



*Empowered lives.
Resilient nations.*

Discussion Paper

What drives institutions to adopt integrated development approaches?

The poverty-environment nexus and analysis of country evidence from the Poverty-Environment Initiative

In Partnership with United Nations Environment Programme

United Nations Development Programme

ENVIRONMENT AND ENERGY AND POVERTY REDUCTION



THE POVERTY-ENVIRONMENT NEXUS

Dear Colleagues,

In May 2009, the UNDP Evaluation Office conducted an evaluation of UNDP's Contribution to Environmental Management for Poverty Reduction: The Poverty-Environment Nexus. The evaluation builds from the widely recognized assertion that there is a profound connection between the poor and their reliance on environmental resources. Increasingly, the exacerbation of poverty and its multiple dimensions is resulting from a decline in environmental quality.

Findings from the evaluation highlighted that UNDP is highly aware of the importance of the poverty-environment nexus for sustainable development, but the "articulation of this awareness at all levels in the organization is uneven and somewhat haphazard." In this regard, the evaluation recommended that UNDP should learn from the lessons of the UNDP-UNEP Poverty Environment Initiative (PEI) as it represents good practice and serves as a model of how UNDP (programmatically), in partnership with other UN agencies, can integrate poverty and environmental priorities at the country level. In response to the evaluation and the recommendations of the Executive Board, UNDP is strengthening its efforts to more rigorously address the poverty-environment nexus.

The following report provides a foundation for these efforts and interestingly it shows that addressing the 'nexus' is not only about UNDP, but also about multiple institutions and their desire to bring change that will help to make human and sustainable development a central concern of development approaches.

UNDP brings its policy and programming approaches to support inclusive and green growth, which has at its core the poverty and environment nexus. The lessons contained in this report show that development contexts vary, institutional structures and capacities vary and therefore, supporting change is about multi-dimensional aspects of poverty, the environment and development policy planning.

However, while contexts vary the key lessons show that there are some principles which will help make institutions more capable to drive change towards more socially and environmentally inclusive outcomes. Most important is the need for continued long term engagement at the national level, working with central ministries and using complimentary approaches that link the economic and governance elements as high priority issues. For example, understanding and reducing the economic costs of unsustainable practices in natural resource sectors has policy and fiscal implications which will require engagement and coordination across a range of governance institutions.

In this year of Rio+20, the need for integrated solutions to development planning is seen as providing opportunities to make development more sustainable. The PEI has shown that there is potential to take the 'nexus' as a concept and make it a tangible development issue for national policy makers and in turn move towards improved policy implementation. We hope the lessons learnt in this report will be useful to UNDP colleagues and practitioners in other multi-lateral and bi-lateral agencies.

Olav Kjørven

Assistant Administrator and Director, Bureau for Development Policy
United Nations Development Programme

Background and context

The purpose of this briefing paper is to synthesize lessons learnt from the UNDP-UNEP Poverty Environment Initiative's (PEI) approach and its focus on promoting integrated approaches that enable the simultaneous achievement of poverty reduction and environmental improvement by strengthening the institutional framework for planning, policy-making, budgeting and reporting to deliver sustainable development. These lessons have important implications for UNDP on how it advances integrated approaches to sustainable development at the country level, driven by institutional changes that ultimately promote growth, equity and sustainability.

The PEI programmatic approach has been designed and redesigned with a view to incorporate findings related to policy formation, capacity development and good governance that promote integrated approaches. There is awareness that plans or procedures are not enough, that underlying political and bureaucratic motivations can promote or hinder change, that committed individuals with both power and interest are necessary and that the programme is dependent on an enabling environment. Furthermore, the PEI approach acknowledges that government and public opinion can change and that windows of opportunity may suddenly appear. Simultaneously, PEI strives to raise awareness, influence planning and budgets, and establish procedures that help institutionalize Poverty-Environment (PE) mainstreaming.

Drivers affecting integrated approaches at the country level

In order to understand what drives integrated approaches, it is important to understand what constrains them. Typical causes of environmental degradation in developing countries are market failures, weak institutions, low awareness of poverty-environment linkages, and lack of alternative livelihoods. Many problems occur when the interest for private profit competes with the interest for public wealth such as the fisherman's short-term incentive to fish that competes with society's long-term interest to maintain a sustainable fish stock. Weak governmental interest in environmental mainstreaming can be explained by the perception that the problems are secondary, solutions are not easily implemented and the people affected are marginalized. In addition, weak interest can also be the result of inadequate capacity to properly assess risks and opportunities, such as the failure to factor in social and economic implications of environmental degradation.



