentation on the role of LGs in dealing with CC. The following points were raised:

- All levels of government should be involved in CC adaptation. Responsibilities should be divided according to capacities and areas of expertise.
- Long-term (rather than project-based) climate-proofing investments at the LG level receive inadequate funding from central governments, because recurring budgets for LGs are typically quite small. Consequently, there is a role for donors to cover this capital fund gap.
- LGs need to be better informed about the urgency and ways of climate-proofing, even if CC data is never perfect.
- CC adaptation is low on LGs list of priorities (with hard infrastructure generally dominating). There is need for top-up funding from the donors to ensure that new infrastructure projects are climate-proofed.
- National Adaptation Plans of Action (NAPAs) and associated activities are typically developed by national Ministries of Environment, with LGs largely excluded from the process. This needs to be addressed.

Remedios Endencia (National Economic and Development Authority, the Philippines) outlined the Philippines' national framework for disaster risk reduction (DRR) and climate change adaptation (CCA). National legislation mandates DRR and CCA mainstreaming into development plans and programs, and mandates the preparation of national and local DRR and CCA action plans. Integration of CC adaptation and DRR into local land use plans, local investment programmes and annual budgets includes the following elements (among others):

- CC vulnerability assessments of economic sectors and population segments;
- CCA considered in programming and prioritization of programs and projects;
- DRR/CCA parameters included in project development and evaluation;
- Local calamity fund for DRR/ CCA projects; and
- The use of market-based and non-market-based instruments by LGs (CDM, local taxes, fees and charges).

Implementation challenges for this integration include:

- A lack of data (hazards and exposure) as basis for risk analysis;
- Limited expertise on CC, risk assessment and geologic / hydro-meteorological hazards at the local level; and
- Political will to adhere to local plans and investment programs.

Amrit Lamsal (Ministry of Local Development, Nepal) provided an overview of PEI's support to the LG planning process in Nepal. PEI is imbedded into the joint Local Governance and Community Development Programme (LGCDP), a 4-year, \$0.5b programme funded by the Government of Nepal and various donors. As part of LGDCP, in 2004 Nepal introduced minimum conditions and performance measures (MC/PM) into the grant allocation process for LGs. MC/PM aim to improve LG performance and accountability, and ensure that grants reflect LG expenditure and performance capacity. MC/PM assessments are carried out on annual basis in all district development committees (DDCs) and municipalities; MC assessments for village development committees (VDCs) commenced in 2009.

PEI Nepal is planning to develop PE indicators which will link to the MC/PM guidelines. Indicators will include 1) incorporating environmental and social safeguard measures into the development process; 2) emphasising sustainable management of natural resources; and 3) ensuring that initial environmental examinations (IEEs) and environmental impact assessments (EIAs) are conducted. Obstacles to successful MC/PM implementation include (among others) armed conflict in the terai region, administrative delays in approval of budgets and grants, and high staff turnover in VDCs.

In the follow-up discussion, the following points were raised:

- Distinction between MC/PM, earmarked grants and top-up financing was clarified. MC/PM aim to ensure LG compliance with relevant regulations; earmarked grants designate funds towards a specific purpose; top-up financing aims to cover a specific funding gap within a bigger project or programme (such as climate-proofing a large investment project).
- The national government of the Philippines is addressing a lack of CC expertise at the LG level by providing experts and conducting relevant studies.
- Accountability of LGs needs to be addressed to ensure that funds are well spent.
- LGs are too dependent on central governments for funding. Other possible sources of funding need to be explored.

Session 3: Improving private investment

Paul Steele (UNDP RCB) reviewed the overall findings of a primer on private investment which is currently being finalised by the PEI Asia-Pacific team¹. These were as follows:

¹ *Managing private investment in natural resources for pro-poor growth and environmental sustainability* is a PEI primer aimed at public decision-makers in developing countries dealing with foreign direct investment (FDI). It seeks to provide practical advice on how FDI can be managed by host governments to encourage pro-poor, environmentally sustainable development.

