

7

Mainstreaming into National Monitoring Processes

This chapter discusses the value and benefits of integrating poverty-environment objectives into national and subnational monitoring systems, the approach to be considered and examples of successful efforts. The utility of a public finance expenditure review exercise for tracking budgeting and spending is explored. Lastly, the chapter touches on other measurements of natural wealth and well-being which can be used to support the integration and monitoring of poverty-environment objectives.



7.1 Integrating Poverty-Environment Objectives into National Monitoring Systems

A national monitoring system tracks progress made against policy and development objectives; it can also help identify where and what kinds of corrective actions may be needed. Including poverty-environment objectives in the national monitoring system also helps maintain and improve understanding of poverty-environment linkages and how they can be measured. Monitoring enables policymakers and implementers to demonstrate the impact of policy measures put in place, share lessons learned, make adjustments in policies, and guide budget and resource allocation. To do all this means monitoring poverty-environment issues within the framework of the existing national system, developing poverty-environment indicators as part of national development plans and/or sector strategies, and working closely with the national statistics office and other institutions involved in national monitoring systems.

Goal and Major Actions

The overall aim of integrating poverty-environment objectives in the national monitoring system is to increase the likelihood that the poverty-environment elements of policies, plans and budgets are implemented effectively. This goal can be facilitated by the following actions.

- **Selecting appropriate indicators.** Relevant and operational indicators, such as those listed in [box 7.1](#), are an important instrument for integrating poverty-environment objectives into the national monitoring system, and provide an important link connecting policy and planning with implementation and monitoring. Such indicators are usually

developed through extensive research and consultations and are used to measure progress on the poverty-environment dimensions of a policy, plan and/or strategy. Within the context of broader poverty-environment issues, these should cover specific themes including gender, climate change adaptation and mitigation, inclusive green economy, and sustainable consumption and production. Practitioners should also be aware of the SDG targets and corresponding indicators, as countries will internalize these in their national monitoring processes, just as they did with MDG targets and indicators.

- **Coordinating with and strengthening the national statistics office and related institutions.** Practitioners should establish effective and mutually beneficial working relationships with the offices responsible for managing and implementing the national monitoring system. These systems are usually led by an office in the ministry of development or planning in collaboration with the national statistics office. For its part, the national statistics office is usually responsible for providing quality control in formulating indicators and for coordinating overall data collection and analysis, in response to the goals and objectives of development policies and plans and sector strategies. Sector ministries (e.g. agriculture, environment, meteorology, education, water and health) may each have a comprehensive monitoring and information system and may collect data that can serve to inform poverty-environment indicators. Practitioners should engage with all of these entities to elaborate and apply poverty-environment indicators. Coordination and cooperation can be accomplished through information sessions with, and writing manuals and guidelines for use by, cross-sectoral working groups formulating national development policies, plans and sector strategies.



Box 7.1 Examples of Poverty-Environment Indicators

Agriculture

- ☀ Hectares of agricultural land under sustainable land management—i.e. on which soil and water conservation (contour ridging), soil fertility improvement (organic manure, agro-forestry), rainwater harvesting, conservation agriculture, etc., is practiced
- ☀ Estimated total soil loss in cropped areas (tons/hectare/year)
- ☀ Number of women holding elected leadership positions in community organizations, cooperatives or decision-making councils
- ☀ Number of women and men who own agricultural lands, including homes and home gardens
- ☀ Proportion of women and men with access to credit and technical assistance

Climate Change

- ☀ Number of women owning and using energy-efficient technologies, using renewable energy and involved in sustainable forest management
- ☀ Participation of women in climate change planning institutions, processes and research (including disaster preparedness and management) at the professional and lay community levels

Forestry

- ☀ Number of women who benefit from natural resource concessions

- ☀ Female ownership or co-ownership of equipment and tools for production, processing, commercialization and other services associated with natural resources
- ☀ Number of forest management plans with gender-sensitive activities (e.g. non-timber forest products, medicinal plants, wildcrafting)

Fisheries and Aquaculture in Coastal Zones

- ☀ Number of women with access to and control over key resources (e.g. fuelwood, craft supplies, shellfish)
- ☀ Percentage of women obtaining fisheries-related business credit
- ☀ Number/percentage of women who own aquaculture ponds
- ☀ Number of women managing successful productive projects (e.g. marine farms, ponds, zoo farms, eco-shelters)
- ☀ Number of women benefiting from wetlands planning, professions and research, at all levels

