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Contribution of the environment and natural resources to pro-poor growth: a checklist examining these issues within a poverty reduction strategy

Purpose of this checklist

Evidence is mixed on the extent to which environmental and natural resource (ENR) issues are covered in poverty reduction strategy (PRS) documents, though too often they tend to be overlooked.⁽¹⁾⁽²⁾ If a country is to achieve its growth and poverty reduction targets, such issues cannot be ignored.

This checklist aims to bring these issues to the user's attention and help move countries towards a more accountable system of sustainable development planning through an outcome-based PRS. Although the checklist is targeted at PRSs, it is transferable to any development planning process in-country. Its audience is varied – from those drafting PRSs, to civil society interested in ensuring the PRS delivers fair and sustainable outcomes.

How to use the checklist

The checklist is divided into two sections. Section One offers questions relating to ENR issues which countries need to consider in pursuing economic growth and poverty reduction. Section Two presents questions specific to the different stages of the PRS process.

There are many questions, not all of which will be relevant. The user should go through the checklist, pinpoint the relevant questions and explore them further. Key references are given for more detailed information.

Section One: Environmental and natural resource issues to consider in the PRS

Critical ENR issues to be considered fall into three areas: 1) the importance of ENR for economic development and growth; 2) the close links between poverty, vulnerability and the environment; and 3) the importance of institutional arrangements for ensuring sustainable development. Key questions to be answered in these areas are set out below.

Growth, environment and natural resources

For most developing countries, ENR provide foundations for the growth sectors: notably agriculture, forestry, fisheries and tourism. It is vital that the country's natural wealth is recognised and harnessed to its full potential in order to promote pro-poor growth.⁽³⁾

- ✓ How much do the country's main natural resource sectors contribute to economic growth⁽⁴⁾ (eg forestry, fisheries, wildlife tourism)? What percentage is this in terms of GDP? Does this take into account informal markets or illegal trade and how large are they? How can ENR be better utilised to enhance pro-poor growth?
- ✓ Is the importance of natural resources as inputs into other productive sectors understood and appreciated⁽⁵⁾ (eg water abstraction for hydro-electricity generation or rice production, a pristine environment to attract tourists, fertile soil for agricultural production)? How can the management/use of ENR be improved to enhance output from these sectors?
- ✓ Is there recognition of the direct health and productivity impacts of air and water pollution and the associated costs of inaction?⁽⁶⁾ What needs to be done to reduce these costs?
- ✓ Are the country's growth targets vulnerable to environment-related shocks such as flooding, drought and climate change? What activities need to be carried out to improve this situation?

Poverty, environment and natural resources

Poor people are highly dependent on land, water, wood fuel and clean air. The state of the natural environment is therefore central to the livelihoods, health and security of millions of people living in poverty and therefore to pro-poor growth.

- ✓ Is there an explicit understanding of the poverty-environment links within the country⁽⁷⁾⁽⁸⁾⁽⁹⁾ (in other words for health, livelihoods and vulnerability)? How are the multiple facets of environment-related poverty described (such as through food security, access to fuel wood or fodder and clean water)?
- ✓ What are the levels of dependence of the poor on environmental goods and services (both in formal and informal markets) such as wildlife products, timber, charcoal and tourism? How much employment or income-earning opportunities do natural resources provide, particularly to the poorest?
- ✓ Is there recognition of the effects of environmental hazards (such as flooding or pollution) on health, livelihoods and vulnerability?

Governance, institutions, environment and natural resources

Sustainable development and pro-poor growth will be supported or constrained by the institutional structures in-country.⁽¹⁰⁾⁽¹¹⁾ It is therefore critical to examine this issue.

- ✓ What access to natural resources do the more marginalised groups and those living in the vicinity have? How far is community ownership of natural resources the norm and/or encouraged?
- ✓ Are competing claims for resources between user types and groups a major issue? What plans are there to tackle this issue?
- ✓ How is the issue of who collects and benefits from the revenues from natural resource use resolved (such as from fisheries agreements or forestry concessions)? How do poor people living in or around the area benefit? Is there an indication of how this money going to the government is to be reinvested into the economy (such as a trust fund)?
- ✓ What are the capacities of institutions and agencies at national and sub-national levels to manage, regulate and be accountable for use of ENR? How can these institutions be strengthened?
- ✓ What mechanisms or institutional arrangements exist for paying for environmental services (such as carbon sequestration and watershed protection)? Where is there potential for such schemes?
- ✓ Are the issues of illegal resource use and corruption within the natural resource sectors (such as in forestry and minerals) openly debated? How are they being tackled?

Section Two: The PRS process: analysis, formulation and implementation

In this section, questions relating to natural resources and the environment are proposed according to each stage of the PRS process.

Initial analysis for the PRS

- ✓ What analysis of the links between poverty and the environment needs to be carried out to inform the PRS process⁽¹²⁾⁽¹³⁾ (such as an environmental participatory poverty assessment or a policy assessment)?
- ✓ Has there been any analysis of the importance of ENR for the economy, both formal and informal? If not, is it worth exploring this relationship further through diagnostic tools⁽⁴⁾ and/or country analysis?⁽⁵⁾
- ✓ How have ENR issues been identified in the sectoral reviews? Has there been a review of environmental expenditure?
- ✓ How are the views of civil society being included in any analysis?

- ✓ By what method will the findings of the analysis feed into the PRS process (such as holding cross-departmental seminars to raise awareness of the issues, or establishing a working group, or other format, with representatives from across government and other stakeholders)?
- ✓ Have potential key figures (such as champions or gatekeepers) been identified and targeted to take forward the findings?