- Whilst private investment generally leads to economic growth, economic, social and environmental outcomes depend on host government's structures and policies. The task of host governments is to maximise the economic, social and environmental benefits whilst minimising the cost.
- Natural resource endowment tends to attract investment (for example, mining in Mongolia, land for agriculture in Lao PDR, forestry in PNG and fisheries in Thailand). While this creates economic opportunities for many developing countries, it is also likely to put greater pressure on their environment.
- Different stages of the investment process require different actions by host governments. For example, investment promotion requires choosing a correct set of incentives to guide investment to specific sectors and geographic areas. Investment approval requires quality feasibility studies, EIAs and social impact assessments (SIAs). Investment monitoring requires consistent enforcement of relevant laws and regulations.

PEI interventions in private investment management in Asia-Pacific include:

- Assisting in development of national and provincial investment strategies, and improving appraisal, negotiation and monitoring in Lao PDR (currently under implementation);
- Conducting an assessment of different investment options in 3 provinces in Thailand (large vs. small scale, fisheries & tourism vs. industry) (upcoming); and
- Designing benefit-sharing arrangements for revenue from mining and ecosystems in the Philippines (upcoming).

Boontham Lert Sukeekasem (Ministry of Interior, Thailand) delivered a presentation of public and private investment management in Thailand. The following points were raised:

- In terms of public investment, Thailand has 3 levels of government – central, provincial and local. Development plans at each level feed into development plans of the level above, i.e. community development inform district development plans, which in turn inform provincial development plans, which inform the national development plan. Strategic Provincial Development Plans contain public investment proposals which are reviewed and funded by the central government.
- In terms of private investment, the central government provides incentives (tax reductions, low-interest access to capital) for investment in less-developed regions. Whilst laws governing the environmental impact of private investment do exist, there have been instances of negative environmental impacts on local communities (e.g. Map Ta Put industrial estate, potassium mine in Udonthani).
- Thailand's Constitution of 2007 contains a number of references to investment in natural resources. This includes protecting individual's rights be informed about public investments which may affect their quality of life; protecting the rights of traditional communities to preserve their way of life and to participate in the management of natural resources in a "balanced and sustainable manner"; and stipulating that EIAs are mandatory in the approval process for any project or activity which may seriously affect the quality of environment.

Manothong Vongsay (Ministry of Planning and Investment, Lao PDR) delivered a presentation on management of private investment in Lao PDR. Over the last 5 years, Lao's has experienced strong economic growth and poverty reduction; these have been driven by rapid expansion in private investment (particularly in natural resources). However, government's management of investment suffers from a number of shortcomings, including a lack of coordination between line ministries, a of systematic land use planning for allocating concessions (resulting in conflicts with local communities), and a lack of an effective monitoring and law enforcement.

PEI seeks to ensure that private investment in Lao PDR results in equitable and sustainable development. To achieve this, PEI is delivering a number of activities which will strengthen investment management by central and provincial governments. These include (among others):

- Developing PE indicators to be included in the next 5-year National Socio-Economic Development Plan (NSED);
- Supporting the development of national and provincial investment strategies (including identifying criteria and incentives for investments that directly support sustainability goals);
- Delivering technical training for government staff involved in evaluation of environmental and social impact assessments (ESIAs); and
- Developing spatial planning tools that support sustainable land allocation decisions (in collaborating with Asian Development Bank-Environment Operations Centre).

In his closing remarks, Young-woo Park (UNEP Laos) noted that countries share similar challenges in pursuing sustainable development outcomes. These include a lack of coordination between line ministries and a lack of integration of environmental concerns into national and local development plans. He stressed the need for a less top-down approach in national and local planning, and repeated his call for UN agencies and governments to work together.

Thematic break out groups

Participants were broken up into 3 thematic groups: “National Planning”, “Local Planning” and “Private Investment”. Each group was tasked with sharing country-level experiences with national planning / local planning / private investment processes, and designing ways in which PEI can guide these processes towards sustainable development outcomes. Specific questions and responses from each group are summarised below.

