PEI Annual Progress Report 2015
The Poverty-Environment Initiative (PEI) of the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP) is a global UN effort that supports country-led efforts to mainstream poverty-environment linkages into national development planning. PEI provides financial and technical assistance to government partners to set up institutional and capacity-strengthening programmes and carry out activities to address the particular poverty-environment context.

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All dollars referred to in this publication are USD, unless otherwise specified. The term “billion” in this report means a thousand million.

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### Outcome performance

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Opportunities and challenges

- Increasing the focus on the structural causes of poverty and environmental degradation: contributing to gender equality
- Galvanizing institutional reform through South-South cooperation
- Strengthening and expanding partnerships to catalyse and sustain poverty-environment mainstreaming
- Monitoring and evaluation: revised indicators to reflect country demand

Lessons for the 2030 Agenda
The year 2015 was a landmark year for sustainable development. United Nations (UN) Member States reached historic agreements which will guide sustainable development priorities for the next generation. The most notable of these are “Transforming Our World: The 2030 Agenda for Sustainable Development” and the Agenda’s 17 integrated and universal Sustainable Development Goals (SDGs); and the Paris Agreement on climate change, an ambitious and legally binding commitment agreed to by 195 nations. Member States have committed to eradicating poverty; fighting inequality; building peaceful, inclusive and resilient societies; and securing the health of the planet and the well-being of future generations.

Within the UN system, the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP) are working collaboratively to support governments committed to implementing the 2030 Agenda. The Poverty-Environment Initiative (PEI), a joint UNDP-UNEP global programme, is designed to improve the ability of governments to govern natural resources better, reduce poverty, promote environmental sustainability and meet the intertwined challenges set by the SDGs.

Environmental degradation disproportionately affects the poor. PEI seeks to strengthen environmental and natural resource management for the benefit of the poorest in society by strengthening institutional capacity to foster positive changes in policy and planning processes. PEI’s mantra is to mainstream poverty and environment objectives into decision-making at all levels of government. Mainstreaming integrates the concept of pro-poor environmental sustainability, which includes sustainable use of natural resources and adapting to climate change, with a focus on poverty reduction, inequality and marginalized groups (including women and indigenous peoples), and working towards inclusive green growth. PEI does this by working through ministries of finance, planning and/or local government, in close collaboration with the ministry responsible for the environment to highlight the socio-economic and environmental benefits of improved planning, budgeting and monitoring for sustainable development.

PEI is the only global development programme designed to strengthen the capacity of developing countries to address and manage environmental risks and opportunities through development planning.
In 2015, PEI focused its technical and financial support in 24 countries: Armenia, Bangladesh, Benin, Bhutan, Burkina Faso, Dominican Republic, Guatemala, Indonesia, Kenya, Kyrgyzstan, Lao PDR, Malawi, Mali, Mauritania, Mongolia, Mozambique, Myanmar, Nepal, Paraguay, Peru, the Philippines, Rwanda, Tajikistan and Tanzania. PEI also provided technical advisory services to Botswana, Thailand and a range of UN and non-UN development partners. The Global Programme is also engaging with countries on the 2030 Agenda and a transition towards an inclusive green economy. Indeed, it is clear that grounding the SDG agenda at the regional, national and local levels will require integrated approaches—such as those pioneered by PEI—to mainstream the SDGs into countries’ national development strategies, local development plans and budget resource allocations.

The *PEI Annual Progress Report 2015* draws upon lessons from PEI’s national experience and integrated approach to provide insights into designing and implementing integrated policy planning approaches and collaborative decision-making processes for the 2030 Agenda.

In response to a request from its donor governments, UNDP and UNEP are also working collaboratively on a sustainability strategy for PEI beyond 2017, to ensure that efforts to mainstream poverty and environment are sustainable and “fit for purpose.” In this way, the UN system remains ready to Deliver as One and respond positively to the demands of countries aspiring to realize these historic 2015 agreements.

Anne Juepner
PEI UNDP Co-Director

Isabell Kempf
PEI UNEP Co-Director
Executive summary

This year’s annual progress report highlights joint United Nations Development Programme–United Nations Environment Programme Poverty-Environment Initiative (UNDP-UNEP PEI) collaborations with an ever-widening range of stakeholders across the country, regional and global levels—including government partners, donors, United Nations (UN) partner agencies, civil society and research institutions. These collaborations catalyse support to integrate poverty-environment mainstreaming objectives and indicators into plans and budgets at the national and sub-national levels.

PEI works to improve environmental and natural resource management and its contribution to poverty reduction by influencing national government policies and processes. PEI operates across a wide network of countries and is seeing an increasing level of country ownership and institutional reform. Its main progress to date has been to deepen and broaden the integration and operationalization of poverty-environment objectives in country-level development planning and—increasingly—budgeting and expenditure processes. In this context, total delivery in support of PEI in 2015 amounted to USD 13.7 million, including USD 6.26 million in PEI Global Programme resources. Every dollar contributed by PEI donors has generated more than an additional USD 1 at the country level. This trend is expected to continue.

Preliminary findings from the independent evaluation of the PEI scale-up phase (2008–2012), shared by the Evaluation Team during the PEI 2015 global retreat, highlight that PEI’s operational structure has proven to be one of the best examples of how to deploy the comparative advantages of two UN entities to deliver national sustainable development in a coordinated and effective manner. The evaluation also found that the PEI integrated approach effectively promotes transformation of institutions, informs decision-making processes needed to break down sector silos and contributes to increasing investments in implementation of the Sustainable Development Goals (SDGs).

PEI’s main activities in 2015 focused on meeting the implementation challenge and providing support for SDG localization through integrating poverty-environment objectives in policies and plans, providing capacity building of (national) stakeholders on relevant conceptual frameworks such as green economy, strategic environmental assessment, natural capital accounting, scoping studies to identify relevant
economic and/or potential sectors, and policy development processes for integrating environmental economic instruments.

Results have been achieved through the provision of an integrated approach to mainstreaming the poverty-environment nexus—so far, in 43 national and 4,427 local development plans for 23 countries, in 81 sector strategies in 15 countries, in 33 associated monitoring and evaluation (M&E) systems of 19 countries and in 59 budget processes in 14 countries. Of these, 3 national and 4,127 local development plans, 14 sector strategies, 5 associated M&E systems and 16 budget processes integrated poverty-environment objectives in 2015 alone. The UNDP-UNEP collaboration is essential to deliver the long-term support required to achieve such meaningful and durable transformations.

PEI’s support to integrate poverty-environment priorities in budgeting and expenditure processes continued to result in allocations and changes to climate and environment expenditures and related systems in 2015. Mauritania reported increased expenditure. Poverty-environment tools and approaches in budgeting and expenditure processes—including guidelines, financial accounting, expenditure reviews and other mechanisms—have been institutionalized in Bhutan, Burkina Faso, Lao PDR, Mauritania, Malawi, Mali, Mozambique, Rwanda and Tajikistan, under the leadership of ministries of finance.

Government-led cross-sector coordination mechanisms increased from 20 countries reporting being at Level 2 or above in 2014 to 24 countries at Level 2 or above, with 13 at Level 3 or above in 2015. A major success along this indicator in 2015 was the establishment of mainstreaming reference groups in Bhutan for an additional 5 districts, bringing the total to 10 such groups guiding implementation of local mainstreaming plans.

PEI documented and shared an increasing number of poverty-environment approaches and experiences to inform country, regional and global development programming by the UN and Member States. A total of 22 United Nations Development Assistance Frameworks and 19 Country Programme Documents at the country level and two at the regional level have integrated poverty-environment objectives.

Collaboration with the private sector expanded in 2015. PEI Burkina Faso and representatives of various industries adopted an action plan for collaboration to strengthen companies’ social and environmental responsibility. The action plan is informed by the findings and recommendations of a series of PEI-supported studies developed in 2014 and followed up on in 2015 through provision of capacity building to industry representatives and small and medium enterprises.

PEI work relies on a growing number of new thematic partnerships and a strengthening of existing partnerships. South-South and triangular cooperation remain key components. In the Asia and Pacific region, a new partnership was forged with the UNDP Extractive Industries Development Solutions Team in 2015; this led to a joint UNDP-PEI South-South exchange workshop. As an example of successful South-South
exchange supported by PEI, Rwanda’s 2008 ban on plastic bags inspired both Burkina Faso and Malawi to introduce similar bans in 2014 and 2015, respectively. South-South exchanges have also resulted in new pilots of poverty-environment mainstreaming approaches and tools. For example, Mongolia’s work on mining sector planning and related public investment management system was developed based on PEI’s work in the Philippines.

PEI has more systematically addressed gender and equity in poverty-environment mainstreaming through its programmatic approach. For example, regional-level trainings with UN Women in Africa and Central Asia were held in 2015. Collaboration between UNEP Regional Offices in Africa, Asia Pacific and Europe and the Commonwealth of Independent States and their respective PEI regional programmes helped in the development of action plans for implementing the SDGs.

At the global level, PEI continues to provide normative and practical guidance to the UN “family” and has had a demonstrable impact on the post–2015 debate leading to adoption of the 2030 Agenda and the 17 SDGs. PEI launched the second edition of its flagship mainstreaming handbook at the 20th Poverty Environment Partnership meeting in Edinburgh in May 2015. The handbook, based on PEI’s experience across 28 countries in the last 10 years, is designed as guidance for policy makers and practitioners to transform institutions through mainstreaming pro-poor environment objectives into planning, budgeting and monitoring processes.

With the adoption of the 2030 Agenda for Sustainable Development in September 2015, PEI’s integrated approach to addressing multiple poverty, gender, equity, climate and environmental sustainability objectives was highlighted as a model for national, sub-national and sectoral implementation of the 2030 Agenda in two side events as well as in an issues brief prepared for informing the interactive dialogue in the General Assembly.

By the end of 2015, PEI had recorded a total of 34 inputs into strategic documents on the post-2015 debate since the baseline year 2012; 19 of these were made during 2015. For example, PEI, along with UN-Habitat, co-led on the development and rein-statement of Indicator 1.4.2 under SDG 1. The indicator, “Proportion of total adult population with secure tenure rights to land, with legally recognized documentation and who perceive their rights to land as secure, by sex and by type of tenure,” captures a vital environmental asset in contributing to ending poverty.

The “Cost of the Gender Gap in Agricultural Productivity in Malawi, Tanzania and Uganda”—a study co-written by UN Women, PEI Africa and the World Bank—and a briefing note, “Empowering Women for Sustainable Energy Solutions to Address Climate Change,” were well received at their respective launches at the Food and Agriculture Organization of the United Nations in Rome and the Paris Climate Change summit. A total of 252 knowledge products had been shared globally or regionally by the end of 2015.
### Abbreviations and acronyms

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<th>Abbreviation</th>
<th>Full Form</th>
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<tr>
<td>BIOFIN</td>
<td>Biodiversity Finance Initiative</td>
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<tr>
<td>CPD</td>
<td>Country Programme Document</td>
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<tr>
<td>CPEIR</td>
<td>climate public expenditure and institutional review</td>
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<tr>
<td>DFID</td>
<td>Department for International Development</td>
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<tr>
<td>EEA</td>
<td>experimental ecosystem accounting</td>
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<tr>
<td>ENR</td>
<td>environmental and natural resource</td>
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<tr>
<td>FAO</td>
<td>Food and Agriculture Organization of the United Nations</td>
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<tr>
<td>FDI</td>
<td>foreign direct investment</td>
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<tr>
<td>GC-REAL</td>
<td>Global Policy Centre on Resilient Ecosystems and Desertification</td>
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<tr>
<td>GDP</td>
<td>gross domestic product</td>
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<tr>
<td>LoCAL</td>
<td>Local Climate Adaptive Living Facility</td>
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<tr>
<td>MPI</td>
<td>multidimensional poverty index</td>
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<tr>
<td>M&amp;E</td>
<td>monitoring and evaluation</td>
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<td>MRG</td>
<td>mainstreaming reference group</td>
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<td>OPHI</td>
<td>Oxford Poverty and Human Development Initiative</td>
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<td>PAGE</td>
<td>Partnership for Action on Green Economy</td>
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<td>PEF</td>
<td>Poverty-Environment Facility</td>
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<td>PEI</td>
<td>Poverty-Environment Initiative</td>
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<td>PEP</td>
<td>Poverty Environment Partnership</td>
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<td>SDG</td>
<td>Sustainable Development Goal</td>
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<tr>
<td>SEEA</td>
<td>system of environmental economic accounting</td>
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<tr>
<td>UN</td>
<td>United Nations</td>
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<tr>
<td>UNDAF</td>
<td>United Nations Development Assistance Framework</td>
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<td>UNDP</td>
<td>United Nations Development Programme</td>
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<td>UNEP</td>
<td>United Nations Environment Programme</td>
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<tr>
<td>WAVES</td>
<td>Wealth Accounting and Valuation of Ecosystem Services</td>
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Report overview and organization

Last year’s annual progress report highlighted the achievements of the United Nations Development Programme–United Nations Environment Programme Poverty-Environment Initiative (UNDP-UNEP PEI) in each major area of its work: coordination across government institutions; cross-sector economic, social and environmental assessments to inform national, local and sectoral policy and planning; support of fiscal reform; promotion of gender equality and social inclusion; South-South cooperation and partnerships; and putting in place building blocks for implementation of the 2030 Agenda for Sustainable Development and achievement of the Sustainable Development Goals (SDGs).

Building on that basis, this year’s annual progress report highlights how PEI’s collaborations with an ever-widening range of stakeholders across the country, regional and global levels—including government partners, donors, United Nations (UN) partner agencies, civil society and research institutions—catalyse support to integrate poverty-environment mainstreaming objectives and indicators into plans and budgets at the national and sub-national levels.

