



PEI ANNUAL PROGRESS REPORT 2011



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

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Cover photos: *Top*—land cleared for agricultural concessions (Silvia Jundt, PEI Lao PDR); *bottom*—Rubaya community celebrates integrated demonstration project in Rwanda (Mónica López, PEI).

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**PEI ANNUAL PROGRESS REPORT
2011**

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Baobab trees in Malawi (PEI Malawi).

PREFACE

The joint United Nations Development Programme–United Nations Environment Programme Poverty-Environment Initiative (UNDP-UNEP PEI) continues to demonstrate the benefits of using the poverty-environment nexus concept to create tangible development outcomes for national policy makers and move towards improved policy implementation.

Evidence from our country programmes shows that institutional and political economy drivers affect decision-making, enshrining public sector policies that maintain “siloed” development approaches that contribute to ecologically unsustainable economic practices and inequality. Counteracting these tendencies in a number of countries benefiting from PEI support, we are pleased to see that the application of economic, ecological and social assessment tools—complemented with capacity development—is contributing to strengthened institutions to engage in policy and planning reforms. These reforms in turn contribute to integrating the rights and interests of the poor and other vulnerable groups, establishing fiscal and economic reforms to stimulate a greener and inclusive economy, and creating institutional frameworks for effective coordination, implementation and monitoring.

We are heartened that the external Mid-Term Review undertaken during 2011 positively assessed PEI’s progress and achievements, and made constructive recommendations to strengthen the programme’s efficiency and effectiveness. We have endorsed these recommendations and look forward to their implementation during 2012 and beyond.

Looking forward, we will strive towards a vision where national institutions have the capacity to successfully meet the implementation challenges of achieving inclusive, pro-poor and environmentally sound sustainable development. As the PEI matures, we need to learn lessons and continue to strengthen the capacity of counterpart ministries, agencies and civil society. By so doing, we will achieve transformational change that makes a real difference in the lives of poor and vulnerable people while ensuring the integrity of our ecosystems. And, in order to both support and move beyond purely technical, purely local solutions, national and global policy agendas will be needed that will help shape attitudes and responses.

With these ideals in place, it is with pleasure that we present the 2011 PEI Annual Progress Report, which provides a comprehensive overview of progress and achievements from the PEI scale-up programme. The report clearly shows that considerable results and outcomes have been made. PEI is increasingly recognized as a source of knowledge on poverty-environment mainstreaming and as a vehicle to deliver integrated development policies and approaches. This

recognition is demonstrated by the growing number of requests for support we have received. These requests reflect the wider applicability of the poverty-environment mainstreaming approach in efficiently and effectively putting in place key building blocks towards sustainable development.



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ABBREVIATIONS AND ACRONYMS

CIS	Commonwealth of Independent States
Danida	Danish International Development Agency
DFID	Department for International Development
ECP	environment-climate-poverty
ESIA	Environmental and Social Impact Assessment
FONERWA	Fonds National de l'Environnement au Rwanda (Rwanda's National Climate and Environment Fund)
GDP	gross domestic product
GIZ	German International Development Cooperation (Deutsche Gesellschaft für Internationale Zusammenarbeit)
IIED	International Institute for Environment and Development
IUCN	International Union for Conservation of Nature
M&E	monitoring and evaluation
MDG	Millennium Development Goal
MPD	Ministry of Planning and Development
MTR	Mid-Term Review
NGO	non-governmental organization
ODI	Overseas Development Institute
PEER	public environment expenditure review
PEF	Poverty-Environment Facility
PEI	Poverty-Environment Initiative
PRSP	poverty reduction strategy paper
REGATTA	Regional Gateway for Technology Transfer and Climate Change Action in Latin America and the Caribbean
SGA	Sub-Global Assessment
SIDA	Swedish International Development Agency
TEEB	The Economics of Ecosystems and Biodiversity
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UN-REDD	UN Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries
WAVES	Wealth Accounting and Valuation of Ecosystem Services
WRI	World Resources Institute



Bhutan traditionally guards crops by erecting watch towers (PEI Bhutan).

EXECUTIVE SUMMARY

Continued integration of pro-poor environmental sustainability issues into development processes is at the core of the work of the joint United Nations Development Programme–United Nations Environment Programme Poverty-Environment Initiative (UNDP-UNEP PEI). PEI is an exemplar of how to articulate social, economic and environmental sustainability in development policies and plans at the country level.

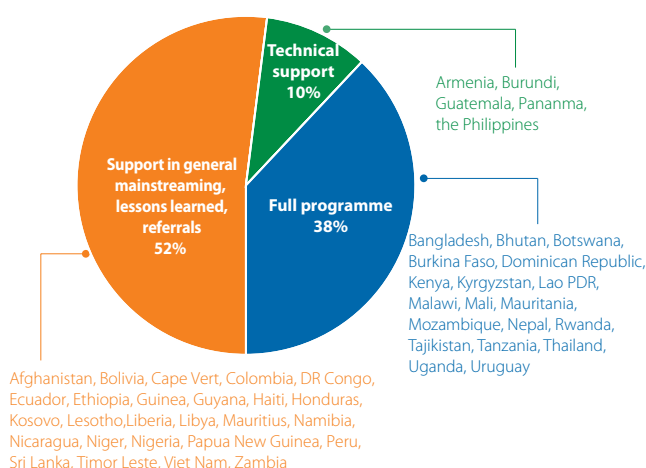
The year 2011 has been a critical one in accomplishing the transition from making the case for the integration of poverty-environment objectives into key development issues and actually making this integration happen. During this transition, we are seeing a level of maturity in the PEI country programmes attributable to the combination of political, economic, environmental, institutional and social transformations supported by PEI and contributing to positive change. This report highlights many of the successes and some of the challenges PEI has faced this year in bringing about this change.

PEI: A CATALYST FOR CHANGE

Last year's annual progress report highlighted the consolidation of the PEI programme in the four regions and the adaptability of the PEI approach to the varied economic, social, legal, political and institutional contexts in those regions. This year goes a step further to share the outcomes achieved by PEI country partners as they establish poverty-environment objectives in sector, national and subnational plans and budgets. These outcomes are supported by other major achievements deriving from PEI's catalytic effect.

For example, there has been a considerable increase in demand for PEI support, with a total of 50 countries to date making such requests since PEI's establishment. This trend is also evidenced by a steady growth in cofunding from government partners, UNDP Country Offices and in-country donors for the delivery of PEI country programmes; this funding currently accounts for about 30 percent of the total funding for the global PEI programme.

COUNTRY DEMAND FOR PEI SUPPORT



WHAT IS PEI TRYING TO ACHIEVE?

PEI is a catalytic programme that seeks to put in place enabling conditions—policies, instruments, capacities and behaviours—that support the sustained integration of pro-poor environmental sustainability issues into development processes, principally at the central, sector and local government levels but also within private sector and civil society institutions.