Group 1 – National planning:

- 1) *What PE outcomes do you want to achieve at the national level in your country?*
 - Securing political will for environmental mainstreaming through awareness raising and advocacy
 - Developing a national policy and national planning guidelines for mainstreaming environment into the national investment, planning and budgeting processes
 - Subsequent mainstreaming of environment into national investment, planning, and budgeting processes
 - Strengthening the role of CSOs and LGs (in coordination with national government) in delivering PE outcomes
 - Developing PE indicators and resolving land tenure issues
- 2) *What national level planning and budgeting tools should be used to achieve these PE outcomes?*
 - Guidelines for planning and budgeting
 - Cost-benefit analysis and case studies (useful in securing political will)
 - SEIAs and EIAs
 - Advocacy and sensitization of key stakeholders to PE links
 - Adequate monitoring and law enforcement
 - Political and technical coordination mechanisms to address PE concerns
- 3) *How can PEI help in achieving these outcomes?*
 - Development of PE-oriented policies, strategies and guidelines
 - Assisting with capacity development and advocacy

Group 2 – Local planning:

- 1) *What PE outcomes do you want to achieve at the local level in your country?*
 - Integration of pro-poor environmental concerns and CC into the local development process (e.g. screening projects for environmental sustainability; climate-proofing infrastructure proposals; natural resource-based revenue generation and equitable benefit sharing)
 - Increased awareness of PE links among local policy-makers and the community

- Improved community participation in pro-poor environmental priorities (e.g. generated through media)
- Increased recognition and use of local-level knowledge on PE links
- Increased capacity and political authority of LGs to deal with PE concerns and CC
- Improved collaboration among the key development partners in addressing PE and CC concerns (local and nation governments, line agencies, private sector, CSOs, technical specialists)

2) *What are the current shortcomings of local level planning and budgeting processes in achieving these PE outcomes?*

- Technical and resource capacity gaps in LGs deal with PE concerns and CC,
- Low level of awareness of PE links and CC threats among policy-makers and the community, due to lack of access to relevant knowledge
- Consequent uninformed and short-sighted LG policies
- Elite capture in planning, budgeting and benefit-sharing
- LGs lacking authority to make decisions on PE issues

3) *How can PEI help in improving local level planning and budgeting processes?*

- Promoting a better understanding of PE links among local policy-makers and the community through “information, education and communication” (for example, by engaging in advocacy on the sustainable use of natural resources)
- Improving LG planning and budgeting processes by analysing policy alternatives and providing technical training to LG staff
- Strengthening collaboration between academics and LGs

Group 3 – Private investment:

1) *What are the links between private investment, natural resources and poverty in your country?*

- Poor people are often dependent on NR for their livelihoods (e.g. predominance of agriculture as a source of livelihood for the poor in Lao PDR)
- Investment in NR provides employment, income and infrastructure to the poor – but not always (e.g. inequitable sharing of revenue from mining in the Philippines)
- Investment can also exacerbate ecosystem degradation, loss of natural resources and land conflict (e.g. large-scale mining reducing land available for pastures in Mongolia)

2) *What are the causes of negative PE outcomes associated with private investment?*

- In the pursuit of economic growth, government policies tend to neglect environment. This is often caused by their lack of awareness of socio-economic value of NR and ecosystems. As a result, government policies can allow (or even encourage) investment which leads to negative PE outcomes (e.g. Ok Tedi copper mine in Papua New Guinea).
- Negative PE outcomes can also be caused by a lack of local community involvement in the investment process (such as consultations with investors, and decision-making in regards to project design and benefit-sharing arrangements).
- A lack of effective law enforcement and investment monitoring by the government, often due to a lack of capacity and resources.

