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.

PEI is funded by the Governments of Belgium, Denmark, Germany, Ireland, Norway, Spain, Sweden, the United Kingdom, the United States, and the European Commission and with core funding of UNDP and UNEP.

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Writer and project coordinator: Therese Niyondiko, with guidance from George Bouma and Isabell Kempf
Edited and designed by: Nita Congress

Cover photo: Tajik farmer guides donkey-pulled cart loaded with a maize harvest (© Vasily Maximov/FAO).

All $ referred to in this publication are US$, unless otherwise specified. The term ‘billion’ in this report means a thousand million.

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PEI ANNUAL PROGRESS REPORT 2013

UNDP-UNEP Poverty-Environment Initiative
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Governments are increasingly addressing the implementation challenges of sustainable development and climate change. Many recognize that the links between poverty reduction and environmental sustainability are fundamentally important. While the Millennium Development Goal on poverty reduction may be achieved, absolute poverty worldwide currently stands at around 1.2 billion people—70 percent of whom depend on natural resources for all or part of their livelihoods, according to the Green Economy Coalition. The number of chronically undernourished people has risen steadily, and the Food and Agriculture Organization of the United Nations estimated this population at 925 million in 2010. Furthermore, even as we realize our planetary boundaries are being reached, environmental sustainability goals are persistently underachieved in many countries and the resilience of life-supporting ecosystems is being increasingly tested.

Technical solutions to environmental and development problems are in themselves insufficient to address the means of implementation. Well-functioning institutions, governance systems and implementation mechanisms are prerequisites for managing environmental resources in better ways, for the effective application of technology and the proper functioning of infrastructure, and for providing the poor with environmental services. A lack of enabling environments undermines progress due to wasted resources; undelivered services; and denial of the economic, social and cultural rights of citizens—especially the poor.

Over the last five years, the global Poverty-Environment Initiative (PEI), a joint programme of the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP), has supported the integration and implementation of pro-poor, environmental sustainability objectives into national, subnational and sectoral development policies, plans and budgets to contribute to poverty alleviation and an inclusive, green economy.

Past progress and results, and the commitment of government partners and continued financial and technical assistance from donor countries, enabled PEI to transition to a new five-year (2013–2017) phase during 2013. This new phase features deeper and ever more effective engagement in the 21 existing PEI countries (Armenia, Bangladesh, Bhutan, Botswana, Burkina Faso, the Democratic Republic, Guatemala, Kenya, Kyrgyzstan, Lao PDR, Malawi, Mali, Mauritania, Mozambique, Nepal, the Philippines, Rwanda, Tajikistan, Tanzania, Thailand and Uruguay) together with the implementation of new poverty-environment mainstreaming projects in Indonesia, Mongolia, Myanmar and Peru, all of which were developed in 2013. Activities in these 25 countries—and throughout the PEI programme—will reflect a strengthened focus on implementation mechanisms, gender mainstreaming, social equity, improved monitoring and evaluation, and
the application of increasingly persuasive and relevant economic evidence for policy and investment decision-making. Going forward in this new phase, the programme will feature ever stronger linkages to assist countries in managing their transition to a greener economy.

The new phase will also see increasingly closer and ever more meaningful alignment with, and integration into, relevant host agency implementation frameworks: the new Strategic Plan for UNDP for the years 2014–2017, and the forthcoming Programme of Work Biennium for UNEP 2014–2015 and 2016–2017.

Capacity building and South-South exchange remain an integral part of the PEI strategy in its new phase. Our past work in this area received international recognition in October when the Global South-South Development Expo awarded the Government of Nepal’s National Planning Commission the 2013 Leadership Award for innovative and prominent South-South work on climate expenditure; this work was supported by PEI country, regional and global teams.

The present report shows that not only has continued implementation progress been made throughout 2013, but also that PEI has transitioned into a new and exciting phase with an enhanced emphasis on implementation. The results contained in this annual report highlight the fact that institutional and policy changes, and improved capacity for poverty-environment mainstreaming, are taking root in a growing number of countries. At the same time, we endeavour to reflect this progress in helping the global community respond to the challenges of our time by putting in place the governance and implementation mechanisms required for the Future We Want.

We are confident that through the increasing emphasis on implementation within partner governments as well as within our host United Nations agencies, PEI will prove catalytic in securing sustainability for the many poverty-environment mainstreaming successes and in improving implementation for poverty reduction within planetary boundaries, helping to shape the post-2015 development agenda in the process.
<table>
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<tr>
<th>Abbreviation</th>
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<td>CPEIR</td>
<td>climate public expenditure and institutional review</td>
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<td>DFID</td>
<td>Department for International Development</td>
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<td>EIA</td>
<td>environmental impact assessment</td>
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<td>FAO</td>
<td>Food and Agriculture Organization of the United Nations</td>
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<td>FONERWA</td>
<td>Fonds National de l’Environnement au Rwanda (Rwanda’s National Climate and Environment Fund)</td>
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<td>GDP</td>
<td>gross domestic product</td>
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<td>GIZ</td>
<td>German International Development Cooperation (Deutsche Gesellschaft für Internationale Zusammenarbeit)</td>
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<tr>
<td>JICA</td>
<td>Japan International Cooperation Agency</td>
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<tr>
<td>LoCAL</td>
<td>Local Climate Adaptive Living</td>
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<tr>
<td>MDG</td>
<td>Millennium Development Goal</td>
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<tr>
<td>NGO</td>
<td>non-governmental organization</td>
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<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
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<tr>
<td>PEER</td>
<td>public environment expenditure review</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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<tr>
<td>REGATTA</td>
<td>Regional Gateway for Technology Transfer and Climate Change Action in Latin America and the Caribbean</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
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<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
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<tr>
<td>UNEP</td>
<td>United Nations Environment Programme</td>
</tr>
<tr>
<td>WAVES</td>
<td>Wealth Accounting and Valuation of Ecosystem Services</td>
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Woman harvests radishes from a small-scale farm in Ampara, Bangladesh (© G.M.B. Akash/IFAD).
EXECUTIVE SUMMARY

During 2013, the United Nations Development Programme–United Nations Environment Programme Poverty-Environment Initiative (UNDP-UNEP PEI) built on the results of previous years in strengthening institutions through poverty-environment mainstreaming. Highlights of main achievements this past year reflect a deepening of the ownership and leadership in PEI-supported countries. Such ownership is demonstrated by the increasing number of countries that are integrating poverty-environment objectives into sector plans, policies, and monitoring and evaluation systems. This in turn has resulted in increased application of financial tools and instruments for pro-poor growth and environmental sustainability—and proves that PEI’s efforts to focus on ministries of planning and finance are resulting in growing investments in and budget allocations for poverty-environment objectives and climate change adaptation. The PEI efforts in this final year of the scale-up phase reflect a growing recognition among partner countries that the poverty-environment nexus remains a foundational element of greening economies.

Ministries of planning and finance continue to be PEI’s lead partners in the use of poverty-environment mainstreaming tools and approaches. Increasingly, however, other national institutions—notably ministries of environment—and local governments are linking to these poverty-environment mainstreaming efforts. In fact, this year’s annual report highlights how across the country, regional and global levels, PEI’s collaboration with a wide range of stakeholders—including government partners, donors, civil society and research institutions—is catalysing support to integrate poverty-environment mainstreaming objectives and indicators into plans and budgets at the national and subnational levels, with far-ranging results in meeting the implementation challenges of sustainable development.

The year 2013 was also a year of transition for PEI, as UNDP and UNEP, in consultation with PEI partners, agreed to a new phase of activities. This new phase was launched in June 2013 at the Annual Session of the UNDP Executive Board.
INCREASED OWNERSHIP AND LEADERSHIP FOR POVERTY-ENVIRONMENT MAINSTREAMING

PEI’s key accomplishment in 2013 was further integration of poverty-environment objectives in country development planning and budgeting processes at the national, local and sectoral levels. Increased ownership and leadership towards more sustainable and inclusive development was achieved in many countries among decision makers and PEI champions. For example, Kyrgyzstan established a high-level political body—the National Council on Sustainable Development—to guide and oversee the process of implementing its national sustainable development 2013–2017. The council was initiated with PEI support and integrates the key elements of sustainable development: economic growth, environmental sustainability and social inclusion. Lao PDR institutionalized environmental and social impact monitoring, which resulted in the monitoring of 287 projects in 17 districts in 6 provinces to promote quality investment across the country.

Deforestation, here due to a rubber plantation, is one of the environmental challenges Lao PDR faces (© Silvia Jundt).

RISING BUDGET ALLOCATIONS FOR ENVIRONMENTAL SUSTAINABILITY

Countries have been supported by PEI in successfully integrating the poverty–environment–climate change nexus in public sector budgets using a wide range of guidelines, financial accounting, expenditure reviews and other financial mechanisms.

PEI has supported public environment expenditure reviews (PEERs) in Bhutan, Botswana, Mali, Mauritania, Mozambique and Rwanda; and climate public expenditure and institutional reviews (CPEIRs) in Bangladesh and Nepal. These reviews have provided solid evidence on actual expenditure of public funds geared towards environmental and climate concerns—and have consequently been useful in making the case for increased expenditure on pro-poor environmental management and climate change adaptation. For example, Rwanda increased its expenditure on the environment and climate change...
EXECUTIVE SUMMARY

from 0.4 percent to 2.5 percent of its annual budget; Nepal increased its climate budget allocation from 6.7 percent of its annual budget in 2012 to 10.3 percent in 2013.

Other poverty-environment mainstreaming tools were also applied to consolidate poverty-environment accomplishments and respond to country needs. These tools include economic analysis, environmental and social impact assessments, integrated ecosystem and institutional capacity assessments, development of poverty-environment-sensitive indicators to strengthen national monitoring and evaluation systems, legal reforms and valuation of ecosystem services. These tools have been piloted by national institutions with PEI support and scaled up to additional provinces or districts by PEI governments, often in close collaboration with donors and other partners.

ADDRESSING CLIMATE CHANGE

The poor are especially vulnerable to climate change, making the integration of poverty, environment and climate change objectives into public investment strategies and programmes an urgent task.

Bangladesh recognized the value of linking poverty-environment mainstreaming and climate change to green its policy and planning processes. The results of the Bangladesh CPEIR helped the government develop a climate change fiscal framework that goes beyond physical capital investment and includes social protection in response to climate change.

KNOWLEDGE MANAGEMENT AND SOUTH-SOUTH EXCHANGE

PEI continued to document best practices and lessons learned and to promote the sharing of experiences on poverty-environment mainstreaming. In 2013, we facilitated various events on inclusive and sustainable investments, valuation and accounting of natural capital and green growth. Communication tools and other knowledge products were developed in PEI countries to raise awareness of and advocate for mainstreaming poverty, environment and climate change issues in planning, finance and local governance. Stories of Change—published in English, French and Spanish—features successful examples and case studies from PEI experiences in the four regions. Also, economic evidence was documented and made available to decision makers through policy briefs. For example, PEI prepared a submission to the post-15 thematic consultation on environmental sustainability and was referenced as an approach to help break down the silos to integrate environment into mainstream development planning.

South-South cooperation facilitated by PEI enhanced the sharing of lessons learned in and across the regions. For example, high-level government representatives from Burkina Faso and Rwanda shared their PEI experiences at the UNDP-led ‘Solutions Forum on Environment and Poverty Eradication’ during

“I was inspired by this PEI project. Sustainable development will not happen unless we address climate change. Without the project, we would not have become so motivated or able to integrate environment and climate change so effectively into our policies, plans and guidelines.” —Shamsul Alam, Member, General Economics Division, Planning Commission, Bangladesh
the Global South-South Development Expo on ‘Building Inclusive Green Economies–South-South Cooperation for Sustainable Development and Poverty Eradication’ that took place in Nairobi in October 2013. The Government of Nepal won the Expo’s Annual Leadership Award for South-South Cooperation for its innovative work on the CPEIR supported by PEI.

**REACHING THE POOR AND MARGINALIZED**

Stakeholder participation and the involvement of marginalized groups are crucial to successful implementation of poverty-environment objectives. PEI has been responsive in this regard by supporting local government and broader stakeholder participation. For example, to encourage inclusive local governance for pro-poor environmental management, PEI Asia and the Pacific supported the development of environmentally friendly local governance frameworks and planning, among other tools. Strategies for social protection, green loans and other community-driven initiatives were supported in PEI countries as were gender and equity mainstreaming. Mali, for example, conducted a study on mainstreaming gender issues in the poverty-environment nexus and budgets. Green loans and microcredit schemes were supported to improve the quality of life of poor households in both the Dominican Republic and Tajikistan. In Lao PDR, the application of social and environmental safeguards and guidelines supplemented government efforts to ensure that foreign companies respect environmental standards and contribute to poverty alleviation.
PEI BY NUMBERS: 2013

25 PEI country programmes

9 Africa
9 Asia and the Pacific
3 Europe and the Commonwealth of Independent States
4 Latin America and the Caribbean

IN 2013...

19 countries integrated poverty-environment objectives in national policies and subnational development plans
19 countries integrated poverty-environment objectives into sector policies and plans
16 countries integrated poverty-environment indicators in national and subnational monitoring and evaluation systems
16 countries had ministries of planning/finance leading multisectoral coordination mechanisms for poverty-environment mainstreaming
16 countries applied financial instruments for pro-poor growth and environment sustainability
14 countries integrated poverty-environment objectives in budgeting and expenditure processes
13 countries reported on poverty-environment outcomes in national/subnational/sectoral plans
**Botswana**
Planning for sustainable economic diversification

**Dominican Republic**
Increase resilience of poor households to climate-induced shocks

**Mauritania**
Mainstreaming as a sectoral and cross-cutting issue; joint MDG-F programming with UNDP

**Mozambique**
Improved sectoral integration of environmental sustainability through enhanced planning activities

**Malawi**
Cross-government coordination: climate, natural resources and the environment

**Burkina Faso**
Integrating poverty-environment linkages in country economic growth investment plan

**Guatemala**
Integrate ecosystem and human well-being assessment in the dry corridor

**Mali**
Leading the poverty reduction strategy paper greening process

**Peru**
Waste management and green jobs

**Uruguay**
Waste management related to health and income generation

**Rwanda**
Operationalize poverty reduction strategy paper in key sectors and mobilize sustainability investments

**Dominican Republic**
Increase resilience of poor households to climate-induced shocks

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Mainstreaming as a sectoral and cross-cutting issue; joint MDG-F programming with UNDP

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**Peru**
Waste management and green jobs

**Uruguay**
Waste management related to health and income generation

**Rwanda**
Operationalize poverty reduction strategy paper in key sectors and mobilize sustainability investments
Kenya
Increased focus on sector operationalization of poverty-environment objectives

Tanzania
Accelerate implementation of national poverty-environment objectives in key sectors

Tajikistan
Rural development

Armenia
Valuation of ecosystem services to inform policy-making

Kyrgyzstan
Sustainable pasture management for poverty reduction

Mongolia
Responsible mining for poverty reduction and environmental sustainability

Nepal
Promotion of natural resource management in decentralized planning

Bhutan
Gross National Happiness Commission’s integration of climate and environment in sectoral/local plans and budgets

Bangladesh
Planning Commission’s integration of climate in planning and budgeting

Philippines
Responsible mining for poverty reduction and environmental sustainability

Myanmar
Improved governance for quality investment in natural resources

Indonesia
Improved governance for climate finance

Thailand
Ministry of Interior to include natural resource management in provincial planning

Lao PDR
Ministry of Planning and Investment to attract and manage quality investments

Nepal
Promotion of natural resource management in decentralized planning

Bangladesh
Planning Commission’s integration of climate in planning and budgeting
INTRODUCTION

Indigenous woman farms in the Philippines (© Wayne Parv/UNDP).
The joint United Nations Development Programme–United Nations Environment Programme Poverty-Environment Initiative (UNDP-UNEP PEI) is a global United Nations (UN) programme that supports country-led efforts—particularly with regard to capacity building—to mainstream poverty-environment–linked objectives into national development planning, policy-making, budgeting, implementation and monitoring processes.

