



Poverty-environment mainstreaming in Rwanda

*Presentation to staff responsible for planning,
budgeting and public investment in MINECOFIN*

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Structure of Presentation

- ***Summary: What is the performance of EDPRS with regard to poverty-environment mainstreaming ?***
- What is sustainable development and why should it matter to Rwanda?
- Why is poverty-environment mainstreaming still crucial for Rwanda?
- What then is poverty- environmental mainstreaming ?
- What are entry points for poverty-environment mainstreaming ?
- What are some tools for poverty-environment mainstreaming ?
- How can investment in environment (MDG 7) contribute to the attainment of other MDGs?
- What is the strategic role of MINECOFIN in influencing sustainable development nationally and across sectors and institutions?

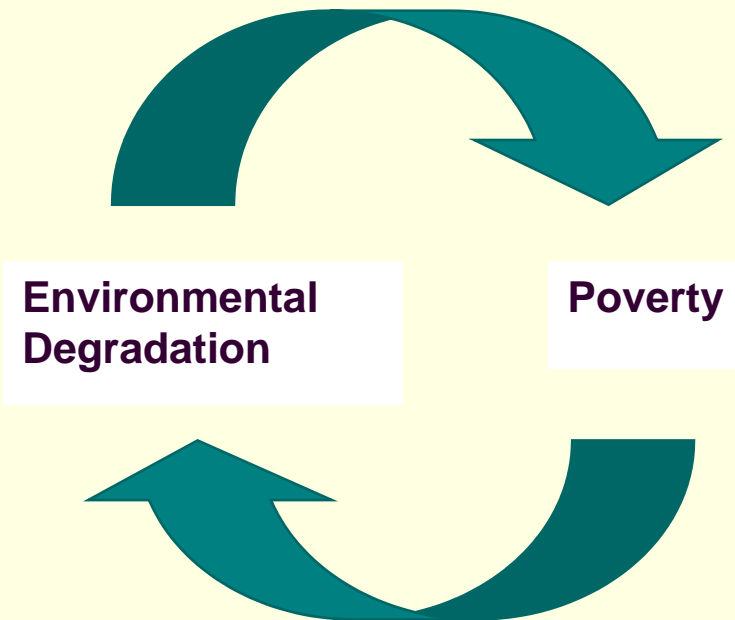
Summary: What is the performance of EDPRS with regard to poverty-environment mainstreaming ?

- What does red communicate?
- What do we have to do to move from red to green?
- Is it possible? YES

OFF-TRACK	SOME REMEDIAL MEASURES
Population growth rates	<ul style="list-style-type: none">• Higher economic growth rate• Off-farm employment
Poverty level	<ul style="list-style-type: none">• Improved low cost agricultural productivity
Dependence on wood consumption	<ul style="list-style-type: none">• Increase supply of wood• Reduce the demand for wood with alternatives that the poor can afford

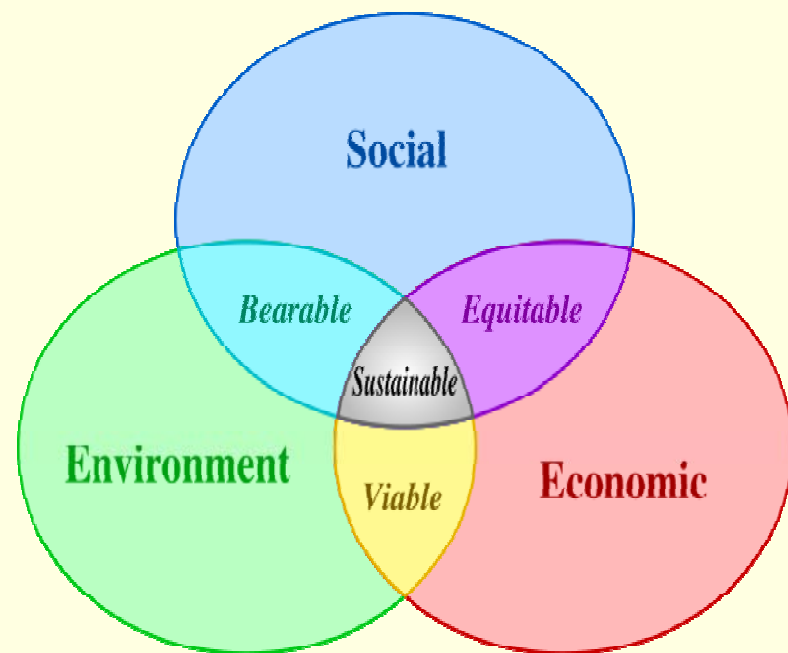
Summary: What is the performance of EDPRS with regard to poverty-environment mainstreaming ?