3) *How could PEI interventions address these problems and their causes?*

- Collecting and disseminating evidence on PE links among government circles (technical studies and analysis)
- Developing NR databases to inform government policies (e.g. a database of land allocations in Lao PDR)

- Promoting greater awareness and voice of local communities in the investment process (e.g. educating on likely impact of investment; forming community organisations; promoting regulatory change for improved community consultation).
- Providing technical training and resources to governments to improve implementation of investment approval and monitoring processes
- Encouraging greater community and NGO involvement in the investment monitoring
- Disseminating “good practice” examples and “lessons learned” on investment in the region
- Providing legal assistance towards developing a more coherent legal framework and better coordination between line ministries in managing investment
- Providing technical assistance towards more secure land tenure arrangements

In the follow-up discussion, the following points were raised:

- The objective of PEI is poverty reduction through improved management of the environment and natural resources. However, there appears to be too much focus on environment and too little focus on poverty reduction among the participants. This needs to be addressed.
- PEI should promote allocation of land rights to the poor, as well as pro-poor and pro-environment investment. Gender issues should also be addressed.
- There was a disagreement on why governments tend to neglect environment. Some participants felt that governments view environmental degradation as a long-term issue, and hence a lower priority than immediate economic growth. Others felt that governments are simply unaware that sustainable management of NR can bring immediate economic benefits (e.g. green jobs).

Session 4: Programme design and implementation

Bruno Cammaert (UNDP-UNEP Laos) reviewed the PEI programme in Lao PDR as an example of PEI working across UNDP and UNEP. PEI is the only example of such integration in Lao PDR.

Chris Turton (UNDP Timor-Leste) reviewed the proposed PEI programme in Timor-Leste as an example of PEI promoting better collaboration between different UNDP units. Currently, a number of large GEF projects are being implemented by UNDP Timor-Leste in an ad hoc manner, due to a lack of a national environment strategy. PEI will be a part of a wider Timor-Leste Environment Action Program (2010-2013) which will 1) seek to develop and implement national strategies for CC, access to energy and management of natural resources; and 2) ensure that existing GEF projects compliment each other, do not overlap, and feed into these strategies. Implementation will be difficult due to a severe lack of technical capacity in the public sector.

Tashi Dorji (UNDP Bhutan) reviewed the PEI programme in Bhutan as an example of PEI working with other donors. PEI is currently working with the Government of Denmark and GNHC on implementing a joint support programme titled “Capacity Development for Mainstreaming Environment, Climate Change and Poverty Concerns in Policies, Plans and Programmes” (2010-2013). This forms Phase 2 of PEI in Bhutan. PEI is also working with AusAID in providing training for 7 Bhutanese government officials on environmental mainstreaming at Griffith University, Australia.

In the follow-up discussion, the following points were raised:

- Cooperation between UNDP and UNEP is crucial in ensuring ongoing donor support
- UNCDF is currently looking at a possibility of LGs accessing global CC funds. Consequently, UNCDF is hoping to collaborate with PEI in conducting a number of assessments of small-scale LGs in Bhutan, Cambodia and Nepal.
- Nan Province in Thailand is experiencing a number of PE-related problems, such as pesticides and poor water quality affecting human health. UNCDF and PEI should work together to address these problems.

Paul Steele (UNDP RCB) delivered a presentation on PEI programme design, implementation and reporting. Whilst PEI is a process-oriented programme, it is important to always be aware of outcomes.

- In terms of funding, PEI funds generally come from PEI Facility in Nairobi and UNDP's TRAC (Target for Resource Assignments from the Core) scheme; however, funding from other donors and governments can also be utilised.
- In terms of implementation, the first step is developing a project document (prodoc), to be signed by UN and the host government. The second step is designing an annual work plan (AWP), which lists in detail activities to be undertaken, parties responsible for each activity, and allocated budget. UN country offices (COs) should share the quarterly workplans with the PEI regional team.
- In terms of reporting, existing government and CO reporting systems should be used. COs are required to submit quarterly financial reports, quarterly progress reports and end-of-year reports – which should be shared with the regional team.
- The PEI regional team conducts regular teleconferences and country missions.
- In terms of planning and recruitment, COs are encouraged to design AWP's early. This allows for early recruitment of staff and consultants. In terms of recruitment, COs are encouraged to liaise closely with the PEI regional team.
- To date, Lao PDR PEI is by far the most effective “spender” of PEI funds. PEI country teams that can increase their disbursement rate may be rewarded with additional funding from programmes that are under-spending.