Photo: UN

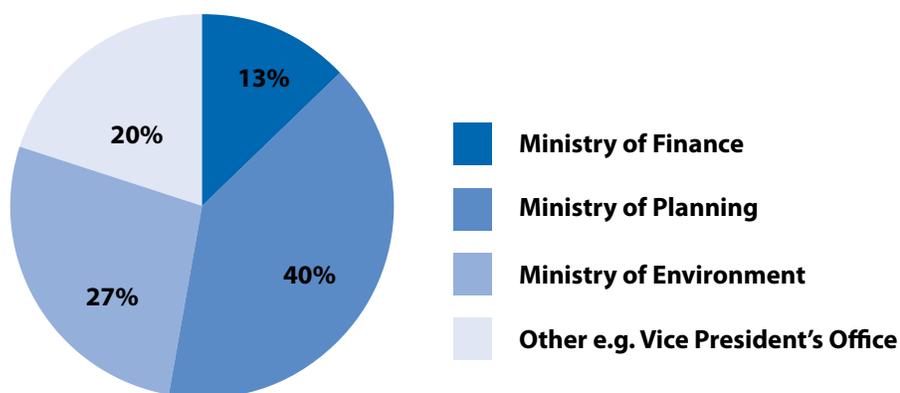
Policy makers typically respond to a problem when three criteria are met. First, the problem must be perceived as important enough to require action. Second, solutions must be seen as politically and bureaucratically feasible. And thirdly, a policy maker must be willing to engage in the change process. The policy context varies in different countries. In strong democracies, policy makers are generally sensitive to how large populations will respond to policy change. In less democratic countries, policy-makers are more sensitive to how strong interests groups, including government institutions, will respond.

Multilateral and bilateral agencies and banks, and OECD countries have attempted in various ways to stimulate the drivers for environmental management. Examples include financing environmental authorities, contributing to legislative frameworks, engaging in analytical work and making financing available through international multilateral agreements. Significant improvements in national capacity for environmental management have occurred such as the establishment of environmental authorities and legislative frameworks, as well as inclusion of environment as a cross-cutting theme in national development plans. However, while legislation, plans and established working procedures are necessary, they are not sufficient to establish conditions for successful mainstreaming. Implementation remains low in many countries.

The PEI approach to identifying the drivers of change

At the country level it has been found the Ministry of Planning is by far the most common host institution to promote PE mainstreaming activities. The organization of ministries differs and some countries have a joint ministry for finance and planning. Countries where PEI is hosted at the Ministry of Environment have been in the programme since the start, as this was originally the preferred set up.

Figure 1. Host institution of PEI in 15 countries¹



Drivers or underlying motivations for PE mainstreaming can refer to commitments made in policy documents, (e.g. Vision 2020, national development plans). Drivers can also come from pressing problems in the policy sphere, e.g. low agricultural productivity, or pressures from important stakeholders, e.g. energy intensive industry, donors or civil society. Often the drivers are either environment- or poverty- focused.

PEI makes use of various approaches to identify the underlying drivers and motivations for government to undertake PE mainstreaming. Key activities include preparation of the programme document, institutional analysis and working together in policy or planning processes.

Preparation of the programme document

Programme development requires close consultations with key ministries both individually and in groups. This provides opportunities to bring international and national experiences into the discussions and for stakeholders to share information, learn and negotiate on priorities for the programme. The programme preparation is usually accompanied by a scoping process that will often identify the key PE related development drivers.

¹ The following countries were used as case studies for this paper: Bangladesh, Bhutan, Burkina Faso, Kenya, Kyrgyzstan, Lao PDR, Malawi, Mali, Mauritania, Mozambique, Rwanda, Tajikistan, Tanzania, Uganda and Uruguay.

Case study 1. Mozambique – Mainstreaming cross-cutting issues in planning

About: An instrument for mainstreaming cross cutting issues² in national and provincial planning. All ministries are required by the Ministry of Planning and Development (MPD) to integrate cross cutting issues in the annual social and economic plan and a mainstreaming matrix has been developed to facilitate reporting. This is expected to lead to increased cross sector discussions on mainstreaming, which allows for awareness raising and learning between sectors.

Drivers: The Ministry for Planning and Development is responsible for the planning process and has the mandate to follow up on mainstreaming activities. The use of one tool for mainstreaming of several cross cutting issues can increase efficiency and meet greater acceptance from implementing ministries.

Process: The idea evolved in an informal meeting between Ministry of Planning and Development (MPD), the Ministry of Coordination of Environmental Affairs (MICOA) and PEI staff in 2009. PEI provided technical support to MPD technicians working on cross cutting issues to develop the tool. MPD has consulted internally and with sectors to improve the concept, and various training sessions have taken place to launch the instrument/matrix. PEI contributed to the development of training materials and also supported training in three provinces: Cabo Delgado, Zambezia and Gaza.

Mainstreaming cross-cutting issues became part of the regular planning process in 2011. However, far from all Ministries are reportedly using the matrix. Some lack of clarity remains in terms of relative responsibilities between MPD, cross-cutting ministries and implementing ministries. The capacity of cross cutting ministries to monitor mainstreaming in sectors is relatively weak, which may partly explain the gaps in implementation of the tool. Incentives for sector ministries to report on mainstreaming activities are insufficient.

Next steps: To improve the use of the mainstreaming instrument, MPD and PEI in collaboration with UNDP are currently working on a manual for mainstreaming cross cutting issues. MPD has also proposed to discuss the mainstreaming tool at the upcoming evaluation workshop that is held every year to learn from the planning process.