- The poor are both victims and agents of environmental degradation.
- Poverty, population and environment are linked together in a vicious circle in which greater population results in a worsening environment and worsening environment leads to poverty.
- To measure sustainability, we need to relate the “**demand**” of a growing population with the “**supply**” of environmental goods and services
- Hence the need to understand sustainable development and its overarching principles.



Pillars of sustainable development

- 3 Pillars of SD
 - Environment
 - Economic
 - Social
- They need to be taken concurrently because they are interconnected.
- They also raise implications for planning and coordination, among others



Defining sustainable development

- “.Sustainable development is development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs”.

(World Commission on Environment and Development, 1987, p. 8).

- TWO overarching principles for SD
 - Intra-generational equity
 - Inter-generational equity

What does environment offer in SD?

- Raw materials for direct consumption or as inputs into production of other goods
- Store of future inventions e,g biodiversity
- Life support system e.g ozone layer
- Natural energy that supports other living organisms on earth
- Sink for waste

How do we know environment is sustainably used?

- When the use of renewable resources does not exceed their rate of regeneration.
- When the non-renewable resources are used sparingly or when renewable substitutes are invented.
- When the rate of dumping waste into the environment does not exceed its assimilative capacity
- When any irreversible damage to the critical natural capital is avoided e.g ozone layer.

What do we need to keep in harmony for SD to be realised?

- The capacity for environment to provide goods and services, to regulate and offer support systems must be kept in harmony with population(numbers,attitude,skills lifestyles etc)
- No wonder, principle 1 of Agenda 21 states that humanity is at the centre of sustainable development

What implications does SD bring for true measurement of the performance of the economy? -1

- We need to measure the performance of the economy in similar manner we measure the performance of a business
 - Income and expenditure statement
 - The balance sheet
- A tool we use is Adjusted net savings
- It measures the true rate of savings in an economy after taking into account investments in human capital, depletion of natural resources and damage caused by pollution.

What implications does SD bring for true measurement of the performance of the economy?-2

- Negative adjusted net saving rates imply that total wealth is in decline
- Policies leading to persistently negative adjusted net savings are policies for unsustainability.

What is Rwanda's Adjusted Net Savings as of 2006?

■ Gross National Savings	13.87
■ Consumption of fixed capital	-7.44
■ Net National Savings	6.43
■ Investment in Education	+3.53
■ Net Forest Depletion	-2.35
■ Energy Depletion	-0.01
■ Mineral Depletion	-0.01
■ CO2 Damage	-0.20
■ PM10 Damage	-0.07
■ ADJUSTED NET SAVINGS	7.31