A chief PEI aim is to advocate to governments and donors to provide the longer-term support needed for a sustained increase in investments and capacity building in pro-poor sustainability so as to contribute to the achievement of relevant national development priorities. PEI seeks to do this through the improved pro-poor, environmentally sustainable management of natural resources. We set out to change perceptions and to demonstrate that investment in environmental sustainability can lead to reduced poverty and improved livelihoods. The full integration of the environment into national economic planning processes—including the necessary capacity building—is a long-term (10–20 years) institutional change process aimed at improving the livelihoods and security of the poor.

PEI is supporting this process in selected countries by building a body of knowledge so that principles and operational practice can be widely applied.

THE PEI ANNUAL PROGRESS REPORT 2011

“While a number of donors also finance similar or PEI related activities/programmes, there is not yet the substantive, cohesive focus on financing poverty-environment investments as envisaged by the PEI programme document. Such a substantive, cohesive level of support from government and donor sources is vital for longer-term capacity development and for detailed operationalisation of poverty-environment objectives at sector and particularly decentralised levels. (Not least as PEI is a catalytic programme and not designed to finance detailed operationalisation.)”

—PEI Malawi MTR 2011, p. 17

This annual progress report provides a comprehensive overview of positive progress in the sustainable development mainstreaming agenda. Section 1 provides a brief introduction to the core section, 2, which details outcomes and outputs achieved at the country level. Sections 3 and 4 focus on the regional and global programmes, respectively, following the logic of the results framework of the joint PEI scale-up programme document. Section 5 reflects on opportunities and challenges for PEI work in the context of renewed urgency to achieving sustainable development—and in light of the **United Nations Conference for Sustainable Development Rio+20 Summit**.

HIGHLIGHTS OF ACHIEVEMENTS FROM THE PEI SCALE-UP IN 2011

An independent external Mid-Term Review (MTR) of the PEI Scale-Up Programme (2007–2012) carried out in 2011 confirmed strong government ownership and leadership. Compared with some institutional strengthening technical assistance programmes, PEI only operates through existing government processes by influencing policy and decision-making practices, not by establishing new processes in parallel. This is both a significant added value and a source of challenge.

The year saw considerable progress and achievements at the country, regional and global levels. We here highlight some significant PEI accomplishments related to the main indicators established for the programme.

Country Level

As the programme makes progress in implementing poverty-environment objectives, the focus has been on capacity development, planning and budgeting guidelines and processes, and poverty-environment indicators and other tools to guide national development processes and monitor their implementation.

Improved coordination and collaboration between government and bilateral and multilateral donors has had a **catalytic effect**. In several countries, donors are following the PEI lead, building on improved capacity for poverty-environment mainstreaming, scaling up successful work in governance for sustainable development and using PEI tools. In other cases, PEI counterpart governments have allocated human and financial resources to build on PEI successes by **using public and private funding sources** to scale up and align PEI efforts. These results highlight an increasing level of buy-in.

Improved capacity for mainstreaming is reflected in better tools and sector and subnational plans and budgets submitted in 2011, leading to **behavioural and institutional change**. Examples of such changes are noted in the report for Bhutan, Rwanda, Tajikistan and Uruguay.

The PEI country programmes are **aligned with government priorities and planning processes**. These include Millennium Development Goal support activities, the integration of economic, scientific and social aspects in UN Development Assistance Frameworks and national development plans. In this context, UN Resident Coordinators' support to PEI experience and value added is a major factor in creating an opportunity for country engagement in line with Delivering as One best practice.

Increasingly, **PEI country programmes provide an avenue for implementation of UNEP activities at the country level in response to specific country demands**. These activities involve (among others) ecosystems management via the Economics of Ecosystems and Biodiversity (TEEB), ecosystem service economics and the UN Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (UN-REDD); chemicals, with regard to mainstreaming approach and costs of inaction; resource efficiency, building on the Green Economy initiative and sustainable consumption and production; and climate change.

Within UNDP Country Offices, PEI plays an important role in **bringing the poverty, governance and environment practice teams together**. For example, UNDP Rwanda has merged its poverty and environment units into one. **Governments and UNDP Country Offices** are applying the PEI programmatic approach more broadly, and UNDP Country Offices are increasingly providing signs of strong leadership to **sustain mainstreaming effort as PEI builds ownership and capacity**—for example, through the formulation of UNDP country programmes that follow on from PEI work in Mozambique and Rwanda.

In 2011 PEI continued to demonstrate a catalytic role in mobilizing funds at the country level. For example, 35 percent of total PEI country programme budgets come from this source, compared with 28 percent last year. This indicates senior management support and signals increased success in mainstreaming PEI within UNDP Country Programmes.

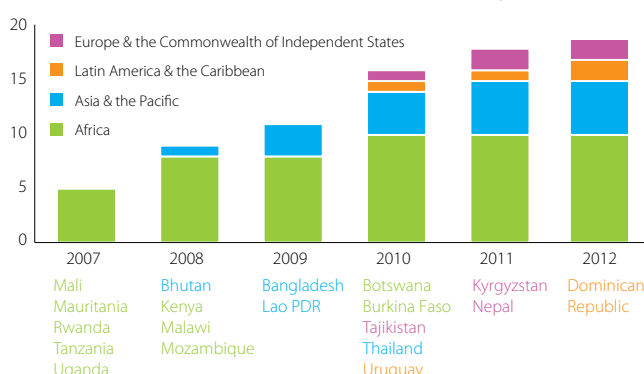
Regional Level

Building on the lessons learned and recommendations from previous evaluations, PEI has streamlined a **coherent and adaptive programmatic phased approach**

to country-led poverty-environment mainstreaming.

The PEI approach is adaptable to the different contexts of the four regions in which the scale-up operates. These regional responses have in turn allowed the contextual variation of each country to be reflected in regional PEI joint teams providing policy services to developing countries. They are founded on the principle that institutional change comes from within; to this end, coordination efforts among sector ministries need to be improved, while linking more definitively to planning and finance ministries.

PEI PROGRAMME GROWTH BY REGION/COUNTRY



PEI stakeholders welcomed UNDP and UNEP's decision to continue PEI through 2017 to continue to catalyse action and inspire practitioners and policy makers. This decision was also strongly supported by member states as it responds to their requests for continued support of existing PEI country programmes and technical assistance to non-PEI countries in the application of the PEI programmatic approach.

PEI promoted **inter- and intraregional South-South cooperation** in 2011 that provided government partners and experts with the opportunity to learn and share the application of mainstreaming tools and approaches. These included economic valuation studies, public environmental and climate expenditure reviews, green budgeting efforts and environmental fiscal measures undertaken throughout the PEI countries and across regions. This exchange contributed to regional communities of practice on poverty-environment mainstreaming.

Strong regional cooperation continued between UNDP and UNEP, particularly in Asia and the Pacific and Europe and the Commonwealth of Independent States. In the latter region, joint programming has turned into a poverty-environment nexus cross-practice success story in bringing together UNDP poverty and environment specialists at the regional and country levels, demonstrating a high level of ownership towards PEI.