Lessons learned: Implementation is modest though reporting on mainstreaming of cross cutting issues is required, and the powerful Ministry of Planning and Development actively promotes the instrument. It takes time to introduce new procedures. Other possible explanations include unclear mandates between implementing ministries, cross-cutting ministries and MPD, weak political pressure on ministries to report on progress and weak ownership from the side of cross cutting ministries. Having the procedures in place is insufficient when institutional capacity is weak and political incentives are low. But improving them bit-by-bit can facilitate actions to reduce administrative lack of clarity and provide civil society and other constituencies advocating for cross cutting issues a tool for holding government accountable. Yet MICOA, the environmental ministry, is said to have managed to raise new funds for environmental sector related activities by referring to the matrix.

² Cross-cutting issues are gender, food security and nutrition, environment, rural development, natural disasters, demining, science and technology, and HIV/AIDS.

Institutional analysis

Institutional analysis includes mapping of the institutional context, stakeholders, responsibilities, legal frameworks, policies and plans of importance for PE mainstreaming. The analysis is government-led and generates cross-ministerial consultations at the technical level that stimulate dialogue and learning, helping to reveal the underlying drivers. It contributes to a common understanding of legal provisions, relevant objectives, and roles and responsibilities of various stakeholders.

Working together in policy and planning processes

PEI participates in various policy and planning processes at national, subnational and sector levels. Being part of sector working groups or subnational planning teams on a regular or ad hoc basis creates opportunities for consultations, information sharing and building trust. Financing and contributing to analytical studies connected to specific planning or policy processes allows for PEI to work together with government and its partners and learn about priorities and drivers.

Lessons learned

The PEI experience suggests that linking PE mainstreaming to high priority policy issues like economic growth, job creation or poverty reduction is the preferred strategy. These higher level policy objectives

like economic development and job creation are better anchored in national development plans and in the policy sphere. It is typically through key sectors like agriculture and energy where the strongest links between PE mainstreaming and high priority issues like economic growth exist. However, there are other drivers such as climate change, natural resources management and safeguards on FDI inflows. Identifying organizational counterparts and individuals is therefore also part of the identification process in PEI activities.

PEI has recognized the need for greater attention to the political economy - Institutional analysis does not sufficiently encompass political economy issues e.g. identification of winners and losers in the current state or attitudes to reform. These are sensitive issues that may not be feasible to include fully in the analysis. Understanding these can help improve programme focus and activities.



Photo: UNDP

The PEI approach to strengthening the drivers of change

Strengthening the drivers is largely done through the use of various tools, such as expenditure reviews. This is more effective by increasing the capacity within government to understand and assess opportunities for PE mainstreaming. Raising awareness and capacity outside of government is another compatible approach.

Strengthening drivers from within government

To raise awareness and strengthen government drivers for PE mainstreaming, PEI contributes financially and technically to analytical work, promotes cross government working groups and participates in planning and policy processes where national and international experiences are brought into the discussions.

INTEGRATED DEVELOPMENT APPROACHES

PEI places emphasis on making the economic case for integrated policy, focusing on pertinent issues that are relevant for poverty-environment outcomes, for which there is a genuine interest and that are linked to an ongoing policy process. In almost all countries the PEI is at some level involved in the monitoring of PE outcomes of policy implementation.

Strengthening drivers outside of government

To a lesser extent, PEI also targets stakeholders outside of government in order to raise awareness and demand for PE mainstreaming, but also to listen to their views. This is done by making PE information broadly accessible, for example awareness through meetings with stakeholders like parliamentarians and donors. Other outreach activities include training journalists producing policy briefs, and stimulating media coverage via press releases.

Lessons learned

Analytic work that focuses on relevant ministries results in a greater willingness to work together, share and learn.

Focusing on their areas of interest and seeking to improve outcomes by integrating PE issues is a motivating factor. A strong driver occurs where sector ministries see that PE mainstreaming can realistically motivate higher budget allocation for their ministry. Framing and discussing poverty-environment aspects in terms of how these issues impact policy objectives like economic growth, food security or job creation has several benefits. It generates more interest and can help reduce many negative perceptions of environment sustainability as largely being a constraint to development driven by international interests.

Economic evidence can help attract the interest of policy makers. Nevertheless, political and bureaucratic aspects are often more important than economic efficiency. Those who stand to lose from a policy reform are generally likely to raise their voices even more than those who would benefit.

A stronger tax base might have to wait

Fiscal reforms generally meet strong resistance in countries across the world. Introduction of environmentally-related fiscal reforms or other types of economic policy instruments face similar challenges. Ensuring proper pricing and collection of natural resource rents and taxing negative environmental actions, e.g. taxing emissions can generate much needed fiscal revenues, a high government priority in PEI countries. PEI has therefore undertaken studies on environmental fiscal reforms in several countries. So far, the political interest on introducing such reforms has been low. PEI needs to balance analysis that can help broaden the horizon of policy options in the longer term with analysis and solutions that are politically and bureaucratically implementable in the shorter term.

It takes time to build trust. The ability to participate persistently in processes and meet with people over time is important if new ideas and perspectives are to gain ground. PEI has mainly worked with strengthening ministerial drivers for PE mainstreaming. An enabling environment such as informed public and good governance could significantly improve outcomes. Transparent reporting on PE indicators allows for government and non-government stakeholders to hold ministries to account.