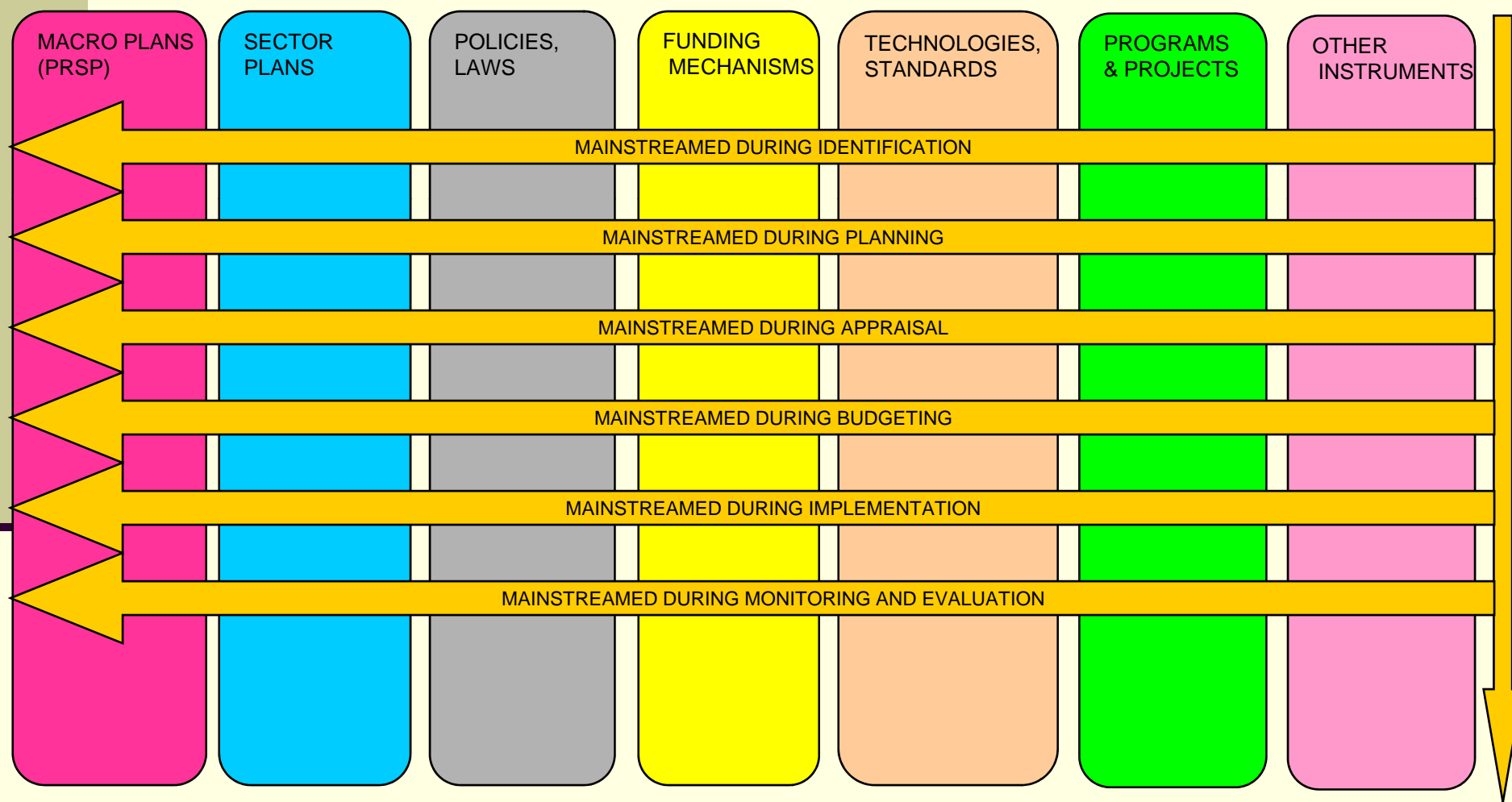
How can we improve progress to SD, including breaking the population-poverty-environment nexus?

- Improve and /or maintain the capacity of the environment to offer its broad range of goods and services (the **supply** side).
- Manage population and its attributes so that they are kept in harmony(equilibrium) with the capacity of environment to provide(the **demand** side)
- One way to balance the two sides is to institutionalise the practice and culture of poverty-environment mainstreaming in several frameworks and through their cycles.

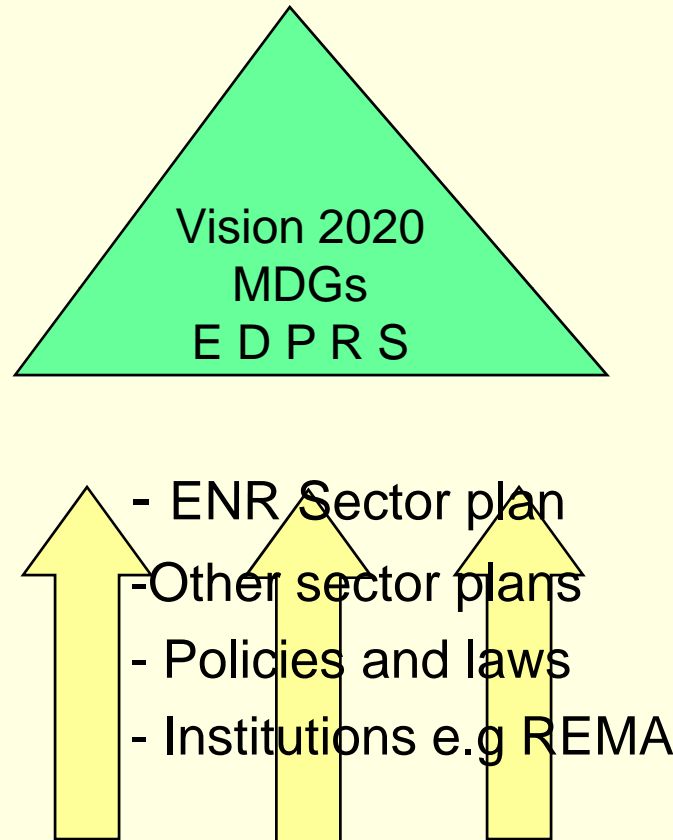
What is poverty-environment mainstreaming ?