Global Level

PEI is a priority for the two host organizations and is increasingly being **integrated into their mainstreaming work**. In 2011, following on the positive findings and recommendations by the MTR, the PEI Joint Management Board and the heads of the two agencies confirmed their commitment to continue PEI through to 2017. The donors welcomed this commitment and noted their interest in exploring avenues for continued support during 2012.

In 2011, PEI interacted and **collaborated with numerous peer and expert practitioners and entities** on a variety of initiatives. For example, the PEI Technical Advisory Group held its first meeting. PEI also worked closely with the International Institute for Environment and Development **to enhance its monitoring and evaluation system** to better reflect reporting from the country level against PEI scale-up global outcomes.

PEI is increasingly recognized as a **knowledge platform for poverty-environment mainstreaming** and related implementation activities, based on its pro-

grammatic approach and experiences. This is demonstrated by an increased number of requests for PEI input, as well as for climate change mainstreaming and working towards a green economy at the country level. These requests reflect the wider applicability of the PEI approach to key sustainable development issues.

THOUGHTS FOR THE FUTURE

The MTR carried out in 2011 assessed PEI's progress and performance in terms of relevance, efficiency, effectiveness, impact and sustainability at all three levels of PEI operations (global, regional and country). Its findings and recommendations were endorsed by the PEI Joint Management Board and served as a basis for the UNDP-UNEP joint management response and for the agreement by all PEI stakeholders to continue this successful approach through 2017.

Looking ahead, we expect to boost PEI's catalytic effect and seek to fulfil the additional demand from countries and UNDP Country Offices by building on UNDP's Contribution to Environmental Management for Poverty Reduction. UNDP is leading a response to the 2011 thematic evaluation by learning lessons from PEI, and it aims to contribute to the global agenda and dialogue by drawing on PEI lessons in the follow-up to Rio+20.

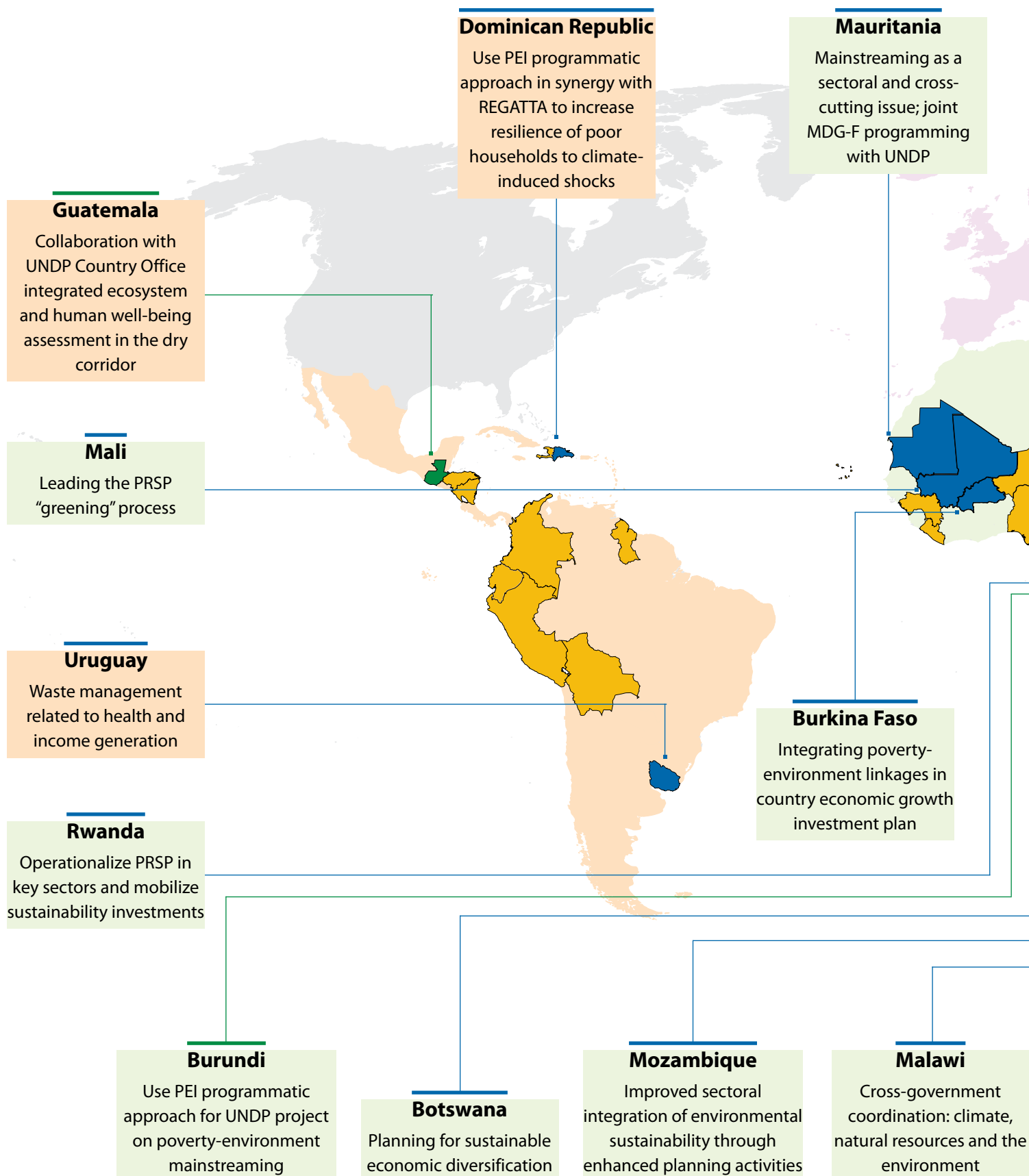
It is clear that UNDP and UNEP both have important roles to play and will each be able to bring in and develop their comparative advantages in this approach through integration of PEI into medium-term strategies and operational plans such as UNEP's Medium Term Strategy 2014–2017 and in relevant intergovernmental global forums.