Energy

- ☀ Percentage of households in rural and urban areas using alternative sources of energy to wood-fuel (including charcoal) as their main source of energy for cooking
- ☀ Amount of time or money spent by women and men to obtain energy supplies (fuelwood, charcoal)

- ☀ Number/percentage of women and men adopting energy-saving technologies
- ☀ Number/percentage of women and men involved in energy-related employment and training
- ☀ Number/percentage of women and men involved in energy policy dialogue
- ☀ Number/percentage of women and children visiting clinics for respiratory or eye conditions
- ☀ Number/percentage of women trained to use alternative technologies

Urban

- ☀ Number/percentage of female-headed households receiving housing-related loans
- ☀ Number of women with voice and voting rights in community consultation process for urban planning
- ☀ Number/percentage of women in municipal institutions with environmental decision-making authority

Other

- ☀ Proportion of households whose main source of cash income is derived from natural resources
- ☀ Proportion of urban and rural population with access to piped or protected water as the main drinking water source

Sources: PEI Africa; Aguilar, n.d.

• **Strengthening monitoring and reporting mechanisms for national accountability and sustainability.** Analysis and reporting on data collected over time generate evidence of change in human well-being and the environment in accordance with intended goals, targets and corresponding indicators. Government progress reports on national development plans or sector strategies constitute an important source of evidence of progress on and achievements in poverty-environment mainstreaming. To strengthen these mechanisms, practitioners can support national institutions in generating regular, transparent and accessible reports on performance measured against agreed-upon indicators contained in national monitoring systems. Strengthening can also include building the capacity of legislative and judiciary branches of government as well as of civil society organizations and the media so they can participate as active partners in national monitoring processes.

Steps in Integration

Influencing national monitoring systems to integrate indicators linked to poverty-environment can be challenging. Given the cyclic nature of national planning, implementation, monitoring and reporting processes, it can take a number of years before results are achieved. PEI experience has identified several steps to integrate poverty-environment objectives into the national monitoring system. These steps, which need to be adapted to national circumstances, are as follows.

• **Review literature and experience in other countries.** Undertaking a literature review helps identify issues that need to be taken into account in mainstreaming poverty-environment objectives into a monitoring system. Examples from a growing number

of countries are available outlining the process they have undertaken in the adoption of poverty-environment indicators.

• **Analyse national priorities and identify entry points.** National monitoring systems are subject to continuous review and data collection cycles (e.g. five-year household surveys) that are closely linked with the review and elaboration of five-year national development plans and sector strategies. Timelines and targets need to be mapped out in order to inform and influence national monitoring systems at a strategic point in the review and planning cycle.

• **Identify key institutions and establish cross-sectoral working groups.** Delineate the national, sector and subnational monitoring systems in place and the institutions charged with coordinating their application and those responsible for data collection. As noted above, the national statistics office, working in close collaboration with the ministry of planning, is typically responsible for the monitoring system; and sector ministries are responsible for collecting data over time for a cluster of thematic indicators. Establish working relationships with these institutions and make the case to them on the benefits of revisiting and/or adding poverty-environment indicators into existing systems.

• **Analyse existing monitoring and reporting systems.** National monitoring systems often ignore linkages with the environment, while environmental monitoring systems tend not to consider the poverty impacts of environmental changes. Assessing existing national monitoring systems and their associated data collection and reporting components provides essential information which can inform and influence changes to better reflect poverty-environment linkages. In addition, the availability,



quality and relevance of existing data sets and indicators (including gender disaggregation) should be analysed, along with the institutional roles and responsibilities for collecting, analysing and reporting on data.

✿ **Identify possible poverty-environment linkages through a consultative process.**

Possible indicators should be formulated through a participatory process, drawing on sector experts and statisticians from the national statistics office. The process should be embedded in the elaboration and monitoring of national/subnational development policy and planning and/or sectoral strategy processes. It should be informed by quality criteria (box 7.2) and respond to the need to capture progress and change resulting from the implementation of priority initiatives contained in national plans and sector strategies, as funded by public and private sector funds.