Through both financial and technical support, PEI helps government decision makers and a wide range of other stakeholders manage the environment and natural resources in a way that reduces poverty, improves livelihoods and leads to inclusive, sustainable growth. PEI works with key government partners to raise awareness; influence policy-making; and strengthen the mainstreaming of poverty-environment objectives, measures and indicators into budget processes, sector programmes and subnational planning. Through facilitating cross-sector coordination and the inclusion of non-environment line ministries into the mainstreaming process, PEI’s overall aim is to bring about strengthened capacity for lasting institutional change, and to catalyse key actors to increase investment in pro-poor environmental and natural resource management in order to reduce poverty.

Poverty-environment mainstreaming involves establishing the links between the environment and poverty, and then identifying which policies, planning and budgeting processes can bring about better pro-poor environmental and natural resource management to help achieve development goals such as the Millennium Development Goals (MDGs). PEI work focuses on capacity development to operationalize mainstreaming in development policy frameworks and their implementation mechanisms.

The PEI scale-up phase (2008–2013) yielded a wide range of economic, social and environmental results from integrating poverty and environmental objectives into development policy, planning and budgeting processes. The effort requires sustained engagement, however, to realize direct economic, social and environmental gains. UNDP and UNEP believe a unique opportunity now exists to strengthen and consolidate the PEI partnership so as to effectively address increasing demand stemming from the important achievements made thus far. The lessons learned have contributed to a strengthened PEI strategy for the period 2013–2017 which is based on an enhanced theory of change and recognizes the centrality of implementation mechanisms in effecting actual change and real poverty reduction. The next PEI phase focuses primarily on three key areas:

- **Strengthen outcomes from the current country portfolio.** Poverty-environment mainstreaming is a long-term process of institutional change, requiring some 10–20 years to effect. This is the reason why most of the 21 PEI country programmes from the scale-up will continue to deepen implementation in the new phase.

- **Intensify engagement on regional implementation strategies.** The establishment of joint UNDP-UNEP PEI regional teams has supported
effective PEI country implementation and the application of PEI lessons and approaches in the work of UNDP and UNEP. The teams have also played an important role in leveraging funds to support country programmes through linkages with UNDP Country Office programmes.

- **Inform the global sustainable development debate.** PEI continues to analyse achievements and lessons learned to build on knowledge related to the poverty-environment nexus and prepare products to influence regional and global development agendas in support of sustainable development.

### FROM SCALE-UP TO NEW PHASE, 2013–2017

The year 2013 was a transition year for PEI as it concluded its scale-up phase (2008–2013) and prepared to enter a new phase for 2013–2017. Many PEI countries elaborated new programme documents during 2013, involving extensive and detailed consultations with government, UNDP Country Offices and other stakeholders. The new phase incorporates those discussions, focuses on the implementation challenge and takes the following into account:

- The need to consolidate mainstreaming gains in PEI-supported countries, reflecting the desire to build on successes from 2005 onwards;
- Increased demand expressed by countries, reflected in the addition of several new programmes;
- Commitments by the two UN agencies to increase their financial and human support and to intensify efforts for mainstreaming poverty-environment into their respective programmes and operations;
- The fact that PEI serves as an important example of UN reform demonstrating an integrated, programmatic approach in supporting countries;
- Inclusion of a gender and rights-based approach, and ever stronger linkages to green economy, climate change, and forms of measurement that go beyond gross domestic product (GDP) by taking into account natural wealth.

Having succeeded in integrating poverty-environment objectives and measures into many development plans, policies and budgetary frameworks, PEI now builds on these gains to improve implementation mechanisms and ensure sustainability. PEI’s intended outcome for the next phase is thus, as stated in the *Joint Programme Document for PEI 2013–2017*, "Enhanced implementation of development policies, plans and budgets that combine environmental sustainability and poverty reduction to contribute to inclusive and sustainable development goals."

Successful realization of this outcome will depend on national governments and partners undertaking implementation of the improved and reformed development policies, planning and budget processes supported by the programme. Further, the impacts resulting from the increased implementation of reformed develop-
ment policies, plans and budgets for poverty reduction, inclusive green growth and environmental sustainability will be captured by national monitoring and reporting systems in line with the PEI global monitoring and evaluation system.

CURRENT OPERATIONAL SCALE AND HISTORICAL EXPENDITURES

PEI has widespread support from partner governments and has experienced high demand for its services with 36 new requests during the scale-up phase. It is a flagship example of joint UNDP-UNEP programming and a well-working example of One UN. Since 2007, the joint UNDP-UNEP PEI has supported 28 countries, either through fully funded country programmes with technical assistance or through periodic technical assistance inputs, to draw on poverty-environment issues, and assist decision makers to better integrate these into development policy and planning by supporting capacity development of institutions and individuals.

This sustained support from donor government partners was instrumental in facilitating PEI’s successful transition during 2013 from scale-up to the new phase 2013–2017.
In 2013, PEI expenditures under scale-up amounted to an estimated $14.7 million compared to $15.7 million in 2012. The breakdown of PEI expenditures disaggregated by source of funds is detailed below and in the figure on the next page.

PEI expenditures to date originate from funds committed under the different PEI stages as follows:

- **The UNDP PEI Project (2002–2007).** This is comprised of contributions by the European Commission, United Kingdom and some UNDP core funds.

- **The UNEP Poverty and Environment Project (2004–2009).** This is made up of contributions by Belgium, Ireland, Norway and Sweden.

- **The PEI scale-up (2008–2013).** This consists of funds received from Belgium, Denmark, Germany, Ireland, Norway, Spain, Sweden, the United Kingdom, the United States, the European Commission and core funding of UNDP and UNEP.

- **The Millennium Development Goal Achievement Fund (MDG-F).** This is contributed by Spain for the Mauritania programme.

- **UNDP Country Office TRAC fund.** These are UNDP core resources allocated to the UNDP Country Offices.

- **Contributions by bilateral donors at the country level.** Contributions were received from Denmark, Luxemburg, Switzerland and the United Kingdom under tripartite agreements. PEI is also engaged in cofunding arrangements with other programmes and projects.

- **Government partners.** These provide either cofunding or in-kind contributions to PEI country projects.

Contributions mobilized for expenditures at the country level by government partners, UNDP Country Offices and in-country donors increased from $5.4 million in 2012 to $7.0 million in 2013. This positive trend reflects increased ownership of and sustained commitment to PEI country-level activities.

From 2008 to 2013, total expenditures funded by the PEI scale-up, the UNEP PEI Africa Pilot, UNDP and UNEP core resources (both headquarters and in country), and in-country donors and government partners amounted to $73.9 million.

### Estimated Expenditures for PEI, 2002–2013

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<td><strong>JOINT UNDP-UNEP SCALE-UP</strong></td>
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<td>2,101,753</td>
<td>3,968,875</td>
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MAKING A DIFFERENCE AT THE COUNTRY LEVEL

Young girl from Santiago Atitlan, Guatemala (© UNDP).
This section reports on the key achievements and results realized in 2013 at the country level in line with PEI global outcome indicators. As we did last year, we continue to use the scale-up phase outcome/output indicators, as most country programmes were extended to December 2013 while preparing for the next phase 2013–2017.

The table below summarizes the progress made since the last report towards achievement of main indicators for the PEI programme in the supported countries.

To consolidate these accomplishments, PEI continued to support various instruments (see box beginning on next page) that have been applied by government authorities to make informed policy and investment decisions for pro-poor growth and environmental sustainability, as described in the country examples in this section.

### MAIN ACHIEVEMENTS AT OUTCOME LEVEL

PEI’s overall intended outcome is the improved capacity of country governments and other stakeholders to integrate the environmental concerns of poor and marginalized groups into policy, planning and implementation processes for poverty reduction, pro-poor growth and achievement of the MDGs. This subsection highlights country programme achievements at the outcome level, providing examples drawn from the PEI regions having significant results in the past year.

**Africa**

**Malawi improves support for public sector financing for pro-poor sustainability.** The guidelines issued by Malawi’s Ministry of Finance for the 2013–2014 budget process direct ministries and public offices to “ensure

### MEASURING COUNTRY PROGRESS AGAINST PEI INDICATORS

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th># OF COUNTRIES</th>
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<tbody>
<tr>
<td>1. Integrated poverty-environment objectives into national policies and subnational development plans</td>
<td>19 19 11</td>
</tr>
<tr>
<td>2. Integrated poverty-environment objectives into sector policies and plans</td>
<td>19 11 8</td>
</tr>
<tr>
<td>3. Integrated poverty-environment indicators into national and subnational monitoring and evaluation systems</td>
<td>16 13 11</td>
</tr>
<tr>
<td>4. Have ministries of planning/finance leading multisector coordination mechanisms for poverty-environment mainstreaming</td>
<td>16 15 11</td>
</tr>
<tr>
<td>5. Integrated poverty-environment objectives into budgeting and expenditure processes</td>
<td>14 11 8</td>
</tr>
<tr>
<td>6. Applied financial instruments for pro-poor growth and environmental sustainability</td>
<td>16 14 11</td>
</tr>
<tr>
<td>7. Reporting on poverty-environment outcomes in national/subnational/sector plans</td>
<td>13 12 11</td>
</tr>
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</table>
Providing economic evidence of how environmental sustainability contributes to poverty reduction and other MDGs through *economic assessments of the value of natural resource sustainability* is a key component of poverty-environment mainstreaming. Analysing the cost and benefits of investments over a given time-frame can also help build an argument for more informed pro-poor and environmentally sustainable investments. In 2013, among many similar activities, PEI supported an economic assessment on the cost of unsustainable chemical use and management in Burkina Faso and a policy brief on natural resources and poverty in Botswana. In the Philippines, PEI supported a cost-benefit analysis of the use of revenues from natural resources from mining and renewable energy generation towards reducing poverty.

**Integrated socio-economic and environmental assessments** provide scientific information on the consequences of environmental change for human wellbeing. Assessment findings can give decision makers the answers they need by highlighting trade-offs between decision options and modelling future prospects to avoid negative long-term consequences. In 2013, PEI supported integrated socio-economic and environmental assessments for Tanzania’s Lake Victoria Basin. A similar PEI-supported EIA of mining and quarrying activities in Bhutan recommended institutional/structural and fiscal reforms, which will help the government optimize national mining revenues for pro-poor and environmental sustainability.

**Legal reform** is necessary to implement changes in legal systems for improved environmental outcomes with enhanced justice or efficiency. In 2013, PEI-supported studies identified shortcomings in current practices in the artisanal mining sector and gaps in the national environmental legal framework covering chemicals in Burkina Faso. The findings of the reports helped the government improve its environmental framework law and develop a manual outlining legal actions and enforcement measures to safeguard livelihoods and health for rural and urban populations across the country.

**Analysis aimed at understanding the government and political context** is another strategy used and supported by PEI to convince policy makers of the importance of mainstreaming pro-poor environmental and social issues into planning processes. In 2013, PEI supported a study on mainstreaming gender environment and climate change priorities are appropriately reflected in the Budget submissions in accordance with the environment and climate change mainstreaming guidelines.” The importance of poverty-environment linkages is well recognized: the guidelines cite the environment and natural resources “as a vehicle for poverty alleviation and as an entry point for communities to appreciate their environment better.” The inclusion of sustainability aspects in the budget guidelines has been informed by the dissemination of the PEI/Overseas Development Institute–supported 2012 guidance note on integrating the environment and natural resource management into national budget guidelines. The Ministry of Finance has further advised that all projects submitted for public sector investment programmes in Malawi must comply with environmental impact assessment (EIA) guidelines. Following the inclusion of the chapter in the budget guidelines, the Ministry of Environment and Climate Change Management has seen a 34.9 percent increase in its budget for the 2013/2014 fiscal year, from MWK1,770,070,000 in 2012/2013 to MWK5,063,955,219 in 2013/2014.
considerations into the poverty-environment nexus in Mali. Because the study noted a low level of understanding and integration of gender and human rights issues in natural resource sector planning, PEI was identified as an institutional entry point to better integrate gender and equity issues in Mali.

**Public environment expenditure reviews (PEERs)** measure the level of country expenditure and performance achieved at the sectoral or national/subnational level for environmentally sustainable development. In 2013, PEI supported PEERs in Botswana, Mali and Rwanda. It also provided support for the implementation of key recommendations from previous PEERs and **climate public expenditure and institutional reviews (CPEIRs)** in Bhutan, Bangladesh, Nepal and Thailand. These reviews have provided evidence on actual expenditures of public funds to environmental and climate concerns, and have been useful in making the case for increased expenditure to pro-poor environmental management and climate change adaptation. For example, the second PEI-supported PEER in Rwanda showed a 2.1 percent increase in expenditure on environment and climate change from 2005–2008 to 2008–2012, due to improved sectoral engagement. A similar study in Nepal found an increased climate budget allocation from 6.7 percent of the annual budget in 2012 to 10.3 percent in 2013.

PEERs and CPEIRs have helped draw decision makers’ attention to the inadequate level of public sector financing provided in support of environmental management across sectors. Together with economic analyses, they have aided in identifying the benefits that would arise from increasing poverty-environment investments. For example, in Mali, the natural resource and environmental sectors contribute more than 40 percent of the nation’s GDP—but the Ministry of Environment only receives 1 percent of the national budget through irregular budget allocations.