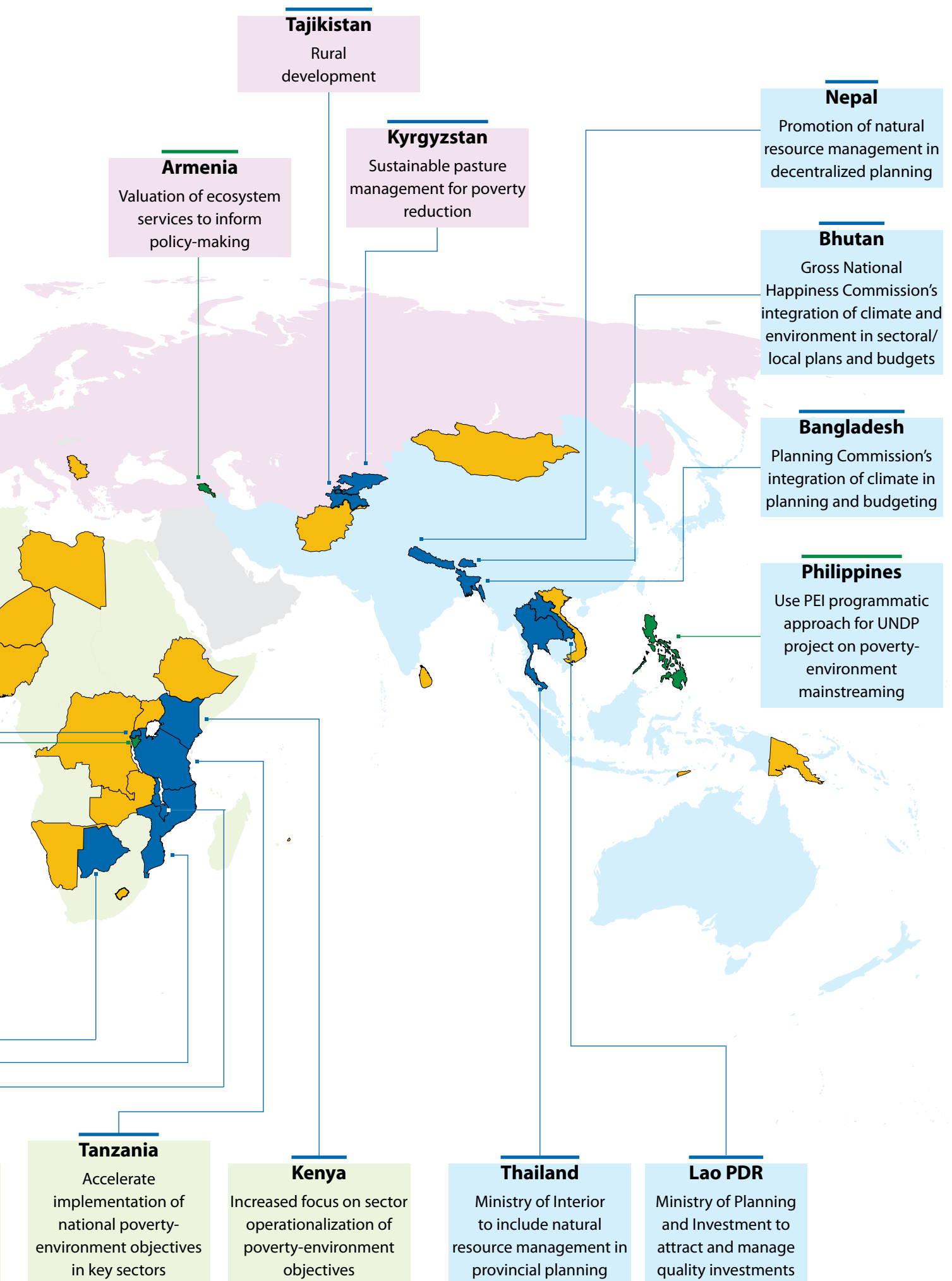
In 2012, PEI will present a proposal for continuation through 2017 that reflects the programme's context with respect to the development agenda at the country, regional and global levels and provide scenarios for the future. This continuation is supported by all stakeholders given high demand from UNDP Country Offices and national governments, a positive review by the MTR team, reaffirmed interest by relevant donor agencies, and the decision by the UNDP Executive Board and UNEP Governing Council to adopt poverty-environment mainstreaming into their core business model and learn from the PEI experience.

“PEI adds value to PE [poverty-environment] mainstreaming by providing practical approaches and tools for mainstreaming and including PE in an integrated manner in policy and planning processes. This responds well to international agendas such as climate change and green economy. The technical quality of the tools and support provided is seen as high. There is a strong demand for PEI support and PEI is good at building national ownership...” —*PEI MTR 2011, p. 4*

PEI AROUND THE GLOBE: COUNTRY PROGRAMMES AND THEIR FOCUS

- Fully fledged PEI programme
- Technical assistance
- Government/UNDP Country Office request for support in general mainstreaming and regional lesson learning and referrals





1

INTRODUCTION



Discarded cars on a Mediterranean island (Still Pictures).

THE PEI SCALE-UP

From the Pilot to the Scale-up

The United Nations Development Programme–United Nations Environment Programme Poverty-Environment Initiative (UNDP-UNEP PEI) has its roots in a growing appreciation of how the environment contributes to poverty reduction and pro-poor growth. This understanding emerged in the late 1990s, was endorsed at the World Summit on Sustainable Development in 2002 in Johannesburg, and will be the subject of further reflections during the upcoming **Rio+20**, the United Nations Conference on Sustainable Development.

PEI was formally launched at the 2005 World Summit with strong donor support. It was hailed as a solid example of two UN bodies combining their comparative advantages to deliver a unified set of services for developing countries. The joint pilot phase (2005–2007) was followed by a scale-up phase from late 2007 to 2012. The phase set an initial target of expanding the programme into some 25–30

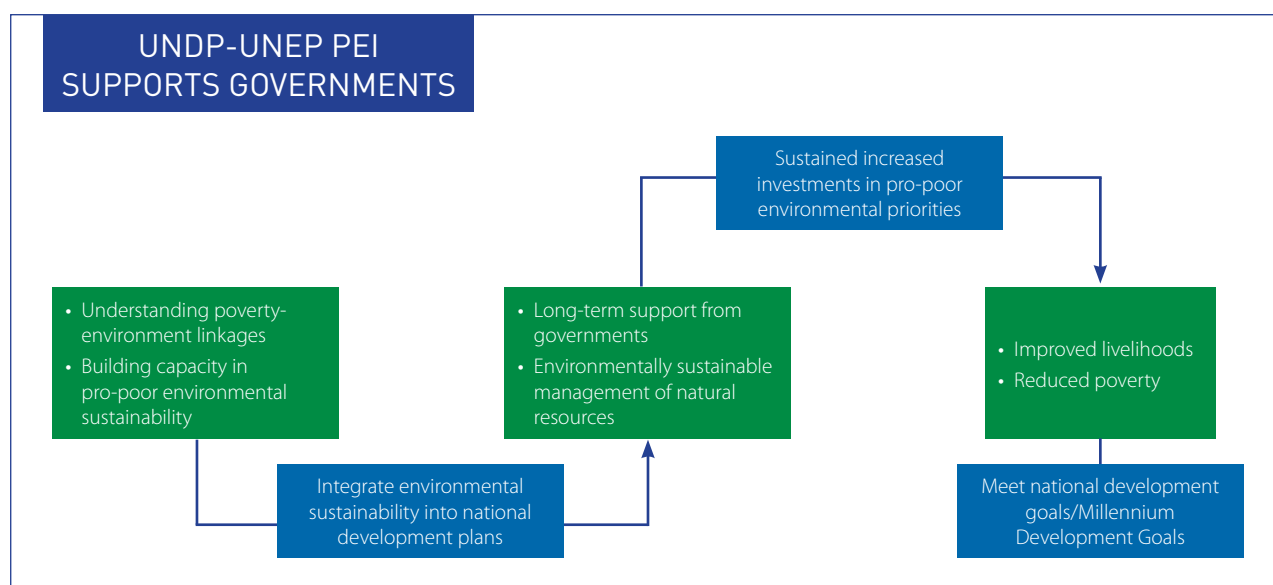
countries (up from 8 in the pilot phase), with an expected budget of \$33 million over the five years.