- It is the **iterative** process of integrating poverty-environment linkages into policy making, budgeting and implementation processes at national, sector and sub-regional levels.
- It is a **multi-year, multi-sectoral and multi-disciplinary** effort that entails working with government actors, non-governmental organisations, the private sector, communities, individuals and development actors in order to ensure **coordination, harmonisation and policy coherence**

What are entry points for poverty-environment mainstreaming?

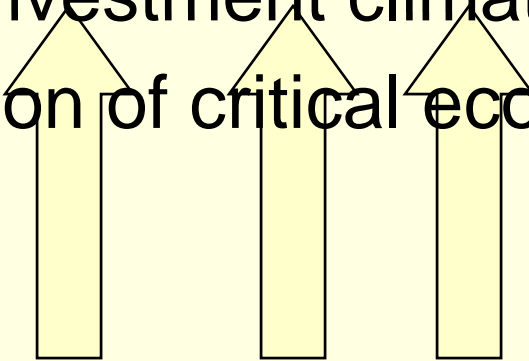


How is Rwanda addressing environment?



How has Rwanda fared so far?

- Invested in mainstreaming of environment
- Improving access to assets(land, marshlands etc)
- Investing in agriculture(e.g CIP)
- Improved investment climate
- Rehabilitation of critical ecosystems