Panida Charotok (UNDP RCB) delivered a presentation on UNDP's integrated PeopleSoft system (Atlas) which supports its administrative and management functions. The following points were raised:

- On Atlas, PEI is a Global Direct Execution award (award ID 45896) with multiple country projects, under Bureau for Development Policy / Energy and Environment Group Department (09401).
- Budget set-up in Atlas by Poverty Environment Facility (PEF) in Nairobi and approved (KK'ed) by Energy and Environment Group Department in New York
- PEI is a joint programme with the General Management Support (GMS) fees being applied at the global level. Therefore, the GMS cannot be applied against the country level. However, the direct cost can be factored in the country project budgets.
- For PEI country programme (Phase I), PEF provides a letter of Financial Authorisation, with Chart of Account (CoA) after prodoc signature. Country will have their own project within PEI Award for decentralised disbursement authority & spending credits. The Department ID has been set up to be that of the country office. Approval authority is within each country, according to each office's delegation of authority.
- Now the Implementing agency/Responsible party can now be changed to reflect the CO's actual implementing partner. This accommodates the release of advances to the government, using the advance account (16005).
- The following rules apply on linking PEI funds to other projects: 1) No funds transfer from the PEI to other projects; 2) Accessing PEI funds through Chart of Account (CoA) only; 3) The CO should not enter separate budget for PEI in ATLAS.
- The CO needs to quarterly update Atlas Project Management Module for: 1) Output Definition Page; 2) Activity deliverable descriptions; 3) Quality log.
- More information can be found in “The Set-up of PEI in Atlas and its Management Guidance for Country Offices”.

Session 5: Communication and advocacy; monitoring and exit strategies

Victoria Luque (PE Facility, Nairobi) delivered a presentation on services provided by the PE Facility (PEF) in Nairobi. The following points were raised:

- The global PEI website (www.unpei.org) has been revamped and now includes country profiles, country-specific PEI eLibraries and subscription services.
- The website also contains all PEI publications, including the PEI Handbook, PEI Guidance Note and the economics primer. Three new primers are about to be published.
- PEF has established an email-based PEI global community of practice, which allows for information-sharing among PEI practitioners.
- PEF also provides PEI countries with technical support, such as technical guidance material and “best practice” templates.
- PEI COs are encouraged to liaise directly with the PEF about their progress, so that the information can be posted on the website and communicated to donors. COs are also encouraged to contact PEF for any technical assistance they may need.

Marta Baraibar (UNDP RCB) delivered a presentation on the regional team’s communications strategy for PEI Asia-Pacific. Two short documentaries on PEI programmes in Thailand and Rwanda were presented. The following points were raised:

- Effective PEI communication includes sharing lessons learnt and best practices in the region, communicating progress to donors and raising overall awareness about the programme. Communication needs to be integrated into all aspects of PEI work.
- PEI Asia-Pacific communications strategy is pursuing two goals – 1) increasing access to information on the PEI in Asia-Pacific; and 2) raising stakeholder awareness on PE links.
- In pursuing the first goal, the regional team is developing reader-friendly brochures and short documentaries for each PEI country. In the future, an 8-10 minute documentary on successful PEI stories in the region will be produced. Participants are encouraged to send all communications material directly to Marta (photos, press releases, articles, etc).
- In pursuing the second goal, the regional team is actively inviting media to national and regional PEI workshops. The team welcomes any further suggestions on how media can be used to raise awareness about PEI.

In the follow-up discussion, the following points were raised:

- Bhutan would appreciate more material on PEI success stories in the region. This would help in communicating the goals and approach of PEI to donors and other stakeholders. TV documentaries are particularly helpful in reaching illiterate groups.
- The flip video camera used by the PEI regional team may also be available to country teams.
- Each PEI country needs a communications strategy. Countries are encouraged to contact PEF for any help they need. PEF is developing a toolkit on communications, which will be available shortly.