Case study 2. Nepal Climate Public Institutional Expenditure Review (CPIER) 2011

About: A review of the financial management systems, institutional arrangements and policy directives for allocating and spending related to climate change. The study helps to answer key questions: What is the baseline for climate change expenditures? How can national coordination on climate change be strengthened? How can the monitoring system be improved? This is probably the first finalized climate expenditure review in the world.

Drivers: Nepal is vulnerable to climate change. The international debate on climate change and carbon finance has created an interest, not least within the National Planning Commission, to attract carbon finance. Tracking expenditures and strengthening systems are important steps for identifying investment gaps and attracting carbon finance.

Process: PEI responded to Government interest. Through UNDP, PEI was also able to access financial resources dedicated for cross practice work. PEI worked with staff from the UNDP governance and environment teams, undertook joint missions and drafted ToRs together with national counterparts. International experts on expenditure tracking worked together with national experts from the planning commission and various ministries. UNDP and PEI provided technical support. When the report was finalized in November 2011 a decision was made to establish a Climate Finance Working Group. The working group is coordinated by the National Planning Commission and also includes the Ministry of Finance, Ministry of Environment, Ministry of Forestry and Soil Conservation, and Ministry of Local Development. PEI's advisor in the National Planning Commission is providing logistical backup to the team.

Next steps: In March 2012 a decision was made to use budget codes for climate expenditures in this year's budget. PEI has been requested to organize a training session for planning officers within ministries on this budget coding.

The approach has been a novelty and attracted a lot of attention from countries and organizations. PEI has undertaken a similar CPEIR in Bangladesh. UNDP has been requested to help undertake CPIERs in Cambodia, Indonesia, Thailand and Samoa. UNEP is sharing the results with its networks of climate negotiators. DFID is funding similar studies in three African countries. OECD, World Bank, EC, and Asian Development Bank are other interested partners. The World Bank Poverty reduction and economic management network (PREM) is now producing a source-book on climate expenditure reviews together with UNDP and others.

Lessons learned: Working across UNDP practice areas can increase efficiency and improve outcomes. Access to PEI's funds is important to make this happen. Incentives for cross practice work are important and PEI provides a useful platform. Prospects for attracting carbon finance is a strong driver for government to invest time and resources in analyzing expenditures, institutional issues and in identifying and implementing improvements. PEI benefited from its extensive experience in working on public expenditure reviews and substantial investment in consultants, local capacity and UNDP staff was necessary. There may be opportunities for UN agencies to influence international standards for expenditure tracking which could reduce transaction costs when the approach is picked up by other countries.

Tools to strengthen integrated approaches

PEI has developed and tested a number of tools that serve various purposes. Given PEI's focus on working with Ministries of Finance and Planning and the objective of influencing budgets and plans, economic assessments in various forms have been heavily promoted and are included in many of the tools.

Beyond generating findings, work on the respective tools is seen as an important process to stimulate cross-ministerial collaboration and networks between academia, think-tanks, research institutes and ministries. The tools may also be used to contribute to greater coordination across government. There has been growing interest in undertaking various sorts of expenditure reviews (environment or climate) and several countries have developed manuals for integration of environment in budget frameworks.

Popular tools for PE mainstreaming (share of country application)

<p><i>Integrated ecosystem assessment</i></p> <p><u>Purpose:</u> Help to inform decisions by showing the connection between people and ecosystems by highlighting trade-offs between decision options.</p>	40%
<p><i>Economic analysis</i></p> <p><u>Purpose:</u> Broad term for various studies either to raise awareness or to inform specific policies, investments. Examples include assessments of the contribution of environment and natural resources to economic growth and poverty reduction, costs of environmental degradation, cost benefit analysis of investments in rural roads, charcoal production, etc.</p>	67%
<p><i>Public environmental expenditure reviews</i></p> <p><u>Purpose:</u> Identify sources of funding and government expenditures for environment and/or climate purposes. It may also include analysis of the gap between needs and expenditures and institutional assessment.</p>	53%

Lessons learned

A toolbox can simplify PE mainstreaming, as it helps to make critical elements of PE mainstreaming more concrete, and is supported by handbooks, guidance and lessons learned from other countries. PEI has created a valuable knowledge platform that is used both within and outside the programme.

Government ownership and understanding is key and to ensure ownership, it is important that the tools are adapted to country needs and that government participates fully in each phase of the work. It is important that the choice of tools is not supply driven and that government counterparts are well informed of the pros and cons of various tools.

Economic arguments are useful and the chances of having a short-term influence are highest if tools that resonate with current thinking and language are used, such as cost benefit analysis. There has been a slight shift from very broad economic assessments at the national level aimed at raising awareness on poverty-environment linkages by showing the cost of environmental degradation on agricultural production, public health, etc. towards more targeted studies at the sector level connected to specific policy or investment processes. Possible explanations include a reduced need for general awareness-raising in some countries and a sense that it is easier to influence and engage with ministries around more concrete issues at sector or district level.