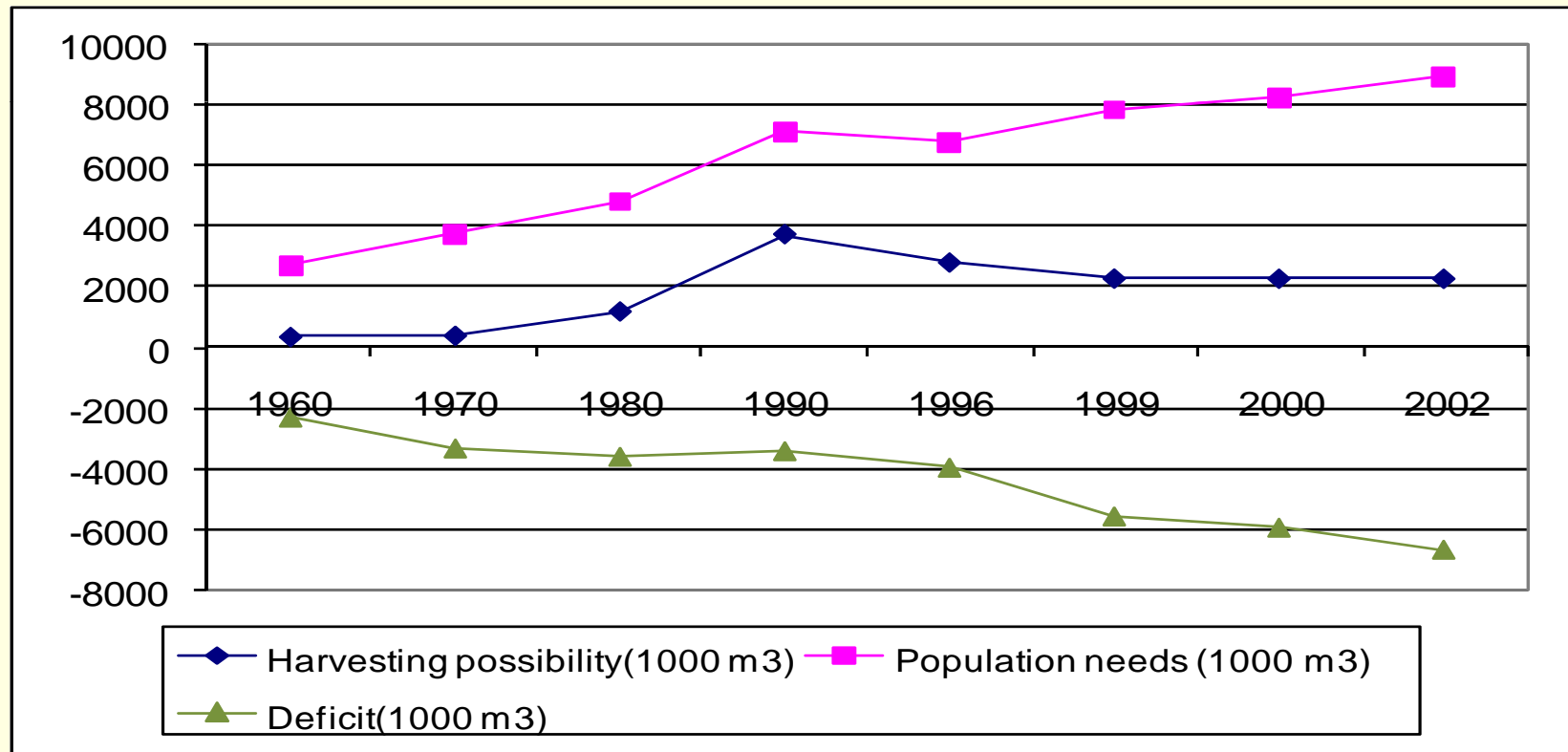


Why is poverty-environment mainstreaming still crucial for Rwanda ?-1

- About 57% of Rwandans live in abject poverty
- High population density of 397 inhabitants/km² is the highest in Africa mainly dependent on rural land, and coupled with poor farming practices it has resulted into soil loss estimated at the value of US\$ 34 million, equivalent to 2% of GDP
- There is high correlation between food insecurity, population density and poverty
- High population is creating demand for clean and hygienic settlements and sustainable response mechanisms to disaster.

Why is poverty-environment mainstreaming still crucial for Rwanda ?-2

- There is a looming 6,719m³ deficit of forest products, yet 90% of energy is supplied by biomass



Why is poverty-environment mainstreaming still crucial for Rwanda ?-3

- Climate change induced risk is real, making the poor vulnerable, thus calling for implementation of adaptation strategies in NAPA



What are some tools for poverty-environment mainstreaming ?-1

Tools that.....	Example from Rwanda and elsewhere
1.Create obligation	Organic laws (e.g Organic Law No 04/2005)
2.Assign responsibility and tasks	-Job descriptions -TOR for feasibility studies
3.Promote cooperation	-Multi-lateral environmental agreements (MEAs) -Regional agreements

What are some tools for poverty-environment mainstreaming ?-2

Tools that.....	Example from Rwanda and elsewhere
4. Define procedures	Guidelines for National Planning, MTEF and budgeting
5. Build partnerships	MOUs for joint programming and basket funding
6. Direct capacity building	Capacity building plan for local governments

What are some tools for poverty-environment mainstreaming ?-3

Tools that.....	Examples from Rwanda and elsewhere
7. Assess , measure and value impacts	<ul style="list-style-type: none">-Strategic Environmental Assessment (SEA)-Environmental Impact Assessment (EIA)-Valuation techniques-Extended Cost Benefit Analysis
8. Use the power of the market to influence investment and consumption decisions	Environmental fiscal reform (EFR)
9. Influence the allocation of financial resources	Sector plans, Action Plans and their budgets

What are some tools for poverty-environment mainstreaming ?-4

Tools that.....