PEERs and CPEIRs are also an important basis in strengthening public budgeting and expenditure frameworks with regard to achievement of poverty-environment objectives. For example, Nepal developed and applied **climate budget coding** as a result of its CPEIR, taking a significant step towards institutionalizing a system to track and monitor public investment in climate change adaptation and mitigation over the long term.

**Rwanda’s 2013–2018 Economic Development and Poverty Reduction Strategy includes poverty and environment linkages.** Rwanda’s first Economic Development and Poverty Reduction Strategy 2007–2013 included poverty-environment linkages to a certain extent after support from PEI. In June 2013, the Government of Rwanda adopted its **second such strategy**, with enhanced links between environmental and poverty reduction goals, priority poverty-environment targets and indicators. Key sectors and budget and planning officers were supported by PEI to identify their poverty-environment priorities to inform the strategy’s development, which provides the policy framework for national, sector and district plans.

**Rwanda’s expenditure on the environment and climate change has increased from 0.4 percent of the country’s total annual budget (2005–2008) to 2.5 percent (2008–2012).** This increase is a result of improved sector engagement in issues related to the environment and natural resources. Operationalization of the national fund for the environment and climate change (FONERWA) established
with PEI support in 2011 will help ensure this increase is sustained. To strengthen this achievement, the Ministry of Finance and Economic Planning introduced an annex on environment and climate change in the National Budget Call Circular in 2013, and the UK Department for International Development (DFID) committed £22 million to FONERWA to fund poverty-environment–related projects. FONERWA aims to respond to Rwanda’s need to ground environmental sustainability in the development process.

**Asia and the Pacific**

**Bhutan’s prime minister officially endorses the cross-ministerial Mainstreaming Reference Group established in 2011 to ‘green’ the government’s work.** The endorsement of Bhutan’s Mainstreaming Reference Group by the prime minister established high-level leadership and country ownership to promote poverty-environment mainstreaming. The group’s work improved the capacity of sector and local officials to screen and address poverty, environment, climate change, disaster and gender gaps in the analysis and design of new plans and programmes.

**Bangladesh National Planning Commission recognizes the value of poverty-environment mainstreaming in the country.** A mid-term review of PEI Bangladesh was undertaken to assess the relevance, effectiveness, efficiency and sustainability of programme outcomes. The findings indicate that the programme was effective, significant and successful, and assisted the Government of Bangladesh in a timely manner in strengthening its policy and planning systems.

**Laos PDR institutionalizes environmental and social impact monitoring.** Following PEI-supported training, an investment monitoring system was jointly established by the Laotian Ministry of Planning and Investment and the Ministry of Natural Resources and Environment. As a result, 287 projects were monitored in 17 districts in 6 provinces by the end of 2013. Preliminary findings show that, in a number of cases, investment companies do not comply with the investment laws regulating their operations.

**Environmentally friendly local governance framework endorsed in Nepal for better poverty-environment mainstreaming.** PEI Nepal, in collaboration with the Ministry of Federal Affairs and Local Development, supported the development of an environmentally friendly local governance framework as a guiding tool for mainstreaming climate change, disaster and other environmental issues into local development plans and programmes. This government-designed and -led initiative is supported by the Phase II Local Governance and Community Development Programme implemented beginning in 2013 in 3,915 village development committees, 58 municipalities and 75 districts of Nepal. The framework will also ensure effective coordination, integrated planning and participation in local development planning processes. DFID committed over $15 million to support climate change adaptation activities under the framework.

**Laotian PDR produces an EIA ministerial instruction to promote quality investment management.** In order to align with the country’s new Environmental Protection Law—including
ing the provisions of the Decree on Resettlement and Compensation promoted in the new EIA Decree—provincial environmental authorities have been given a mandate to review and approve the initial environmental examination (IEE) of investment projects with moderate environmental and social impacts. The final draft of the new EIA Decree was submitted to the Ministry of Justice after nationwide consultations, and the ministry recommended changing the decree into a ministerial instruction. This instruction has become a fundamental legal document that helps the government conduct EIAs and IEEs and review the resulting documents.

**Nepal’s climate budget allocation increases to account for over 10 percent of the national budget.** Allocations for climate activities rose from 6.7 percent of the annual budget in 2012 to 10.3 percent in 2013. Beginning 2013, the Ministry of Education also began allocating a budget for climate activities, which has been facilitated by the institutionalized climate-marking budget supported by PEI. Moreover, following a PEI analysis of the impacts of drought on migration and displacement, Nepal’s National Planning Commission developed a new dedicated government-funded programme to allocate approximately $2.5 million to provide water for drought-affected areas in the country.

**Bangladesh approves national and local climate fiscal frameworks and moves into their implementation phase.** PEI’s support to climate public expenditure and institutional reviews (CPEIRs) resulted in the development of a national climate fiscal framework and local climate fiscal frameworks. The minister of finance has appointed a working group to implement the national framework, while the General Economics Division of the country’s Planning Commission has established a study team to pilot the implementation of the local frameworks in eight climate hotspots in the country. This decision led to the elaboration of eight comprehensive frameworks that will allow effective access and use of climate finance by local government.

**Bhutan mobilizes over $14 million to implement its Local Governance Sustainable Development Programme that aims to mainstream poverty, environment and climate change objectives.** Bhutan’s new, multi-donor, integrated programme aims to advance the core areas of good governance and green socioeconomic development at the local level. The programme is jointly supported by the Government of Denmark, the Swiss Agency for Development and Cooperation, the European Union, the UNDP Country Office, PEI and the UN Capital Development Fund’s Local Climate Adaptive Living (LoCAL) programme. It has already secured $14.26 million out of a total budget estimated at approximately $17.05 million. This commitment to poverty-environment mainstreaming reflects the high level of ownership achieved by the country.

**Europe and the Commonwealth of Independent States**

**Forty percent of Tajikistan’s Living Standards Improvement Strategy indicators are poverty-environment sensitive.** Following the assessment of the elaboration process of the strategy through PEI-provided technical assistance in early 2013, Tajik-
The national strategy of the Republic of Tajikistan for the period 2013–2015 incorporates more than 40 percent of the PEI-recommended indicators related to pro-poor growth and environmental sustainability.

Armenia approves a new “Concept on Establishing Innovative Economic and Fiscal Mechanisms in the Environmental Sector” and implementation plan. Since April 2012, PEI has been providing technical assistance to Armenia to conduct a pilot study on the economic valuation of ecosystem services to assess their impact on poverty reduction and to inform environmental decision-making. Following a wide consultation process with key line ministries—including the Ministry of Nature Protection, the Ministry of Energy and Natural Resources, and the Ministry of Economy—and other stakeholders, the mining sector was chosen as a focus of the study, as it is an important engine for economic growth in the country (mining contributed 5.4 percent of GDP in 2012). A new “Concept on Establishing Innovative Economic and Fiscal Mechanisms in the Environmental Sector” was developed by the Ministry of Nature Protection and approved by the cabinet in April 2013, with a separate chapter on ecosystem services. The government also adopted a decision to approve a list of measures necessary to implement the concept in the environmental sector. The increased recognition of ecosystem valuation also informed the new draft Framework Law on Environmental Protection.

Kyrgyzstan adopts a National Sustainable Development Strategy 2013–2017 and implementation programme (2014–2017) integrating linked poverty-environment objectives. In the post-Rio+20 context, PEI continued to support the Kyrgyzstan Ministry of Economy to include the poverty-environment nexus in its national planning. The ownership and leadership demonstrated by the minister of economy—a poverty-environment champion—contributed to the president’s decision to establish a high-level political body to guide and oversee the process of setting the country’s priorities for sustainable development up to 2017. As a result, the National Sustainable Development Strategy for the Kyrgyz Republic (2013–2017) was initiated and a national programme for its implementation endorsed by the parliament on December 18, 2013. The strategy integrates the key elements of sustainable development: economic development, environmental sustainability and social inclusion. This achievement demonstrates a high level of government ownership and commitment towards sustainable development.

MAIN ACHIEVEMENTS AT OUTPUT LEVEL

This subsection highlights country programme achievements in 2013 at the output level, grouped by the three main country-level outputs of the global programme.
Output 1. Improved understanding on poverty-environment mainstreaming

Partners have cited PEI’s promotion of cross-sectoral coordination and collaboration within government institutions as one of the most appealing features of the PEI programmatic approach. Examples of leadership and coordination provided by ministries of planning and finance are presented in the previous section. Other ministries are also benefitting from the PEI approach and are directly involved in the delivery of PEI country programmes, as described in the following examples.

AFRICA

Poverty-environment champions in Burkina Faso adopt a road map to advocate for and advance pro-poor sustainable development in the country. Poverty-environment champions met December 2013 in Ouagadougou to finalize and adopt a road map on how each champion can advocate for and advance pro-poor sustainable development in the country. The meeting—chaired by the prime minister, a poverty-environment champion himself—resulted in the adoption of a road map that indicates the next steps to be undertaken in 2014. For example, the prime minister committed to organize high-level seminars on sustainable development and to disseminate key findings from PEI-supported studies in order to advocate for increased budget allocations to meet pro-poor sustainability objectives. Other champions committed to the continuation of the reforestation campaign initiated in 2013 as well as continuing to green other public spaces.

A memorandum of understanding is signed between PEI Rwanda and the Private Sector Federation to advance the country’s environmental sustainability agenda. The private sector is one of the six main pillars recognized

“In the long term, it is clear that we will have a healthy environment, it will improve the health of the population, and it will allow for savings to be reinvested into other sectors. All this has been established in the last two years with the support of PEI and the poverty-environment champions.”

—Taladidia Thiobiano, CEO, Centre d’Etudes de Documentation et de Recherche Économiques et Sociales, Ouagadougou, Burkina Faso

Burkina Faso’s Prime Minister leads 20 poverty-environment champions in adopting a 2014 road map (© PEI).
in Rwanda’s Vision 2020 to drive social and economic development in securing livelihoods, ensuring sustainable use of natural resources and minimizing environmental impacts of its operations, as well as in promoting human rights and gender equality. More than 180 private sector representatives were trained in April on how the sector can support the implementation of the Rio conventions and how local businesses can tap into the commercial opportunities presented by carbon financing and renewable energy. A memorandum of understanding was signed between PEI Rwanda and the Private Sector Federation with the aim of providing similar training workshops and of evaluating and tracking the progress made in the private sector with regard to implementation of the workshop’s recommendations to comply with biodiversity-related national policies.

**Study on gender mainstreaming into the poverty-environment nexus is completed in Mali.** PEI Mali supported a study on mainstreaming gender into the work of the poverty-environment nexus. The study found that the natural resource sector does not have targeted objectives and budgets to respond to gender issues, despite such concerns being included in the country’s 2012–2017 development plan. The study also noted the need to strengthen the gender and equity dimensions of the programme, including related indicators. Consequently, PEI was identified as an institutional entry point to better integrate gender issues into the poverty-environment nexus in Mali.

**Asia and the Pacific**

**Bangladesh Ministries of Planning and Disaster Management and Relief**

sign a memorandum of understanding to enhance the capacity of their planning professionals on poverty-environment mainstreaming. PEI Bangladesh worked with the Bangladeshi Comprehensive Disaster Management Programme to strengthen the capacity of the Planning Commission and professionals from various ministries (including the Department of Environment, the Local Government Engineering Department, the Road and Highway Department and the Bangladesh Water Development Board) in poverty-environment mainstreaming. Technical support was also provided to make disaster risk reduction and climate change adaptation projects more pro-poor and environmentally sustainable.

**Lao PDR’s integrated approach to quality investment fosters inter-ministerial cooperation and coordination of projects and donors.** With PEI support, a baseline assessment for quality investment was carried out in Lao PDR’s agriculture, mining and service sectors. The country’s Investment Promotion Department and the National Economic Research Institute of the Ministry of Planning and Investment will jointly analyse the assessment in order to develop an implementation framework. Additionally, the Investment Promotion Department and the Department of Environmental and Social Impact Assessment of the Ministry of Natural Resources and Environment have established a joint monitoring system to assess the economic, social and environmental impacts of selected investment projects in the agriculture, mining and hydro-power sectors. Another example of ongoing relevant inter-ministerial cooperation is the elaboration of the country’s national land policy which was
extended to other development partners, including the German International Development Cooperation (GIZ), Village Focus International, the Food and Agriculture Organization of the United Nations (FAO) and international non-governmental organization (NGO) networks.

Improved collaboration and understanding in Nepal results in the development of a draft framework on green economy and the adoption of a climate budget code. To facilitate the transition towards a green economy, PEI Nepal supported various stakeholders—academia, NGOs and the different government agencies—to organize two rounds of discussion on the preparation of a draft Green Economy framework. The draft has been circulated to relevant government officials and experts for feedback. As a result of the inter-agency collaboration to track climate public expenditures, the Ministry of Forest and Soil Conservation has also adopted a training module to build staff capacity on the climate budget code system.

Local government units in the Philippines hosting extractive industries establish a network to lobby for and monitor benefit-sharing scheme. The timely release of national wealth shares to local government units is important to allow them to plan and budget for development interventions at the local level. PEI supported the establishment of a network of local government units with mining activities; 12 provinces, 26 municipalities and 5 cities hosting mining activities are already participating in the network. The network works closely with the Department of Trade and Industry and the Board of Investments. Consultations are ongoing on benefit sharing between the national government and these local government units, as well as their utilization for poverty alleviation and environmental protection by the local government units. The network also serves as a platform for discussion on mining-related issues, including the impact of mining activities on people and the environment as well as sustainability issues.

EUROPE AND THE COMMONWEALTH OF INDEPENDENT STATES

Coordination mechanism for poverty-environment mainstreaming widens to include business sector representatives in Kyrgyzstan. PEI Kyrgyzstan has been working to improve the level of collaboration among government agencies, civil society, the business sector, and education and research institutions on poverty-environment mainstreaming and promoting initiatives on sustainable development. As a result, the PEI Programme Board, chaired by the Ministry of Economy, was widened to include a representative of the business sector. The board met twice in 2013 and approved key PEI products to be integrated in methodological and legislative areas of strategic planning for sustainable development.

LATIN AMERICA AND THE CARIBBEAN

Increased collaboration in Dominican Republic results in better coordination of poverty-environment-related activities. Coordination mechanisms recently established in the Dominican Republic promoted collaboration across government institutions and provided support to the implementation of poverty, environment and climate change mainstreaming activities. A fair for demonstration projects and

The local government units hosting extractive industries established a network to lobby the Philippines’ central government to ensure equitable benefit-sharing schemes. The timely release of national wealth shares is important to allow local entities to better plan and budget for development interventions at the local level.
solutions for climate change adaptation was organized for the communities of the Lake Enriquillo region with the objective of raising awareness on the impact of climate change on rural populations. The fair was led by an inter-ministerial working group that included the Office of the Presidency; the Vice-Presidency; the Ministry of Economy, Planning and Development; and the Social Policy Cabinet. The involvement of authorities at such a high level indicates increased ownership and leadership in mainstreaming poverty-environment and climate change issues in national policies and programmes.