Indicator formulation could be proceeded and informed by a commissioned study that offers a range of poverty-environment indicators, complete with definitions, purpose, institutional roles and responsibilities, and data collection protocols. Another useful input is sector or thematic indicators proposed under other national and/or global initiatives. For instance, national climate change adaptation and mitigation strategies, NBSAPs and green economy strategies have formulated specific indicators that could be considered.

- ✿ **Select a core set of indicators.** Through a consultative process with policymakers from the ministries of planning, key sectors and the national statistics office, practitioners should facilitate a process in which a core set of indicators are selected from among the possible poverty-environment indicators identified in the preceding step. Keep the number of proposed new indicators

Box 7.2 Indicative Criteria for Poverty-Environment Indicators

✿ **Policy relevant.** Indicators should directly respond to the need to track changes against policy goals and objectives. They should be useful for policymaking.

✿ **Link environment and poverty goals and results.** A framework should be established for consolidating linkages between pro-poor environmental sustainability that contributes to inclusive green growth.

✿ **Specific, Measurable, Attributable, Relevant and Timebound (SMART).** Indicators and targets should be expressed in quantitative or qualitative terms. Their measurement should be replicable with similar results.

✿ **Comparable and sensitive to changes.** Indicators should facilitate assessment between different circumstances and timescales and detect variations; this underscores the necessity of regular data collection.

✿ **Gender sensitive.** Indicators should be sensitive to capturing women's and men's participation in planning, decision-making, implementation and benefit sharing.

✿ **Disaggregated data.** Indicator data should be able to be disaggregated by gender, age and location, among others, so further analysis from a gender- and rights-based perspective can be undertaken.

✿ **Cost-effective.** Indicators should be measured in an affordable way, including making provisions for their integration in existing data collection systems (e.g. household surveys).

✿ **Aggregative.** It should be possible to aggregate the measurements of indicators from different national levels (e.g. from outputs to outcomes), from the subnational level to the national level, and from the national level to the global level (e.g. national reporting against global MDG/forthcoming SDG goals and targets).

realistic, as the national statistics office will raise justified concerns related to the costs of data collection, the feasibility of regular data collection and how the data will be used for reporting.

- ❁ **Continuous review and refinement.** The adoption and application of poverty-environment indicators can take 5–10 years, owing to the cyclic planning and monitoring process. National development policies and plans and sector strategies are normally subject to five-year review and formulation cycles, and national monitoring systems are linked to these. Experience shows that an indicator can be adopted in the national monitoring system but no data be collected on it over time, either because of a lack of institutional ownership to put data collection systems in place or because it has been determined that data collection is not technically or economically feasible. Consequently, the effectiveness of proposed indicators should be reviewed periodically and indicators dropped or refined accordingly. See [box 7.3](#) for an example of continuous review and refinement.

7.2 Tracking Budgets and Expenditures

Harnessing public resources through poverty-environment mainstreaming is fundamental for pro-poor and environmentally sustainable development. In many developing countries, public sector financing is the main source of funds for implementing development policy and plans. Increasingly, donor funds at the country level, either channelled through government institutions or civil society, are reflected in national medium-term expenditure frameworks and annual budgets. Reviewing how public funds are spent by government across sectors and nationally and/or subnationally can identify what was spent, what was

Box 7.3 Integrating and Refining Poverty-Environment Indicators in Tanzania



In 2005, the Government of Tanzania commissioned a study to identify poverty-environment indicators as part of the elaboration of its five-year economic and poverty reduction strategy (Tanzania Vice President’s Office 2005). The study identified 34 indicators, from which 10 were selected by a cross-sectoral working group and incorporated in the “Mkukuta” Plan and its monitoring system. Subsequent annual reports produced by the Mkukuta monitoring system revealed that data were collected for only 6 of the 10 indicators. The other four were either not adopted by a sector ministry and/or deemed to be unmeasurable.

As part of the performance review of Mkukuta I and formulation of Mkukuta II (2010/11–2015/16), the monitoring system adopted the 6 indicators as well as another 15 poverty-environment indicators. The Mkukuta II monitoring system is currently being reviewed in order to assess the performance of the five-year plan that is soon ending, as reflected in changes captured by the adopted indicators. This assessment will likely contribute to further refinement of the national monitoring system, which will also be informed by any change in the development priorities contained in the next five-year national development plan. It can also be anticipated that the forthcoming plan and associated monitoring system will reflect adoption of SDG goals, targets and associated indicators.