The content of this annual report is strictly aligned with the PEI results framework in order to clearly show progress and achievements. Thus, the next section describes progress on output indicators, including a summary of lessons learned in their achievement; it is followed by a parallel section describing progress on outcome indicators. Opportunities and challenges are presented next, and the report concludes with a summation of how PEI progress translates to lessons learned for achieving the 2030 Agenda. The target audience for this report is the Governments of Norway, Spain, Sweden, the United Kingdom and the European Union. A separate report that puts a human face on the statistics and technical information shared here has been prepared for the wider public and will be available on the PEI website.

As the following sections demonstrate and delineate, sound progress was made in 2015 against most outcome and output indicators, and PEI is broadly on track to meet its targets. The table on the following pages provides an overview of progress towards achieving PEI outcomes and outputs, per indicator, for Year 3 of implementation for the UNDP-UNEP PEI Joint Programme Document 2013–2017. More details and highlights are provided in the respective outcome and output indicator sections.
## Outcome and output indicators and related achievements

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<th>Cumulative level of achievement</th>
<th>2015 achievement</th>
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<tr>
<td><strong>Outcome Indicator 1</strong>: Level of application of poverty-environment approaches and tools for integrated development policies, plans and coordination mechanisms</td>
<td>7 countries at Level 1: Armenia, Burundi, Indonesia, Mongolia, Myanmar, Thailand, Uganda; 10 countries at Level 2: Bangladesh, Botswana, Guatemala, Kenya, Lao PDR, Nepal, Paraguay, Peru, Philippines, Tajikistan; 9 countries at Level 3: Burkina Faso, Dominican Republic, Kyrgyzstan, Malawi, Mali, Mauritania, Mozambique, Tanzania, Uruguay; 2 countries at Level 4: Bhutan, Rwanda</td>
<td>Baseline for revised indicator</td>
</tr>
<tr>
<td><strong>Outcome Indicator 2</strong>: Increased public sector financial expenditure for poverty-environment results in target countries</td>
<td>4 countries: Bhutan, Mauritania, Mozambique, Rwanda</td>
<td>1 country: Mauritania</td>
</tr>
</tbody>
</table>
| **Outcome Indicator 3**: Level of integration of pro-poor environmental mainstreaming process and tools in UN (UNDP, UNEP) and partner strategies and programmes at country, regional and global levels | § Approach and tools piloted at country/regional level in UNDP and UNEP programmes in PEI and non-PEI countries  
§ UNDP and UNEP piloted poverty-environment mainstreaming in United Nations Development Assistance Framework (UNDAFs) in non-PEI pilot countries  
§ Piloting of poverty-environment mainstreaming with at least two other UN organizations (UN Capital Development Fund, UN Women) in PEI countries  
§ South-South exchanges with regional institutions on experiences and lessons learned | Integration moved from Level 2 to Level 3                                                                                           |
<p>| <strong>Output Indicator 1.1</strong>: Number of national and sub-national policies and plans that integrate poverty-environment objectives in target countries | 43 national and 4,427 local policies in 23 countries: Armenia, Bangladesh (4), Bhutan (239), Botswana, Burkina Faso, Burundi, Dominican Republic, Guatemala (2), Kenya, Kyrgyzstan (9), Lao PDR (19), Malawi, Mali (2), Mauritania (2), Mozambique (2), Nepal (4057), Philippines (2), Rwanda (33), Tajikistan (54), Tanzania (3), Thailand, Uganda (4) | 3 new national and 4,127 local plans                                                                 |
| <strong>Output Indicator 1.2</strong>: Number of key sectoral policies and plans that integrate poverty-environment objectives in target countries | 81 policies in 15 countries: Bangladesh, Bhutan (13), Burkina Faso (3), Kenya (4), Lao PDR (3), Malawi (2), Mauritania (3), Mongolia (2), Mozambique (26), Nepal, Paraguay (2), Philippines (3), Rwanda (14), Tanzania (3), Thailand | 14 new sectoral policies and annual plans                                                                 |
| <strong>Output Indicator 1.3</strong>: Number of monitoring and evaluation (M&amp;E) frameworks that integrate poverty-environment indicators in national and sub-national M&amp;E systems | 31 in 19 countries: Bangladesh (5), Bhutan (2), Burkina Faso, Dominican Republic, Guatemala, Kyrgyzstan, Lao PDR (2), Malawi (2), Kenya, Mali, Mauritania (6), Mozambique, Nepal, Philippines, Rwanda, Tanzania (2), Tajikistan (2) | 5: Bangladesh, Kyrgyzstan, Lao PDR (2), Mauritania                                                                 |
| <strong>Output Indicator 1.4</strong>: Level of functional government-led cross-sector coordination mechanisms | 3 countries at Level 1: Indonesia, Myanmar, Thailand; 13 countries at Level 2: Botswana, Dominican Republic, Guatemala, Kenya, Malawi, Mongolia, Myanmar, Nepal, Paraguay, Peru, Philippines, Tajikistan; 9 countries at Level 3: Bangladesh, Burkina Faso, Kyrgyzstan, Lao PDR, Mali, Mauritania, Mozambique, Tanzania, Uruguay; 2 countries at Level 4: Bhutan, Rwanda | Change from 20 countries at Level 2 in 2014 to 24 countries at Level 2 and 13 at Level 3 |</p>
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<th>Indicator</th>
<th>Cumulative level of achievement</th>
<th>2015 achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Output Indicator 2.1</strong>: Number of national budgeting and expenditure processes that integrate poverty-environment objectives in target countries</td>
<td><strong>59 processes in 14 countries</strong>: Armenia, Bangladesh (10), Bhutan (6), Burkina Faso, Indonesia (2), Malawi (12), Mali (5), Mauritania (2), Mozambique (2), Nepal (5), Philippines (3), Rwanda (3), Tanzania (5), Uganda</td>
<td>16 new processes in Bhutan, Malawi (8), Mali (4), Mauritania, Philippines, Rwanda</td>
</tr>
<tr>
<td><strong>Output Indicator 2.2</strong>: Number of countries introducing “beyond gross domestic product (GDP)” measurements</td>
<td>2: Bhutan, Kyrgyzstan</td>
<td>No progress reported</td>
</tr>
<tr>
<td><strong>Output Indicator 2.3</strong>: Number of (sub-)national guidelines and tools to manage private sector investment decisions that integrate poverty-environment objectives.</td>
<td><strong>12 in 3 countries</strong>: Lao PDR (10), Myanmar, Philippines</td>
<td>6: Lao PDR (5), Myanmar</td>
</tr>
</tbody>
</table>
| **Output Indicator 3.1**: Number of UNDAFs and Country Programme Documents (CPDs) that are poverty-environment mainstreamed | **43**:  
- **22 UNDAFs in 17 countries**: Bangladesh, Bhutan (2), Botswana, Burkina Faso, Indonesia, Kyrgyzstan, Lao PDR, Malawi, Mali, Mauritania, Mozambique (2), Nepal (2), Philippines, Rwanda, Tajikistan (2), Tanzania (2), Thailand  
- **19 CPDs in 15 countries**: Bangladesh, Bhutan, Botswana, Burkina Faso, Indonesia (2), Kyrgyzstan, Lao PDR, Malawi, Mali, Mauritania, Mozambique, Nepal, Rwanda, Tajikistan (2), Tanzania (2), Thailand  
- **2 regional**: Europe and the Commonwealth of Independent States, Latin America and the Caribbean | 3 UNDAFs: Mozambique, Tajikistan, Tanzania  
3 CPDs: Indonesia, Tajikistan, Tanzania  
Caribbean Common Multi-Country Assessment |
| **Output Indicator 3.2**: Number of UN strategic documents such as United Nations Development Group guidelines and post-2015 debate that reflect PEI inputs | 34 | 6 strategic documents  
12 post-2015 debate |
| **Output Indicator 3.3**: Number of PEI knowledge products shared with regional and global networks | 252 | 3 country-level studies: Bhutan, Malawi (2)  
7 UNDP-UNEP joint publications  
2 newsletters |
| **Output Indicator 3.4**: Number of references to poverty-environment approaches and tools in UN and other development agency strategies/plans | 44, excluding those reported under Output Indicator 3.2 | 14 new references |
The PEI seeds of change bearing fruit

Assumptions

- National political will for implementing national development plans
- Government support for improving environmental and natural resource sustainability
- Continued commitment to UNDP-UNEP joint programming
- Donor support sustained for UNDP-UNEP joint programming
- Government commitment to achieve SDGs and adopt necessary integrated approaches

Outcome performance

PEI works to improve environmental and natural resource (ENR) management and its contribution to poverty reduction by influencing national government policies and processes. PEI works across a wide network of countries and is seeing an increasing level of country ownership and institutional reform. Its main progress to date has been to deepen and broaden the integration and operationalization of poverty-environment objectives in country-level development planning and—increasingly—budgeting and expenditure processes. In this context, total delivery in support of PEI in 2015 amounted to USD 13.7 million, including USD 6.26 million in PEI Global Programme resources. Every dollar contributed by PEI donors has generated more than an additional USD 1 at the country level. This trend is expected to continue.

Preliminary findings from the independent evaluation of the PEI scale-up phase (2008–2012), shared by the Evaluation Team during the PEI 2015 global retreat, highlight that PEI’s operational structure has proven to be one of the best examples of how to deploy the comparative advantages of two UN entities to deliver national sustainable development in a coordinated and effective manner. The evaluation also found that the PEI integrated approach effectively promotes transformation of institutions, informs decision-making processes needed to break down sector silos and contributes to increasing investments in implementation of the environmental dimension of SDGs.

PEI’s main activities in 2015 focused on meeting the implementation challenge and providing support for SDG localization through integrating poverty-environment objectives in policies and plans, providing capacity building of (national) stakeholders on relevant conceptual frameworks such as green economy, strategic environmental assessment, natural capital accounting, scoping studies to identify relevant economic and/or potential sectors, and policy development processes for integrating environmental economic instruments.

Results have been achieved through the provision of an integrated approach to mainstreaming the poverty-environment nexus—so far in 43 national and 4,427 local development plans for 23 countries, in 81 sector strategies in 15 countries, in 33 associated monitoring and evaluation (M&E) systems of 19 countries and in 59 budget processes in 14 countries. Of these, 3 national and 4,127 local development plans, 14 sector strategies, 5 associated M&E systems and 16 budget processes integrated poverty-environment objectives in 2015 alone. The UNDP-UNEP collaboration is
essential to deliver the long-term support required to achieve such meaningful and durable transformations.

PEI is increasingly identified as a practical and proven model for supporting country implementation of the SDGs. In 2015, PEI launched the second edition of its flagship mainstreaming handbook. Designed as guidance for policy makers and practitioners to transform institutions through mainstreaming pro-poor environment objectives into planning, budgeting and monitoring processes, the handbook is based on PEI’s experience across 28 countries over the last 10 years. In addition, PEI has more systematically addressed gender and equity in poverty-environment mainstreaming through its programmatic approach.

**Outcome Indicator 1**  Level of application of poverty-environment approaches and tools for integrated development policies, plans and coordination mechanisms

The reformulation of this indicator (see discussion on page 40) aims to provide additional qualitative information reflecting the logical transition from the output to the outcome level—hence the focus on “application of poverty-environment mainstreaming approaches and tools” promoted by PEI. Building on progress and results reported in earlier years, 2015 saw the institutionalization of some of those approaches and tools in Bangladesh, Bhutan and Rwanda.

The Government of Bangladesh set the number of national priority sectors across ministries at 14 in 2015. This represents a major reform step for the government, given that in the past four decades the Ministry of Finance worked along 13 sectors, the Planning Commission worked along 17 sectors and the Five-Year Plan documents followed 10 thematic areas. The resulting differences in reporting and monitoring of public expenditures created vast inefficiencies in development coordination; these were captured in a 2014 report on “Rationalization of Sectors in Development Planning and Budgeting.” Its recommendations led to environment, climate change and disaster management being declared national priority sectors among the 14 total priority sectors—this is expected to result in increased budget allocations.

In Bhutan, the mainstreaming reference groups (MRGs) established at the national level with PEI support in 2011) continue to mainstream gender, environment, climate change, disaster and poverty into national policies. In the first half of 2015, Bhutan developed its National Environment Strategy for Sustainable Development (2015–2025): Pursuing Environmental Sustainability for Gross National Happiness. The MRG reviewed the draft national evaluation policy and national evaluation protocol and guidelines to ensure integration of gender, environment, climate change, disaster and poverty without PEI support. Drawing on lessons from the national-level MRG, local MRGs were set up in five additional pilot districts in 2015 (making a total of 10 since 2014), with a target to establish MRGs in all 20 districts by 2016. The clear ownership and leadership of the government (outside of PEI project-level activities and advisory services) are evidence of the sustainability of PEI efforts.
And indeed, to sustain these gains, the European Commission in Bhutan will catalyse this work through implementation of a local development programme starting in July 2016 and a strong capacity development programme to ensure the functionality of the local MRGs. Each local MRG has developed an annual action plan, building on their roles and mandates and considering the specific situation in their area. The government has agreed to provide each district with approximately USD 16,000 to ensure implementation of the action plans. The continued use of this mechanism and the allocation of government resources demonstrate sustainable institutionalization of poverty-environment mainstreaming in Bhutan policy-making.

Taking a similar approach, the Organization for Security and Co-operation in Europe (OSCE) provided funds to the Ministry of Economy for the application of mainstreaming guidance on sustainable development for local planning (produced and approved by the ministry) to develop two local development strategies in the south of Kyrgyzstan.