**Inter-agency cooperation promotes a comprehensive solid waste management system in Uruguay.** The Uruguay planning agency, the Ministry of Housing, Territorial Planning and Environment—particularly its National Environment Directorate—the municipality of Montevideo and the Ministry of Social Development worked together to discuss the issue of sustainable solutions for solid waste management. These institutions also worked in close collaboration to establish the National Public Investment System and to ensure the inclusion of pro-poor and environmental indicators and criteria into waste management policies.

**Output 2. Improved capacity for mainstreaming into plans and implementation processes**

The main overall achievement in 2013 has been the further deepening and broadening of the inclusion and operationalization of poverty-environment objectives in country development planning processes at the national and sectoral levels—and in some cases, in provincial and district development plans. Poverty-environment objectives are increasingly being integrated into various sector plans across PEI countries—for example, in the agriculture, fisheries, forestry, health, education, mining and chemicals sectors. As a direct impact of specific training for local-level planners on poverty-environment mainstreaming, pro-poor environmental objectives are being integrated into district planning frameworks and sector development plans in most countries, as shown in the following examples and the PEI in action boxes on Burkina Faso and Lao PDR.

**AFRICA**

**Poverty–environment linkages continue to be integrated in Botswana’s national development planning process.** PEI supported the Ministry of Environment, Wildlife and Tourism by providing technical inputs to the revision of the sustainable environment chapter of the forthcoming 11th National Development Plan. The aim was to ensure that the plan prioritizes natural capital accounting and poverty eradication. Following the chapter’s revision, the Honourable Minister of Minerals, Energy and Water Resources—Onkoloane Kitso Mokaila—addressed the parliament, noting that “The country is in the process of developing flow and monetary accounting for sectors including water, energy, agriculture land and tourism. These activities are in direct support of the Gaborone Declaration of 2012.” He added that Botswana’s participation in global programmes such as PEI and the Wealth Accounting and Valuation of Ecosystem Services (WAVES) “will add value
to determining the value of natural resources and ecosystems to socioeconomic development.”

Mali prioritizes environmental mainstreaming for a sustainable recovery and attracts additional funding. Integrating the environment into policies and strategies and strengthening the private sector in agriculture were identified as priority themes for immediate support in Mali’s plan for sustainable recovery from the 2012/2013 crisis. This decision has attracted significant funds allocated from key donors including Canada and Norway. Mali has benefitted from PEI support since 2005 to enhance understanding of the importance of poverty-environment mainstreaming for sustainable development as well as to strengthen national capacity for

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**PEI IN ACTION: SUSTAINABLE CHEMICAL MANAGEMENT ADVANCES IN BURKINA FASO**

Mining and cotton are two key strategic sectors in Burkina Faso. To boost production, both artisanal and industrial producers in the mining sector use significant quantities of harmful chemicals; similarly, in the cotton sector, farmers use fertilizers and pesticides. This usage has tremendous consequences on production, environment and human health.

“When the river water started to become reddish and animal mortality in certain areas rapidly increased, local people suspected that chemical use in gold panning was starting to pose a danger not just to the environment and the economy, but to human health too,” says poverty-environment champion Mathias Manti Hien, the former president of the Regional Council of the Southwest Region.

In 2012, PEI, the Swedish Chemical Agency and UNDP Burkina Faso joined forces to support the Government of Burkina Faso—and in particular the Ministry of Environment and Sustainable Development—to apply a sustainable management of chemicals approach in the mining and cotton sectors through a project component integrated into the PEI country programme.

Shortcomings in current practices in the artisanal gold mining sector and gaps in the national environmental legal framework with regard to chemicals were identified through studies supported by PEI. The total cost of unsustainable chemical use and management was estimated at $24.2 million a year in the artisanal mining sector and $9.3 million a year in the cotton sector. A large portion of these costs relates to deteriorating human health resulting from contaminated drinking water and from prolonged exposure to chemicals—further illustrating the importance of understanding poverty-environment linkages. Improved chemicals management in Burkina Faso could recover an economic loss equivalent to 0.35 percent of the annual national GDP.

The findings of the resulting reports were used by government to improve the environmental framework law as well as develop a manual outlining legal actions and enforcement measures (*Manuel de Police Environnemental*) to safeguard livelihoods and health for rural and urban populations across the country.

Burkina Faso also adopted a national policy for sustainable development and accompanying legislation that includes poverty-environment objectives; at the local level, Agenda 21 for the Po region was approved.

**Source:** PEI Country Fact Sheet—Burkina Faso.
better inclusion of poverty-environment objectives in national development planning processes. For example, Mali was supported by PEI in greening its poverty reduction strategy paper in 2011/2012.

**Botswana finalizes manual for local economic development with PEI technical inputs.** PEI supported the Botswana manual’s development based on findings from the 2012 poverty and social impact analysis of the government’s agriculture programme and economic assessment. This intervention will serve to inform the process of formulating local economic plans from a poverty-environment perspective within the districts. In this regard, PEI provided funding for technical experts to identify poverty-environment linkages in the local communities of Chobe and Kgalagardi. PEI has worked with the Department of Environmental Affairs and the Ministry of Local Government and Rural Development to train district planners (25 planners and 5 government project officers) on integrated assessment tools—including the use of environmental economics and cost-benefit analysis as assessment tools for project appraisal. Linking capacity building to the preparation and implementation of district development plans has resulted in a better understanding of poverty-environment linkages and the impact climate change will have on district development.

**Malawi revises its fisheries and aquaculture policy.** Following the development of sustainability indicators in 2011, it became necessary for Malawi to harmonize its sector policies so they incorporated poverty-environment linkages as well. The Department of Fisheries finalized a draft National Fisheries and Aquaculture Policy, a Fisheries Master Plan and an implementation plan. The draft policy is used to enhance proper monitoring and control of fisheries resource use in line with the FAO Code of Conduct for Responsible Fisheries and other relevant standards in the region.

**Progress is made in monitoring and reporting on sustainability indicators in Malawi.** Land resource conservation officers are taking the lead in monitoring indicators related to the sustainability of the environment and natural resources such as improved water quality and rate of adoption of priority technologies. These indicators were integrated in the Agriculture Sector Wide Approach plan, and training on how to monitor these was organized in 2012–2013 with PEI support. Some 1,600 lead farmers (960 females and 640 males) have been trained in the safe use and disposal of herbicides and crop storage insecticides as part of monitoring the increased adoption of priority technologies—which grew from 40 percent to 70 percent by 2014.

**Malawi revises its decentralized environmental management guidelines.** Malawi’s revised guidelines, launched by the Ministry of Local Government and Rural Development and the Environment Affairs Department in 2013, are meant to address gaps and inconsistencies in the previous manual used by the districts. Their usage will also ensure that districts include emerging and critical environmental issues in the preparation of district development plans and actions—including waste management, climate change and HIV/AIDS. Through improved planning, it is expected that the district assemblies will better assist communities in restoring and improving livelihoods and build resilience to nat-
The capital of Mauritania, Nouakchott, adopts its first Agenda 21. PEI Mauritania supported the development of a national strategy on climate change starting in 2012 with a specific focus on Nouakchott, the city most likely to be affected by climate change impacts. Building on this effort, Nouakchott adopted its first Agenda 21, covering 9 communes in 2013. The agenda highlights major challenges in terms of climate change including land occupation, poverty, transport, land tenure and governance. The urgent need to invest the equivalent of $5.1 million in sustainable development over the next four years is also part of the agenda.

Annual social and economic plans in Mozambique continue to reflect poverty-environment objectives. PEI Mozambique is successfully continuing to provide support to environment unit meetings including those of environmental focal points from various sectors. As a result, seven sectoral plans for 2014—addressing agriculture, women and social affairs, energy, health, fisheries, tourism and public housing—were prepared in 2013 and include activities with budgets for poverty-environment-related activities. The environment unit meetings have become part of the routine annual planning collaboration mechanism between the Ministry of Planning and Development and the Ministry of Environment. The meetings have helped strengthen the units, cross-sector collaboration and the mainstreaming of poverty-environment linkages into the social and economic planning and budgeting processes.

Kenya begins use of county development profiles that include poverty-environment issues. The new generation of 47 county development profiles launched by Kenya includes specific sections on the environment and climate change and highlights poverty-environment linkages. The profiles will serve as baseline planning tools for Kenya’s 47 counties.

Tanzania’s Post-2015 Development Agenda and MDG Framework include poverty-environment objectives. In 2013, PEI, together with other partners, supported the Government of Tanzania in organizing stakeholder dialogues with sector, academic, civil society, private sector and development partners. As a result, Tanzania’s report on the 2015 development agenda and the MDG framework include pro-poor environmental sustainability objectives. It is expected that the reports will influence the next national fiscal year development plan for 2016–2020.

Rwanda’s district development plans incorporate poverty-environment linkages. All district development and sector strategic plans in Rwanda incorporate poverty-environment and climate change linkages, following the training of 197 sector and district-level government officials (40 percent women) on how to mainstream poverty, environment, and climate change linkages into development plans. This accomplishment is expected to facilitate proper implementation of the Economic Development and Poverty Reduction Strategy II. Measures are also being taken to ensure that the shift in policies reaches the poor. The best practices from the Rubaya green demonstration village have been scaled up to another district, Muhanga.

“Many sector ministries, including the Ministry of Defence, increasingly recognize their own responsibility in promoting pro-poor sustainable development and why it is beneficial for their own sector targets.”

—Vilela de Sousa, Deputy Director, Department of Planning, Mozambique Ministry for Coordination of Environmental Affairs
Main planning frameworks in Bangladesh include poverty, environment, climate change and disaster issues. PEI continues to support the integration of poverty, environment, climate change and disaster risk reduction in Bangladesh’s long- and medium-term planning frameworks. For example, the final Bangladeshi version of its National Perspective Plan (2011–2021), the monitoring and evaluation framework of the 6th Five-Year Plan 2011–2015 and the Delta Plan 2100 all include poverty, environment, climate change and disaster risk reduction objectives. In addition, PEI has supported the final Development Project Proforma and the Technical Project Proforma Manual as a user-friendly reference and guidance tool to assist public sector planning professionals in including poverty, environment, climate change and disaster risk reduction criteria in the preparation, assessment and approval of development projects. Such objectives are also integrated in the Annual Development Programme (Guideline 2013–2014) to guide public investments in Bangladesh.

Bangladesh continues training in poverty, environment, and climate change and disaster risk reduction issues to strengthen the capacity of planning professionals. Training has been provided to more than 200 planning professionals from key sector agencies (water, agriculture, local government and infrastructure) to design better-quality disaster-/climate-sensitive projects to reduce the vulnerability of people at risk. The training curriculum was supported by PEI and financed through the Comprehensive Disaster Management Programme of the Ministry of Disaster Management and Relief.

Poverty, environment and climate change indicators are developed to monitor key results at the sectoral and district levels in Bhutan. Following the integration of poverty, the environment and climate change in key result areas of the 11th National Development Plan, corresponding indicators have been developed at the sectoral and district levels. PEI supported the mainstreaming process, including in the 11th Five-Year Plan guidelines as well as in the mainstreaming framework for sectors and local government development planning guidance. The development of green budget codes and public environment expenditure reviews (PEERs) for Dzongkhags and Gewogs (cluster of villages) are being pioneered at the local government level in Bhutan. In addition, two guidelines have been completed—“Bhutan Green Building Design Guideline” and “Planning and Development of Human Settlements in Urban and Rural Areas of Bhutan to Minimize Environmental Impacts.” These tools will help ensure green and sustainable outcomes in the design and construction of buildings in Bhutan.

Local governments in Bhutan improve capacity to mainstream poverty, environment, climate, disaster risk reduction and gender issues into local planning. Under the leadership of the Mainstreaming Reference Group, the capacity of local government officials was strengthened through sensitization meetings and training on mainstreaming poverty, environment, climate, disaster risk reduction and gender issues in local plans. Two workshops brought various government officials
Training institutions in Nepal mainstream poverty, environment, and climate change in curricula. In 2013, poverty, environment and climate change issues were successfully integrated in training and educational institutes in Nepal. The Regional Training Centre in the Ministry of Forest and Soil Conservation integrated a module on the climate change budget in its curricula to build the capacity of civil servants at both the local and central levels. The first training started in July 2013 and reached out to the personnel of 19 districts in the central development region. At the local level, the training manual and package developed in 2012 on mainstreaming poverty, the environment and climate change for social mobilizers, village technicians and village development committees has been uploaded to the Ministry of Administration and Local Development website. A total of 525 village development committee secretaries were trained on mainstreaming poverty and the environment into local development plans and budgets.

PEI supports Nepal in strengthening a monitoring mechanism for initial environmental examinations of sand, gravel, stones and rural roads. This work led to improved capacity of some 150 district-based stakeholders on monitoring development. Furthermore, environmentally friendly
local governance was integrated as a crosscutting programme in the Local Governance and Community Development Programme, which will also provide poverty, environment and climate change training to civil servants at the local level across the country.

**Philippines develops a poverty-environment handbook and toolkit.** A capacity assessment on mainstreaming poverty-environment linkages into local government unit planning and management was conducted in the Philippines. It resulted in the development of a handbook and toolkit to guide the mainstreaming process of poverty-environment linkages into local governance. The toolkit includes a capacity assessment tool, a participant guidebook and a manual for facilitators. The guidelines and training modules were tested in the local government units of Bulacan and Rizal in August 2013. Several policy briefs and issue briefs were also developed and disseminated to national government agencies, local government units, private sector and academic institutions, relevant civil society organizations/NGOs and other stakeholders for increased awareness on poverty-environment mainstreaming and natural resource governance.

**EUROPE AND THE COMMONWEALTH OF INDEPENDENT STATES**

**Capacity and awareness of Kyrgyzstan national and subnational stakeholders in poverty-environment mainstreaming are increased.** A series of stakeholder consultations led by the Ministry of Economy were organized with the support of a PEI national expert group to raise awareness on poverty-environment mainstreaming objectives to facilitate the elaboration of the National Programme on Sustainable Development 2014–2017. Some 170 participants, of whom 45 percent were women, attended the training and were able to contribute to a national dialogue with key ministries and agencies, civil society, education and research institutions, and the business sector.

**Small and medium-size enterprises in Tajikistan increase their capacity in PEI mainstreaming.** PEI Tajikistan, in cooperation with the World Trade Organization–led Aid for Trade project, trained 17 representatives of 10 small and medium-size enterprises on mainstreaming poverty-environment considerations into their activities. The training has enhanced their capacity to do so, as well as their capacity to apply environmental management tools and international environmental standards. In addition to the training programme, two out of five selected small and medium-size enterprises in the Sughd region obtained ecological passports with PEI support. These passports contain information about the ecological status of the enterprise and can be used to assess the impact of the enterprise’s activity on the environment as well as control their observance of environmental protection standards. The passports are also used to raise company awareness of the necessity to consider environmental aspects in their operations and to produce environmentally friendly products.