Source: United Republic of Tanzania, UNDP and UNEP 2014.

achieved as a result, and whether the results achieved met pro-poor and environmentally sustainable development objectives. It can also provide an assessment of the performance and efficiency of the institutional mechanisms governing expenditure and reporting.

Tools such as PEERs and CPEIRs, as well as related gender and social expenditure reviews, are effective ways to enable governments to track expenditures and allocate budgets for climate change and sustainable ENR management for pro-poor development. These tools can be used to raise awareness of the importance of a given poverty-environment issue, demonstrate its relevance to the achievement of related policy objectives, shape national and donor debates concerning policy and funding priorities, and begin a dialogue aimed at increasing levels of investment in poverty-environment outcomes.

The approach for conducting public expenditure and institutional reviews is both analytical and process oriented. Government ownership is necessary both for access to data and to increase the likelihood of results being accepted and—more significantly—acted upon. Important steps in the expenditure analysis include the following (Bird et al. 2012).

- ✿ **Define what constitutes environment or climate expenditure.** There tends to be no standardized definition as to what constitutes such expenditure. Therefore, define at the national level what is to be included in the analysis.
- ✿ **Define the total expenditure that is going to be analysed in terms of poverty-environment or climate relevance.** Depending on the time and financial resources available for the review, expenditure in key sectors (e.g. agriculture) might need to be prioritized and other sectors where expenditure is likely to be negligible (e.g. health) left out of the analysis. Decisions also need to be made on how to include donor-financed projects with prominent international support that might or might not be included in national accounts and budgets. Experience suggests there is value in keeping domestic

and international sources of funding separate in the analysis as they are subject to different governance arrangements.

- ✿ **Review the data available.** The available data will ideally include electronic expenditure information, at its most disaggregated level, directly from the public financial management system (i.e. system of national accounts). Failing this, the range of spending can be pieced together with data from various sources including published sector budget documentation, extra-budgetary funds reported by donor or project annual reports, and/or a combination of public finance management systems supported by the World Bank or other development partners.
- ✿ **Filter the data.** Assess which expenditures are poverty-environment or climate relevant and gauge the level of relevance to arrive at a total expenditure, according to project/sector/budget identification and labelling. For recurrent budgets, the identification process depends on the level of disaggregation of budgetary information, informed by ministry respondents.
- ✿ **Further analyse the data.** Analyse the data according to special issues, poverty-environment concerns, climate change adaptation, etc. This secondary analysis will often inform advocacy aimed at increasing budget allocations for poverty-environment mainstreaming and other objectives.

Expenditure reviews are intended to facilitate the national response to investment needs by identifying those actions required to strengthen that response ([box 7.4](#)). As resources are always limited, some form of prioritization must be put in place to guide both donors and scarce public investments to fund the appropriate areas.



Box 7.4 CPEIR in Bangladesh Leads to New Focus on Climate Change in Budget System

The CPEIR in Bangladesh helped lead to a significant shift in government thinking, as its findings showed that the majority of the country's climate funding is embedded in multidimensional programmes across several government departments, and not limited to the environment sector (Bangladesh General Economics Division 2012). Altogether, Bangladesh currently spends \$1 billion a year in public funds—about 6–7 per cent of its annual budget—on climate change adaptation. Although a substantial sum, this represents only a fifth of the World Bank's recent estimate of Bangladesh's annual expenditure needs for climate change by 2050, three-quarters of which is to come directly from public funds.

Source: UNDP-UNEP PEI 2014a.

Bangladesh's minister for the environment cited the CPEIR 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 its Ministry of Finance, the government is developing a climate change-responsive budget at the national and local levels.

The recommendations of the CPEIR have enabled the government to propose the introduction of a climate budget code with indicators for use in future budgets, so it can track spending continuously across all govern-

ment 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; consequently, such investments are being targeted to projects better addressing the concerns of the poor. All ministries that submit projects for funding must specify the percentage of poor people that will benefit, what the impact on natural resources will be and the extent of resilience of new infrastructure to climate change.