Rwanda has institutionalized poverty-environment mainstreaming in sector and local plans and related budget processes through the application of several tools. In 2015, Rwanda’s Environmental Management Authority and the Ministry of Finance and Economic Planning updated their sector planning guidelines to ensure integration of poverty-environment objectives in annual submissions. A preliminary assessment of the 2015 district and sector plans show that 30 districts and all 14 sectors have again mainstreamed poverty-environment objectives into their plans. Such annual assessments are very useful in highlighting potential gaps and informing revision of the guidelines. Furthermore, three sector ministries (trade and industry, infrastructure and agriculture) recruited environmental experts in 2015 to ensure that

**Strategic measures for sustainable development in Bhutan**

Following are the strategic measures recommended in Bhutan’s National Environment Strategy for Sustainable Development (2015–2025)

- **Strategic Measure 1:** Develop a suite of tools for poverty-environment mainstreaming and train government staff in central agencies and local governments on the use of the tools. This will mean building on existing tools as well as exploring new ones and customizing them for use in the Bhutanese context.

- **Strategic Measure 2:** Develop and implement sustainable livelihood projects in the field that clearly demonstrate how poverty alleviation and environmental conservation objectives have been interlinked and how this has benefited local communities and their natural environment.

- **Strategic Measure 3:** Transfer the poverty-environment mainstreaming knowledge and skills built within the MRG at the central level to the sectoral and local government levels, through institutionalization of mainstreaming functions and staff training at these levels.

- **Strategic Measure 4:** Persist with the mainstreaming framework, with progressive improvements from time to time, in the formulation of five-year plans at sectoral as well as local levels.

- **Strategic Measure 5:** Carry out evaluations and case studies of relevant government programmes planned in five-year plans to examine the extent to which poverty-environment mainstreaming has been done and how it has contributed to the overall objectives and targets of reducing poverty and conserving the natural environment.
the ministries comply with environmental impact assessment guidelines and related plans. The recruitment of these experts builds on the previously reported positive experience of PEI-supported interns deployed in the ministries to support mainstreaming of cross-cutting issues. It also provides evidence that the ministries have internalized the need for having environmental expertise as part of their core staff. In 2015, Rwanda’s national police established a unit for environmental crimes. All of these actions demonstrate the institutionalization and sustainability of—and the Government of Rwanda’s commitment to—poverty-environment mainstreaming.

**Outcome Indicator 2** Increased public sector financial expenditure for poverty-environment results in target countries

PEI reinforces the integration of poverty-environment priorities in budgeting and expenditure processes, which continued to result in allocations and changes to climate and environment expenditures and related systems in 2015. For example, the current figures for the national budget allocation for climate change mitigation in Indonesia increased from approximately USD 3.26 billion in 2014 to approximately USD 4.42 billion in 2015.

In Nepal, there is an upward trend in the proportion of climate budget allocation to the total annual budget. In 2012, the proportion of the total budget allocated to climate was estimated at 6.7 per cent; this rose to 10.3 per cent in 2013 and to 19.5 per cent in 2014/2015. Of the 2014/2015 allocation, 5.66 per cent contributes directly, and 13.79 per cent indirectly, to climate change responses. At the local level, in Nepal, PEI’s sustained engagement with the Rupandehi district has resulted in an increased allocation to its budget for environment and climate change activities—around 10 per cent of its total budget, according to the Environment Management Special Fund.

In Mauritania, the 2015 climate public expenditure and institutional review (CPEIR) found that climate change adaptation expenditure remained relatively low with an annual average of 0.8 per cent of total government expenditure (compared to 3.4 per cent for fossil energy). Climate change–related expenditure peaked at about USD 3.4 million in 2012 compared to about USD 175,000 in 2008, but then decreased in 2013 and 2014 due to reduced overall public budgets owing to poor economic performance.1 Expenditure is mainly related to renewable energy, climate adaptation and energy security. It is likely that all environmental and climate change expenditure has not been fully captured in the report due to the lack of environment and climate change budget codes, which make tracking difficult. The CPEIR also indicates that mobilization of resources for climate change work is relatively low despite the many funding opportunities that exist—an aspect that PEI is encouraging as a way forward.

Bhutan, Burkina Faso, Lao PDR, Mauritania, Malawi, Mali, Mozambique, Rwanda and Tajikistan reported considerable results in institutionalizing poverty-environment

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1 Note that the actual increase took place between 2008 and 2012, but was first recorded in 2015 through the CPEIR that was concluded towards the end of the year.
tools and approaches in their budgeting and expenditure processes; this work was led by the respective ministry of finance.

- For the third consecutive year, the Government of Malawi included a chapter on environmental sustainability in its annual budget guidelines; this influenced at least seven sectors to budget for environmental sustainability in 2015. Emphasis this year was placed on the links between poverty, environment and climate change and ensuring adherence to the guidelines. The inclusion of a chapter on sustainability in the national budget guidelines demonstrates that the Government of Malawi is institutionalizing poverty-environment mainstreaming and remains committed to a more sustainable development path.

- The Bhutan Ministry of Finance’s budget call notification for financial year 2015–2016 includes the promotion of gender equality and women’s empowerment as part of its initiative on gender-responsive planning and budgeting. The Ministries of Agriculture and Forests, Education and Health have been mandated to provide a narrative policy statement in their budget proposals on how each ministry would contribute to gender-related goals and national objectives. PEI facilitated the integration of poverty-environment objectives in the initial phase of the Government of Bhutan’s targeted poverty intervention, the Rural Economy Advancement Programme (REAP), launched in 2008 during the 10th Five Year Plan. In 2014 and 2015, 75 villages are receiving government funds. The government is working with the Tarayana Foundation to implement the REAP intervention in 41 villages and with local governments in 34 villages.

- Mozambique’s new national development plan includes a poverty-environment-related priority area receiving 13.6 per cent of the total 2015 budget.

- Enabled by tools developed in partnership with PEI—such as the Investment Compliance Database and environmental social impact assessment review guidelines—the Ministry of Planning and Investment and the Ministry of Environment and Natural Resources in Lao PDR started tracking and monitoring social and environmental impacts of the private sector investments in natural resources.

- In Tajikistan, expenditure continues to increase through implementation of poverty-environment activities identified in a total of 52 district development plans (including 23 in 2015) after integration of poverty-environment objectives.

- In Rwanda, PEI has been supporting the Ministry of Local Government, together with the Environmental Management Authority, in developing a toolkit for the establishment and operation of smart green villages. The collaboration between these two actors to provide capacity building on the toolkit has helped three districts successfully raise USD 710,000 from the national fund for the environment.
and climate change (FONERWA) to replicate the Rubaya Green Village model\(^2\) (refer to the PEI Annual Progress Report 2014).

The Government of Mauritania’s Ministry of Finance made important strides towards adopting a programme budget approach, with the aim of strengthening the link between national and sector plans and corresponding sector budgets—and so improve the likelihood of effective implementation of government policies and plans. This approach was informed by a PEI-commissioned study which described the implications of adopting a programme budget approach and its potential benefits in improving the quality of inter-sectoral coordination. The government expects that it will take at least five years to put a complete programme-based budget approach into effect. It is now piloting the approach in the development of medium-term expenditure frameworks for fossil fuels, energy and mines; fisheries and maritime economy; and environment and sustainable development.

**Outcome Indicator 3**  Level of integration of pro-poor environmental mainstreaming approach and tools in UN (UNDP, UNEP) and partner strategies and programmes at country, regional and global levels

In 2015, the level of integration of poverty-environment mainstreaming approaches and tools in PEI host agencies (UNDP and UNEP), other UN agencies and non-UN partners’ strategies and programmes in the country, regional and global contexts increased from 2 to 3. Outcome indicators 1 and 2 and related output indicators provide a wide range of examples for integration at the country level. At the regional level, PEI work relies on a growing number of new thematic partnerships and a strengthening of existing partnerships. South-South and triangular cooperation remain key components of this expansion of PEI’s influence, both within PEI countries and—increasingly—with regional and global audiences. At the global level, PEI continues to provide normative and practical guidance to the UN “family” and has had a demonstrable impact on the post–2015 debate leading to adoption of the 2030 Agenda and the 17 SDGs.

PEI’s integrated approach to addressing multiple objectives (poverty, gender, equity, climate and environmental sustainability) has been highlighted as a model for national, sub-national and sectoral action on the SDGs, signalling its importance as an approach currently in place that can contribute to successful implementation of the 2030 Agenda. More specifically, PEI supported development of SDG 1 Indicator 1.4.2 (see page 26), which has been incorporated in the Final List of Proposed Sustainable Development Goal indicators. PEI also contributed to revision of UNDAF and UN Mainstreaming, Acceleration and Policy Support (MAPS) guidance and

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\(^2\) PEI is supporting a cost-benefit analysis of the Rubaya demonstration project in order to establish the environmental and socio-economic impact of the project as a basis to motivate other districts to replicate the model.
SDG indicators; and initiated collaboration with the UNEP Delivering as One programme to support countries in integrating the SDGs into national development planning, budgeting and M&E frameworks.

As of end 2014, PEI was fully integrated within the new UNDP Global Policy Centre on Resilient Ecosystems and Desertification (GC-REAL). Under its Strategic Plan for 2014–2017, UNDP prioritizes the need to ensure greater links between environmental sustainability, poverty eradication, inclusive growth, governance, resilience and gender equality. GC-REAL—under the Sustainable Development (SD) Cluster—received its mandate to assist programme countries in the design and implementation of solutions that transform productive capacities, while avoiding the irreversible depletion of social and natural capital, lowering risks arising from shocks, and improving the resource endowments of the poor and their prospects for employment and livelihoods.

A key area of collaboration between GC-REAL and PEI is work with the Oxford Poverty and Human Development Initiative (OPHI) on its multidimensional poverty index (MPI). This effort represents a substantive contribution to PEI activities looking at “beyond gross domestic product (GDP)” measurement. The work will continue into 2016 with the development of a new methodological assessment on how to integrate environmental considerations in the MPI and in limited piloting in selected PEI countries; GC-REAL is providing funding for the effort.

As part of broader SD Cluster support to PEI objectives, in July 2015, UNDP’s SD Cluster colleagues engaged with PEI at the PEP to make a joint presentation on integrated approaches for SDG implementation through national planning processes.

A growing array of PEI knowledge products have been shared at the global level, further widening awareness of PEI’s integrated approach, methodologies and tools. The most notable of these in 2015 is the second edition of the PEI flagship handbook for practitioners, Mainstreaming Environment and Climate for Poverty Reduction and Sustainable Development, which was officially launched at the 20th meeting of the PEP in May in Edinburgh. Regional launches of the handbook followed in Kigali and New York. The New York launch—highlighting PEI’s successful work in integrating pro-poor environmental sustainability objectives into national, sub-national and sectoral development policies, plans and budgets—was at a side event to the 2015 Sustainable Development Summit during the September 2015 UN General Assembly, thus demonstrating the strong connection between PEI work and the new UN development agenda. The event was held with the Partnership for Action on Green Economy (PAGE), and PEI was facilitated by UNDP Bureau for Policy and Programme Support colleagues in conducting the launch workshop. The PEI integrated approach was featured in an op-ed piece published in This Is Africa, a Financial Times publication, on 26 May 2015. Additionally, PEI has for the first time conducted a census of country-level knowledge products captured in its online PEI Knowledge Resources e-Library—210 studies, fact sheets and guidance documents prepared at the country and regional levels, an influential body of work that continues to inspire poverty-environment mainstreaming practitioners and beyond.
The year 2015 also held a number of successful PEI, UNDP and UNEP collaborations, showcasing how these two UN agencies deploy their comparative advantages to deliver integrated approaches for sustainable development at the regional level.

■ In Asia Pacific, a new partnership was forged with the UNDP Extractive Industries Development Solutions Team during 2015. This partnership led to a joint UNDP-PEI South-South exchange workshop and knowledge products on extractive industries and sustainable development and poverty reduction. The workshop provided a platform for UNEP activities with UNDP Country Offices, including the sharing of experiences and lessons from work done in the Asia and Pacific region to improve management of natural resource investments; and collaboration with (1) UNEP’s Finance Initiative on responsible investment and financing, (2) the UNEP World Conservation Monitoring Centre’s extractive and biodiversity project about an ecosystem-based approach to extractive industries management, (3) UNEP’s Chemicals branch on sustainable chemicals management of extractive industries, and (4) the UNEP Disaster and Conflicts Sub-programme Team on post-disaster mainstreaming. Following on from this last, PEI has initiated collaboration with UNEP’s Post-Conflict and Disaster Management Branch to provide coordinated support and deliver expertise for PEI-supported recovery efforts in Nepal.

■ In Africa, PEI further scaled up collaboration with the Partnership for a Green Economy (PAGE, a collaboration of the International Labour Organization, UNDP, UNEP, the United Nations Industrial Development Organization and the United Nations Institute for Training and Research) and SWITCH Africa Green initiatives in Burkina Faso through joint programming (see page 44). This has been largely driven by the “win-win” gains from technical collaboration on key issues (e.g. the poverty-environment-gender nexus; and sustainable consumption and production and green economy as integral components of poverty-environment mainstreaming) and strengthening synergies and coordination at the country level. PEI Africa also initiated discussions with the United Nations Capital Development Fund Local Climate Adaptive Living Facility (LoCAL) Africa with a view to establishing a similar “win-win” collaboration in integrating climate change adaptation measures and financing in the elaboration of local government–led development plans and budgets. Pilot collaborative activities are planned for Mali in early 2016. PEI Africa’s active engagement with UNEP’s gender unit and gender focal points also helps enhance integration of a gender perspective in UNEP’s work.