The Joint UNDP-UNEP PEI in Brief

PEI is a global UN programme that supports country-led efforts to mainstream poverty-environment linkages into national development planning—from policy-making to budgeting, implementation and monitoring.

PEI is arguably the most comprehensive partnership between UNDP and UNEP with joint decision-making, joint programming, a unique joint UNDP-UNEP financial management arrangement through pooled funds and joint staffing from each organization. We provide financial and technical assistance to governments to

- set up analytical, institutional and capacity-strengthening programmes to better integrate pro-poor environmentally sustainable natural resource use into policy and budgets; and
- bring about enduring institutional change by increasing awareness



KEY ELEMENTS OF UNDP-UNEP PEI

- Formally launched in 2005 and significantly scaled up in late 2007, PEI currently works in Africa, Asia and the Pacific, Europe and the Commonwealth of Independent States, and Latin America and the Caribbean.
- PEI operates under UNDP-UNEP joint management arrangements, including joint financial arrangements to pool funds through UNDP and UNEP donor agreements and jointly manage resources.
- The PEI scale-up operates through the following:
 - a joint UNDP-UNEP PEI Management Board;
 - a global joint UNDP-UNEP Facility in Nairobi which manages and supports implementation of the PEI scale-up through provision of knowledge management, technical advisory services and donor relations;
 - four regional teams that provide joint UNDP-UNEP regional cooperation, support to the establishment of country poverty-environment mainstreaming programmes and regional communities of practice; and
 - joint government and UN Country Teams that support implementation of country poverty-environment mainstreaming programmes.
- A Technical Advisory Group and a Donor Steering Group provide advisory and governance support to the programme.
- The PEI programmatic approach (explained in *Mainstreaming Poverty-Environment Linkages into Development Planning: A Handbook for Practitioners*, which is available [here](#)) is based on experience from the pilot phase.
- PEI relies on results-based management through a set of intended outcomes and outputs drawn from the original scale-up proposal.
- PEI contributes to the UN Delivering As One process by combining UNDP and UNEP comparative advantages and their capacity to provide services to UN teams to mainstream environmental sustainability into their country operations.
- PEI is based on a catalytic strategy seeking to persuade countries that environmental sustainability should be a priority investment, fully owned by government.
- PEI is funded by the Governments of Belgium, Denmark, Ireland, Norway, Spain, Sweden, the United Kingdom, the United States, and by the European Commission and core funding from UNDP and UNEP.

and understanding of how sustainability can contribute to achievement of development goals.

Our main partners at the country level are the ministries of planning, finance, environment and other key sectors such as agriculture. We continue to increase our collaboration with relevant actors at the local level, including with leading practitioner and knowledge organizations, local government, civil society organizations and the private sector.

What Is PEI Trying to Achieve?

PEI is a catalytic programme that seeks to put in place **enabling conditions**—policies, instruments, capacities and behaviours—that support the sustained integration of pro-poor environmental sustainability issues into development processes, principally at the central, sector and local government levels but also within private sector and civil society institutions.

A chief PEI aim is to advocate to governments and donors to provide the longer-term support needed for a sustained increase in investments and capacity building in pro-poor sustainability so as to contribute to the achievement of relevant national development priorities. PEI seeks to do this through the improved pro-poor, environmentally sustainable management of natural resources. We set out to change perceptions and to demonstrate that investment in environmental sustainability can lead to reduced poverty and improved livelihoods. The full integration of the environment into national economic planning processes—including the necessary capacity building—is a long-term (10–20 years) institutional change process aimed at improving the livelihoods and security of the poor.

PEI is supporting this process in selected countries by building a body of knowledge so that principles and operational practice can be widely applied.

CURRENT SCALE AND OVERVIEW OF OPERATIONS

PEI currently comprises 18 fully fledged country programmes in Bangladesh, Bhutan, Botswana, Burkina Faso, Dominican Republic, Kenya, Kyrgyzstan, Lao PDR, Malawi, Mali, Mauritania, Mozambique, Nepal, Rwanda, Tajikistan, Tanzania, Thailand and Uruguay. Thus far, approximately \$27.7 million has been mobilized from partner agencies. In addition, approximately \$7.35 million has been attracted as cofunding from UNDP Country Offices' core funds for the delivery of PEI country programmes, which means that the original anti-

pated budget of \$33 million has been reached with these additional inputs.

PEI has received government and UNDP Country Office requests for provision of support on general mainstreaming and regional lessons learned and referrals from 50 countries since the establishment of the UNDP-UNEP PEI programme; these were from Afghanistan, Armenia, Bangladesh, Bhutan, Bolivia, Botswana, Burkina Faso, Burundi, Cape Vert, Colombia, Dominican Republic, DR Congo, Ecuador, Ethiopia, Guatemala, Guinea, Guyana, Haiti, Honduras, Kenya, Kosovo, Kyrgyzstan, Lao PDR, Lesotho, Liberia, Libya, Malawi, Mali, Mauritania, Mauritius, Mongolia, Mozambique, Namibia, Nepal, Nicaragua, Niger, Nigeria, Papua New Guinea, Peru, the Philippines, Rwanda, Sri Lanka, Tajikistan, Tanzania, Thailand, Timor-Leste, Uganda, Uruguay, Viet Nam and Zambia (see [map](#)).

In 2011 we continued to provide technical advisory services to a range of additional countries across the regions, including Armenia, Burundi, Guatemala, Panama and the Philippines, among others.

For detailed information about our country programmes, see our [website](#).

PEI MID-TERM REVIEW

An independent external Mid-Term Review (MTR) of the PEI Scale-Up Programme (2007–2012) was carried out by PEMConsult between August and October 2011. Its findings and recommendations were endorsed by the PEI Joint Management Board at the end of 2011. The MTR assessed the programme's progress and performance in terms of relevance, efficiency, effec-

“PEI adds value to PE [poverty-environment] mainstreaming by providing practical approaches and tools for mainstreaming and including PE in an integrated manner in policy and planning processes. This responds well to international agendas such as climate change and green economy. The technical quality of the tools and support provided is seen as high. There is a strong demand for PEI support and PEI is good at building national ownership...” —*PEI MTR 2011, p. 4*



Demand on the water supply from the Pungwe River continues to increase in Mozambique (PEI Mozambique).

tiveness, impact and sustainability at all three levels of PEI operations (global, regional and country). The MTR team consulted with the Poverty-Environment Facility (PEF)—the agency managing PEI work—regional teams, UNDP and UNEP staff, and members of the Donor Steering Committee and of the Technical Advisory Committee. It also consulted with PEI country teams and national stakeholders in **Bhutan, Botswana, Lao PDR, Malawi, Tajikistan** and **Uruguay** in the course of conducting six country case studies.