7.3 Going Beyond GDP: Towards More Holistic Measurement of Growth and Human Well-Being

Efforts to support the integration of poverty-environment indicators and related evidence into national planning processes are closely linked to initiatives that are trying to improve the determination of natural wealth and their inclusion in economic measures. Traditional measurements of economic growth have centred on the concept of GDP, which measures the gross output of an economy and was never intended to be a measure of wider societal well-being (see annex C). GDP does not measure the state of the inputs, or

natural wealth, required to produce outputs. More holistic measurements which also capture the social and environmental dimensions of human well-being—i.e. a country's natural wealth—are needed. This need is recognized in the Rio+20 outcome document and in the forthcoming SDGs. Globally, more attention is being paid to formulate indicators, measures and indexes that capture natural capital (e.g. ecosystems and biodiversity), quality of life, health (Human Development Index) and even happiness (e.g. Bhutan Gross Happiness Index).

Each country and region has different "Going Beyond GDP" challenges and opportunities depending on its context and existing poverty-environment programming. At the same



time, there is room in many countries to consider additional Beyond GDP work as part of evolving regional and country strategies. Principal mainstreaming entry points for Going Beyond GDP work include the following:

- Integrated surveys and assessments, including household living standards and measurement surveys; integrated diagnostic tools including strategic environmental assessments, poverty and social impact analyses and economic assessments (see annex B for more detail)
- Poverty-environment and green economy-related multidimensional poverty indicators, including those supported by the Multidimensional Poverty Peer Network and the International Union for Conservation of Nature (IUCN) Environment and Gender Index, the UNEP Green Economy Initiative, the World Bank's adjusted net savings measures, OECD's green growth indicators, and the Global Footprint Index
- Natural capital valuation and accounting, supported by such systems, programmes and tools as the UN Statistical Commission's System of Environment and Economic Accounts (SEEA), the World Bank's Wealth Accounting and Valuation of Ecosystem Services (WAVES), UNEP's Valuation and Accounting of Natural Capital for the Green Economy (VANTAGE) programme and TEEB initiative, GEF-supported NBSAPs, and the UNDP's Targeted Scenario Analysis (see annex C)

Quick Reference Checklist:

Mainstreaming into National Monitoring Processes

Integrating poverty-environment issues into national monitoring systems

- Has the government integrated poverty-environment objectives in the national monitoring system to facilitate the following and to what extent?
 - ✓ Regular monitoring
 - ✓ Regular reporting
 - ✓ Informing the policy process
- Has the government considered the following approaches to integrating poverty-environment issues into the national monitoring system and to what extent?
 - ✓ Monitoring poverty-environment issues within the framework of the existing national system
 - ✓ Developing poverty-environment indicators as part of national development plans and/or sector strategies
 - ✓ Coordinating and strengthening the national statistics office and related institutions involved in the national monitoring system
 - ✓ Including emerging environmental and development issues such as climate change, inclusive green economy, and sustainable production and consumption as integral components of poverty-environment indicators
- Has the government taken the following steps to ensure that poverty-environment issues are integrated into

the national monitoring system and to what extent?

- ✓ Review literature and experience in other countries
- ✓ Analyse national priorities and identify entry points
- ✓ Analyse existing monitoring and reporting systems
- ✓ Identify possible poverty-environment linkages through a consultative process
- ✓ Select a core set of indicators
- ✓ Continuously review and refine indicators

Undertaking an expenditure review exercise for tracking spending

- Has the government taken the following steps in conducting a public expenditure and institutional analysis and to what extent?
 - ✓ Defining the body of total expenditure that is going to be analysed in terms of poverty-environment or climate change relevance
 - ✓ Review the data available
 - ✓ Filter the data by assessing which expenditures are poverty-environment or climate change relevant
 - ✓ Further analyse the data according to special issues
 - ✓ Assess the quality of expenditure



Going Beyond GDP

- Has the government considered some principal mainstreaming entry points for Going Beyond GDP work:
 - ✓ Integrated surveys and assessments, including household living standards and measurement surveys, integrated diagnostic tools
 - including strategic environmental assessments, and poverty and social impact analyses and economic assessments
 - ✓ Poverty-environment and green economy-related multidimensional poverty indicators
 - ✓ Natural capital valuation and accounting