PRS objectives and action plan ⁽¹⁴⁾⁽¹⁵⁾

- ✓ Are there clear objectives for key natural resource sectors, such as forestry, fisheries, mining and wildlife tourism? Is there sufficient emphasis on social as well as economic goals for natural resource use (in other words, as much for sustainable livelihoods and safety nets as there is for economic growth)?
- ✓ How well are environmental concerns, from national to local level, incorporated into the PRS? How far are they integrated across all PRS objectives? What links, if any, are made between ENR issues and other sectoral objectives such as health, education, agriculture and energy? How could this be improved?
- ✓ Do the findings from the poverty-environment analysis adequately feed into the action plan?
- ✓ How are the PRS objectives and actions aligned with the Millennium Development Goals (MDGs), especially MDG 7?

PRS formulation process

- ✓ To what degree is the PRS process known among civil society (including environmental stakeholders) and what has been their participation and influence in the development of the PRS document?
- ✓ What were the obstacles in integrating references to ENR issues and what has been overlooked in the PRS?
- ✓ What can be learned for future revisions of the PRS document and other PRS processes, and what are the key next steps to improve pro-poor environmental outcomes through the PRS?

PRS implementation ⁽¹⁶⁾

- ✓ Since the PRS, what new or expanded activities have resource or environmental agencies introduced and how have they changed the way they work? Has their budget increased? Do these agencies need to be further strengthened?
- ✓ Since the PRS, have funds from government or donors been provided to implement PRS sustainability activities, and are they being spent? Have the monies filtered down to the regional and local levels? Are the monies sufficient? How much of the funds is coming from the country's budget (in other words, they are not all coming from external sources)?

- ✓ Is co-ordination across government sufficient to deliver on the cross-cutting ENR issues? Which sectors (in particular agriculture, energy and tourism) are taking on board ENR issues? Have new cross-departmental committees, groups and/or new units inside other ministries been established to deal with environmental issues? What changes to the institutional make-up are still needed, at all levels?
- ✓ Is the PRS leading to a strong national sustainable development policy and planning system? How can this be improved?
- ✓ What is the institutional capacity for carrying out poverty and environmental monitoring and evaluation? What indicators have been developed for monitoring, particularly for environment-related actions?
- ✓ What role is civil society playing? Could civil society be better used (such as in facilitating or convening ministries or groups that have traditionally not worked together, or in the monitoring phase)?

Key references

Assessment of environment in PRSs

- (1) Bojo, J and Reddy, R.C (2003), *A Review of Environment in PRSs*, World Bank, Washington
- (2) Forthcoming MPO (2004), *Poverty Alleviation and Environmental Protection: Development And Testing of a Methodology to Evaluate Poverty Reduction Strategy Papers and Associated Documents*, Macroeconomic Policy Office, Worldwide Fund for Nature, Washington D.C.

Growth and natural resources

- (3) Forthcoming DFID (2004), *Unlocking the potential for pro-poor growth: Natural Resources, Governance and Economic Development*, DFID, London
- (4) DFID (2003), *Environmental Wealth Diagnostic*, DFID London
- (5) Yaron, G, Moyini, Y, Wasike, D, Kabi, M and Barungi, M (2003), *The Role of Environment in Increasing Growth and Reducing Poverty in Uganda*, GY Associates, Kampala, Uganda
- (6) The World Bank (2002), 'Arab Republic of Egypt: cost assessment of environmental degradation', *World Bank Rural Development, Water and Environment Department Middle East and North Africa Region Report No. 25175*, Washington, June 29, 2002

Poverty and the environment

- (7) DFID, EC, UNDP and WB (2002), *Linking Poverty Reduction and Environmental Management – policy challenges and opportunities*, Department for International Development (DFID), European Commission (EC), United Nations Development Fund (UNDP) and the World Bank (WB), August 2002

- (8) DFID (2002), *Poverty and the Environment: measuring the links – a study of poverty-environment indicators with case studies from Nepal, Nicaragua and Uganda*, Environmental Policy Division – Issue Paper No. 2, DFID, London
- (9) DFID (2001), *Poverty-Environment Linkages: developing and assessing the use of indicators*, DFID Draft Report written by F.Nunan, U. Grant and A.Shephard, London, UK

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- (10) World Resources Report (2004), *Decisions for the Earth: Balance, voice, and power*, United Nations Development Programme, United Nations Environment Programme, World Bank, World Resources Institute
- (11) World Bank (2003) *World Development Report 2003: Sustainable Development in a Dynamic World*, World Bank, Washington

Integrating environment into the PPA process

- (12) UNEP (2003), *An Ecosystem-Capability Augmentation Poverty Eradication Approach: A planning guideline* by UNEP, UNEP Division of Policy Development and Law, Geneva
- (13) Brocklesby, M.A and Hinshelwood, E, (2002), *Environment and Propoor Policy: A guide to integrating Environment in the PPA process*, Center for Development Studies Poverty, University of Wales, Swansea

The PRS product

- (14) *DFID factsheet* on Mainstreaming environment in Uganda's PRS (2001)
- (15) Good websites on PRS are housed at www.worldbank.org, www.odi.org.uk and www.dfid.org.uk

PRS implementation

- (16) *Forthcoming* DFID (2004), *Progress in Pro-poor Environmental Outcomes? – Learning lessons through an Independent Review of Stakeholders Perceptions in Ghana, Honduras, Uganda and Vietnam of the Poverty Reduction Strategies*, DFID, London

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