**Tajikistan scales up PEI mainstreaming in nine districts.** As part of scaling up the integration of poverty-environment objectives in district development plans, a study tour was sup-
ported by PEI in November 2013 to the Sughd region for 23 experts (2 of whom were women), representing authorities from nine districts of the Khatlon region and the Ministry of Economic Development and Trade. Training was also organized to enhance participant capacity on the integration of poverty and the environment into local development plans. Similar training sessions were conducted in the Panj and Shaartuz districts of the Khatlon region for 20 people (including 1 woman); these were members of district development plan working groups, and were comprised of representatives of various sectors.

**Tajik Statistics Agency includes poverty-environment objectives in the agricultural census.** PEI supported Tajikistan in carrying out an agricultural census (its first since 1968) to improve data availability. Beside the inclusion of poverty-environment aspects in the questionnaires, PEI also contributed to the development of software to facilitate data entry and analysis. The data collection process was finalized at the end of 2013, and the initial results of the census are expected in the first quarter of 2014. This achievement should facilitate the agricultural planning process in Tajikistan.

**LATIN AMERICA AND THE CARIBBEAN**

Progress made in Dominican Republic in creating guidelines for land use and territorial development planning that integrate poverty, environment and climate change linkages. PEI started to develop a municipal guide for elaborating plans and schemes of territorial planning and
development with a focus on climate change. In addition, the design and implementation of a country-specific multidimensional vulnerability index at the household level was launched. The purpose of this work was to create tools that enable the development of policies and plans that link poverty, the environment and climate change. PEI efforts have led to considerable government implication in project activities in the Lake Enriquillo region aimed at incorporating the effect of climate shocks in the income-generating capacity of poor households to reduce poverty and climate vulnerability.

**Integrated Management of Solid Waste for Sustainable and Inclusive Development in Peru** project is officially launched. Key poverty-environment linkages in Peru associated with solid waste management result from the country’s high industrialization and urbanization rates. Informal waste collectors are at a higher risk of vulnerability, which requires a proper waste management system that should help generate appropriate conditions to ensure long-term sustainable development and employment. Inspired by the experience of PEI Uruguay, PEI is working with the Peruvian government on the elaboration of a national solid waste plan and the creation of local waste plans that ensure the inclusion of pro-poor and environmental indicators and criteria. This initiative is intended to lead to increased budget allocations for environmentally sustainable pro-poor and gender-sensitive waste management at the national, regional and local levels.

*Uruguay’s Planning and Budgeting Office redesigns the mission and structure of its development strategies and investment policies to ensure wider integration of environmental sustainability.* In 2013, PEI supported the Uruguay Planning and Budgeting Office in efforts to include a pro-poor environment dimension in assessment criteria for projects to be evaluated under the national public investment system and in

![Recycling in Uruguay (© PEI Uruguay)](image)
selecting beneficiaries. The recent change in Uruguay’s waste management systems—the so-called Packaging Law—has improved social inclusion. For the first time, waste recyclers in Uruguay are recognized by national law, giving them the right to decent working conditions, stable salaries and social protection. The law has facilitated the establishment of cooperatives of recyclers; so far, it has achieved a 17 percent recovery rate of solid waste. The capital city of Montevideo, where almost 30,000 people work in informal waste collection and live in chronic poverty, is about to implement the Packaging Law, thus scaling up this positive experience.

**Guatemala reviews National Development Planning Agency’s methodological guidance to better integrate poverty, environmental and cross-cutting social issues.** In Guatemala, PEI provided technical assistance in producing terms of reference for developing poverty-environment-sensitive objectives and indicators in the National Agenda as well as in the identification of five key eco-regions of importance for applying poverty-environment mainstreaming. These indicators will serve to monitor the implementation of the poverty-environment objectives and the ratio of public investment dedicated to environmental issues.

**Output 3. Improved capacity for informed budget allocations and investment decisions**

Good progress was made in 2013 on this indicator, building on the achievements reported last year. Those reflected the support provided through the development of a variety of practical tools and approaches to influence financial processes and mechanisms that promote sustainable development. PEI countries are experiencing a higher level of inclusion of the poverty–environment–climate change nexus in public sector budgets and associated guidelines, financial accounting, expenditure reviews and other financial mechanisms including climate financing, as illustrated in the following examples from the four regions and the PEI in action box on Bangladesh.

**AFRICA**

**Burkina Faso finalizes a National Investment Plan for Environment and Sustainable Development.** The Government of Burkina Faso finalized, with support from PEI, its National Investment Plan for Environment and Sustainable Development. The plan aims to promote a green economy through increased funding for pro-poor environmental sustainability by raising awareness of the importance of these issues and creating better synergies between environment and natural resource sector agencies. The investment plan includes a budget proposal of $100 million to support the implementation of development policies.

**Mali finalizes its first PEER.** Mali completed its PEER in June 2013; the review highlighted the fact that although the natural resource and environment sectors contribute more than 40 percent of GDP, the Ministry of Environment only receives 1 percent of the national budget—and that through irregular and unplanned budget allocations. PEI organized a dissemination workshop for the PEER, at which the Ministry of Economy and Finance concluded that additional

Burkina Faso’s prime minister, a poverty-environment champion, urged the government to provide more finance for sustainable development goals during the poverty-environment champion meeting held in December 2013.
and consistent budget allocations for pro-poor environmental sustainability are necessary to enhance successful implementation of the country’s Poverty Reduction Strategy. The PEER findings were used by the ministry to prepare an annex on poverty-environment to the finance law to be endorsed by the parliament with the aim of securing budgets assigned to poverty-environment objectives.

Mauritania validates a study on environmental taxes. The Government of Mauritania is exploring how to address study recommendations on potential incentive measures for better integration of pro-poor environmental sustainability into public policy and budgeting processes. More than 15 percent of Mauritania’s environmental budget continues to be allocated to climate change infrastructure such as green walls to protect the city of Nouakchott against the effects of climate change. Over $2 million in public funds have been invested to protect the capital city from the advancement of dunes as well as a rise in the sea level. These efforts indicate sustained commitment to address the impacts of climate change.

Mozambique’s Ministry of Finance advances the issue of poverty-environment mainstreaming and introduces a climate change budget code. In 2012, the Ministry of Environment, with support from PEI, carried out an environmental economic analysis of natural resource management and a PEER in Mozambique. The assessments found that 17 percent of GDP is lost each year due to environmental degradation and the inefficient use of natural resources. Nine percent of GDP is the estimated cost needed to remediate these damages; in contrast, only 1.4 percent of GDP comprises the average environmental expenditure for the period 2007–2010.

The strategic dissemination of the findings in 2013 opened a window of opportunity to enhance the role that the Ministry of Finance plays in poverty-environment mainstreaming in Mozambique. In June, the ministry appointed two environmental focal points, who have since engaged in several national and regional meetings related to the environment and natural resource management. With support from PEI, the focal points and the Ministry of Finance are actively following up on one of the key recommendations from the PEER: to enhance the system and use of environment and climate codes in budget processes. For the 2014 budget process, the Ministry of Finance has established a new budget classification code related to climate change. This is also based on a PEER recommendation. Furthermore, the Ministry of Environment has decided to test the feasibility of using a wider range of the available codes—including codes related to land management and physical and environment planning—to better facilitate measuring progress towards achievement of development goals.
process. With PEI support, efforts are being made through UN Women and the National Commission for Women and Children to partner with the Ministry of Finance to build the ministry’s capacity with regard to gender-responsive budgeting.

**Bhutan endorses recommendations on fiscal reform to optimize national revenue from mining for pro-poor growth and environmental sustainability.** A socio-economic and environmental impact assessment of mining and quarrying activities was carried out by the Royal Society for Protection of Nature at the directive of the National Council, with the objective of thoroughly reviewing and researching the effects of mining and quarrying on the environment as well as analysing its economic and social impacts. The study revealed that the current licencing for mining/quarrying does not ensure direct optimal public benefits from the mining sector. The assessment found only 32 percent of the 31 businesses sampled were owned by shareholders and that 68 percent of the businesses

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**PEI IN ACTION: CPEIR IN BANGLADESH LEADS TO NEW CLIMATE CHANGE ACCOUNTING SYSTEM**

The results of the CPEIR in Bangladesh helped lead to a significant shift in government thinking, reflecting findings that showed that the vast majority of climate funding is embedded within multidimensional programmes across numerous government departments. Taken together, Bangladesh currently spends $1 billion a year—6–7 percent of its annual budget—on climate change adaptation. This represents nearly a fifth of the World Bank’s recent estimation for expenditure needs for climate change by 2050 a year, three-quarters of which comes directly from the government. Household spending on climate change adaptation for the extreme poor and landless households often exceeds their income, some by more than double the amount.

In 2012, PEI supported the CPEIR, carried out together with the Overseas Development Institute which has pioneered similar studies in a number of countries including Cambodia, Nepal, Samoa and Thailand. Bangladesh’s minister for the environment cited the findings in statements made to the parliament and at international climate change negotiations to support a stronger position at the global level to leverage the kinds of funds needed to fill the development gap as a result of climate change. Led by the Ministry of Finance, the government is developing a sophisticated climate change accounting system that goes beyond physical capital investment to cover social protection as a result of climate change; this is also being implemented at the local level.

Piggy-backing on the CPEIR process, the government introduced a climate budget code with indicators for use in the 2013 budget, so it can track spending on a more continuous basis across all government departments. It can thus draw a much clearer picture of how local authorities are grappling with the practical dimensions of protecting communities and livelihoods. Large-scale public investments have begun to be screened using poverty-environment and climate change criteria, resulting in large government-funded investment projects better addressing the concerns of the poor—and increased budget allocations for such projects. All ministries that submit projects for funding must demonstrate the percentage of poor people who will benefit, what the impact on natural resources will be and the extent of resilience of new infrastructure to climate change.

**Source:** PEI Country Factsheet—Bangladesh.
were individually owned. The National Council made a set of recommendations to the government including conducting detailed geological mapping; revisiting existing policies, legislation, guidelines, standards for licensing, operation and management; conducting cost-benefit analysis and socioeconomic and environmental impact; and freezing mining licence issuance. Subsequently, the draft Mineral Development Policy of 2011 was reviewed and presented to the Gross National Happiness Commission chaired by the prime minister in December 2013, with a series of policy recommendations for institutional/structural and fiscal reforms and to optimize national revenue from mining for pro-poor and environmental sustainability.

Nepal establishes a baseline on environment-related expenditures data. A review of local development planning procedures including environment, sanitation, social inclusion, and gender equity and disaster risk reduction was carried out by the Ministry of Federal Affairs and Local Development. The desk review looked at published annual development plans and budgets of 15 district development committees and 5 municipalities representing various ecological and development regions of Nepal over three fiscal years (2010–2012). The findings showed that, although the majority of local bodies have included programmes related to the above fields in their annual development plans, only an average of 8 percent of the budgets is allocated to implement them. It also showed that planning and budgeting in environmental management and disaster risk reduction follows more of a reactive pattern than a forward-looking strategic allocation of budget. The figures on environmental expenditures will be used as a starting point to establish a reliable baseline to guide future budget allocations.

Transparency on the use of environmental and natural resource revenues is increased to encourage policy reforms and improve related governance processes in the Philippines. In 2012, with PEI support, the entire process of estimating government revenues from natural resources to actual receipt of funds was analysed in the Philippines. The areas identified as needing improvement include revision of existing laws, new policies, information systems and governance processes. Based on the findings, significant progress was made in 2013 to develop a computerized system for Mines and Geoscience Bureau central and regional offices to properly and accurately monitor, document and disclose taxes, fees and charges paid by mining companies and other stakeholders. This work will increase the transparency of revenue collection and redistribution to local development interventions.

Capacity in the use of environmental and natural resource revenues and benefits for poverty reduction improves in the Philippines. PEI supported the review, documentation and sharing of best practices from local governments units on the use of revenues from natural resources from mining and renewable energy generation towards reducing poverty. Pilot sites were selected for the review, and field visits to five pilot local government units were conducted to gain information on how revenues from the environment and natural resource management were collected and spent during the budget year. A diagnostic work-
sheet for full disclosure of local government revenues from mining and energy production was developed to validate payments made by the mining companies to the national and local governments and to identify the total contribution of mining and energy production to the income of host local government units. The visits also helped validate a proposed policy for adherence to the Extractive Industries Transparency Initiative (EITI) at the subnational level. With PEI support, the Philippines is working to become an EITI member, with the aim of promoting transparency in the mining sector.

EUROPE AND THE COMMONWEALTH OF INDEPENDENT STATES

Budgeting process in the Kyrgyzstan Ministries of Agriculture and Education integrates poverty-environment objectives. PEI supported the Ministry of Agriculture and the Ministry of Education in efforts to include poverty-environment considerations in their respective budgeting programmes. Methodological guidance was developed to apply strategic environmental assessment as a key instrument for informing sustainable investment decisions.

Tajikistan considers poverty-environment issues and sustainability dimensions in local projects. With PEI support, poverty, the environment and sustainability have been included as criteria for the allocation of grants and loans by district trust funds and local microloan foundations in Tajikistan. Environmentally sensitive pilot loans and grants are considered to be an innovative tool for making informed public investment decisions in the country.

LATIN AMERICA AND THE CARIBBEAN

Dominican Republic launches micro-credit projects for poorest households in the Lake Enriquillo region. As part of its strategy for poverty-environment mainstreaming, the Dominican Republic’s microcredit project, in collaboration with UNEP’s Regional Gateway for Technology Transfer and Climate Change Action in Latin America and the Caribbean (REGATTA), established a rotating fund of $50,000 to benefit the poorest households of the Lake Enriquillo region. Recovered funds from microcredits were used to replicate the project by establishing two additional funds of $50,000 each, thereby expanding access to credit by vulnerable families. The funds are managed with the support of local civil society organizations and aim to improve the quality of life for beneficiaries through investment in housing or in domestic adaptive solutions to climate change. Gender mainstreaming was one of the selection criteria for accessing microcredit, and women were the priority beneficiaries.