David Smith (PE Facility, Nairobi) delivered a presentation on PEI monitoring and exit strategies. The following points were raised:

- PEF is responsible for monitoring PEI progress around the world, and reporting to donors and PEI management board.
- Donors are attracted by the joint (UNDP/UNEP) nature of the programme. They also realise that there is a PE mainstreaming gap which needs to be addressed.
- Effective communication with donors is essential. 2-3 page briefs on each PEI country are extremely effective at showing results and can be easily distributed at various forums.
- The global mid-term review of the PEI programme will be taking place in the next 2-3 months. The final PEI review will take place in 2012.
- Donors are planning to play a major role in the mid-term review. Topics which are likely to come up include: 1) the programme’s lack of focus on poverty reduction, particularly in Africa; 2) possible overlap with other programmes; and 3) reasons for a low rate of expenditure. However, given the good progress of PEI in Asia-Pacific, the review should be

seen as an opportunity rather than a threat. It is important that PEI teams are transparent and do not hide difficulties faced.

- Developing a PEI exit strategy at each country is important to ensure sustainability of achieved outcomes. Inclusion of pro-poor and sustainable NRM as an objective in national and sector development plans, with relevant indicators in the monitoring and evaluation procedures and adequate budgeting attached is the optimal goal.

In the follow-up discussion, the following points were raised:

- A number of participants shared David Smith's concern that PEI tends to prioritise environmental sustainability over poverty reduction. It is important of each country programme to re-assess its activities in order to achieve the right balance between these two objectives.
- Specific PE indicators that donors will use to assess progress will vary. For new programmes, attention will be paid to the content of project documents (prodocs, AWP, PE guidelines developed, etc). For longer-running programmes, more attention will be paid to the impacts on the ground (e.g. regulatory and policy change leading to sustainable NRM and poverty reduction).

Country break-out groups

Short presentations on envisaged PEI deliverables in 2010 were delivered by representatives of each country:

Thailand:

- PE problems are different in 3 provinces covered by the PEI programme. They include forest loss and soil erosion due to high-impact mono-cropping, with limited livelihood alternatives (Nan Province), unknown future impact of planned large-scale agricultural expansion (Khon Kaen province), and disappearance of traditional livelihoods due to industrialisation (Samut Songkhram)
- In terms of deliverables for 2010, PEI (in coordination with the Ministry of Interior) will undertake integrated ecosystem assessment (sub-global assessment of the Millennium Ecosystem Assessment) in each province, involving communities and policy makers. The evidence from the assessment will be used to inform the provincial and local development plans. Technical training to government officials on integrated planning will also be provided.
- Likely implementation difficulties include a lack of horizontal and vertical coordination between different government agencies, ensuring continuity of PEI achievements, and the need for additional funding.

Bhutan:

- PE problems in Bhutan include land degradation, wildlife damage to crops and livestock, rural energy access, timber and fuel wood use leading to deforestation, and unfulfilled hydroelectric potential
- In terms of solutions, PEI has ECP guidelines to be used by GNHP during its formulation of the 11th Five-Year Plan. ECP guidelines will also be used in a review of budget allocations for local government. PEI is also supporting the Environmentally Friendly Road Construction initiative, and providing capacity building for GNHP.
- Future PEI activities include the revision of the Local Development Planning Manual (LDPM), further analysis of PE linkages in Bhutan, and establishing PE indicators in the national plan monitoring and budgeting system.
- Future PEI activities include the development of the Local Development Planning Manual (LDPM), further analysis of PE linkages in Bhutan, and establishing and monitoring PE indicators.

Afghanistan:

- Afghanistan does not have a PEI programme, but its National Environmental Protection Agency (NEPA) is pursuing the policy of community-based sustainable use of natural resources (which is broadly in line with PEI objectives)
- In terms of deliverables, NEPA will coordinate the development of environmental mainstreaming guidelines at different levels of government; national and sub-national environment institutions will be established (including environment units in key ministries); resource maps will be developed (with focus on wetlands).
- Implementation challenges include Afghanistan's unstable security situation, a lack of budget due to environmental sustainability being low on government's priority list (with security and health as primary concerns), and the limited number of national and international experts available.