Expenditure reviews are powerful instruments by which to establish a baseline of expenditures, allowing for both comparisons with estimated needs for investments in natural capital and for tracking expenditures over time. Various sources of funding are identified. Drawing on PEI experiences from Public Environmental Expenditure Reviews to develop climate change expenditures reviews has achieved multiple objectives nationally and internationally. At the national level it has contributed to providing the infrastructure to attract climate financing, establishing baselines, identifying financing gaps and strengthening ties between Ministries of Finance and Environment.

Findings and recommendations of analytical work must inform relevant policy processes and should be broadly disseminated. This can take various forms including involvement in planning processes, face-to-face meetings with key target groups, or communication with media. It is often necessary to follow up, over time, on how recommendations are acted on and how commitments have been transformed into action. PEI can be a very useful platform for tools and approaches by connecting them to both central and district level planning processes and increasing the chances of informing policy processes.

Context and credibility matters, not necessarily technical quality. Academic rigor between different PEI documents varies and demonstrates the need to strike a balance between time/resources and academic quality. It is important to have a credible team that applies appropriate tools and relevant data, and to have an open discussion on how to strike a balance between time, resources and the desired technical quality given how the information will be used.

Institutionalizing integrated approaches through capacity

UNDP defines capacity as “the ability of individuals, institutions, and societies to perform functions, solve problems, and set and achieve objectives in a sustainable manner.” It achieves this by addressing capacity development at three levels; the enabling environment, the organizational and individual capacity.

Strengthening the enabling environment

The enabling environment for PE mainstreaming refers to the policy, legal, regulatory, economic and social support systems. It is determined by international regimes, national laws, rule of law, accountability, transparency and information flows.³ A good understanding of the enabling environment is a critical input to the design of PEI programmes. PEI is working both directly and indirectly to promote an enabling environment for PE mainstreaming.

Direct contributions to a better enabling environment

Influencing overarching planning and policy processes is integrated into the PEI programmatic approach. Influence at this level creates an enabling environment for further mainstreaming activities. PEI actively participates in key sector working groups and other relevant forums where information generated from various analytical studies can be used.

PEI has engaged with civil society to various extents. Academia is generally brought into the programme, not least to help undertake analytical studies and as a way to strengthen linkages between academia and the policy sphere. Stimulating networks and exchange of information between various groups are essential building blocks for creating a stronger environmental constituency at national level. It is also a way to learn and inform decision-making.

Media can be used to help increase public awareness on PE linkages, costs of inaction and the benefits of action towards sustainable management of natural capital and ecosystem services. Activity at the country level varies and the number of reported press articles per year is typically between one to three articles.

³ OECD 2011



Photo: UNDP

Indirect contributions to an enabling environment

By promoting transparency in its operations, PEI can increase the chances for parliamentary debates and for civil society groups to follow up on progress. In practice, donors can be an important and vocal user of PEI generated information. Transparency can help to ensure that analytical reports, including recommendations, are broadly accessible. Institutional analysis highlighting administrative overlaps or economic studies that reveal winners and losers of a policy change can ignite debate and broader awareness in society. Last but not least, monitoring frameworks can be a powerful tool. PEI therefore supports monitoring capacity that creates openings to measure progress and debate shortcomings.

Lessons learned

Long term perspectives need to be considered. A good understanding of PE linkages in society, government accountability, and the implementation and enforcement of laws and regulations increases the prospects for PE mainstreaming. This is rarely the case in PEI countries, thus calling for a long-term perspective and the need for being selective when defining PEI's competitive niche in a given country.

The PEI approach contributes to a better enabling environment. With its focus on linking the poverty-environment nexus to highly prioritized policy goals, sharing information broadly, and influencing policies and budgets contributes to a better enabling environment.

Transparency of analytical work, involvement of different stakeholders and specific attention to monitoring capacity are powerful elements that help ensure access to relevant information. Helping to make the connection between information generated, ongoing policy processes or specific stakeholder interests can increase the chances of uptake in society. Engaging with media and civil society organizations, local government, etc., takes time and must be balanced against other programme components.

Case study 3. Malawi, stimulating awareness-raising through media engagement

About: *Enhancing outreach of analytical findings and stimulating debate on poverty-environment linkages through organizing press events with press releases and contributing to a national strategy for environment and climate change.*

Drivers: *The objective is to increase awareness of costs and benefits of current management of Malawi's natural resources. Broader societal awareness can stimulate debate and create space for political action and behavioral change.*

Process: *Journalists are regularly informed when PEI supported analytical reports are available. This has generated headlines and opinion articles in several papers such as the Daily Times "Malawi loses K27 billion in natural resources" and the Nation "Let's be positive on findings on poverty, environment." Furthermore in 2011 PEI supported a government led workshop to inform journalists on poverty-environment linkages and the findings of an economic study. PEI has also contributed to the development of a national environment and climate change communication strategy for the government. In the strategy media is seen as one of several key actors for raising knowledge about environment and climate change.*

Next steps: *The national environmental and climate change communication strategy is in a final stage and is expected to be approved in 2012.*

Lessons learned: *Interaction with media is crucial to increase coverage on poverty-environment linkages and for reaching out to the population. The workshop for journalists had a direct impact on the number of press articles and is believed to have contributed to the development of programmes on poverty and environment in both local TV and radio. The Association of Environment Journalists in Malawi is an important network with particular interest in poverty-environment issues. Media coverage has triggered debate and activity among members of parliament. Economic numbers, such as costs of environmental degradation being equivalent to 5.3% of GDP, are often picked up by the media and are sometimes referred to by various stakeholders long after the launch of the report.*

The PEI approach to strengthen organizational capacity

Weak organizational capacity constrains opportunities for PE mainstreaming. Organizational capacity refers to structures, functions and systems leading to the ability to plan, budget, implement and monitor PE mainstreaming. It also includes aspects like retaining staff and having a resource envelope for PE mainstreaming.