■ In Europe and the Commonwealth of Independent States, PEI is joining forces with UNDP’s Biodiversity Finance Initiative (BIOFIN) through identification of complementary activities in the development of a new BIOFIN national project in Kyrgyzstan.

3 SWITCH is a programme on sustainable consumption and production supported by the European Union and implemented by UNEP/Wuppertal Institute Collaborating Centre on Sustainable Consumption and Production.
In Latin America and the Caribbean, PEI contributed to the UNDP Sustainable Development and Resilience Regional Community of Practice in a discussion of “Integrated Approaches for Sustainable Development,” which included lessons and guidance from the PEI handbook and current work on integrating environmental variables in multidimensional poverty measurements. Exchanges between Guatemala and the Dominican Republic focused on ecosystem-based land use planning. In Colombia, PEI participated in the Regional Green Economy Forum for Latin America hosted by PAGE; this provided an opportunity to share lessons on PEI’s integrated approach as a building block to an inclusive green economy and to launch the Spanish-language version of the flagship handbook.

Key lessons: outcome level

Making the case for up-scaling

ISSUE: insufficient funds are available to replicate innovative and successful local inclusive green development models across the country.

ACTION: PEI Rwanda is enabling a cost-benefit analysis of its Rubaya demonstration project to establish the effects of the project and provide evidence on the benefits of green villages to motivate other districts, government agencies and donors to invest in substantive replication of these villages.

Government restructuring processes

ISSUE: The government restructuring process still under consolidation in Mozambique resulted in a vacuum of environmental units/focal points in some ministries for most of 2015; other ministries accumulated three or four focal points. Due to the reconfiguration of the Ministry of Environment, no environmental unit meeting was convened in 2015, and assessment of the integration of poverty-environment objectives in provincial economic and social plans has not been possible thus far.

ACTION: Together with PEI, the Ministry of Environment will in 2016 review the function of the environmental units/focal points within the new government structure in line with the terms of reference developed with PEI support in 2014. PEI continues to analyse the level of integration and need for capacity building. Where needed, PEI will build the capacity of new environmental units to support the integration of poverty-environment into the 2017 strategy and to support the Ministries of Economy and Finance to ensure integration of poverty-environment objectives in planning and budget processes delayed due to the government restructuring process.

Refining budget guidelines

ISSUE: When sectors integrate poverty-environment aspects into their ordinary activities, it is difficult for a ministry to clearly identify the extent to which such integration has occurred.
**ACTION:** PEI Rwanda examined expenditure performance as part of its sector performance assessment (discussed under Outcome Indicator 1; see page 7) for the fiscal years 2013/2014 and 2014/2015. The assessment identified a need to make the budget guidelines contained in the Budget Call Circular even more specific in stating what is required by sectors to budget properly for environment and climate change. PEI and the International Institute for Environment and Development (IIED) will work together to help the government explore development of an environment and climate change budget statement to complement annual budget submissions.

**Fully maximizing scoping phase in defining country-specific poverty-environment nexus**

**ISSUE:** In the scoping phase, PEI programmes identified country-specific poverty-environment issues; frequently, these highlighted investments in natural resources as a driver of economic growth but also of environmental degradation and inequality. However, the purpose of this exercise was sometimes not clearly articulated or commonly understood by key national partners. This lack of clarity and common understanding can result in missed opportunities to identify added strategic entry points in a country’s system of planning and financing development and in garnering high-level political support.

**ACTION:** Attempting to define the poverty-environment-climate nexus in a specific and prescribed way might miss the opportunity to highlight what PEI offers as an integrated development approach—to achieve multiple development objectives from the perspective of pro-poor sustainable development. As is widely recognized, the flexibility that is PEI’s chief strength can become a weakness if not anchored concretely in the particular development planning system of a given country. In Mongolia, for instance, it took longer than expected to locate PEI’s niche in a country context where large partners such as PAGE were already working in related areas. But a key PEI distinction is that it works by linking with the ministry of finance or economic development, rather than only working with the ministry responsible for environment. This “platform” difference is critical; thus, the country-specific poverty-environment nexus and entry point PEI should target should be arrived at through thorough analysis and consultations during the scoping phase.

**Better knowledge management for South-South learning and sustainability**

**ISSUE:** PEI across regions, has developed, tested and applied a great number of tools, approaches and coordination mechanisms to promote integrated development through its country projects. It is now time to map these various tools and approaches more systematically, analyse their strengths and weaknesses, and track their application and relation to development impact indicators over the longer term.

**ACTION:** The Poverty-Environment Facility (PEF) has begun this mapping work as part of an internal review process to update an annex (Annex G) to the PEI flagship handbook on poverty-environment mainstreaming tools. The aim is to turn this information into an online resource/SDG toolkit accessible to the public.
Output performance

Key information on progress against the three main output indicators are summarized, with detailed reporting provided subsequently for each indicator.

**OUTPUT 1** Poverty-environment approaches and tools for integrated development policies, plans and coordination mechanisms applied

Progress in 2015 under this output is substantial. The number of policies produced was significant, with many countries producing multiple policies: 3 national and 4,127 local development plans, 14 sector strategies, and 5 associated M&E systems integrated poverty-environment objectives in 2015 alone. PEI continues to demonstrate added value in building on government efforts to transition towards sustainable development through the integration of poverty-environment objectives with climate change, disaster risk reduction, inclusive green economy and ecosystem services in numerous countries, including Bangladesh, Guatemala, Lao PDR, Mali, Mozambique, Rwanda and Thailand. In 2015, PEI pursued a variety of collaboration and coordination activities and fostered the participation of key sectors, donors and non-governmental actors. It also increasingly facilitated the participation of marginalized groups and private sector representatives in decision-making processes. While considerable challenges remain in the collection of data to measure change within M&E frameworks—including with regard to newly adopted poverty-environment indicators—in 2015, PEI stepped up efforts to analyse bottlenecks and address specific needs through capacity building and collaborations.

**Output Indicator 1.1** Number of national and sub-national policies and plans that integrate poverty-environment objectives in target countries

In 2015, 3 national and 4,127 local development plans integrated poverty-environment objectives. These comprised:

- Bangladesh’s Seventh Five-Year Plan (2016–2020), for which the UK Department for International Development (DFID) and the World Bank under a larger UN support programme assisted in the completion of 15 background studies and 1 gender review to ensure adequate integration of poverty-environment objectives in support of sustainable development as a national priority;
Five annual district development plans in Bhutan;

Guatemala’s Oriental Region Development Plan, which has a strong ecosystem base with a portfolio of priority investments based on resource efficiency;

the Sustainable Development Methodological Framework on strategic planning—endorsed by the Ministry of Economy as the country’s main planning guideline—and two provincial plans in Kyrgyzstan;

17 provincial development plans in Lao PDR;

Malawi’s “Guide to Executive Decision-Making Handbook,” designed to promote inclusive ENR mainstreaming;

Mozambique’s Five-Year Development Plan, which includes a chapter on sustainable and transparent ENR use with a focus on local community vulnerabilities to climate change and environmental degradation and transitioning to a green-blue economy;

4,048 local development plans in Nepal;

30 district development plans in Rwanda;

23 district development plans in Tajikistan;

the Bunda District Development and Investment Plan in Tanzania, which also addresses gender.

Additional work was undertaken to integrate poverty-environment objectives in Lao PDR’s Eighth National Socio-Economic Development Plan, which is focused on investment approval processes. Also, strong progress was made in Burkina Faso to integrate inclusive green economy and sustainable consumption and production into its Second National Development Strategy; this work has benefited from a joint programme supported by PAGE, PEI and UNEP Sustainable Consumption and Production.

During this critical year of adoption of the new 2030 Agenda, PEI addressed requests from Burkina Faso, Kyrgyzstan, Mauritania, Tajikistan and Tanzania, among others, to ensure that the new generation of national development plans responds to the integrated policy approach needed to generate results across the 17 SDGs. These national development plans are undergoing approval in 2016.
Output Indicator 1.2  Number of key sectoral policies and plans that integrate poverty-environment objectives in target countries

In 2015, 14 new sectoral policies and plans—in Bhutan, Lao PDR, Mongolia, Mozambique (nine annual social and economic sector plans), Paraguay (two)—integrated poverty environment objectives. For example:


- **Lao PDR**’s Forestry Strategy directly addresses the draft Eighth National Socio-Economic Development Plan’s indicator on increasing forest land cover to 70 per cent by 2020.

- **Paraguay**’s Productive Plan of the Caazapá Department 2015–2016 integrates poverty-environment objectives and indicators and was developed through a participatory approach with inter-institutional coordination. Its action plan promotes inclusive markets, sustainable production, rural tourism and water management.

In line with the entry point identified by PEI in **Mongolia**, i.e. the mining sector, PEI reviewed the mining sector policy in 2014 and found it needed to be updated to integrate poverty-environment objectives. PEI also supported the formulation, consultation and awareness-raising activities surrounding approval of Mongolia’s first Law on Development Policy and Planning.

A notable example of success in the context of this indicator is **Rwanda**’s institutionalization of mainstreaming cross-cutting issues in sector plans and budget processes (discussed under Outcome Indicator 1; see page 7). In **Mali**, PEI commissioned two sector (energy and agriculture) strategic environmental impact assessments, with an eye to influencing possible reforms in implementation of the sector policies through influencing key programmes and budgets in 2016 and 2017. The **Dominican Republic**’s guide for municipal land use planning with a strong focus on ecosystem approaches is awaiting approval.

Output Indicator 1.3  Number of M&E frameworks that integrate poverty-environment indicators in national and sub-national M&E systems

Five M&E systems in Bangladesh, Kyrgyzstan, Lao PDR and Mauritania integrated poverty-environment indicators in 2015. PEI also supported development and improvement of national development plan M&E frameworks in line with the plans mentioned under Output Indicator 1.1. For example, **Bangladesh**’s recently approved Seventh Five-Year Plan (2016–2020) and **Lao PDR**’s Seventh National Socio-Economic Development Plan both include a chapter on M&E—in Bangladesh, along with a comprehensive results-based management M&E system. At the local
level in Lao PDR, the provincial Investment Monitoring and Reporting Framework integrated five poverty-environment core indicators.

In Kyrgyzstan, the prime minister issued a decree formally adopting 65 green growth indicators in the National Sustainable Development Strategy and began roll-out of an M&E system for green growth indicators in the System of National Statistics, covering the areas of environmental and resource productivity, natural assets management, environmental quality of life and economic opportunities from environmental policies. A comprehensive monitoring coordination mechanism has been set up, led by the Ministry of Economy and involving the National Statistics Committee, the State Agency for Environment Protection and Forestry, the Ministry of Energy, the Ministry of Health, the Ministry of Agriculture and the State Agency for Geology and Mineral Resources. The first monitoring results will be available in 2016.

Mozambique drafted its environmental statistics strategy with 15 indicators that make the linkage between poverty and environment issues. PEI supported this work in collaboration with the Ministry of Foreign Affairs of Denmark (Danida) and the UNDP component of the Green Economy Joint Programme. The strategy’s objective is to increase knowledge about the status of the environment and how it relates to economic development and poverty in Mozambique to inform policy- and decision-making processes.

Building on work undertaken in 2014—including a report on environment and information tools—Mauritania’s Ministry of Environment, with technical advice from PEI, established a sustainable development database in 2015. The database includes information on poverty-environment–relevant indicators such as access to clean energy, water and sanitation and the state of the environment. The data collected in the database are now available on the ministry’s website for sector institutions and their partners to consult and use in monitoring and informing sector policy and planning processes in support of sustainable development.

Similarly, Burkina Faso’s National Council on Environment and Sustainable Development and National Institute of Statistics and Demography are working together to elaborate and integrate poverty-environment–linked indicators in the household survey modules as part of the Millennium Development Goals/Multidimensional Investigation Continues Initiative led by the National Institute of Statistics and Demography. The proposed 23 indicators are related to household access and use of sanitation services, household fuels, drinking water and waste management; these are intended to complement other modules covering household income and livelihood sources and are expected to be integrated into the monitoring system for the forthcoming national development plan (2016–2020).
Output Indicator 1.4  Level of functional government-led cross-sector coordination mechanisms in target countries

Government-led cross-sector coordination mechanisms increased from 20 countries reporting being at Level 2 or above in 2014 to 24 countries at Level 2 or above, with 13 at Level 3 or above in 2015. A major success along this indicator in 2015 was the establishment of MRGs in Bhutan for an additional five districts; further detail is provided under Outcome Indicator 1 on page 6. Following up on recommendations to rationalize sectors in development planning and budgeting, Bangladesh’s Ministry of Finance and Planning Commission agreed in 2015 to align sectors to avoid duplication and optimize the use of budget programming as an instrument for attaining long- and medium-term socio-economic goals and targets. This reform represents another major success and should reduce inter-ministerial conflicts. It is expected that the budget for 2016–2017 will be prepared based on the unified sectoral classification.

PEI has been instrumental in supporting the Government of Kyrgyzstan in planning its sustainable development path through 2017. In line with this, Kyrgyzstan’s Ministry of Economy recently established a Department of Strategic Planning to support implementation of its national sustainable development strategy. Its capacity is being built through adherence to guidelines issued by the ministry to tackling sector planning in strategic planning processes for sustainable development to address economic growth, environmental sustainability and social cohesion. Further positive coordination examples are provided in the context of the country’s green growth indicator work (see discussion under Output Indicator 1.3 on page 18) and the mid-level inter-agency task force working on the economics of the environment under the State Agency for Environment Protection and Forestry to facilitate implementation of a system of environmental economic accounting–experimental ecosystem accounting (SEEA-EEA) and valuation of ecosystem services.