Throughout this report, we cite and expand on specific findings of the MTR to highlight and explore PEI programme progress and achievements. The MTR is available online [here](#).

HISTORY OF EXPENDITURES

The PEI programme sustained increased expenditure during 2011, up 12 percent from total expenditure in 2010. The total PEI expenditure, broken

down by source of funds as detailed below, is shown [here](#). Total expenditures are estimated at \$11.78 million for 2011, bringing total PEI expenditures for the period 2002–2011 close to \$50 million.

PEI expenditures to date originate from funds committed under 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 (2008–2012).** This consists of funds received from Belgium, Denmark, Ireland, Norway, Spain, Sweden, the United Kingdom, the United States, and by the European Commission and core funding of UNDP and UNEP.
- **The Millennium Development Goal (MDG) Achievement Fund.** This is contributed by Spain for the Mauritania programme.
- **UNDP Country Office TRAC funds.** The UNDP Country Offices are increasingly providing cofunding of PEI country programmes, currently representing 35 percent of total funds committed through signed PEI country programme documents.
- **Contributions by donors at the country level.** These consist of contributions by Denmark, Luxembourg, Switzerland and the United Kingdom. In addition, PEI is engaged in cofunding arrangements with other programmes and projects.

- **Government partners.** These provide cofunding of country programmes and in-kind contributions.

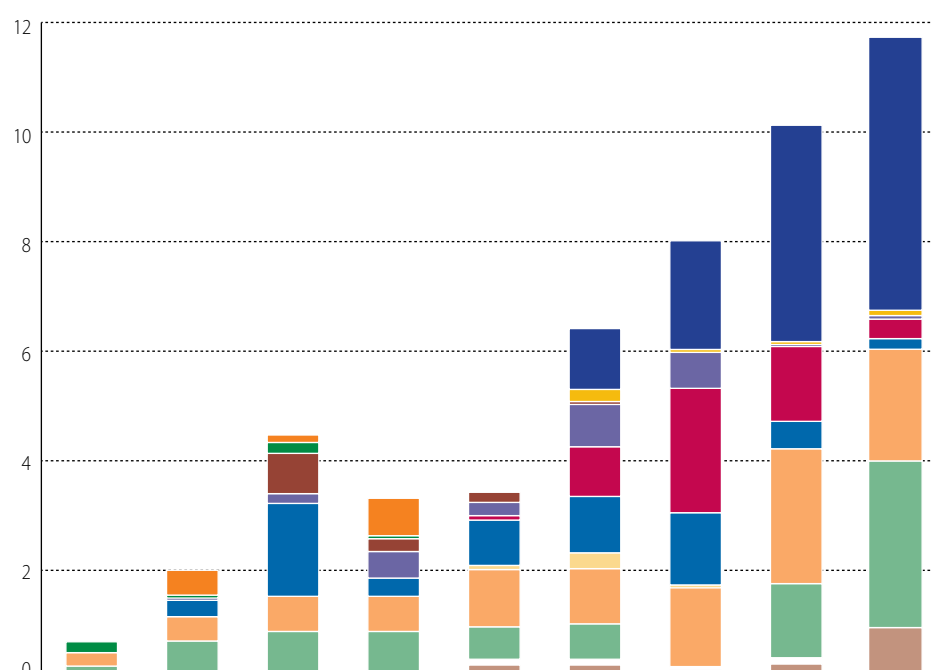
The sum of funds contributed by government partners, UNDP Country Offices and in-country donors (cofunding) for the delivery of PEI country programmes has increased steadily, and now represents approximately 30 percent of total funds for

the global PEI programme. This trend reflects both PEI's catalytic effect and buy-in from governments, partners and the UN system to the poverty-environment mainstreaming agenda.

As in previous years, a detailed 2011 income and expenditure report will be provided to the Donor Steering Group and Joint Management Board in a separate PEI 2011 Annual Financial Report.

ESTIMATED EXPENDITURES FOR PEI, 2002–2011

Million \$



2

MAKING A DIFFERENCE AT THE COUNTRY LEVEL



Waste recycling cooperative at Ave Fénix, Uruguay (© Nicolas Celaya, PEI Uruguay).

In this section, we report on highlights of 2011 key achievements and results made at the country level in line with PEI's global outcome indicators. This summary of progress on PEI indicators of achievement by the country programmes in the four regions is followed by highlights of achievements and progress they have made in line with global outputs.

MAIN ACHIEVEMENTS AT OUTCOME LEVEL

PEI's intended outcome is improved capacity on the part of country government and other stakeholders to integrate the environmental concerns of poor and vulnerable groups into policy, planning and implementation processes for poverty reduction, pro-poor growth and achievement of the MDGs. This section highlights country programme achievements at the outcome level for these indicators:

- **1.1.** Level of country leadership, ownership and coherent engagement towards promoting poverty-environment objectives/mainstreaming by national and sub-national institutions
- **1.2.** Level of national reporting on environmental and livelihood (in particular gender, vulnerable groups and equity) outcomes for mainstreaming in national, sub-national and sector plans
- **1.3.** Extent that national and sub-national institutions have institutionalized poverty-environment mainstreaming approaches and tools
- **1.4.** Level of public resource allocation and/or private investment, and application of financial instruments for pro-poor growth and environmental sustainability

Africa

GIZ commits €1.5 million to develop a monitoring and evaluation system for natural resources in Mauritania.

Mauritania's recently adopted Poverty Reduction Strategy Paper (PRSP) III for 2011–2015 integrated poverty-environment issues into the governance and economic growth pillars of Agenda 21 and development plans in three districts. Specific poverty-environment indicators were developed and integrated in the first monitoring system annex to track progress in achievement of PRSP III and MDG objectives. The German International Development Cooperation (GIZ) has allocated €1.5 million (roughly \$1.9 million) to take this work forward by helping Mauritania develop a monitoring and evaluation (M&E) system on natural resources for the environment. This will feed into PRSP III monitoring, ensuring integration of poverty-environment indicators in both systems.

Improved ownership and coherent engagement with donors in Mozambique spurs additional funds for poverty-environment mainstreaming work. The Ministry of Planning and Development (MPD) and the Ministry of Coordination of Environmental Affairs of Mozambique have strengthened sector coordination through the development and application of an integrated cross-sector planning (mainstreaming) matrix, with support from PEI and Danida. This has been instrumental in catalysing \$2.75 million per year from Danida for 2011–2015 to support environmental and climate change activities at the national and subnational levels.

Government of Mozambique allocates matching funds to mainstreaming in provincial social and

“The cross-cutting group approved the use of the integrated cross-sector planning (mainstreaming) matrix for planning and monitoring cross-cutting activities—so the environment is not only in the cross-cutting pillar but more importantly in the three other pillars: economic development, human and social development and governance. This decision is an important step in mainstreaming environmental considerations in the planning and evaluation of activities in the different sectors.” —*Environment Working Group meeting, Mozambique*

PEI IN ACTION: URUGUAY'S AVE FÉNIX RECYCLING COOPERATIVE

Four years ago, the members of Ave Fénix were informal recyclers, gathering solid waste from streets and landfills, doing waste classification in unsanitary conditions—or even at home—and selling their product at low prices in the informal market. The workers were regularly exposed to dangerous waste, and at increased risk for illness, subsequent lost income and continuance of intergenerational poverty traps.