PEI supports organizational capacity for PE mainstreaming by strengthening existing methods for policy analysis, planning, coordination, budgeting, monitoring and follow up. Existing methods can refer to national or subnational planning processes, budgeting processes and government follow up systems often undertaken by statistical bureaus.



Photo: PEI Bangladesh

A clear objective for PEI is to increase the resource envelope for ministries to integrate aspects related to poverty-environment into their work. Expenditure reviews and economic assessments can help influence the budget allocation for PE purposes. This work is complemented with the development of governmental procedures like budget guidelines or instructions for how mainstreaming should be included in the planning process in various sectors. In addition, PEI has also contributed to developing training materials to help launch new practices.

Lessons learned

Working with and through existing Government-led systems, procedures, coordination functions and networks is a core focus. Planning processes at the subnational level has provided better opportunities for mainstreaming than at the national level.

In some countries, PEI has contributed to increasing the budget envelope for poverty-environment expenditures. In general there are several combining factors in play when allocations are decided. **Having a strategy for increasing understanding of the linkages between PE outcomes, economic growth, etc., among decision makers can increase the likelihood of higher expenditures.** But establishing new procedures takes time, and unless the incentives for complying with the procedures are sufficient, reporting and influence may be limited.

There is a need for long term engagement in the entire monitoring and reporting cycle, including institutional capacity development involving the national bureau of statistics and agencies responsible for data provision. Providing relatively long term access to an international network of experts on PE mainstreaming has been an important element of strengthening the capacity of coordinating ministries. Expertise can be drawn from PEI regional advisors and through South-South cooperation with government officials in other PEI countries.

Case study 4. Tanzania – transparent monitoring of poverty-environment indicators

About: Persistent support to integrated monitoring of poverty-environment indicators. The National Strategy for Growth and Poverty Reduction (MKUKUTA) in 2005 successfully integrated environmental sustainability targets and indicators. Poverty-environment indicators were later identified and integrated in the national monitoring system, available at Tanzania's web-based socio-economic database, and were then further updated.

Drivers: The goal was to facilitate national MDG monitoring in one single system to contribute better informed decision-making and provide access to information to government, members of parliament, the NGO/CSO community and the media.

Process: PEI has supported the Government of Tanzania at various stages. This support started with the integration of environmental sustainability targets and indicators in MKUKUTA I, followed by a comprehensive study on poverty-environment indicators together with the Vice President's Office. The findings led to the incorporation of 10 indicators in the national monitoring system. PEI has since worked with the National Bureau of Statistics in 2009-2010 to incorporate PE indicators in Tanzania's socio economic database (www.tsed.org) including a statistics module on environment. The new, proposed MKUKUTA II monitoring framework includes nine indicators related to poverty and environment. See examples in Box. All data is yet to be available in the online database. Capacity to coordinate and ensure proper collection of requested data has been lacking and PEI has supported capacity development within the National Bureau of Statistics and relevant institutions providing information.

Lessons learned: There is a need for long term engagement in the entire monitoring and reporting cycle from institutional capacity development support to the coordination and reporting of data. This refers both to the National Bureau of Statistics, which has an overall mandate for ensuring data availability and access, as well as institutions and agencies responsible for reporting. This remains an area for attention and capacity development. When selecting indicators it may be advisable to avoid complex indicators that are not regularly collected for other purposes.

Examples of proposed PE Indicators in Tanzania

- Percentage of households in rural and urban areas using fuel wood (including charcoal), gas, solar and electricity as their main source of energy
- Number of projects with Environmental Impact Assessment certificates and Environmental Audit certificates
- Percentage increase in tonnes of solid waste collected in urban areas
- Percentage increase of communities in participatory forest and wildlife management regimes
- Percentage of villages with land use plans

The PEI approach to strengthen individual capacity

Individual capacity relates to technical and managerial competencies as well as the ability to build relationships, trust and legitimacy. PEI support to capacity at the individual level involves on-the-job training, mentoring, workshops, and study tours in country and abroad. PEI particularly focuses on the host institution and to a lesser degree on other key ministries. PEI has a strategy to identify and support key individuals, often called champions, who can act as advocates for PE mainstreaming over time. It is critical to have champions who combine influence with more operational presence and with whom PEI can engage more frequently. Champions are often found at the director level, and ideally there are several champions to reduce risks associated with staff turnover. PEI also identifies 'champions' outside of the programme with influence on PE mainstreaming at the national or local level. Examples include members of parliament, donor representatives, UN Resident Coordinators and civil society organization leaders.

On-the-job training is a key strategy for developing capacity, e.g. when government officials are working together with technical experts and other parts of government. This is often linked to the analytical work and can include short training on economic valuation that is needed for the studies.