Mongolia established a cross-ministerial mechanism for the draft action plan of its recently approved Green Development Plan; this involved the establishment of thematic working groups to draft the action plan. In Guatemala, an inter-institutional commission was responsible for development of the National Land Use Plan; the Ministry of Planning is leading the commission, which will ensure alignment with national development plan priorities. In addition to other key sector ministries, the commission includes representatives of indigenous Maya, Xinca and Garifuna peoples; municipalities; academia; women; labour and farmer organizations; and the private sector (industry, finance, commerce and agriculture). In Paraguay, the Ministries of Social Affairs, Agriculture and Environment jointly produced a coordination guideline for the design and implementation of social programmes at the local level to ensure integration of poverty-environment objectives. In Tajikistan, District Working Groups are coordinating with local government and non-government actors—including representatives from the private sector—to ensure an integrated, cross-sector approach in the development of the new district development plans in 2016.
Another successful development worth noting in this context is the inter-ministerial investment monitoring system in Lao PDR. Led by the National Assembly, this cross-sector coordinated effort involves officers from the Ministries of Environment and Public Investments. An innovative function of such coordination mechanisms is as a means for affected parties to report grievances or concerns regarding implementation of investment projects—as recently occurred in connection with a hydropower project in Lao PDR, as discussed on page 36.

**OUTPUT 2  Cross-sectoral budget and expenditure processes, and environment-economic accounting systems institutionalized**

Progress has been encouraging under this output, despite its representing the most challenging area of work in poverty-environment mainstreaming—given its strategic importance for SDG delivery—as recognized by most stakeholders. Bhutan and Malawi are leading in the integration of PEI objectives into budgetary processes. A number of other countries have made good progress, with the application of different types of public expenditure reviews increasing the chances of success and building on experiences in other countries and regions. So far, poverty-environment objectives have been successfully integrated into a total of 59 processes in 14 countries, a strong indication of PEI’s commitment to addressing the implementation challenge. PEI has actively supported the introduction of “beyond GDP” measurements through work on multidimensional poverty and natural wealth accounting, although results for this innovative work will take time to be verified. In 2015, the PEI M&E Group suggested revision of Output Indicator 2.3 to introduce an ambitious measurement of government tools that promote transparency and accountability in managing private sector investment decisions; reasonable progress has been made along this indicator, primarily in Asia and the Pacific.

**Output Indicator 2.1  Number of budgeting and expenditure processes that integrate poverty-environment objectives in target countries**

In 2015, 16 budgeting and expenditure processes were implemented in Bhutan, Malawi, Mali, Mauritania, the Philippines and Rwanda to integrate poverty-environment objectives. Examples of these follow.

- The Ministry of Finance in Bhutan issued a budget call notification, with a specific section on promoting gender equality and women’s empowerment, as reported under Outcome Indicator 2 on page 9.

- Malawi introduced poverty-environment guidance in its Public Sector Investment Programme (PSIP) Appraisal Manual and Preparation Handbook approved in 2015. The handbook further recommends that all capital-intensive projects report on sustainability indicators and undertake—and comply with recommendations from—environmental impact assessments and poverty and social impact assessments. And, for the third consecutive year, the Government of Malawi has included
In the wake of Mauritania’s 2015 CPEIR (described on page 8), PEI is assisting the country in public financial management reform efforts and adoption of a programme budget approach to strengthen development results. Recommendations build on similar work supported by PEI in Asia and the Pacific: these focus on introducing a climate budget code in the national system of accounts; improving governance, policy coherence, spending efficiency; and mobilizing needed domestic and international resources. And, in line with work reported last year on Indonesia’s Low-Emission Budget Tagging and Scoring System, policy recommendations for implementation of climate reform in Mauritania are expected to result in a ministerial decree to establish a budget tagging system at the local level.

Three sectors in Mali have submitted budgets that include funds for pro-poor environmental sustainable programmes and projects in the 2016–2018 Medium-Term Expenditure Framework. This is largely as result of their following the methodological guide provided by the Ministry of Economy and Finance on integrating pro-poor environmental sustainability into Mali’s budgeting and planning processes at the national and local levels.

Similar work is being supported in Myanmar to monitor and evaluate public investment projects’ compliance with environmental and social impact assessments and cost-benefit analyses. Further support to improve capacity to undertake such work is being provided, through inclusion in civil servants’ curriculum for sustainability and increased impact.

**Output Indicator 2.2 Number of countries introducing “beyond GDP” measurements in target countries**

Enabling ministries of finance, development planning and environment to engage in natural wealth valuation and its integration in the system of national accounts is an important step in including environmental sustainability in national economies. Where it represents a priority for government and there is a specific niche, PEI helps national institutions adopt integration of natural wealth valuation and accounting into national economy systems—with an emphasis on drawing on links between ecosystem services, human well-being and pro-poor green growth initiatives.

Over the years, some PEI countries have integrated beyond GDP measurements (e.g. adjusted net savings) in a range of economic ENR evaluations. To further this work, PEI in 2015 contracted with OPHI to explore inclusion of environmental sustainability variables in its multidimensional poverty methodology. The MPI has...
attracted significant interest from PEI countries around the world as an alternative measurement to GDP, with different regions exploring adaptation and piloting of the methodology:

- **Rwanda** and **Mozambique** (in collaboration with the respective UNDP Country Offices), **Tajikistan** (with the World Bank) and **Latin America and the Caribbean** (with the UNDP Urban Development Team) have initiated MPI work with support from OPHI. They are focusing on a local-level MPI to account for ENR impacts on poverty and the resilience of local communities. These initiatives provide a significant opportunity to target the most vulnerable population if properly articulated.

- **In Dominican Republic**, efforts are ongoing to incorporate its National Environmental Vulnerability Index into a national cash transfer system that identifies beneficiaries of social protection schemes. This complex exercise entails revising the national household survey to identify key variables to move to a multidimensional index that truly addresses sustainable development needs.

**Guatemala** has taken a different approach, building on a preliminary sub-global assessment coordinated by the PEF in 2011 and 2012, as reported in the PEI 2012 annual progress report. In Guatemala, the Chiquimulilla Channel ecosystems are being degraded at an alarming rate. Current valuation of ecosystem services is based on a targeted scenario analysis and the [InVEST tool](#) to determine their potential and value to influence more sustainable land use and regional development plans. The effort will demonstrate the economic, social and environmental impacts of the shrimp and tourism industry, as well as analyse in depth different social and economic services that the mangrove currently offers to the local population.

In **Kyrgyzstan**, an assessment of the country’s capacity for ecosystem accounting, green accounting and valuation of ecosystem services is ongoing. Once completed, the National Statistics Committee and the State Agency for Environment Protection will be able to introduce, respectively, an SEEA-EEA and valuation of ecosystem services into existing systems.

**Output Indicator 2.3 Number of (sub-)national guidelines and tools to manage private sector investment decisions that integrate poverty-environment objectives**

PEI helps governments manage private investment in natural resources. Poverty-environment mainstreaming includes adopting and implementing a strategic approach for foreign direct investment (FDI) within a country’s overall development strategy, establishing economic and institutional settings and incentives and implementing policies to attract and successfully manage FDI, scrutinizing individual investment proposals and negotiating investment contracts, and monitoring investor compliance with relevant laws and project contracts. The benefits of FDI are not automatic: ultimately, the outcomes of FDI depend heavily on the nature of the investment and

Regarding FDI, PEI facilitates a strategic vision and vigorous public debate about development goals and pathways that is essential for making evidence-based choices related to what is best for the country. Foreign investment in this approach should be seen as an element of the national development strategy, and the strategic vision for FDI translated into a policy framework.
the regulatory environment in the host country. These implications suggest that host developing countries need a strategic approach for managing FDI.

PEI has therefore increased its engagement with host governments to identify national development priorities in terms of sectors, geographical areas and investment models, and to ensure that FDI supports the achievement of those priorities. Given the critical role of private sector investment in areas such as extractives, biofuels and agriculture, it is increasingly important to not only focus on influencing public policies and budget processes, but also guidelines and tools that govern private sector decisions.

Considerable progress was made in 2015 connected to this revised indicator across the regions. Activity was most pronounced in Asia and the Pacific, with poverty-environment objectives integrated into several guidelines and tools to manage private investment391(23,521),(979,993)

**OUTPUT 3 Poverty-environment approaches and experiences documented and shared to inform country, regional and global development programming by the UN and Member States**

Progress has been positive under this output, as PEI activities, approaches and methods have been rolled out, promoted, discussed and disseminated to an increasingly broad audience of practitioners and policy makers at all levels. Actions in this area have ranged from crafting a key SDG indicator to capturing poverty-environment objectives in country and regional policy to publishing the revised PEI flagship handbook, its magnum opus capturing 10 years of mainstreaming experience.
Partnerships with the private sector

PEI engages with the private sector in a variety of ways; the discussion under Output Indicator 2.3 provides examples centred on private sector investment. Following are examples of PEI engagement with the private sector in 2015 focused on capacity building and innovative partnerships for effective implementation of cross-sector policies and financial guidelines.

- **PEI Burkina Faso and the private sector adopt action plan for collaboration in two regions.** PEI Burkina Faso and representatives of various industries (cotton, chemicals and pesticides, transport and manufacturing) in the Hauts Bassins and Cascades regions adopted an action plan for collaboration to strengthen companies’ social and environmental responsibility by adopting more sustainable consumption and production practices. The action plan is informed by the findings and recommendations from a series of PEI-supported studies focusing on the cost of unsustainable chemical and cotton management developed in 2014; in 2015, relevant capacity building was provided to industry representatives as well as to small and medium enterprises.

- **PEI Rwanda supports mining, agriculture and livestock businesses to become more sustainable.** Poor management of mining sites surrounding rivers and farms results in siltation, which affects agricultural production—the backbone of Rwanda’s economy and the primary livelihood of vulnerable groups. Several capacity-building outputs were delivered in 2015 under a framework agreement signed with the national Private Sector Federation to help the private sector adhere to environmental sustainability and poverty guidelines. For example, 12 mining inspectors from Rwanda’s Natural Resource Authority and the Ministry of Natural Resources provided targeted training to local representatives of Rwanda’s mining association in carrying out strategic environmental assessments and environmental impact assessments, and in helping the sector comply with national rules and regulations. Capacity training to comply with existing policies and laws was provided to enhance the use of sustainable agriculture practices for 58 representatives from the Chamber of Agriculture and Livestock in Rwanda’s 30 districts and from the national Private Sector Federation. The lack of expertise within these bodies for guiding farmers towards more sustainable practices undermines sector sustainability. The training included a field visit to learn from best practices of integrated pest management and an information session on how farmers’ cooperatives can access support to pilot sustainable agriculture practices from Rwanda’s national fund for environment and climate change (FONERWA). Following the training, two cooperatives submitted project proposals to FONERWA. District representatives are expected to use the knowledge gained at these sessions to train fellow smallholder farmers.

- **Caazapá, Paraguay, mobilizes private sector investments to establish a sustainable and fair supply chain in agricultural production.** In line with efforts articulated in local productive plans, the Department of Caazapá signed an agreement with Bio-Export, one of Paraguay’s largest agro-export companies, to sell and export locally produced products. Bio-Export has already begun providing technical assistance to local producers and is purchasing locally produced goods such as sesame and rice.

- **Arequipa, Peru, partners with private sector to improve social inclusion and efficiency in solid waste management.** Through the engagement of PEI Peru, the Ministry of Environment and the Municipality of Arequipa—in cooperation with the Ministry of Development and Social Inclusion and the Ministry of Women and Vulnerable Populations—is working to achieve the dual goal of improving livelihoods and living conditions of recyclers, and implementing environmentally sound waste management processes. The municipality and the recyclers’ cooperatives have successfully reached out to and signed agreements with private companies to collect solid waste at the source and to increase investments in and the participation of marginalized groups—with a particular focus on women, who account for represent up to 70 per cent of informal waste collectors in Arequipa.
Output Indicator 3.1  Number of UNDAFs and CPDs that integrate poverty-environment objectives

A total of 22 UNDAFs and 19 CPDs at the country level and 2 at the regional level have so far integrated poverty-environment objectives. In 2015, these include the new generation of UNDAFs in Mozambique, Tajikistan and Tanzania; and of CPDs for Indonesia, Tajikistan and Tanzania at the country level, as well as the Caribbean Common Multi-Country Assessment at the regional level. The completion of these framework and programming documents demonstrates institutionalization of earlier efforts and uptake of PEI’s leadership in support of the 2030 Agenda.

Of particular significance in UNDAF preparation has been PEI’s ability to combine the added value of both agencies—UNDP and UNEP—to provide timely expertise at the country level. PEI’s inputs to the UNDAF formulation process in Mozambique ensured that UN activities there maintain a focus on inclusive and sustainable natural resource management in supporting government priorities. The Resident Coordinator requested the PEI Africa team to submit a background paper on the importance of environmental sustainability for implementation of the SDGs on behalf of UNEP. PEI Africa also provided substantial inputs to an issues paper on natural resource management informing formulation of the next UNDAF. As a result, poverty-environment mainstreaming is reflected in 1 of the 10 UNDAF priority outcomes (Outcome 9), the rationale for which cites PEI studies including economic valuation of natural resources. These studies were key in providing arguments for inclusion of the outcome and in reflecting poverty-environment in the outputs.

Similarly, Tanzania’s integration of specific outputs and indicators on the poverty-environment-gender nexus in its new UNDAF follow-on—the United Nations Development Assistance Plan (UNDAP) II and CPD (see table on page 26) is expected to strengthen the focus on these issues in the coming five years and to attract sustained co-funding from UNDP TRAC resources (i.e. UNDP core resources allocated to the UNDP Country Offices). For 2016, UNDP has allocated USD 900,000 (64 per cent of the total project budget) to the PEI and the poverty-environment-gender project.