Uruguay records an increase in national expenditure on the environment. Following the PEI-supported integration of pro-poor and environmental criteria and indicators into the national public investment system, Uruguay’s national expenditures in the environment sector increased. Specifically, the budget allocated to support integration of poverty-environment linkages into development policies increased from $350,000 in 2010 to $2.15 million in 2014.
PROVIDING SUPPORT AT THE REGIONAL LEVEL

PEI workshop in Lao PDR (© PEI Lao PDR).
DELIVERING REGIONAL ADVISORY AND TECHNICAL ASSISTANCE

As in 2012, PEI regional teams continued to respond to a growing variety of requests from governments and UNDP Country Offices to establish PEI country programmes, provide technical assistance across regions and give support in the application of the PEI programmatic approach. Regarding this last, input was requested on a wide range of sustainable development issues, including climate change and—more recently—inclusive green economy as reflected in the examples described below.

Africa

The PEI Africa programme consists of country initiatives in nine countries: Botswana, Burkina Faso, Kenya, Malawi, Mali, Mauritania, Mozambique, Rwanda and Tanzania. In 2013, good progress was made at the country level—as highlighted in section 2—where pro-poor environmental sustainability objectives were included in national and sub-national policy, planning and budgeting processes. All PEI Africa country programmes ended their project cycles under the PEI scale-up phase and designed new programmes for 2013–2017 in accordance with the Joint Programme Document for PEI 2013–2017. Thus, during 2013, PEI Africa continued to support PEI country programmes to complete key studies; develop and apply tools for poverty-environment mainstreaming and strategic documents to inform policy, plans and budget processes (see box next page); strengthen the institutional coordination and coherence of country programmes; reinforce the capacity of national actors, take stock of achievements and lessons learned; and finalize the elaboration of new programme documents for 2014 onwards.

Following on regional team support provided to Mauritius in 2012 aimed at building capacity for effective mainstreaming of equitable and sustainable development in national sector-level policies and strategies and related budgets, PEI officially began to assist the Regional Assembly and commissions of the Mauritius island of Rodrigues in integrating poverty-environment linkages into a 10-year Economic and Social Transformation Plan. When complete, this plan will set out the long-term national goals and strategies that seek to achieve a balance between growth, equity and sustainability objectives.

The sustainable use of natural resources to reduce poverty was another focus of advisory services provided by PEI Africa in the past year; this included support for improving cross-sector and related government coordination mechanisms, including budgeting and accounting processes. To achieve and sustain the desired changes, PEI in the next phase will increase its emphasis on monitoring results in the region through a more results-oriented monitoring and evaluation system in line with the enhanced PEI global system. An early example of such efforts is in Malawi, where land resource conservation officers are taking the lead in monitoring and reporting on sustainability indicators in the agricultural sector.
PEI Africa country programmes continue to be well integrated into the UNDP Country Office work programmes and budgets, and thus contribute to the development and implementation of United Nations Development Assistance Frameworks (UNDAFs). In 2013, poverty-environment–related objectives were included in 12 UNDAFs and UN Programme Operational Plans (or equivalent UNDAF implementation mechanism) in 8 PEI Africa countries. For example, in Mozambique, the PEI work plan for July 2013–June 2014 was fully integrated into the broader UNDP programme on Green Human Development, which was launched by UNDP in September 2012 drawing on experiences from PEI and the Africa Adaptation Program. Similarly, key PEI components are integrated into the MDG Framework programme in Mauritania.

The PEI programmes also provide assistance in the implementation of UNEP’s thematic priorities, including resource efficiency through sustainable consumption and production. The UNDP-UNEP joint programme on chemical management continues to support Burkina Faso—particularly its Ministry of Environment and Sustainable Development—in fostering sustainable management of chemicals in the mining and cotton sectors.

The PEI Africa team in 2013 worked to promote the coordination of PEI country programmes with other UN initiatives. In Mozambique and Rwanda, dialogues were held with the joint UNDP-UNEP Green Economy Initiative; while in Burkina Faso and Tanzania, discussions were initiated with the Africa Climate Adaptation Food Security. In Malawi, PEI has close ties with two other UNDP-led initiatives on the environment and natural resource management and on climate change, allowing some staff costs to be shared. The design and development of the UNEP Green Human Development programme in Mozambique and the environment and natural resource management programme in Malawi drew on experiences and lessons learned by PEI Africa. These synergies are critical to ensuring more consolidated impact of UNDP-UNEP programmes in target countries.

In 2013, PEI Africa entered into a dialogue with UN Women on areas of collaboration during the next PEI phase. While the details have not yet been worked out, some interesting ideas are being discussed including collaboration around the UN Women–led study on the cost of gender gaps in the agriculture sector, collaboration with UNDP’s Gender Economics Policy Management Initiative, and UN Women technical support for better integration of gender into PEI project and programme documents and activities. As a result, UN Women in Tanzania has committed to being a formal partner of PEI in the next phase. In a similar vein, PEI Africa has intensified its dialogue with UNDP’s Regional Bureau for Africa on how PEI can better collaborate with the bureau’s Country Office–based economists.

Collaboration and coordination with other in-country donors is a key aspect of the PEI Africa approach. For example, in Malawi, while PEI is supporting the drafting of a new forestry policy and district consultations, the European Union is supporting an improved forestry management programme to enhance community participation during the forestry policy review process. In Mozambique, the World Bank, following a PEI presentation to the Environment Donor Working Group on the findings of the country’s economic analysis of natural resource management and of its PEER, has expressed interest in supporting complementary initiatives. This type of synergy minimizes duplication of activities and increases overall resource efficiency.
Also in the next phase, PEI Africa will focus on deepening poverty-environment mainstreaming results and impact in the nine PEI countries and within UNDP and UNEP programmes. Limited technical assistance will be provided to a few additional countries, subject to the availability of resources. This work will be realized in close collaboration with UNEP Regional Office for Africa and UNDP Regional Bureau for Africa/Environment and Energy Group initiatives.

### Asia and the Pacific

In 2013, the PEI Asia and the Pacific programme consisted of six country programmes in Bangladesh, Bhutan, Lao PDR, Nepal, the Philippines and Thailand. In addition to the continued support provided to these programmes for effective implementation, the regional team undertook scoping studies for potential PEI country programmes in Indonesia, Mongolia and Myanmar. These countries have demonstrated a high level of commitment to poverty-environment mainstreaming and have requested receiving full PEI support during 2013–2017.

Where possible, PEI Asia and the Pacific supports countries by operating through existing national programmes at the country level. This ensures national ownership of PEI in the country, complements existing initiatives, maximizes the impact on mainstreaming and supports collaboration across different sectors. For this reason, in some countries where programmes are at the beginning stage, PEI provides core financial support; targeted technical inputs are provided in countries where programmes are more advanced.

Following the increased demand for PEI support, the PEI regional team in Asia and the Pacific is looking to consolidate a range of services under three thematic areas as entry points to support poverty-environment mainstreaming: improving climate and environment financing (Bhutan, Bangladesh, Indonesia and Nepal), promoting quality investment (Lao PDR, Mongolia, Myanmar, the Philippines and Thailand) and strengthening local governance (Bhutan, Nepal and the Philippines).

On climate and environment financing, PEI originally focused on establishing adequate mechanisms that would help mobilize external finance. However, PEI has increasingly worked with others to demonstrate the need to link external with domestic finance so as to effectively and more sustainably mainstream climate and the environment into medium-term budgetary framework and local budgetary processes. A variety of tools—many of which build the evidence base for decision makers, including ministries of finance—are relevant in this regard and key to successful poverty-environment mainstreaming. Among the useful tools used and developed in Asia (see box next page) during this reporting period are CPEIRs in Bangladesh, Bhutan and Nepal as well as cost-benefit analysis in the Philippines to ensure more environmentally sustainable investments.

In the area of quality investments, PEI has supported countries whose economies rely heavily on foreign investment in natural resources and that have populations of poor people whose livelihoods also depend on these natural resources. PEI support has focused on ensuring that legal
frames, monitoring systems and governance arrangements are institutionalized to promote more inclusive and sustainable investment practices.

Tools developed and used for these purposes include investment monitoring systems, public involvement in EIA training modules and natural resource revenue tracking systems.

Finally, PEI has worked with numerous countries in the region to **strengthen local governance** to address poverty-environment issues. Local government is the level of government closest to the people and is mandated to address crosscutting issues at the community level. Tools used in Asia and the Pacific to support local governance include an environment-friendly local governance framework; a local development planning manual on mainstreaming poverty, environment, climate change, disaster risk reduction and gender; and targeted training for local planners.

### Europe and the Commonwealth of Independent States

The PEI Europe and the Commonwealth of Independent States team supported the implementation of the Kyrgyzstan and Tajikistan country programmes. It also continued to provide technical advice to Armenia, where PEI has been providing technical assistance to conduct a pilot study on the valuation of ecosystem services since 2012. Key achievements for this reporting period have been an increased awareness among relevant stakeholders regarding the ecosystem valuation; this resulted in the adoption by the Armenian government of the ‘Concept on Establishing Innovative Economic and Fiscal Mechanisms in Environmental Sector’ and its implementation plan, which includes the ecosystem services valuation principles.
Technical assistance was also initiated in **Albania** through a fact-finding mission supported by PEI in March 2013. It was agreed that technical assistance would support government-planned actions that promote long-term sustainable development and have the potential to mobilize additional financial resources as well as actions that build upon ongoing/planned UNDP initiatives in the country.

The PEI regional team continued to cooperate with the global **Green Economy Joint Programme** (UNDP, UNEP and the UN Department of Economic and Social Affairs) and has collaborated with the **Organisation for Economic Co-operation and Development** (OECD) on green growth indicators in Kyrgyzstan. Following a series of consultations with the **Japan International Cooperation Agency** (JICA), PEI Kyrgyzstan is collaborating with JICA to replicate the successful “One Village One Product” project in the country. This cooperation is expected to bring added value in addressing poverty and environmental issues at the grassroots level.

During the design of Phase II country programme documents, first steps were taken by the PEI regional team to identify potential areas of cooperation with the **UNDP Aid for Trade Phase III Project** and the **Global Eco-village Network**.

**Latin America and the Caribbean**

The PEI Latin America and the Caribbean programme continued to make progress towards consolidating and expanding support in the region. Two countries, the **Dominican Republic** and **Uruguay**, enhanced the institutionalization of poverty-environment tools and methodologies and ended their programme cycles under the PEI scale-up phase (2008–2013). For this reporting period, the regional team focused on consolidating the region’s project portfolio by providing technical support to new PEI countries so they could better understand PEI methodologies and approaches and incorporate these into their programme documents. As a result, two new country programmes in **Guatemala** and **Peru** were designed and approved for the 2013–2017 period in accordance with the Joint Programme Document for PEI; a third programme document is in the process of being approved by the Government of **Paraguay**.

Strong partnerships with national institutions and governments in the **Dominican Republic, Guatemala, Peru** and **Uruguay** help facilitate dialogue and collaboration among government actors, NGOs, think tanks and other civil society organizations.

Collaboration continued with the **UNDP Poverty Group** in the Regional Bureau for Latin America and the Caribbean. The regional team also continued to create linkages with UNDP Country Programmes such as the UN Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (**UN-REDD**), the joint UNDP/UNEP **Green Economy Initiative**, the **Global Environment Facility** (GEF) and **REGATTA**. For example, in the Dominican Republic, PEI has developed an umbrella project together with REGATTA.

Partnership with the **World Bank** and the **WAVES** initiative is being fostered in Guatemala; in Peru, a partnership agreement with the **United Nations**
Volunteers programme was developed, featuring volunteers specialized in communication, gender policies, and administrative and coordination support.

SHARING KNOWLEDGE AND EXPERIENCES AT THE REGIONAL LEVEL

Significant outreach work and sharing of knowledge and experiences occur at the regional level, driven by the four PEI regional teams. Such initiatives play a major role in connecting efforts at the global, regional and national levels. In this manner, PEI overall direction and coordination are achieved, and national and local experiences are input into global processes—including the emerging policy discussions on post-2015 and the UN Sustainable Development Goals (see section 4). It also aids implementation of policy and investment measures by supplying and sharing a ready source of successful examples, stories and case studies from around the world.

Africa

In 2013, PEI Africa continued to promote knowledge exchange and experience sharing on poverty-environment mainstreaming to further influence regional policy processes and the achievements made towards regional programme delivery. Highlights of this promotional work include presentations made during capacity-building workshops and important regional events as shown in the examples below.

- United Nations Capital Development Fund’s LoCAL Africa Planning Workshop. PEI Africa delivered a presentation at this workshop on how it could work with the LoCAL programme to implement a strategy supporting local governments in building climate resilience.
- Pan-African Film and Television Festival of Ouagadougou (FESPACO). PEI Burkina Faso, in collaboration with the country’s Ministry of Environment, presented an award to the movie Le bois de la survie (The Wood of Survival) at FESPACO, one of the most prestigious film festivals in the region. The documentary highlights poverty-environment and gender issues, by focusing attention on the women who rely on fuelwood collection for their survival. The Ministry of Environment and PEI led a well-attended discussion on poverty-environment and gender linkages.
- Africa Rural Development Forum. The African Union’s New Partnership for Africa’s Development, the International Fund for Agricultural Development and the Government of Benin organized this forum to discuss how opportunities for rural development in Africa could be improved. The forum’s theme, ‘Sustainable Rural Transformation Agenda for Africa,’ acknowledged the need for more sustainable production practices combined with policy reforms that consider the integration of poverty-environment linkages. PEI Africa participated in the forum and worked to ensure that its outcomes reflect a pro-poor environmentally sustainable orientation.
- Green Economy Joint Programme Workshop. PEI Africa participated in an August 2013 workshop organized by UNDP, UNEP and the UN
Department of Economic and Social Affairs on tools and measures to inform inclusive green economy policies. The team chaired a session on inclusive green economy approaches and presented its experience in using PEERs as a tool for environmental fiscal reform in Mozambique and positive outcomes in Malawi following its economic analysis of sustainable natural resource use.

- **African Risk Capacity Technical Review Meeting.** The African Risk Capacity (ARC) agency of the African Union helps member states improve their capacity to plan, prepare and respond to extreme weather events and natural disasters. PEI Africa chaired the African Risk Capacity technical meeting to review the country operations plans submitted by Kenya, Malawi, Mauritania, Mozambique, Niger and Senegal. The meeting brought together sustainable development experts from various UN organizations, donor agencies and research institutions.

- **UNESCO’s 3rd General Assembly of the Africa Network of Biosphere Reserves.** This UNESCO meeting explored approaches to promoting dialogue at the national and biosphere reserve levels on the value of ecosystem services and their integration into national and subnational development policy-making, planning and budgeting. PEI Africa, representing the World Conservation Monitoring Centre–UNEP Sub-Global Assessment Network, facilitated a technical session on the role of ecosystem services in boosting green economies in biosphere reserves.

- **UN Women stakeholders workshop.** This meeting focused on the cost and impact of gender gaps in the agricultural sector. PEI Africa reviewed the study methodology on the Case of Selected Sub-Saharan African Countries and, following the meeting, initiated a substantial discussion with UN Women on collaboration around the study in Malawi and Rwanda.