Examples from Rwanda and elsewhere

10. Test the adequacy of the national budget and expenditure

Public Environmental Expenditure Review (PEER)

11. Promote public accountability

IMIHIGO, Joint Sector Reviews

12. Measure environmental sustainability of the economy

Adjusted Net Savings or Green accounts

How can investment in environment(MDG 7) contribute to other MDGs?-1

MDG Goal	Poverty-environment linkage
1.Eradicate extreme poverty and hunger	Livelihood strategies and food security are dependent on ecosystem health and productivity
2.Achieve UPE	Investing in affordable energy can improve learning and access to ICT

How can investment in environment(MDG 7) contribute to other MDGs?-2

MDG Goal	Poverty-environment linkage
3.Promote gender equality and empowerment	Improving access to water and sanitation would create time saving for women to voice their interests and participate in other activities
4.Reduce child mortality	Providing clean household energy would reduce indoor air pollution and the incidence of Acquired Respiratory Infection(ARI)

How can investment in environment(MDG 7) contribute to other MDGs?-3

MDG Goal	Poverty-environment linkage
5.Improve maternal health	Protecting women from indoor pollution and heavy loads of water, firewood improves their health and conditions for child-bearing
6.Combat HIV/AIDS, malaria and major diseases	The burden of disease can be reduced by addressing environmental related factors like pollution and water borne diseases

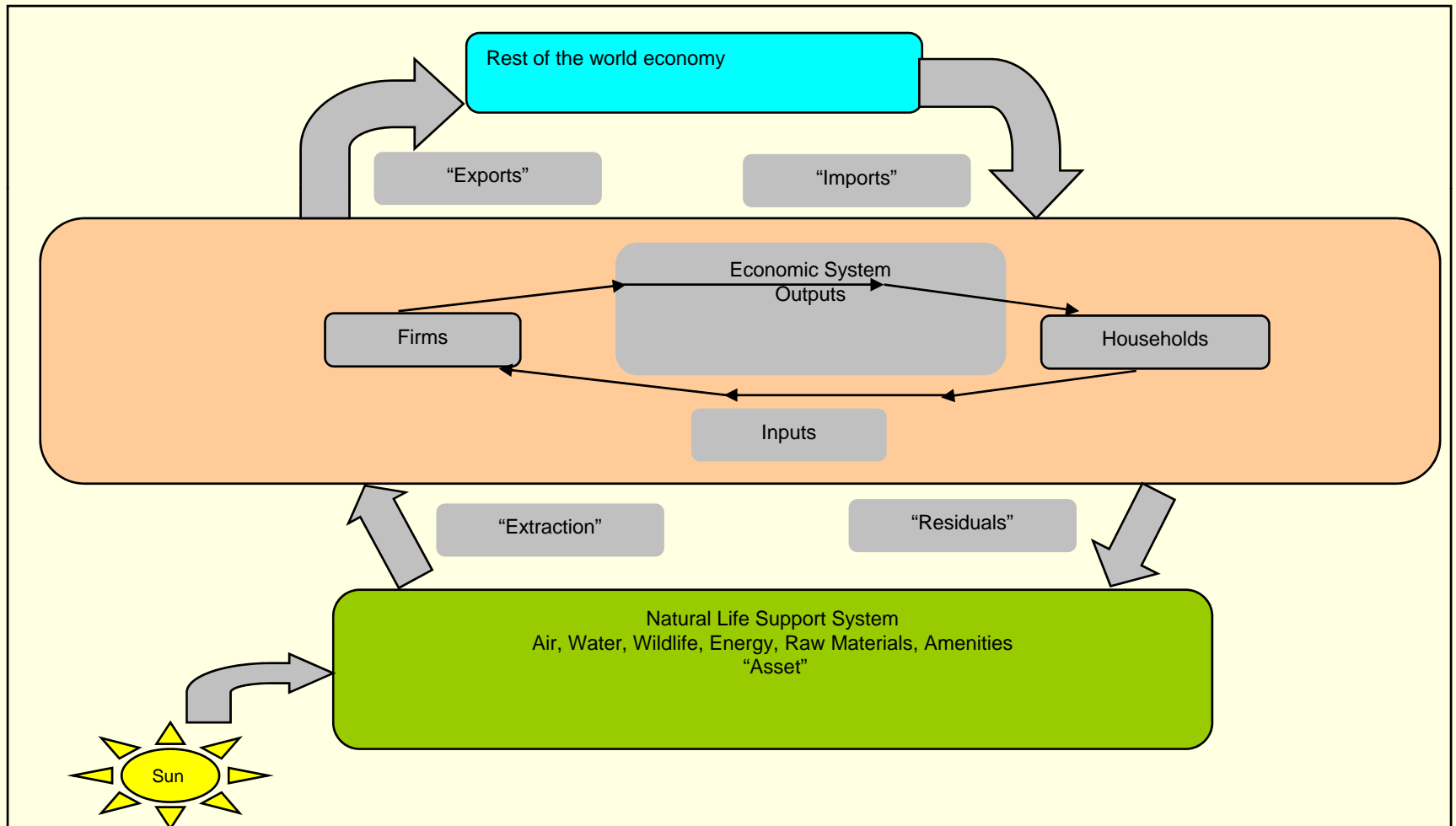
How can investment in environment(MDG 7) contribute to other MDGs?-4