Substantive inputs were also integrated into Kyrgyzstan’s UNDAF 2012–2017 mid-term review. Similarly, PEI Latin America and the Caribbean has been actively involved in the elaboration of the Caribbean Common Multi-Country Assessment, which provides a foundation for the region to identify its strategic priorities and goals underpinned by national analysis and consultative processes.

Output Indicator 3.2  Number of UN strategic documents such as United Nations Development Group guidelines and post-2015 debate that reflect PEI inputs

PEI experience and relevance to national and sub-national implementation of the SDGs have become increasingly evident. Through inputs via both UNDP and UNEP channels, the PEI approach, lessons learned and mainstreaming practices have been
Poverty-environment-gender linkages in Tanzania’s UNDAF

<table>
<thead>
<tr>
<th>UNDAP II</th>
<th>CPD</th>
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<tbody>
<tr>
<td><strong>Outcome 1:</strong> The economy is increasingly transformed for greater pro-poor inclusiveness, competitiveness and increased opportunities for decent and productive employment</td>
<td><strong>Outcome 1:</strong> Growth and development are inclusive and sustainable, incorporating productive capacities that create employment and livelihoods for the poor and excluded</td>
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<td><strong>Indicator:</strong> Percentage of national budget allocated to address poverty, environment and gender</td>
<td><strong>Output 1:</strong> Select ministries and districts have enhanced capacities to develop, implement and monitor gender-responsive, environmentally sustainable and inclusive growth policies/plans</td>
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<td><strong>Outcome 2:</strong> Improved environment, natural resources, climate change governance, energy access and disaster risk management</td>
<td><strong>Outcome 5:</strong> Countries are able to reduce the likelihood of conflict and lower risk of natural disasters, including from climate change</td>
</tr>
<tr>
<td><strong>Indicator:</strong> Number of ministries, departments and agencies and local government authorities with improved capacities in ENR management, climate change governance, energy access and disaster risk management in the mainland and Zanzibar</td>
<td><strong>Output 1:</strong> Relevant ministries and districts are able to formulate, implement and enforce ENR management policies, strategies and regulations</td>
</tr>
<tr>
<td><strong>Indicator 1.1:</strong> Number of policies/plans that integrate and allocate resources for implementation of poverty, environment and gender</td>
<td><strong>Indicator 1.1:</strong> Number of ministries with functioning sustainable ENR plans and strategies</td>
</tr>
<tr>
<td><strong>Indicator 1.2:</strong> Number of districts with financial and sustainable ENR plans and strategies</td>
<td><strong>Indicator 1.2:</strong> Number of districts with plans and strategies for enhanced resilience to climate change impacts (baseline: 5; target: 28)</td>
</tr>
<tr>
<td><strong>Indicator 1.3:</strong> Extent to which national monitoring system, surveys and census are in place to monitor progress on poaching reduction and wildlife crime</td>
<td><strong>Indicator 2.1:</strong> Number of districts with plans and strategies for enhanced resilience to climate change impacts</td>
</tr>
<tr>
<td><strong>Output 2:</strong> Select districts and communities have their capacities strengthened in climate change governance and sustainable energy access</td>
<td><strong>Indicator 2.2:</strong> Number of women in the targeted districts benefiting from climate change initiatives</td>
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Poverty-environment-gender linkages in Tanzania’s UNDAF

As of the end of 2015, PEI had recorded 34 inputs into strategic documents or the post-2015 debate since the 2012 baseline year, 19 of which were made during 2015.

Most notably, PEI, together with UN-Habitat, led on the development and reinstatement of Indicator 1.4.2 under SDG 1 (End poverty in all its forms everywhere). The indicator, “Proportion of total adult population with secure tenure rights to land, with legally recognized documentation and who perceive their rights to land as secure, by sex and by type of tenure,” captures a vital environmental asset in contributing to ending poverty.
Strategically, PEI is well placed to become “a major UNDP-UNEP delivery mechanism for SDG capacity development for equitable and pro-poor sustainable development.” Some relevant examples from 2015 follow.

- PEI also co-authored the UNEP policy paper, *Uncovering Pathways Towards an Inclusive Green Economy: A Summary for Leaders*, in which Achim Steiner, Under-Secretary General and Executive Director of UNEP, calls for “an integrated approach [that] can help states understand how to maximize, prioritize, and sequence the different benefits to human well-being that can be derived from a healthy environment.”

- In the context of influencing the post-2015 debate, UNDP and the UN Department of Economic and Social Affairs hosted an online debate in February–March 2015 on “Managing the transition from the Millennium Development Goals to the sustainable development goals: What it will take.” PEI Africa provided inputs to the debate, highlighting experiences from Mozambique and Rwanda on applying tools and approaches for integrated policy-making. These inputs were further shared within UNDP to inspire colleagues, in particular from BIOFIN. PEI Africa experiences yield valuable lessons for transitioning to an integrated policy approach in the context of the SDGs, and the team will be working on a short publication on the topic in 2016.

- The UNDP Bureau for Policy and Programme Support and PEI partnered at the PEP 20th meeting to present the session “Towards an Integrated Approach to Implementation of the SDGs into National Development Planning Processes,” which drew on and highlighted PEI experience in mainstreaming.

- An op-ed, “Taking on the Twin Challenges of Sustainable Development and Poverty Eradication,” by Nik Sekhran, Chief of Profession, Sustainable Development, Bureau for Policy and Programme Support, UNDP, and Mette Wilkie, Director, Division of Environmental Policy Implementation, UNEP, was published in *This is Africa, a Financial Times* publication; it prominently features the experience of PEI Rwanda.

- Requests for PEI support on SDG implementation at the country and regional levels are steadily increasing, reflecting partner governments’ acknowledgement of the relevance of the PEI integrated economic-environmental-social approach. As an example, PEI Africa leads the development of a proposal for support to countries on SDG implementation on behalf of the joint UNEP Regional Office of Africa–UNDP Regional Service Centre for Africa.

- In “The United Nations Environment Programme and the 2030 Agenda,” UNEP highlights PEI as among its cross-cutting global initiatives, partnerships and

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1 Recommendation of the independent evaluation of the PEI scale-up phase.
networks that can be expanded and enhanced to embed the principles of the 2030 Agenda and forge new collaborations.

- The PEI flagship handbook, *Mainstreaming Environment and Climate for Poverty Reduction and Sustainable Development*, was cited as demonstrating the benefits of integrated policy approaches in addressing SDG achievement challenges in a holistic manner in a UN General Assembly issues brief, "Interactive Dialogue 1 Ending Poverty and Hunger." PEI facilitated UNEP’s input to the brief, which was presented at the 2015 UN Summit on Sustainable Development.

- PEI’s integrated approach was further spotlighted in two high-level side events to the 2015 UN Summit on Sustainable Development. The first, “Powered by Inclusive Sustainable Growth: Why and How We Decided to Alter Course,” was a round-table discussion hosted by UNEP, the Government of Germany and UNDP, and co-organized with PAGE. The second, “Scaling Up the Sustainability Ladder: LDCs [Least Developed Countries] and Their Specific Environmental Challenges in Implementing the 2030 Agenda for Sustainable Development,” was co-organized with the Government of Belgium.

- In connection with the 2015 Paris Climate Conference (COP21), PEI and UN Women presented a joint working paper “Empowering Women for Sustainable Energy Solutions to Address Climate Change,” at the Global Landscapes Forum. The event and publication were highlighted on the webpage the UN System’s Joint Engagement in COP21 at a Glance.

**Output Indicator 3.3 Number of PEI knowledge products shared with regional and global networks**

As of December 2015, a total of **252 PEI knowledge products** had been disseminated, an increase of more than 250 per cent over December 2014 and largely reflecting changes in reporting to capture country and regional products.

In 2015, PEI added seven new publications and two newsletters. Of particular note are the global and regional launches of the second edition of the PEI flagship handbook (discussed on page 11) and the release of the joint PEI–UN Women–World Bank report, “The Cost of the Gender Gap in Agricultural Productivity in Malawi, Tanzania and Uganda” (discussed on page 37). Moreover, 210 studies, fact sheets and guidance documents prepared at the country and regional levels are now available to users around the world through the PEI Knowledge Resources e-Library. Arguably, these country-level experiences are among the most influential in efforts to mainstream poverty-environment, climate, gender and equity, and inclusive green growth objectives.

To expand and improve PEI’s social media and online presence, PEI released 16 videos on poverty-environment–related activities and themes in 2015. These were uploaded to the PEI website’s *video gallery* and the PEI YouTube channel, attracting more than
3,167 views in 2015; the cumulative total views as of 31 December 2015 for the entire PEI video collection were 77,476.

The PEI website (unpei.org) continued to attract a steady following. During 2015, 31,845 sessions (visits) were logged by 24,430 users—61 per cent of whom were aged 18–34, reflecting the relative youthfulness of the countries in which PEI operates.

The PEI Community of “lifetime fans” on Facebook grew by 254, to reach 1,791—an annual increase of 16 per cent. And the PEI Twitter page (@PEIGlobal) logged more than 95,000 tweet impressions (delivery of an @PEIGlobal post or tweet to an account) over the past 12 months.

**Output Indicator 3.4  Number of references to poverty-environment approaches and tools in UN and other development agency strategies/plans**

The number of references to PEI publications or citations to poverty-environment approaches and tools increased to 102 during 2015—a **215 per cent increase** over the baseline of 47. Notable among the new references/citations were:

- a discussion of PEI in the “Environmental Governance: Strengthening Global Governance in an Interconnected World” section of the *UNEP Annual Report 2014*;

- a World Bank blog article, “How much does the gender gap really cost?”;

- “Common But Differentiated Governance: Making the SDGs Work,” published as a Public Strategy for Sustainable Development briefing note and a full article in the July 2015 issue of *Sustainability*.

**Key lessons: output level**

**Persistent capacity issues in national M&E systems**

**ISSUE:** PEI identified discrepancies between baseline information and data collection for indicators included in national and local M&E frameworks; this restricts evidence-based planning and the use of data in effective decision-making.

**ACTION:** In Malawi, the Ministry of Agriculture and Food Security had to temporarily drop the soil loss indicator introduced with PEI support in 2011. In partnership with the Food and Agriculture Organization of the United Nations (FAO), PEI is conducting a soil loss assessment in Malawi. This assessment is part of a larger programme to develop key sustainability indicators, as contained in the country’s Agriculture Sector-Wide Approach. The assessment recommends system enhancements for periodic update of the soil loss map. A team from Malawi’s Land Resources and Conservation Department is working with FAO and PEI throughout the process. In this way, the
department’s—and thus national—capacity is built to carry out systematic monitoring in the future.

PEI facilitated a similar collaboration in Burkina Faso to elaborate and integrate poverty-environment–linked indicators in its household survey modules (described further on page 6). Mauritania operationalized a sustainable development database. All of these exemplify partnership efforts undertaken in 2015 to improve capacity in this area.

**Taking local development planning to the next level**

**ISSUE:** Insufficient links often exist between district-level planning and budgeting; these are compounded by limited capacity for poverty-environment mainstreaming.

**ACTION:** An evaluation of district development plan implementation in Tajikistan provided an overview of projects addressing the poverty-environment nexus implemented by districts, including related expenditures. The study outlined the level of poverty-environment integration in district development plan documents, the quality and effectiveness of the M&E process and framework (in terms of use of poverty-environment indicators, availability of data, and consistency between poverty-environment indicators applied at the district and national levels), and the level of implementation (number and types of poverty-environment–responsive projects implemented and expenditures related to those projects).

The evaluation determined that the best results had been achieved in districts where the poverty-environment mainstreaming process had been extensively supported. In Tajikistan, implementation of poverty-environment objectives in district development plans is monitored by the district-level heads of the Environmental Protection Department. Poverty-environment issues were reflected in 32 per cent of all projects implemented between 2012 and 2014 (mainly in the agriculture, energy, infrastructure and social sectors).

**Breaking silos: taking cross-sector collaboration to the next level**

**ISSUE:** To be fully responsive in achieving pro-poor environmental sustainability policy and strategy objectives, mechanisms for financial cooperation across sectors are essential.

**ACTION:** In 2015, PEI Burkina Faso commissioned an evaluation that assessed the coherence, relevance, efficiency, effectiveness and impacts of existing mechanisms in the context of integrating pro-poor environmental sustainability into national, sub-national and sectoral polices and implementation processes. The report found that existing coordination mechanisms are indeed relevant and contribute to the achievement of policy and strategy objectives. However, it also found that the various existing frameworks needed to be streamlined; moreover, mechanisms financial cooperation for implementation of poverty-environment objectives needed to be established.
In response, the Ministry of Environment and Water Resources carried out a revision of regulatory texts and decrees to ensure that consultation and cooperation frameworks within the government pay more attention to poverty-environment issues in elaborating national and sector policies, plans and budgets. The initiative has prompted improved coordination between key actors in strengthening the programme-budget approach and integration agendas—and is more likely to catalyse change as a result of funds being available to implement integrated programmes.

**Added value of UNDP-UNEP partnership in support of UNDAFs**

**ISSUE:** UNEP is a non-resident agency and has limited influence in UN-coordinated responses to government priorities at the country level.

**ACTION:** By working through the PEI, UNDP Mozambique and UNEP were able to substantially improve the inclusion of ENR sustainability outputs in the new Mozambique UNDAF. The PEI Africa team and the PEI Mozambique international technical advisor worked together intensively against tight deadlines to strengthen these outputs (see discussion under Output Indicator 3.1 on page 25).