Photo: George Bouma

Lessons learned

The identification of individuals with power and interest to promote PE mainstreaming is important. Although the political level is very important, little progress can be made without the support of dedicated people at the director level who, in turn, can motivate others to adopt new ideas. Donor representatives, parliamentarians or academics may be influential and are therefore consulted and kept informed about ongoing studies, findings, etc. Seeking the advice of champions is a good way for PEI to both learn and stimulate further engagement in the programme.

PEI finds that expanding the networks of government officials and others working on PE mainstreaming is a useful means to stimulate change. This is done through various kinds of learning-by-doing when different stakeholders from government, academia and international experts work together. The technical support of PEI regional advisors is also well appreciated. South-South collaboration among different PEI countries is dominated by telephone calls and email exchanges. Study tours and regional workshops on specific themes are important complements to learn from experience, build networks, and provide a source of inspiration.

Conclusion and implications for UNDP

In recent years, green growth and the green economy have gained importance in global policy debate. They point to the importance of adjusting growth models and using economic systems to steer our economies in a more sustainable direction. In parallel, climate change has evolved as an important development issue with uneven impacts on people, economies and ecosystems, and with calls for adaptation, mitigation, technology transfer and carbon finance. Combined, these trends can be expected to strengthen the drivers for PE mainstreaming at country level and for developing capacity to tackle the challenges.

This is a long-term process and requires substantial support from the political level as well as champions at the operational level, who are willing and able to drive change.

While designed to contribute to a more enabling environment for PE mainstreaming, the programme is in itself dependent on its environment, which is shaped by the quality of legal frameworks; awareness of PE linkages; and the capacity of government administration, civil society, media and the judiciary. This means that efforts to influence national planning processes or establish better procedures for PE mainstreaming in budget processes may have limited impact due to contextual factors such as insufficient political interest.

The lessons from PEI can be relevant for many ongoing and future UNDP programmes. In addition to sharing these lessons within UNDP, the following recommendations are suggested.⁴

Promote cross-practice work from headquarters to the country level

Work on the poverty-environment nexus and development planning can be significantly improved through cross-practice work. UNDP could further contribute to success in PE mainstreaming in both PEI and non-PEI countries if programmes on democratic governance, poverty, capacity development, environment and energy and women's empowerment are better synchronized. This requires closer collaboration with Regional Bureaus and integrated approaches at the global, regional and country levels. At all levels, it is critical to have budgets for cross-practice work, and that staff performance assessments reward cross practice work. For national contexts, greater understanding of the political landscape, including winners and losers of the current situation, could help improve results.

Provide opportunities for a long term engagement in PE mainstreaming

Developing capacity for PE mainstreaming in national, subnational and sector planning, and its implementation takes time, and programmes and projects need to be designed with this in mind. Continued engagement for PE mainstreaming is important, and specific programmes like PEI can have a positive influence not only directly at country level but also indirectly through influencing the procedures and operations at UN agency level.

Stimulate national drivers by working closely with ministries of finance and planning

PEI has unique experiences from working with coordinating ministries. This capacity is likely to become even more important for managing both environment and climate change risks and opportunities. Experiences from work on expenditure reviews and budgeting processes should be closely followed and replicated. Working with the Ministry of Finance can also create opportunities for dialogue on strengthening the tax base through proper pricing and collection of natural resources

⁴ These recommendations are summarized from a UNDP workshop held in New York on April 12 2012.

INTEGRATED DEVELOPMENT APPROACHES

rents and elimination of general subsidies for energy, electricity and water. Although challenging and often requiring compensatory measures to vulnerable groups, these measures can help strengthen government budgets, reduce corruption, and overharvesting of natural resources, and improve domestic accountability mechanisms.

Improve use of the PEI knowledge platform and poverty-environment nexus work

Knowledge appears to be broadly shared within the PEI network and there are several examples where UNEP and UNDP have used tools and approaches from PEI. By facilitating more direct access to UNDP and UNEP staff, this asset could be used more effectively. Not least, UNDP Regional Service Centers should be equipped with case studies and tools that can be communicated to UNDP Country Offices. The establishment of advisory groups at the regional and country levels to guide and promote poverty-environment nexus work could also be considered.

Be tangible, avoid speaking of PE mainstreaming when possible

PE mainstreaming is a vague term to most people. In most instances, it is therefore preferable to use direct language and discuss what PE means in specific sectors or situations. In the agricultural sector for instance, PE is about issues such as who has access to land and water, how these resources are managed and priced, who is impacted by downstream effects – issues related to ensuring that environmental and poverty aspects are properly considered.

Complementary approaches are needed

PEI largely focuses on linking PE mainstreaming to high priority issues like economic growth and agricultural productivity, and on working closely with powerful coordinating and sector ministries strengthening their capacity and informing decisions. But without complementary efforts to promote good governance more broadly, progress on PE mainstreaming is likely to be inadequate. Therefore, complementary approaches that help support an enabling environment outside of central government are also needed.