Bangladesh:

- The key PE concern facing Bangladesh is CC, which explains the scope of the PEI PECM project (described above). The PECM project is delivered through the national Planning Commission (PC) because PC screens the content and funding of all sectoral projects.
- Current challenges include a lack of modalities to include PEC concerns into project portfolios, and a lack of assessments on economic impact of CC on key sectors. The PECM project will seek to address both challenges.

Lao PDR:

- Through its activities (described in Sections 20 and 21, above), PEI is seeking to catalyse Lao PDR's current economic growth to balance environmental, social and economic priorities.
- Current challenges include the need for a PEI Project Board (to coordinate PEI activities involving different ministries); budget shortfall in 2 components of the programme; a lack of commitment from line ministries to participate (due to lack of resources and awareness); and a lack of PEI staff, given the ambitious nature of the programme.

Mongolia:

- Key PE concerns facing Mongolia are CC-driven temperature rises (resulting in desertification), illegal artisanal mining, negative impact of large-scale mining, and occurrence of "dzuds" (extremely snowy winters in which livestock are unable to find fodder through the snow cover, resulting in large-scale loss animal life).
- In terms of solutions to the latest (2010) dzud, UNDP Mongolia has launched a "cash-for-work" programme, with herders being paid to remove frozen carcasses). It is also providing vocational training so herders can take up alternative livelihoods.
- Like Afghanistan, Mongolia does not have a PEI programme. However, there is a strong need for mainstreaming PE concerns into the national planning process (possibly through a new government body, with help from a PEI team). A lack of funds and weak cooperation between government institutions are likely to hinder implementation.

Nepal:

- As discussed previously (Section 14 and 15, above), a key deliverable for PEI Nepal is developing PE indicators which will be added to the MC/PM guidelines
- Key challenges to PE mainstreaming in Nepal include a lack of awareness and common understanding of PE links among key stakeholders; a lack of coordination among government agencies; and a lack of financial and human resources to ensure the continuation of PEI-driven activities.

The Philippines:

- The PEI prodoc for the Philippines is yet to be signed. The country team recently completed PEI stakeholder consultations.

- The goal of the PEI programme is ‘revenues and benefits from ENR utilised for poverty reduction through improved capacity and enabling conditions at national and local level’. Key deliverables for 2010 include signing the prodoc and finalising funding arrangements, holding an inception workshop, developing inventories on key natural resources (minerals, fisheries), and assessing existing revenue-sharing arrangements.
- Key challenges include securing funding for the programme, and identifying PEI “champions” in key government agencies.

Papua New Guinea

- PNG does not have a PEI programme. However, environment and CC concerns have been included in the new 20-year Development Strategic Plan (DSP 2030) and the new 5-year Medium Development Plan (MDP).
- The key focus of DSP 2030 is the establishment of 10 “economic corridors”, linking resource-rich and resource-poor regions (and hence eliminating existing “poverty corridors”).
- Key challenges to PE mainstreaming are a lack of quality baseline data on NR, a lack of financial management capacity at LG level, and a lack of coordination across agencies on cross-cutting issues (environment, CC).

Timor-Leste:

- The PEI prodoc for Timor-Leste has not yet been signed.
- Key deliverables of the Timor-Leste Environment Action Program in 2010 include 1) establishing a joint National Coordination Group to oversee and guide all aspects of environment and natural resources work in the country; 2) developing a coordination mechanism for environment aid programs and projects; 3) developing a national Green Jobs strategy; 4) implementing the Green Schools & Youth project
- Key implementation challenges include the government’s lack of technical capacity (which will be addressed by the Action Programme) and a lack of political will (which can be addressed with information products).