- **Valuation and Accounting of Natural Capital for Green Economy (VANTAGE).** The VANTAGE conference brought together senior African government officials, economists, scientists and development experts to review and recommend policy action towards incorporating the valuation of natural resources and ecosystem services in development planning and accounting. PEI government focal points from Burkina Faso, Malawi, Mali, Mauritania, Mozambique and Rwanda participated in the conference, emphasizing the importance of valuation and natural capital accounting in helping countries transition to an inclusive green economy.

### Asia and the Pacific

PEI Asia and the Pacific co-organized and facilitated various meetings and workshops in the region on inclusive and sustainable investments and green growth. Examples include the following.

- **New Opportunities from Natural Wealth Management: A Public-Private Dialogue on Green Growth in the Greater Mekong Subregion.** PEI, the Asian Development Bank, FAO, the Global Mechanism of
the United Nations Convention to Combat Desertification and WWF jointly organized this June 2013 meeting. Attended by government and private sector representatives, the meeting focused on sharing experiences and lessons on concrete green growth activities, latest developments in the area of natural wealth accounting and valuation of ecosystem services, and financing opportunities and challenges at the country and subregional levels. The organizers suggested further collaboration to facilitate public-private partnership dialogues and a joint communication task force.

South-East Asia Sub-Regional Meeting on Extractive Industries and Indigenous Peoples’ Rights to Land and Natural Resources. Held in Thailand in June 2013, this meeting centred on sharing experiences, challenges, opportunities and practical solutions to protect the rights of indigenous peoples to land and natural resources in Southeast Asia. A particular focus was on issues regarding extractive industries. The PEI Asia and the Pacific team, together with UNDP, organized the meeting and facilitated the participation of government counterparts.

Rethinking Policy and Legal Frameworks for Inclusive and Sustainable Investments in Agriculture in Southeast Asia. This public forum brought together representatives of government, civil society, academia and the private sector to discuss how policies and legal frameworks are shaping agricultural investments to meet the needs and aspirations of rural citizens across Southeast Asia, what reforms are needed to secure economic and social benefits for host countries, how to minimize social and environmental costs, and how to think differently about agricultural investments. The PEI regional team co-organized this event with Chulalongkorn University, Focus on the Global South and the International Institute for Environment and Development.

Valuing and Accounting for the Environment in the Asia Region. PEI, in collaboration with the Asian Development Bank, the South Asian Network for Development and Environmental Economics, UNEP and the UN Economic and Social Commission for Asia and the Pacific, organized this October 2013 conference. Attended by 80 delegates from 13 countries in the region—including representatives from planning and environment ministries, statistics offices and academia—the meeting focused on green accounting systems and valuing natural capital, including the use of systems of environmental economic accounts. Participants were encouraged to consider establishing comprehensive wealth accounting methodologies beyond traditional measures such as GDP, and to integrate environmental assets such as clean air, water and fertile soil into their accounting systems.

PEI country governments were also given support to participate in discussions at the global level and to share their lessons and experiences on regional development. Besides sharing knowledge and experiences through meetings and workshops,
the PEI Asia and the Pacific team used communication tools such as videos to advocate for the need to mainstream poverty-environment and climate change issues in planning, finance and local governance; and to disseminate findings and best practices observed in the region’s PEI programme.

Europe and the Commonwealth of Independent States

The PEI Europe and Commonwealth of Independent States team played a facilitating role in supporting national processes and stimulating regional exchange during 2013, building on the emerging results and lessons learned from country programmes in Kyrgyzstan and Tajikistan. A key step in establishing a regional community of practice was the formation of a regional steering committee in February 2013, consisting of experts in poverty and the environment to guide programming and provide strategic input into the implementation plans for the next phase. These plans include the organization of a regional workshop and other international events for knowledge and experience sharing on poverty-environment issues including the following.

- **OECD regional expert meeting in Prague.** PEI has been collaborating with the OECD since 2012 to pilot green growth indicators in Kyrgyzstan, contributing to the development of the indicators and their adaptation to the local context. In March 2013, the delegation of the Kyrgyz Republic to the expert meeting presented the results of this work. This platform enabled the dissemination of information on PEI’s activities in Kyrgyzstan to other countries in Eastern Europe, the Caucasus and Central Asia also engaged in the transition to green growth.

- **UNDP Regional Centre Energy & Environment Community of Practice.** PEI made presentations on regional approaches and activities in Armenia, Kyrgyzstan and Tajikistan at this April 2013 gathering, providing UNDP regional environment and energy focal points with the opportunity to familiarize themselves with PEI approaches in the region. They also learned about linkages between PEI and green economy, sustainable development and UNDP-UNEP inter-agency and cross-practice work in these thematic areas.

- **Berlin Poverty Environment Partnership (PEP) Meeting.** A representative from PEI Kyrgyzstan attended this May 2013 meeting, disseminating information on the country’s PEI programme and providing a briefing on lessons learned to the PEP network, PEI colleagues in Country Offices, and national experts and counterparts. The meeting led to a deeper understanding of the poverty-environment nexus as a whole and increased knowledge of PEI experiences and approaches from other countries in Asia and Africa.

- **PEI Armenia workshop.** The PEI country team organized a workshop to share information on PEI’s approach in Armenia and interim results with key national stakeholders and external donors. The July 2013 workshop—attended by international and regional organizations including the World Bank,
the U.S. Agency for International Development (USAID), GIZ, WWF and the Regional Environmental Centre for the Caucasus; area research and academic institutions and NGOs; and 60 representatives of state agencies and ministries—helped raise awareness of poverty-environment issues and valuation of ecosystem services.

**National stakeholder workshop.** To initiate the country’s strategic planning for PEI Phase II, the Kyrgyz PEI team, along with national and regional stakeholders and donors, convened a workshop in September 2013. Representatives of ministries, civil society and academia, as well JICA and UN Women participated in the event, thereby increasing their awareness of PEI and poverty-environment issues in Kyrgyzstan, and of gender and human rights–based programming. The workshop also resulted in the identification of potential areas of cooperation with UN Women and the JICA One Village One Product project.

**Regional strategic planning retreat.** This December 2013 event was organized by the PEI regional team to bring practitioners together and strategize the launch of PEI Phase II in Central Asia. Repre-

*Tajik woman carries away fresh milk (© Vasily Maximov/FAO).*

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sentatives from the global Poverty-Environment Facility (PEF), the Tajik Country Team and PEI Kyrgyzstan shared information on PEI activities. The retreat served as a platform for South-South cooperation, as participants familiarized themselves with PEI approaches and experiences from other countries, notably from Africa; this led to the generation of new ideas and activities that were integrated in Phase II project documents.

The PEI team also played a facilitating role in identifying key regional partnerships to scale-up implementation, and enhancement of the ever-closer collaboration between PEI and green economy initiatives and processes—especially on the development and use of green economy and sustainable development indicators. In addition, a number of knowledge products were produced and shared among national and regional networks to increase awareness of poverty-environment mainstreaming; these included videos such as the PEI Tajikistan short film on microprojects in the Sughd Oblast, blog posts and articles on best practices and success stories.

**Latin America and the Caribbean**

PEI Latin America and the Caribbean supported PEI country governments in numerous ways, including through the facilitation of South-South exchanges to share lessons and experiences from PEI in the region. *Advisory missions* were carried out by the PEI regional team to the Dominican Republic, Guatemala, Paraguay, Peru and Uruguay. Uruguay’s PEI programme concluded as scheduled in December 2013, and the results of its successful waste management mainstreaming initiative were shared with local authorities in Peru, so as to aid in the formulation of a PEI Peru project that seeks to build stronger social and environmental safeguards in the waste management sector. This *South-South cooperation* resulted in the design and drafting of the Peru PEI project document during the second half of 2013, with implementation expected to begin during 2014. A video of the Uruguay project highlighting its success was produced; excerpts can be seen on the PEI and UNEP websites at [www.unpei.org](http://www.unpei.org/). The project is also featured as one of the PEI *Stories of Change*, published in 2013.
Advancing at the Global Level

PEI Nepal receives the global leadership award from the president of the UN General Assembly and the Executive Director of UNEP during the Global South-South Expo (© PEI).
The Poverty-Environment Facility, housed jointly in Nairobi and New York reflecting its joint UNDP-UNEP staffing and management, continues to act as the coordination, leadership, technical advisory, knowledge management and funds management hub for the PEI global programme.

In addition to ongoing daily support to the four PEI regional teams, PEF responds to requests for advice and support at the global level; acts as contact point and participant in relevant global processes and partnerships (such as PEP); responds to UNDP and UNEP requests for information, evidence and application of the poverty-environment mainstreaming agenda in other programmes, countries and policy processes; and seeks to integrate poverty-environment objectives into the two agencies themselves through formulation of and contribution to the draft and developing safeguard frameworks of the two host agencies. It also plays a key role in knowledge management and the communication of lessons learned, success stories and evidence-based policy advice, ensuring a steady and ongoing flow of best practices generated from the four regions to assist with implementation.

A key step for PEI at the global level during 2013 was the finalization and endorsement of the Joint Programme Document, which sets out the future direction for the initiative for 2013–2017 and demonstrates commitment by the two host agencies and partners for ensuring implementation of activities up to—and, through the elaboration of a Sustainability Strategy during 2014, beyond—2017. Reflecting the nature of this collaborative programme, the Joint Programme Document was reviewed and endorsed by the first-ever jointly convened UNDP-UNEP Project Appraisal Committee–Project Review Committee (PAC-PRC) in April 2013.

This was followed by the official launch of the new PEI phase, hosted by the Governments of Norway and Sweden, alongside the UNDP Executive Board meeting in New York (June 2013).

**CONTRIBUTING PEI EXPERIENCES TO THE GLOBAL DEBATE: THE POST-2015 DEVELOPMENT AGENDA**

Recognizing that social inclusion is at the heart of the transition to a green economy, and that both social and environmental sustainability are central to achieving the Future We Want, PEI inputs have been welcomed into many of the policy processes established this past year for defining the post-2015 development agenda, particularly the forthcoming *UN Sustainable Development Goals*.

Through inputs via both UNDP and UNEP channels, the poverty-environment approach, lessons learned and mainstreaming rationales have been integrated into policy processes—including those of the UN Development Group. Together, these contribute to the many strands of multi-stakeholder engagement underpinning the creation of an agreed-upon sustainable development agenda for the coming decades. Some relevant examples follow.
Inputs to the Post-2015 Global Thematic Consultation on Environmental Sustainability

The Post-2015 Global Thematic Consultation on Environmental Sustainability was part of the unprecedented worldwide engagement in shaping the next global development agenda. The consultation, co-hosted by the Governments of France and Costa Rica and co-led by UNDP and UNEP, facilitated an open dialogue, stimulated creative thinking and began the process of generating consensus around how best to reflect environmental sustainability in the post-2015 agenda. The process engaged academia, think tanks, civil society, youth, women and men from the North and the South who chose to focus the dialogue on the linkages between environmental sustainability and human development. A report, *Breaking Down the Silos: Integrating Environmental Sustainability in the Post-2015 Agenda*, was prepared and captures the essence and key messages of the consultation process. The report highlights learning from PEI on making the economic case for public investments in natural resources and includes specific reference to PEI’s work in Botswana, Burkina Faso, Malawi, Nepal and Rwanda.

UN General Assembly Open Working Group on Sustainable Development Goals side event

The fifth session of the UN General Assembly Open Working Group on Sustainable Development Goals brought together working group members and other member states, observers and representatives from UN agencies, and major groups to address the issues of sustained and inclusive economic growth, macro-economic policy questions (including international trade, international financial systems and external debt sustainability), infrastructure development and industrialization, and energy. PEI country experiences in addressing poverty-environment issues were showcased through a video broadcast during a side event held at the margins of the working group meetings, titled *Breaking Down the Silos: Integrated Approaches to Environmental Sustainability, Inclusive Economic Growth and Poverty Reduction*. The event, organized by the Governments of France and Costa Rica, and UNDP and UNEP, featured a high-level panel of experts from government, civil society and UN agencies who discussed experiences on the ground on how to achieve transformational change through integrated development solutions to help drive sustainable economic growth and poverty eradication.

Linking poverty reduction and biodiversity conservation: PEI inputs to the Convention on Biological Diversity

PEF participation in the high-level expert group on Biodiversity and Poverty Eradication convened by the Convention on Biological Diversity and culminating in the meetings in Chennai, India, led to fuller integration of poverty-environment mainstreaming considerations in the “Guidance for Implementation of Integration of Biodiversity and Poverty Eradication, Reflection on Root Causes and Drivers of Biodiversity Loss and Pov-
Eradication as Well as Linkages to Other Relevant Policies” outcome document. The group concluded by encouraging member states to “integrate, through, inter alia, inclusive, gender-sensitive and equitable processes, biodiversity and nature’s benefits to people including ecosystem services and functions into poverty eradication and development strategies, initiatives and processes at all levels, and to integrate poverty eradication and sustainable development concerns and priorities into national biodiversity strategies and action plans (NBSAPs) and other appropriate plans, policies and programmes for the achievement of the Strategic Plan for Biodiversity 2011–2020 and its Aichi Biodiversity Targets.”

**Global policy advice to PEI regional teams and other partners**

PEF finalized guidance notes during 2013 on stakeholder participation, gender mainstreaming and rights-based approaches; these notes were intended to assist the four regional teams in incorporating stronger social, equity and poverty analysis and activities into country project planning, implementation and monitoring. The guidelines were piloted during a PEF diagnostic mission to Kyrgyzstan which contributed to that country’s fuller integration of social inclusion aspects into poverty-environment mainstreaming and national development planning efforts. The gender mainstreaming guidance note inspired PEI Africa to develop a regional gender strategy for 2013–2017.

PEF recommendations for strengthening social aspects and poverty-environment mainstreaming examples and principles were incorporated into the successful online course “Introduction to a Green Economy: Concepts and Applications,” jointly developed by the International Labour Organization, UNEP, the UN Industrial Development Organization and the UN Institute for Training and Research. The course attracts more than 1,000 participants every year, mostly national and local government staff from developing countries.

**Global cross-practice and cross-divisional cooperation with UNDP and UNEP expert groups**

PEF continues to reach out within each host agency to secure expert inputs into global programming and to embed the poverty-environment agenda firmly into other workstreams of the two organizations.

In **UNEP**, PEF’s work intensified with the **Ecosystem Services and Economics Unit** through a joint activity called ‘Ecosystem Dividends.’ The activity involves documenting and inventorying all ecosystem evaluation and sectoral economic assessments carried out UNEP-wide in order to assess the policy impacts of such studies and make recommendations on how to better utilize the wealth of studies and assessments carried out by the organization. Results of this joint activity will be available in 2014.