References

- Acemoglu, D, Robinson, J.A., 2008. "Persistence of Power, Elites, and Institutions." *American Economic Review*, 98(1): 267–93. DOI:10.1257/aer.98.1.267.
- Bass, S, and Renard, Y., 2009, Evaluation of the UNDP-UNEP Poverty-Environment Initiative (PEI) Partnership with Norway 2004-2008, A report to the Norwegian Ministry of Foreign Affairs, IIED.
- Bird, N. and Petkova, N. (2008), Public environmental expenditure within multi-year budgetary frameworks: Preliminary findings, OECD, Overseas Development Institute, London.
- Court, J. And Young, J., (2004) Bridging Research and Policy in International Development - An Analytical and Practical Framework, Research and Policy in Development Programme Briefing Paper No 1, October 2004, Overseas Development Institute, London.
- Dalal-Clayton, B., Bass, S., 2009, The challenges of environmental mainstreaming, IIED.
- Delmas, M.A. and O.R. Young, 2009. *Governance of the Environment: New perspectives*. Cambridge University Press, Leiden.
- Drakenberg, O. et al, 2009, Greening development planning – a review of country case studies for making the economic case for improved management of environment and natural resources, OECD Environment Working Paper No 5.
- Henninger, Norbert, 2008, Evaluation of pilot ecosystem assessments in Rwanda, Tanzania and Uganda, World Resources Institute.
- Grindle, M.S. and Thomas, J.W. (1989), Policy makers, policy choices, and policy outcomes: The political economy of reform in developing countries, *Policy Science* Vol. 22, pp. 213-248.
- Jones, Harry, 2012, Promoting evidence-based decision-making in development agencies, Background note, Overseas Development Institute, London.
- Kingdon JW. 1984. *Agendas, alternatives and public policies*. Little, Brown: Boston.
- Lawson, A. and Bird, N. (2008), Government institutions, public expenditure and the role of development partners: meeting the new challenges of the environmental sector, Overseas Development Institute, London.
- Mathur, Vikrom, 2011, Knowledge and the Poverty-Environment debates: a review of narratives and literature and its relevance for development programming, SEI.
- OECD, 2009, *Assessing environmental management capacity – towards a common reference framework*, OECD, Paris.
- OECD, 2011, *Greening development: Enhancing the capacity for environmental management and governance*.
- PEM consult, 2011, *Mid-term review of the UNDP-UNEP Poverty-Environment Initiative (PEI) Scale-up*.
- Steele, P. and Tsering, D., Forthcoming, *A green economy that takes into account the environment, climate change, and the Millennium Development Goals: Lessons from UN support to Government*, ADB UNDP, Oxford Press.

INTEGRATED DEVELOPMENT APPROACHES

Turnpenny, John, Måns Nilsson, Duncan Russel, Andrew Jordan, Julia Hertin, and BjörnNykvist. 2008. Why Is Integrating Policy Assessment So Hard? A Comparative Analysis of the Institutional Capacities and Constraints. *Journal of Environmental Planning and Management*, 51 (6): 759–75.

UNDP Evaluation Office, 2010, Evaluation of UNDP contribution to environmental management for poverty reduction: the povertyenvironment nexus.

UNDP, DP/2011/21 Decisions adopted by the Executive Board at its first regular session 2011.

UNDP, 2012, workshop proceedings – learning from PEI: UNDP and the Poverty-Environment Nexus, April 12, unpublished.

UNEP, 2010, UNDP's input to the EMG compendium for the ministerial IEG process, Compendium of views on broader reform of international environmental governance from members of the Environment Management Group.

Weiss, C. (1977), Research for Policy's Sake: The Enlightenment Function of Social Science Research, *Policy Analysis*, 3 (4): 531-545.

World Bank, University of Gothenburg, Swedish University of Agricultural Sciences and Netherlands Commission for Environmental Assessment. 2011. Strategic Environmental Assessment in Policy and Sector Reform: Conceptual Model and Operational Guidance. Environment and Development. Washington, DC: World Bank.

World Bank (2005a), Integrating Environmental Considerations in Policy Formulation: Lessons from Policy-Based SEA Experience, Report No 32783, Environment Department, the World Bank, Washington DC.



*Empowered lives.
Resilient nations.*

For more information: www.undp.org
United Nations Development Programme
One United Nations Plaza • New York, NY 10017 USA

COVER: PEI Lao PDR

Acknowledgements: The basis of this discussion paper has been prepared by Olof Drakenberg, University of Gothenburg. This final paper has been prepared by George Bouma of the Environment and Energy Group and Usman Iftikhar of the Poverty Group. The support of UNDP staff is acknowledged, including Koen Toonen, Alex Forbes and Nicole Igloi. In addition, the inputs from the PEI Africa, Asia and ECIS regional teams have been invaluable in this study. The review team consisting of David Smith, UNEP, Ruud Jansen, UNDP Botswana, and Jan Rijpma, UNDP Malawi, is also acknowledged as is the valuable contributions by UNDP colleagues at Headquarters. Designer: Rebecca Buttrose.

Contact Information: George Bouma, Policy Advisor; george.bouma@undp.org

Disclaimer: The views expressed in this paper are those of the authors and do not necessarily represent those of UNDP, the United Nations or its Member States.

JUNE 2012