Viet Nam:

- Viet Nam does not have a PEI programme. However, a joint UNDP-DFID Poverty and Environment Project (launched in 2000) is pursuing a PEI-compatible goal of ‘strengthening government capacity to integrate environment and poverty reduction goals into policy frameworks for sustainable development’.
- Viet Nam’s key PE challenge is CC and associated sea level rise. Many existing and upcoming infrastructure projects could potentially be affected by CC. Therefore, there is a strong need to review government’s project approval process to ensure that future infrastructure proposals are climate-proofed.
- Key challenges for PE mainstreaming include low awareness of PE links, particularly among planning and finance officials; a lack of coherence in laws and regulations; a lack of coordination capacity in line ministries to deal with CC; and a lack of budget.

Conclusions and next steps

David Smith (PE Facility, Nairobi) noted that demand for PEI tends to outstrip supply: a number of countries want PEI programmes, but a lack of staff and financial resources don’t allow it at the moment. The question of whether to scale up or scale down PEI activities in the region will be addressed during the mid-term review. Existing programmes should make sure that the poverty aspect of PEI is sufficiently addressed.

Dechen Tsering (UNEP ROAP) noted the importance of having clear objectives for each PEI programme. Making the economic case for PE mainstreaming is also important. PEI is tackling critical issues, and the workshop has allowed for sharing of experiences across the Asia-Pacific region.

The workshop was officially closed, and followed by a visit to the Mekong River Commission (MRC).

ANNEX I – WORKSHOP AGENDA

Wednesday 23 June 2010

8.30 Registration

9.00 Introductions and Workshop Objectives

Chair: Bruno Cammaert (UNDP-UNEP Laos)

- Government of Lao PDR (Mr Houmpheng Souralay, DG, Ministry of Planning and Investment)
- United Nations (Mr. Young-Woo Park, Regional Director, UNEP Regional Office for Asia and the Pacific)

9.30 Session 1: Improving public investment at national level

Chair: Sanath Ranawana, UNEP

- Public investment and climate change in Bangladesh (S.M. Nasim Uddin, Planning Commission, Bangladesh)
- Public investment, public expenditure and sector planning for environment and climate in Bhutan (Wangchuk Namgay Gross National Happiness Commission, Bhutan)

10.00 Discussion

10.45 Group photo
Tea/coffee

11.00 Session 2: Improving public investment at local level

Chair: Seon-Mi Choi, UNEP

- Climate and the role of local government (David Jackson, United Nations Capital Development Fund)
- Local government investments and climate change in the Philippines (Remedios Endencia, National Economic and Development Authority, the Philippines)
- Local government's performance & financing in Nepal (Amrit Lamsal, Ministry of Local Development, Nepal)

11.45 Discussion

12.30 Lunch

1.30 Session 3: Improving private investment

Chair: Paul Steele, UNDP

- Public and private investment in Thailand's provinces (Boontham Lert Sukeekasem, Ministry of Interior, Thailand)
- Managing private investment in Lao PDR (Ministry of Planning and Investment, Lao PDR)

2.00 Discussion

3.00 Tea/coffee

3.30 Thematic break-out groups

- National planning
- Local planning
- Private investment

5.00 Day 1 close

Thursday 24 June 2010

8.30 Report back from break-out groups

9.00 Session 4: Programme design and implementation

- Developing partnerships
Panel discussion on working across UNDP and UNEP (Bruno Cammaert, UNDP-UNEP Lao PDR), working across the UN (Chris Turton, UNDP Timor-Leste) and working with other donors (Tashi Dorji, UNDP Bhutan)
- Reporting and financial management, including ATLAS (Panida Charotok, UNDP RCB)

10.30 Tea/coffee

11.00 Session 5: Communication and advocacy, monitoring and exit strategies

- Communication (Marta Baraibar, UNDP Thailand) and knowledge products (Victoria Luque, Poverty Environment Facility, Nairobi)
- Monitoring and exit strategies (David Smith, Poverty Environment Facility, Nairobi)

12.30 Lunch

1.30 **Country break-out groups** on key deliverables for 2010

2.30 **Country report back, meeting conclusions and next steps**

Chair: Dechen Tsering (Deputy Regional Director, UNEP Regional Office for Asia and the Pacific)

4.15 Meeting close

4.30 Visit to the Mekong River Commission, followed by dinner