In coordination with work at the policy level on waste management systems,

including on clean recycling circuits, members of cooperatives like Ave Fénix are now able to have formal jobs, avoid exposure to dangerous waste, reap increased incomes and access social security. No child labour is allowed. Their salaries are twice the minimum wage. Most importantly, formal jobs have provided a renewed sense of dignity for the members of the cooperative.

In November 2011, PEI welcomed several high-ranking UNDP, UNEP and local officials—including UNDP Administrator Helen Clark—to a meeting at Ave Fénix. During the meeting, Marcos Carámbula, the mayor of Canelones, mentioned that the recent change to Uruguay's waste management systems, the so-called Packaging Law, has improved social inclusion. It has facilitated the establishment of cooperatives of recyclers, like those at Ave Fénix, and so far has achieved a recovery rate of 17 percent of solid waste. Canelones is pioneering implementation of the law; the municipality has full area coverage and clean recycling circuits.

Jorge Rucks, National Director of Environment, noted that the capital city of Montevideo, where almost 30,000 people working in informal waste collection live in chronic poverty, is about to implement the Packaging Law, seeking to scale up the Canelones experience. Graciela Muslera, Minister of Housing, Land Zoning and Environment, added that there are other interventions addressing the informal waste sector, such as the Housing Reallocation Plan, which need to be articulated through job formalization and reconversion. PEI has been invited to support the internalization of poverty-environment linkages in this plan.

UNDP Administrator Helen Clark cited the importance of scaling up initiatives of this type as well as extending the work to other areas of government. She cited the high level of ownership by the Government of Uruguay as a critical factor in the project's success.

Margarita Astrálaga, UNEP Regional Director for Latin America and the Caribbean, pointed out the relevance of PEI initiatives for middle-income countries. She said that the Uruguayan experience has provided lessons that are highly relevant for other PEI country programmes and for implementation of the PEI concept.



Participants in Ave Fénix site visit, from left to right: Margarita Astrálaga, UNEP Regional Director for Latin America and the Caribbean, Marcos Carámbula, Mayor, Municipality of Canelones, Jorge Rucks, Director, National Director of Environment, Antonio Molpeceres, UNDP Country Director, Graciela Muslera, Minister of Housing, Land Zoning and Environment, Helen Clark, UNDP Administrator, and Jimena Perez, PEI Uruguay Coordinator (© Nicolas Celaya, PEI Uruguay).

economic annual plans. Mozambique's MPD allocated some of its own funding, matching that contributed by PEI, to operationalize the integrated cross-sector planning (mainstreaming) matrix in three provincial development plans in 2011. Given the positive results achieved (see [output 2](#) for details), MPD and PEI also joined forces with the Japan-funded UNDP Africa Adaptation Programme and the Ministry of Coordination of Environmental Affairs to extend this work to all 11 provinces in the country. MPD staff carried out training sessions for technicians from the Ministry of Coordination of Environmental Affairs, who were to facilitate workshops jointly with MPD. Various institutions involved in mainstreaming work followed up by requesting more specialized capacity building. For example, the Ministry of Energy and Mineral Resources mobilized matching funds to cofund, with PEI Mozambique, training to improve small-scale mining practices related to environmental and health issues.

Rwanda creates a financial instrument for pro-poor growth and environmental sustainability. In 2011, Rwanda merged the National Fund for the Environment and Climate Change with other funds on water, forestry and climate change to increase investments in poverty-environment issues. The result has been the legal establishment of the National Climate and Environment Fund, or FONERWA, as a financing mechanism for environmental sustainability and climate change resilience. The fund design is supported by the UK Department for International Development (DFID), and has generated interest from stakeholders as it is also perceived as a mechanism for promoting cross-sector environmental sustainability.

Rwanda's Ministry of Finance and Economic Planning demonstrated leadership towards integrating environmental sustainability, climate change and green economy as key areas of focus for the second Economic Development and Poverty Reduction Strategy. It spearheaded a cross-sector partnership around the green growth and climate-resilient strategy that incorporated FONERWA as a sustainable financing mechanism to support action on these issues.

Following up on a joint visit to the PEI-supported project site in Rwanda—Rubaya, Gicumbi District (discussed further [here](#))—the Swedish International Development Agency (SIDA) committed support to PEI to scale up this work in other areas of the country. The rationale for SIDA support is the inherent “value for money” of the programme and the clear linkage between integrated environmental management and improved livelihoods—an effective and policy-relevant approach to poverty reduction.



The PEI-supported demonstration project in Rubaya, in Rwanda's Gicumbi District, features integrated environmental management and improved livelihoods (Koen Toonen, PEF).

“Poverty, environment, climate change and disaster issues are recent and inevitable aspects to be considered in the development projects. This initiative from the General Economics Division provided opportunities to identify the gaps and improve pro-poor, environmentally friendly, climate and disaster resilient aspects of such important projects for the development of Bangladesh.” —
Director of Planning, Bangladesh Rural Development Board

“The Planning Commission has incorporated the environment, climate change and disaster issues in key national development plans with PEI support. We are now moving to ensure operationalization of poverty-environment objectives through revision of their implementation guidelines and providing complementary training to public sector planning professionals to improve their capacity to mainstream the poverty-environment-climate nexus in their operations.” —*Joint Chief, General Economics Division, Bangladesh*

Rwanda invests in environmentally sustainable agricultural practices; sectors institutionalize environmental sustainability and climate change in budget processes. Rwanda's Ministry of Agriculture and Animal Resources created and allocated funds under a specific budget line to support training in environmentally sustainable agricultural practices for all agricultural officers in 416 local administrative units. This positive outcome was partly achieved through support from the Ministry of Finance and Economic Planning towards the integration of poverty and environment issues in the budget circular call and PEI Rwanda's promotion of an innovative poverty-environment mainstreaming focal points internship programme. In this latter initiative, interns were strategically engaged in the planning departments of the Energy, Infrastructure, Agriculture, Trade and Industry, Natural Resources and Local Government Ministries. Here, they contributed to the application of tools aimed at integrating environmental sustainability in these sectors by influencing monitoring systems and budget processes. They also identified key areas where sectors need support and/or most strategic focus for effective environmental mainstreaming. All sectors that benefited from the internship programme have initiated processes to add such a position to their organizational structure. Thus, this approach was expanded to cover all 30 districts.