The programmatic and financial resources of the PEI Mozambique project and its umbrella UNDP Country Office SUNRED (Sustainable Management of Natural Resources) programme provided both agencies with a strong platform on which to successfully argue—against resistance from some UN agencies—for inclusion of ENR sustainability in the UNDAF.

Another positive aspect of Mozambique UNDAF preparation involved cooperation between PEI and the United Nations Development Group. Specifically, the Group’s Eastern and Southern Africa office worked with PEI Africa and the PEI technical advisor to conduct training for the UN Country Team on the environmental sustainability principle so they could see how environmental sustainability fit in with meeting Mozambique’s development needs.
Opportunities and challenges

As PEI deepens its involvement in mainstreaming through sector and budget work, new and exciting opportunities present themselves. The impressive number of plans addressing the poverty-environment nexus and the increased resources made available by governments in developing countries are evidence of the institutionalization of PEI-supported tools—and make a strong case for still deeper engagement. These positive results raise expectations regarding the ability of PEI’s adaptive and innovative approach to address complex, integrated issues. The table on the following page identifies some of the risks and mitigation strategies identified by PEI. The remainder of this section highlights the strategies and resources PEI relies on to ensure its approach is accessible to all: attention to equity issues, strong partnerships, and shared tools and experiences.

Increasing the focus on the structural causes of poverty and environmental degradation: contributing to gender equality

Gender equality has become an essential cross-cutting component of PEI’s integrated approach, and its efforts to address inequality are documented throughout this report. This work ranges from the development through the revision of legal, institutional, planning, investment, monitoring and budgeting tools and frameworks in a learning-by-doing approach. It encompasses collaboration with UN Women and UNDP gender and poverty specialists across the four regions and development of a dedicated guidance note on gender in the second edition of the PEI flagship handbook. It includes providing evidence spanning the scientific, economic and policy interface on gender equality through sub-regional, national and local studies, such as that jointly prepared by PEI, UN Women and the World Bank (see page 37). And it covers preparation of regional gender and equality strategies for use in integrated mainstreaming, the final two of which were completed in 2015 by PEI Europe and the Commonwealth of Independent States and PEI Latin America and the Caribbean.

Building on the success of the 2014 gender-environment training organized for policy makers in Eastern and Southern Africa, PEI in 2015 organized a training conducted in collaboration with the United Nations African Institute for Economic Development and Planning. The workshop’s objective was to build capacity of government officials as PEI’s scope moves from national to local, from centralized to sector, this flagship UN joint programme encounters multiple opportunities for meaningful engagement to fight inequality and poverty.
**Main poverty-environment mainstreaming risks/issues identified in 2015 and mitigation strategies**

<table>
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<tr>
<th>Risk/issue</th>
<th>Description</th>
<th>Mitigation</th>
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<tr>
<td>Strengthen PEI's technical service on integrated budgeting, financing and measurement</td>
<td>Through its broad development policy mandate, PEI is requested to provide top-notch technical support in innovative areas of integrated budgeting, financing and beyond GDP measurements. Because these are emerging areas, there is limited global definition and lack of established expertise.</td>
<td>PEI will invest more resources in developing high-level and credible technical services through partnerships with relevant experts and institutions to deliver effective support over the long term. Potential resources include the World Bank, the International Institute for Environment and Development and the Overseas Development Institute on public and private financial management; the UN Statistics Division, OPHI and the World Bank on beyond GDP measurements; and the Organisation for Economic Co-operation and Development and the UN Statistics Division on a measuring framework for poverty-environment mainstreaming in line with the SDGs. Various efforts under way across the four regions will provide useful lessons in this regard.</td>
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<tr>
<td>Tracking expenditure on inclusive environmental sustainability and climate change: moving to impact monitoring</td>
<td>Various tailor-made public expenditure reviews have been the primary tool applied through PEI projects to track expenditure on poverty-environment objectives in development plans. Although a rather successful tool in the context of poverty-environment mainstreaming, different levels of its institutionalization have occurred. Asia has seen a relatively successful uptake by government, making this information relatively easily accessible; Africa, however, faces challenges in terms of institutionalizing processes that can track expenditure, which constitutes a risk towards measuring the level of environment and climate expenditure in a given country.</td>
<td>PEI regional teams are providing targeted support to country programmes where relevant to strengthen integrated budgeting and financing, and developing a guidance note on impact monitoring. Partnerships and cross-regional exchanges will be promoted in 2016 to address this issue.</td>
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<tr>
<td>Long-term capacity development needs for impact and sustainability</td>
<td>Poverty-environment mainstreaming requires sustained support for both individual and institutional capacity development over the long term. PEI provides tailor-made training programmes to targeted government staff and increasingly to non-government actors as well. High-level political commitment from senior managers of the trained officials is critical to ensuring training produces sustainable impacts at the institutional level. Capacity development for policy work presents challenges in terms of its measurability. Establishing baselines before the intervention and monitoring and evaluating its contribution to institutional capacity require innovative approaches and considerable resources.</td>
<td>PEI’s characteristic learning-by-doing approach provides a practical solution to the daily challenges arising in the application of poverty-environment mainstreaming tools and knowledge gained and helps develop specific technical skills by addressing those challenges. After conceptual training has been conducted, additional foundational training may be necessary. An example of this is the training curriculum on economic evaluation techniques to include environmental and social considerations. While this type of training introduces key concepts, additional foundational training is needed to ensure the lessons learned in the original training course are applicable.</td>
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affiliated with PEI and PEI staff in Western African countries to mainstream gender, environment and climate change into policy development and budgeting processes. The workshop was very well received, and actions followed shortly thereafter. For example, Mauritania has established links with the Department of Planning of the Ministry of Women, Family and Children and has agreed to assist the Ministry of Economy and Finance in mainstreaming gender-environment-linked concerns into the forthcoming national development plan 2016–2030. In Burkina Faso, the delegation that participated in the training is now guiding members of the five-year development plan drafting committee to consider inclusion of gender-environment-related issues as a cross-cutting theme in the plan.

Following are other, by no means exhaustive, examples of recent PEI gender- and equality-related efforts.

Empowering Mauritanian women for sustainable livelihoods in key sectors

In a joint funding proposal with the Global Environment Facility’s Small Grants Programme, PEI Mauritania sought to conduct a valuation of non-timber forest products together with a local social enterprise. The study aimed to determine the potential economic value of these and value-added products, which are used mainly by women, in order to elaborate a business plan to demonstrate the economic viability of sustainably developing the sector and the returns for the women’s cooperative involved. Additionally, PEI Mauritania in 2015 concluded a study of how to improve the artisanal fisheries value chain in order to fight poverty, especially in urban areas. Based on the study’s findings, PEI Mauritania signed a partnership agreement with the National Society of Fish Distribution (a government organization) to establish a self-financing mechanism to improve fish distribution businesses targeting the poor; these are currently subsidized substantially by the state. The agreement led to a pilot programme for a number of fish product distribution outlets that aim to increase the nutritional and health quality of fishery products, as well as their added value and sale price. Women were specifically targeted, as they have not had the opportunity to participate in similar programmes in the past. Positive feedback has led the National Society of Fish Distribution to extend its training programme to other fish trading centres in Mauritania using its own resources (USD 50,000); it is also developing a video to spread the knowledge.

Dialogues with Malawi communities to choose development paths

Given government delays in approving fishery and forestry policies and the need to keep up momentum, PEI Malawi decided to bring policy makers, civil society, academia, private sector and communities together to discuss the draft policies, providing an opportunity for these stakeholders to contribute to their finalization. The meeting, which drew attention to the issues in local media, urged parliamentarians, traditional leaders and politicians to take action; to ensure the approval of the revised policies; and facilitate the review of related acts. In partnership with PEI, a revised
national wildlife policy (pending approval) reflects the concerns of local communities—including references to community benefit sharing and compensation mechanisms—following a series of community consultation processes across the country.

Women’s cooperatives amplify their voices—and their empowerment

Rwanda’s 2008 ban on plastic bags has helped reduce litter in both urban and rural areas and—through South-South exchanges supported by PEI—inspired both Burkina Faso (in 2014) and Malawi (in 2015) to introduce similar bans. However, it posed a particular hardship for women street vendors in Kigali, who relied on the cheap and readily available plastic bags in their businesses. In response, PEI Rwanda and the city of Kigali presented a training for 110 women, focusing on how the street vendors could form cooperatives to access funds from the national environment and climate change fund (FONERWA) in order to produce—and potentially sell—alternative packing materials. Ten cooperatives have thus far prepared project proposals. The next step will be to work with district authorities to improve women street vendors’ access to proper packaging materials as well as identify places in the city where the women can conduct their business. Rwanda’s experience on how to manage this unforeseen side effect of its plastic bag ban is expected to provide valuable lessons for Malawi and Burkina Faso as well.

Listening—and responding—to local-level livelihood concerns in Lao PDR

In preparation for a hydropower project on the Nam Kong Dam, nearby forests were cleared—and nearby villagers in the living in the Attapeu Province found that they were losing livelihood opportunities and receiving no compensation in terms of employment or social services. Moreover, contrary to accepted practice, they received no basic infrastructure or access to electricity. Taking matters into their own hands, community members reached out to the National Assembly through a telephone hotline established with PEI support, to complain about the fallouts of the hydropower investment project. Conflicts between investment projects in neighbouring areas and allegations of illegal logging in protected forests further drew the attention of National Assembly members to the impacts of investments on local communities and the environment.

Determined to find solutions, in 2015, a 12-member team—including representatives from the National Assembly along with officials from three ministries—undertook a field mission to investigate the complaints. Funded by PEI, the monitoring mission gathered evidence about the state of the environment and checked if investors were honouring their obligations to local communities. Based on the team’s findings, the Standing Committee of the National Assembly has ordered local authorities to work with investors to identify land for reforestation to compensate for logging in the reservoir sites. Local authorities have also been directed to call all aggrieved parties to a consultation and chart out a plan to provide basic infrastructure and amenities.
Galvanizing institutional reform through South-South cooperation

The year 2015 saw the blossoming of a considerable number of past South-South exchanges, as poverty-environment mainstreaming approaches and tools tried out in one setting were adopted and replicated in others. For example, Mongolia’s work in mining sector planning and its related public investment management system was developed based on successful efforts in the Philippines. Burkina Faso modelled its Environment Fund on Rwanda’s. Also inspired by Rwanda’s success in the region, Burkina Faso, Malawi and Mozambique have banned plastic bags. Mauritania’s adoption of a programme budget approach was inspired by Burkina Faso’s experience with its application in 2014. And Myanmar’s financial model to assess mining proposals draws heavily on one developed in Lao PDR with PEI support.

PEI also coordinated a new partnership to strengthen the capacity of the Kyrgyzstan National Statistics Committee to introduce the SEEA that was launched with the Czech Trust Fund and the German International Development Cooperation (GIZ) in 2015. As a result of exchanges concerning future development of the SEEA-EEA, an inter-ministerial working group under the leadership of the state Agency for Environment Protection and Forestry was established. The Czech Republic shared its experience in scaling up an environmental impact assessment with Tajik officials, emphasizing a “from legislation to implementation” focus.

Strengthening and expanding partnerships to catalyse and sustain poverty-environment mainstreaming

As demonstrated throughout this report, partnerships are essential to poverty-environment mainstreaming, and will be equally critical in implementing the SDG Agenda. Finding common ground, winning hearts and minds, are critical in making change and institutionalizing processes. Where most of this report focuses on the role of government partners, and discussion under Output Indicator 2.3 describes some recent in-country partnerships with the private sector (see page 24), the following highlights examples of vital PEI partnerships at the country, regional and global levels.

UN Women and gender-related collaborations

In 2014, PEI Africa established a substantive technical and financial partnership with UN Women’s Regional Office for Eastern and Southern Africa. In 2015, the partnership was expanded to include the World Bank to study and report on “The Cost of the Gender Gap in Agricultural Productivity in Malawi, Tanzania, and Uganda,” which was launched at the Committee on World Food Security meeting hosted by FAO in Rome in October 2015.
Strong progress has been made to expand the partnership in Europe and the Commonwealth of Independent States, where PEI has partnered with UN Women in Kyrgyzstan to address knowledge gaps on the links between gender equality, climate change and environmental sustainability in Central Asia. A joint high-level regional conference, “Gender Equality and Sustainable Development for Transformative Change,” was held in Kyrgyzstan in November, bringing together 105 experts and representatives from government, UN organizations, civil society and academia. The conference outcome document provides tangible recommendations on the way ahead in terms of integrating poverty, environment and gender objectives into governance for the SDGs.

The PEI–UN Women collaboration is also active in Asia and the Pacific and in Latin America and the Caribbean, where it is primarily operating through the UNDP and UNEP Gender Units. PEI Latin America and the Caribbean will pursue a partnership with UN Women in line with its recent Regional Gender Strategy.

Centre for International Forestry Research

PEI Africa participated with UN Women in the gender pavilion hosted by the Centre for International Forestry Research (CIFOR) at the Global Landscapes Forum, which brought together several organizations working on the gender-environment nexus. At the December forum, scheduled in connection with the 2015 Paris Climate Conference (COP21), PEI and UN Women presented their working paper, “Empowering Women for Sustainable Energy Solutions to Address Climate Change.”