With the **Climate Change Adaptation Unit** and **UN-Habitat**, PEI developed a proposal for ecosystem-based adaptation in urban areas in Asia, working in partnership with municipalities in several Asian countries. The initiative will identify mainstreaming opportunities and share best practices on
urban planning for climate change adaptation that deliver not just flood management benefits but also biodiversity benefits and improvements in wellbeing and/or livelihoods for the urban poor.

ENSURING VISIBILITY: PEI INPUTS INTO KEY EVENTS

Part of PEI’s communications and outreach work at the global level involves sharing key messages drawn from our national work at strategic events. In this way, we draw attention to poverty-environment mainstreaming as a successful governance and capacity-building approach, highlight its relevance in putting in place fundamental policy and institutional building blocks for transitioning towards an inclusive green economy, and mobilize support for poverty-environment mainstreaming throughout the world. Some examples of such promotion during 2013 are summarized below and in the box about the Global South-South Development Expo held in Nairobi.

PEI launch event during UNDP Executive Board meeting

High-level government officials from Bangladesh and Rwanda shared their experiences on integrating poverty-environment objectives into national planning and budgetary processes at an event held in New York in June 2013 to launch the PEI’s new phase. The event, hosted by the Governments of Norway and Sweden, was held alongside the UNDP Executive Board meeting and was attended by high-level representatives from governments, donor agencies, civil society and the media. The speaker from the Bangladesh Planning Commission detailed how PEI had helped main-
High-level government representatives from Burkina Faso, Nepal and Rwanda participated in the Global South-South Development Expo, a UN system-wide global event that took place last fall in Nairobi. The Expo’s theme was ‘Building Inclusive Green Economies—South-South Cooperation for Sustainable Development and Poverty Eradication.’ Attended by more than 1,200 delegates and featuring over 5 million virtual participants through online and social media, the Expo facilitated an exchange of country experiences on green economy and poverty-environment mainstreaming among Southern countries that have contributed to economic development, decent job creation and poverty eradication at the global, regional, national and local levels.

- The Ministry of Environment and Sustainable Development in Burkina Faso highlighted how it has worked with the Ministry of Economy and Finance to create a budget line to support better environmental management, and to use the national investment plan to analyse financing and determine budgets for environmental projects.

- The National Planning Commission in Nepal explained how the country has introduced a climate budget code to allow tracking of climate expenditures, following the completion of its CPEIR. The code allows climate programmes to be analysed with regard to other priority indicators related to poverty reduction and gender equality. These efforts have led to 10.3 percent of Nepal’s 2013–2014 budget being allocated for climate funding.

- Rwanda’s Environment Management Authority noted that the PEER supported by PEI proved to be a very successful poverty-environment mainstreaming tool for the country. The PEER illustrated poverty-environment spending and financial gaps by sector. The results helped the government to better plan and budget for sustainability and led to the establishment of the national climate and environment fund (FONERWA).

The annual South-South Cooperation Awards were conferred at the Expo to individuals and organizations that have been prominent role models of South-South cooperation throughout the world. The 2013 Annual Leadership Award was given to the Government of Nepal’s National Planning Commission and Ministry of Local Development for its exemplary and innovative work on the CPEIR supported by PEI.

PEI was also featured at the Expo in a presentation at a special session on mainstreaming and multilateral environmental agreements and throughout the week in the Exhibition Hall and through various media—including in a new UNEP publication on green economy and South-South cooperation which highlights case studies from PEI in Latin America, Africa, and Asia and the Pacific.
stream the poverty–environment–climate change nexus into national Bangladeshi plans, including how the PEI-supported CPEIR had prompted the development of a climate fiscal framework at the central and local government levels. The representative from Rwanda’s National Environment and Climate Fund highlighted how PEI had helped move Rwanda’s finance, planning and environment ministries towards greater integration of poverty-environment linkages through the application of such tools as an economic analysis of the costs of environmental degradation. The event received substantial media coverage, including by *All Africa, Ecoseed* and the *Independent European Daily Express*.

**Awareness-raising with media at UNEP Governing Council session**

At the 27th session of the UNEP Governing Council in February 2013 in Nairobi, PEF organized an event with 25 journalists from around the world to share experiences on poverty-environment mainstreaming centred on a prelaunch of the PEI publication *Stories of Change*. The event helped raise awareness of poverty-environment issues among the media and strengthen stakeholder engagement. It featured a high-level panel representing government, donors and the UN, including the Malawi minister of environment and climate change, Jenifer Chilunga, and Norway’s secretary of state for international development, Arvin Gadgil. The minister described how important the PEI-supported economic analysis and *Malawi State of Environment and Outlook* reports had been for the country—as well as the key role played by the media in Malawi in raising awareness on findings from the economics study. PEF also organized a short session on stakeholder engagement, which provided an opportunity for PEF and PEI Africa to present PEI’s work to about 30 participants from various NGOs and to discuss practical approaches to enhance stakeholder participation in integrated planning and budgeting processes in PEI countries.

**PARTNERSHIPS FOR DEVELOPMENT**

Reflecting a strengthened emphasis on social inclusion, improved understanding of poverty, and integration of more robust gender analysis into poverty-environment mainstreaming, PEI during 2013 not only maintained its existing partnerships but was active in developing new strategic partnerships with such relevant agencies as UN Women with PEI Africa, UN-Habitat with PEI Asia and the Pacific, the World Bank and the German Federal Ministry for Development Cooperation as a new PEI donor. The following highlights key areas of strengthened partnership.

**PEI and the green economy**

PEI continued to leverage synergies with complementary inclusive green economy and other relevant initiatives at the global, regional and national levels. Both UNDP and UNEP are engaged in several green economy programmes, including the Green Economy Joint Programme, the Partnership for Action on Green Economy, and the Green Growth Knowledge Platform and Best Practice initiative. Lessons from PEI are
being used to inform these programmes and vice versa.

For example, the PEI programmatic approach—with its focus on the social dimensions of economic growth, its use of expenditure reviews and economic assessments, and its partnerships with central ministries of planning and finance—is being used to influence the design of green economy programming and knowledge products. Concurrently, the broader set of green economy diagnostic tools and policy options have been shared with PEI teams through joint workshops and are being integrated into PEI regional and country plans. In several PEI countries—including Indonesia, Kenya, Mozambique and Rwanda—Green Economy Joint Programme and PEI teams are making efforts to coordinate their work through UNDP Country Offices.

WAVES

PEI is collaborating with the World Bank, the UN Statistics Division (UNSD), UNEP, UNDP and other partners at the global, regional and national levels to help generate and respond to country demand for beyond GDP measures. This includes for poverty-environment and multidimensional poverty indicators, and natural accounting in partnership with WAVES and the implementation of UNSD systems of environmental economic accounting. PEI has supported such efforts in Botswana, Indonesia and Kenya, among others. UNDP is continuing its coordination with the World Bank in linking WAVES to PEI work in these and other countries, including through UNDP’s membership on the WAVES Steering Committee.

PEP

As a strategic platform bringing together diverse stakeholders from governments, multilateral agencies, and civil society, PEP continues to blend, package and disseminate important policy and programming insights into the challenges of development and the incorporation of poverty reduction into an inclusive green economy.

PEI, as a founding member and active participant of PEP, contributed extensively to the PEP 2013 meeting held in Berlin in May. The event marked a new focus area for PEP in terms of highlighting approaches and experiences for poverty reduction among the urban poor. It also explored connections between poverty-environment mainstreaming and other green economy approaches and initiatives, and showcased the range of tools and approaches used by PEI regional teams for fuller economic analysis and evaluation of development investment and policy options, and sectoral assessments. The meeting also featured a rich discussion centred on the contributions PEP can make to debates promoting the post-2015 development agenda.

The PEI Technical Advisory Group

The Technical Advisory Group is an important sounding board and source of technical information and advice for the global PEI programme. Throughout 2013, valuable inputs were provided not just for knowledge management but also for the improved PEI monitoring and evaluation system and the overall programmatic focus for the new phase. Fol-
Following the May 2013 PEP meeting, PEI national staff and partners from Botswana, Malawi, and Kyrgyzstan joined regional team managers from Africa and Asia and the Pacific for a meeting of the PEI Technical Advisory Group. Meeting participants reviewed progress towards the Joint Programme Document for PEI and launch of the new phase; and discussed PEI knowledge management activities and products, including *Stories of Change*, revision of the poverty-environment mainstreaming handbook and training materials used by various development partners.

**PEI and the UNEP Committee of Permanent Representatives**

Recognizing the valuable role played in development and decision-making by the diplomatic community, PEI maintains a close, two-way relationship with member state representatives to UNEP in Nairobi, known as the Committee of Permanent Representatives. Several informal briefings took place in 2013 during which PEI senior, programmatic and regional staff shared progress updates with committee members on aspects of implementation, including seeking inputs from the representatives into the PEI new phase and Joint Programme Document for PEI 2013–2017.

**Other ongoing partnerships**

The year 2013 saw the strengthening of existing partnerships such as those with the International Institute for Environment and Development (IIED), the World Resources Institute (WRI) and the International Institute for Sustainable Development—key partners that not only provide technical, specialist, and advisory inputs into PEI programming, but that also amplify the messages and lessons learned from PEI through their own communication networks. Notably, IIED played a leading role in the publication of the PEI *Stories of Change*; also, IIED and WRI are long-term and valued members of both PEP and the PEI Technical Advisory Group.

**Better Knowledge Management to Mobilize Support for Poverty-Environment Mainstreaming**

The PEI website (www.unpei.org) continued to be a critical source for information on poverty-environment mainstreaming. The past year saw the redesign and relaunch of PEI’s web presence: this was aimed at improving communication and information sharing with stakeholders as well as to better exploit opportunities created by expanding social media. The PEI site was visited 34,308 times by 13,607 unique visitors during the first six months of the year and by 9,902 visitors during the last six months of the year. The total number of website views in 2013 reached almost six digits (93,247). The returning visitor rate has been between 66.3 percent and 68.8 percent, indicating that visitors to the site are finding their experience worthwhile. *Stories of Change*, the PEI brochure and the 2012 Annual Report were the most frequently downloaded publications. Full statistics are presented in the figure on the next page.
PEI on social media

In 2013, PEI intensified its presence on social media. Its YouTube channel had almost 200 subscribers by year end and received 69,582 views. PEI currently has 269 followers on Twitter and 271 “likes” on its Facebook page.

PEI on Teamworks

The PEI space on Teamworks—a UN corporate knowledge management platform—has been helping enhance knowledge sharing on poverty-environment issues with PEI colleagues and partners through news articles, e-discussions, blogs, webinars and videos. In 2013, the PEI Teamworks space had 307 members and received 5,094 page views. Almost all views (92.6 percent) were by returning visitors; 7.4 percent were new visitors. Some Teamworks activity highlights include a lively e-discussion on inclusive green economy and inclusive green growth approaches, and a blog post by Olav Kjorven, UNDP Assistant Administrator and Director of the Bureau for Development Policy, titled “A Shared, Global & Ambitious Development Agenda Post 2015—Within Closer Reach Than We Thought?”

PEI in print

Launched as a first draft in time for the 2013 UNEP Governing Council, and updated and expanded to include a joint foreword from UNDP Administrator Helen Clark and UNEP Executive Director Achim Steiner in June 2013, the key publication for the year was the narrative-styled Stories of Change. It proved instantly popular, with over 2,000 downloads to date.

At the same time, collaborative work intensified on the revision of the flagship PEI handbook, Mainstreaming Poverty-Environment Linkages into Development Planning: A Handbook for Practitioners; the revised publication will be finalized and published during 2014. PEI is also increasingly being featured in host agency publications, including the 2013 UNEP Annual Report; and thematic publications such as UNEP’s Success Stories from South-South Cooperation, prepared for the 2013 Expo.
CONCLUSION AND WAY FORWARD
The year 2013 was a period of consolidation and transition across the four PEI regions. Good results have been achieved at the country level where pro-poor environmental sustainability objectives and indicators were included in national or subnational development plans. Financial instruments were also used in a number of countries for pro-poor growth and environmental sustainability. To implement these various tools, PEI worked with ministries of planning and finance and collaborated with ministries responsible for the environment and natural resource management to ensure a cross-ministerial coordination approach.

Most countries ended their programme cycles under the PEI scale-up phase (2008–2013) and developed programme documents for 2013–2017 to ensure a smooth transition into the new phase. Following its adoption of the Joint Programme Document for PEI 2013–2017, PEI has been deeply engaged in lesson learning and participatory stakeholder planning at the country, regional and global levels. The overall objective is to make certain that countries build upon past achievements to enhance implementation of development policies, plans and budgets that integrate environmental sustainability and poverty reduction for inclusive growth.

To this end, regional implementation strategies will be pursued in accordance with the overall orientation of the Joint Programme Document, as discussed and endorsed in regional steering committee meetings. It is worth noting that the Joint Programme Document integrates a stronger gender and equity focus; it also emphasizes the implementation and demonstration of tangible sustainable development outcomes on the ground. The document further provides detailed information on the continuation of the UNDP-UNEP partnership, integration of poverty-environment mainstreaming in the core business of the two supporting agencies, and linkages with inclusive green economy and natural accounting initiatives as well as with climate change mainstreaming.

During its next phase, PEI will continue to incorporate poverty-environment mainstreaming into government institutions in at least 26 countries in the four PEI regions, placing poverty reduction at the heart of decision-making structures, budgets and programmes with regard to the environment and natural resource management. Economic studies, PEERs and other more targeted economic studies will be promoted for increased investment in the implementation of poverty-environment objectives.

We will also strengthen our work on poverty-environment indicators to respond to both global and country-level demands. For example, PEI Africa will support Tanzania in evaluating the relevance and effectiveness of the poverty-environment indicators that were integrated into its national development strategy to better inform future monitoring and evaluation, planning and decision-making processes. Similarly, the Government of Mauritania requested PEI support to strengthen its use of poverty-environment indicators to better assess progress made towards targets set in its most recent Poverty Reduction Strategy Paper and National Environment Action Plan. Other regions have
also expressed the need to establish substantive indicators to better monitor progress towards achieving poverty-environment objectives.

Such national and subnational achievements will be increased by ensuring a supportive policy environment for poverty-environment mainstreaming at the global level—including through the post-2015 development agenda and forthcoming UN Sustainable Development Goals. To this end, PEI will continue to advocate for the inclusion of the poverty-environment nexus in donor policies and programmes at the global level.

Our next phase will integrate poverty-environment objectives into the core work of UNDP and UNEP at the global, regional and country levels to move poverty-environment issues forward within the two organizations. These transformational changes will be sustained through wider stakeholder involvement and enhanced awareness of the benefits of poverty-environment mainstreaming throughout government, national research institutions, the UN family and civil society.
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