MDG Goal	Poverty-environment linkage
8.Develop a global partnership for development	Protecting the quality of regional and global commons would reduce competition and conflict in their use and thereby promote cooperation in their sustainable use

What is the strategic role of MINECOFIN in influencing sustainable development ?

- MINECOFIN needs to keep abreast of the understanding of the relationship among the environment , the economic system and the rest of the world (see next figure)
- MINECOFIN should then continually engage sectors to provide answers to questions aimed at ensuring sustainability
- (see table after the figure)

The relationship between environment, economy and rest of the world



Important questions to sectors to demonstrate path towards sustainability-1

EXTRACTION OF RESOURCES

- **How is extraction of resources respecting their rate of regeneration ?**
- **Who are licensed to extract and are they paying true prices?**
- **Do the fees or prices they pay include the costs of inefficient extraction or damage to the environment?**
- **Is government already incurring a cost for inefficient use of resources**

Important questions to sectors to demonstrate path towards sustainability-2

DISPOSAL OF RESIDUALS

- Who are discharging to the environment?
- Are they paying for polluting?
- Is government already paying to restore the functionality of ecosystems?
- For how long will it continue?
- Is government recovering some of its costs by imposing fines to polluters?

Important questions to sectors to demonstrate path towards sustainability-3

EXPORTS

- Are exports meeting environmental standards and green consumerism of the external markets?
- Are firms adopting measures to improve efficiency in the use of raw materials, energy, water to be competitive ?

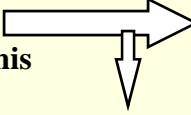
IMPORTS

- How environmentally friendly are the imports?
- Are there policy instruments to gradually shift the population to more environmentally friendly products?

What is the strategic role of MINECOFIN in influencing sustainable development ?-1

- Provide guidelines for sectors to assess:
 - the environmental impacts in their sectors
 - the environmental impacts they impose on other sectors (**externalities**) *See example next slide*
 - financial implications of addressing negative impacts and budgeting for them.

Cross-sectoral impacts are many and we need to start reporting on them ...Case of Rugezi

How does this Affect this 	Wetland	Water	Energy	Finance	Health
Wetland					
Water	Unsustainable use of Rugezi wetland has caused water shortage				
Energy		Scarcity of water has reduced energy supply			
Finance		MINECOFIN Mobilising resources for energy			
Health		Contaminated water increases health care costs	High cost of fuel wood is forcing families to avoid boiling drinking water thereby causing water borne diseases		
F					

What is the strategic role of MINECOFIN in influencing sustainable development ?-2

- Guide sectors to formulate **indicators** or to analyse sets of indicators with a view of improving reporting towards sustainability by shifting from output based reporting to outcome based reporting

Output based reporting	Outcome based reporting
•No of terraces constructed	•Productivity per unit area •Per capita agricultural productivity
•No of trees planted	•Per capita woody biomass available for energy •Per capita access to alternative energy
•No of water installations made	•Per capita water accessed for domestic use

What is the strategic role of MINECOFIN in influencing sustainable development ?-3

- Provide incentives to promote substitution from more polluting to less polluting alternatives through say Environmental fiscal reform
- Continue to pursue human capital development as a strategy to reduce pressure on land.
- Keep the poor in focus and provide mitigation measures to cushion them from extremes of environmental degradation
- Invest in reproductive health to bring population in harmony with the capacity of the environment to provide
- Piloting out true measurement of the economy using “**green**’ accounts e.g for forestry to start with

MWAKOZE