UN African Institute for Economic Development and Planning


Global Climate Change Alliance, UNDP ART GOLD and Global Environment Facility Small Grants Programme

PEI Mauritania worked with the Ministry of Environment and Sustainable Development, the local administration, UNDP ART GOLD (Articulating Territorial and Thematic Networks for Human Development) and the European Commission–funded Global Climate Change Alliance to prepare environmental profiles of two regions, Assaba and Brakna. These profiles provide relevant and updated information about the status of natural resources and linkages to livelihoods, gender and the local economy. The profiles conclude that the way poverty-environment issues are integrated into regional policies—as well as the institutional frameworks that govern implementation of such policies—can be improved to strengthen the alignment between regional and national-level policies. The Global Climate Change Alliance...
UNDP-UNEP PEI has committed EUR 1.6 million to a capacity-building programme for local planners based on the gaps identified in the environmental profiles to be implemented in 2016.

Building on engagement in the Brakna region, PEI Mauritania has also partnered with the Global Environment Facility Small Grants Programme (see page 35 for details). These are solid examples of the catalytic role of partnerships at the local level in increasing impact on the livelihoods of the poor.

**United Nations Capital Development Fund LoCAL Initiative**

PEI’s ongoing partnership with the United Nations Capital Development Fund has been enhanced to align with LoCAL in both Africa and Asia and the Pacific, where both initiatives have ongoing country projects. Their missions are synergistic and complementary, in that LoCAL awards grants and provides capacity building at the local level for climate change adaptation investments. In Mali, Mozambique and Tanzania, PEI and LoCAL have worked to integrate these investment options into local development plans. Earlier work in Bangladesh, Indonesia and Nepal revolved around aligning local climate change adaptation investments and poverty-environment mainstreaming into local development plans and budgets to increase impact. In PEI Nepal, support was provided to post-disaster green recovery planning and budgeting processes for district development committees through coordinated support and delivering UNEP expertise in post-disaster conflict management.

**Food and Agriculture Organization of the United Nations**

PEI Africa and FAO signed a UN interagency agreement in May 2015 to conduct a soil loss assessment in Malawi to inform the work of the national agriculture M&E working group to collect information for soil loss and nutrient use efficiency (see page 29).

**Oxford Poverty and Human Development Initiatives**

Building on past work by the UNDP Human Development Report Office in New York, GC-REAL and PEF have recently entered into a contract with OPHI to determine if its existing MPI methodology can be adapted to include environmental sustainability variables. Representatives from OPHI attended the PEI global retreat in March 2015; also during the past year, a concept note for the collaboration was finalized. The initiative builds on interest and work undertaken in several PEI countries and regions, as described on page 22.

**Wealth Accounting and Valuation of Ecosystem Services**

The Wealth Accounting and Valuation of Ecosystem Services (WAVES) World Bank-led global partnership joined the PEI Technical Advisory Group during the past year. In 2015, PEI explored closer collaboration with WAVES in Guatemala and Rwanda. The WAVES-PEI collaboration in Botswana meanwhile wound down, as PEI has moved from a full country programme towards technical assistance.
Monitoring and evaluation: revised indicators to reflect country demand

The transition from the PEI scale-up phase to PEI 2013–2017 shifted the emphasis of the initiative, and the M&E system was correspondingly adjusted to reflect these new demands. Indicators focusing on awareness raising and improved understanding of poverty-environment linkages—needed to make the case for poverty-environment mainstreaming and to integrate poverty-environment objectives in key planning frameworks—yielded to a new indicator set addressing implementation of poverty-environment objectives.

After piloting and review of the new indicators—including in the DFID annual review—PEF convened an M&E Working Group meeting to agree on a series of steps to validate the PEI 2013–2017 global indicators. Key among these were the following steps:

- Reformulate Outcome Indicators 1 and 2 and Output Indicators 2.2 and 2.3 to address different interpretations across countries/regions.
- Develop PEI indicator definition sheets for each indicator (outcome and output levels) by June 2015.
- Present a proposed reformulation and target revision for approval by the PEI Joint Management Board in the first quarter of 2016 and endorsement to the PEI Technical Advisory Group in 2016.

The PEI M&E Working Group has revised Outcome Indicators 1 and 2 to distinguish them from the related scale-up Indicators 7 and 8; for continuity, these continue to be tracked as part of the PEI data sheets. The group concluded that the current formulation and targets for Output Indicators 2.2 and 2.3 needed further validation in line with demand from PEI government counterparts; these were consequently revised. PEI promotes interregional exchanges through the M&E Working Group as the poverty-environment mainstreaming approach is adapted to specific national contexts. The reports of PEI M&E Working Group meetings provide detailed information about the work carried out between end 2014 and 2015 to this effect.

Agreed changes to the indicators were successfully piloted between June and December 2015. Individual PEI indicator definition sheets were developed to enhance a common understanding and ensure that application is streamlined consistently across countries and regions. These sheets will be updated as necessary and the final definition sheets included in the “Guidance Note on PEI’s Monitoring and Evaluation Framework 2014–2017” to be finalized in the second quarter of 2016. Baselines have been validated, and the M&E Working Group is currently discussing appropriate targets and milestones. These will be presented to the PEI Joint Management Board and Technical Advisory Group for approval and endorsement, respectively, by May 2016.
An exchange with the UN Programme on Reducing Emissions from Deforestation and Forest Degradation (UN-REDD) took place in the context of these indicator revisions, and it was found that the UN-REDD indicator definition sheets had been based on the PEI template. This collaboration will continue and might be extended to PAGE.
Lessons for the 2030 Agenda

With the launch of the 2030 Agenda, the case for poverty-environment mainstreaming is stronger than ever. As countries redouble their efforts to achieve inclusive, equitable, gender-sensitive and sustainable growth, major poverty-environment challenges persist. Achieving sustainable development in the face of depleted natural capital, climate vulnerability, gender inequality, rural-urban migration and rising resource demands has significant implications on the livelihoods of the poor, women and vulnerable groups. In this context, stakeholders have highlighted that PEI is the only development programme that can deliver country-level results through dedicated support for sustained poverty-environment mainstreaming. According to the independent evaluation of the PEI scale-up phase, national stakeholders—including government officials, non-governmental organizations and research institutions participating in PEI-supported activities—as well as donors and UNDP Country Office staff are universally positive about PEI. Across the board, stakeholders noted that PEI is fulfilling a unique role among development partners, providing analytical evidence on the importance of natural assets for sustained economic growth, poverty alleviation and equity; helping improve inter-sectoral coordination; and effecting the necessary policy changes to transform the prevailing situation in each country in which it operates.

According to the PEI scale-up evaluation, PEI has come a long way institutionally. It is increasingly being recognized as a best practice of UN agency collaboration, and an effective mechanism to deliver poverty-environment mainstreaming capacity development support to countries for SDG implementation. Programme countries appreciate having a single system for programming, financial management and reporting.

With respect to knowledge management, PEI has greatly refined its poverty-environment mainstreaming approaches and methodologies as new knowledge and experience have been gained. Its 2009 handbook for practitioners on mainstreaming poverty-environment linkages into development planning was revised, expanded and improved in 2015 to reflect new developments and contribute to the 2030 Agenda. Additionally, a large number of economic studies, environmental assessments and other reports are publicly available to practitioners and other through PEI activities, lessons have been learned about what brings about sustainability. Factors include:

- application of a consistent programmatic approach;
- country ownership;
- proven analytical tools;
- cross-ministerial institutional mechanisms;
- emphasis on the planning and budget process;
- joint UN programming;
- additional resource mobilization.
interested parties on the PEI website. PEI has also been active in promoting South-South exchanges and learning, as discussed elsewhere in this and previous reports.

During 2015, PEI conducted national consultations on the post–2015 process and adaptation of the SDGs to specific country contexts. These have already resulted in road maps in a number of countries. For example, in Kyrgyzstan under the leadership of the Ministry of Economy, a road map was presented at a broad stakeholder meeting led by the prime minister in December 2015. The framework for the SDGs is being institutionalized through an SDG Committee operating under the Prime Minister’s Office, making this inter-ministerial coordination mechanism both strong and visible. In Tajikistan, PEI has supported prioritization of the sustainable development agenda in the country’s long-term strategic development policy, including the new National Development Strategy 2016–2030 and the Mid-Term Development Plan 2016–2020 currently under approval. PEI’s influence in this regard is evidenced by the fact that the government has decided not to address environmental sustainability and gender in separate chapters as in previous years, but to include them as cross-cutting issues in relevant development areas and sectors.

According to the PEI scale-up evaluation:

PEI, with its localized work and experience is certainly well placed to help expedite meeting the SDGs. Indeed, there is evidence that it is already doing so in the countries where it is present: A preliminary assessment of PEI’s relevance to the SDGs in Lao PDR…shows that **PEI is substantially contributing to achieving 10 SDGs** (Goals 1, 2, 4, 5, 8, 10, 12, 15, 16 and 17) and moderately contributing to an additional four (Goals 3, 6, 9 and 13). Moreover, attaining certain SDG goals in Lao PDR such as Goal 4 on education is contingent upon increased FDI, which in turn would increase government revenue and household income. Overall PEI is contributing to meet 49 SDG targets in Lao PDR… In the view of many PEI is the only programme that is creating long-term institutional and individual capacities to operationalize the green economy and green growth concepts in low-income countries with a focus on poverty, inclusiveness and equality. It remains a central player in knowledge management concerning poverty-environment mainstreaming. According to PEP partners interviewed, PEI is perhaps the most important source of experience, evidence and analysis on poverty-environment mainstreaming in developing countries’ policy, planning and budgeting processes.

PEI is also **contributing to delivering an inclusive green economy**, emphasizing the social inclusion aspects of this agenda. At the **global level**, PEI took the lead in a strategic vision in collaboration with PAGE and UNEP Sustainable Consumption and Production which outlines the value added of each programme and areas of collaboration including joint work plans, staffing and division of labour. At the **regional and country levels**, diverse examples can be found of collaboration with green economy initiatives that support the development of mechanisms to implement green economy principles and provide capacity building on relevant conceptual frameworks, as well as of tools in line with the needs expressed by many developing countries. For example, building on initial efforts in Burkina Faso, PEI, PAGE, SWITCH Africa Green and UNEP’s Resource Efficiency team coordinated to elaborate a joint work plan and budget for 2015 to provide the national government focal point and
UNDP Country Office with a single coherent, coordinated programme of support. The joint programme focuses on integrating pro-poor environmental sustainability, inclusive green economy, and sustainable consumption and production in national development planning and implementation processes. Encouraged by the positive government feedback on this effort, PEI has identified other “win-win” synergies and collaborations with green economy initiatives through the UNDP-UNEP Green Economy Joint Programme in Kenya and Mozambique. PEI, together with UNDP Kenya and the Government of Kenya, commissioned a climate public expenditure and budget review that builds on Green Economy Joint Programme/UNDP Kenya/government work to put in place a climate change budget code in the system of national accounts. Through a similar partnership, the Government of Mozambique is revising its National Environment Statistics Strategy.

In Asia, PEI has promoted aspects of green growth in relation to quality investments as formulated in the Lao PDR Eighth National Socio-Economic Development Plan. Local communities are putting forward proposals in that regard. In Nepal, PEI is reinforcing support to post-disaster green recovery planning and budgeting processes for district development committees. It helped the Ministry of Local Development carry out a green development study in two districts to examine drivers of landslides and water scarcity, respectively, and to propose recommendations on viable projects to tackle the challenges guided by green development approaches. In Indonesia, PEI has supported green planning and budgeting approaches that have led to the establishment of the budget tagging system. In Mongolia, a strong collaboration between PEI and PAGE has resulted in the integration of poverty, environment and gender concerns in the action plan for the national green development policy, which was endorsed by the parliament in 2015. Joint training conducted with PAGE is improving the knowledge and understanding of planners and decision-makers in applying the Green Development Policy at the local level. The added value PEI brings to the effort is a focus on inclusive green development, providing detailed guidance on poverty assessment related to global SDGs and indicators, including on green jobs and impacts from extractive industries on local economic, environmental and social development.
In Latin America and the Caribbean, PEI joined the PAGE Regional Forum, bringing a similar added value in terms of poverty and inequality and identifying opportunities for collaboration in Peru. In Europe and the Commonwealth of Independent States, PEI has provided assistance to Armenia, assessing relevant gaps in policies and regulations to support that country’s transition to a green economy. Kyrgyzstan is one of PAGE’s 10 pilot countries in a scoping study on integrating poverty, environmental and economic concerns into national development planning. The study is fully funded by PAGE and implemented by PEI. Tajik officials participated in a three-day study tour in Kyrgyzstan to learn about green economy principles in the formulation of a country strategic framework.

The PEI scale-up evaluation team presented its main draft recommendations during the PEI global retreat in April 2015. The evaluation suggests PEI expand both geographically and thematically, and be upgraded PEI as a primary—but not exclusive—joint UNDP-UNEP delivery mechanism of capacity development support and technical assistance to help achieve the SDGs with a focus on inclusive, equitable, pro-poor, climate-proofed sustainable development, building on PEI’s poverty-environment mainstreaming agenda and modus operandi.

In line with this recommendation, and a request from the 2014 Donor Steering Group meeting, the PEF in April 2015 created a Sustainability Strategy Task Force, which included the PEI Co-Directors and one member from each regional team. The task force was mandated with elaborating a sustainability strategy, including scenarios for PEI beyond 2017. Based on this input, the PEF sent a draft strategy for comment by the Technical Advisory Group in May and by the participants of the Africa Regional Meeting in October. This sustainability strategy will be shared with the PEI Joint Management Board in 2016 and forwarded for discussion and endorsement by the Donor Steering Group in April 2016.

The sustainability strategy for PEI includes scenarios beyond 2017 that build on relevant PEI experiences as outlined in this report, especially the use of an integrated approach and of the UNDP-UNEP collaboration, in order to provide a coherent response to demands by Member States for support in SDG implementation.