Along these lines, sectors are moving towards recruiting poverty-environment officers, to support the environmental impact assessments that are part of the feasibility studies for new projects. The Ministry of Finance and Economic Planning introduced this requirement in the 2011 budget call

circular that stipulated environmental impact assessments as a requirement for all sectors. This work was initiated in the 2009/2010 fiscal year on a pilot basis for three sectors with PEI support; it was scaled up to all sectors in 2011, in the wake of positive results. To facilitate this change in planning and budgeting processes, training of national planners and budget support staff from the Ministry of Finance and Economic Planning is now an annual event.

Asia and the Pacific

Bangladesh increases investments that integrate recommendations on poverty, environment and climate effects of largest projects.

During 2011, the Planning Commission of Bangladesh improved its capacity to review poverty, environment, and climate effects of large government-funded investment projects in the agriculture, transport and rural development sectors with PEI support. A Socio-Economic Study Team from various sector institutions led by the Planning Commission identified 28 case development projects (up to \$500 million each) to be assessed through a poverty-environment-climate lens. The team developed a template for the assessment complemented by field visits to project sites using participatory techniques. Some of the recommendations have been accepted, and project revisions will be included in the next government budget. For example, One House One Farm is a government-funded project with a total cost of \$740.7 million, implemented by the Rural Development Board. It has agreed to incorporate feedback on environment- and climate-sensitive livelihoods into

the project (at an estimated cost of \$300 million) and to address the concerns of the poor so that their dependence on natural resources is reduced through alternative livelihoods.

Bhutan institutionalizes the Environment-Climate-Poverty Mainstreaming Reference Group. In 2011, the Government of Bhutan issued a decree institutionalizing an inter-agency help desk by establishing the Environment-Climate-Poverty (ECP) Mainstreaming Reference Group; this was originally established in 2010 with PEI support. The group has provided technical guidance to sectors in defining ECP issues and identifying interventions that will ultimately contribute to pro-poor, sustainable development in Bhutan. For example, the group undertook ECP sensitization of district planning officers in 2011, and reviewed key sector policies on renewable energy and subsidized timber to ensure integration of ECP aspects. As a result of the group's support of sector and local government officials, awareness of the need to address ECP gaps in the analysis and design of new programmes and projects has increased.

Public environment expenditure reviews become an institutionalized tool in Bhutan. PEI Bhutan supported the implementation of the second Public Environment Expenditure Review (PEER) 2008–2010; the initiative featured strong government ownership. PEER findings are being used to mainstream poverty-environment-climate issues into the country's next Five-Year Plan. Its baseline information is very likely to result in future policy decisions, notably on rates of return on different kinds of environmental investment, and prospects to increase state revenues from natural

resources. The second PEER of 2011 for the two fiscal years of the 10th Five-Year Plan revealed an increase from 4 percent to 30 percent of public environmental expenditures at the local level from the 9th Plan. This substantial increase at the local government level reflects the emerging fiscal decentralization of the government and improved understanding and capacity for poverty-environment mainstreaming in Bhutan. It also constitutes a clear reflection of government's commitment to environmental sustainability as enshrined in the constitution and Gross National Happiness Commission philosophy. Furthermore, the PEER has been proposed to be integrated as general good practice in the financial report presented by the government to Parliament in the framework of the current reform of financial regulations.

Private investments influenced by Environmental and Social Impact Assessment recommendations in Lao PDR. Following on progress made in 2010, the Lao PDR Environmental and Social Impact Assessment (ESIA) Department proceeded to implement the ESIA decree through training workshops and on-the-job training in all provinces throughout the country. As a result, the capacity of provincial offices of the Department of National Resources and Environment to apply technical review guidelines when reviewing initial environmental examination reports, monitoring the implementation of environmental mitigation measures and implementing the ESIA decree was strengthened. Improved capacity in applying the technical ESIA guidelines was reflected in the solid recommendations made to policy makers—which have led to actions for compliance enforcement. Two case studies on the

“The ECP Mainstreaming Reference Group where ministries and agencies can get technical advice on [poverty-environment] mainstreaming into policies and plans has been established at the National Environment Commission, with senior representatives from a range of agencies... PEI Bhutan is benefitting from being fully integrated in Government and using government financial management procedures, and implementation is largely efficient. The PEI-Danida partnership is well established and supportive of Government implementation and adds value by enhancing Government's capacity to coordinate and implement its ECP aspirations.”
—PEI Bhutan MTR 2011, p. 7

“One study showed that a casino did not treat its waste properly, and the casino is now introducing a waste management facility; and the other study showed inappropriate use of herbicides in sugar production for a factory posed a health risk for humans and livestock, and [the Investment and Promotion Department] has now introduced quarterly meetings with the factory to monitor and address such issues.” —PEI Lao PDR MTR 2011, p. 14

“PEI may be a small programme but the achievements are encouraging. One of the biggest achievements has been an increased awareness and acknowledgement that the environment is an issue we simply cannot ignore anymore both at the central and local planning levels... Poverty-environment issues are already institutionalized at the Ministry of Local Development, and PEI has had a huge impact—for example, in integrating environment and climate change criteria into the decision-making guidelines that are implemented at the local level across the country. Lessons will be up-scaled into other districts. In fact, when the trainings for key stakeholders were carried out in Rupan-dehi and Dhading, a lot of local people participated, and they asked ‘Why did it take you so long to come?’ as they see these [poverty-environment] issues as very important.” —Undersecretary, Ministry of Local Development, Nepal

social and environmental impacts of investments in Savannakhet Province provided evidence of poverty-environment issues that have led to tangible improvements in environmental practices in the investments studied.

Lao PDR catalyses about \$4 million in commitments from country-based donors and increases sector coordination.

The Government of Lao PDR, with support from PEI, has secured continued and new support from the UNDP Lao PDR Country Office and the Swiss Development Cooperation (to be confirmed in June 2012); it also has established partnerships with GIZ and the Finnish Development Cooperation to implement a coordinated mainstreaming programme. The programme aims to mitigate potential negative impacts of private investment on the country’s natural resources and ecosystems and to improve government and community capacity to adapt to climate change and benefit from the country’s economic growth. PEI Lao PDR represents a value-added complement to the Swiss Development Cooperation’s portfolio of projects to reduce risks and improve long-term management of foreign direct investments. In 2011, the agency proposed cofunding PEI Lao PDR Phase II (2012–2015); the UNDP Lao PDR’s Country Office committed \$800,000 in TRAC (core) resources for same.

GIZ coordination and collaboration with the Lao PDR programme intensified through 2011, building on GIZ interest in the technical approaches and tools implemented by PEI at the provincial level. As a result, these approaches and tools have been firmly embedded within the objectives and workplan of the GIZ programme Land

Management and Rural Economic Development, which is being implemented in three provinces beyond the PEI pilot provinces, thus scaling up the PEI approach.

Also in Lao PDR, integration of poverty-environment mainstreaming in government-donor coordination processes and systems was improved in 2011 through PEI’s collaboration with the Environmental Management and Support Program of the Government of Finland. The provision of technical guidelines on ESIA and improved capacity of the ESIA Department of the Ministry of Natural Resources and the Environment has catalysed more effective collaboration and coordination between the government and donors such as the Asian Development Bank and the World Bank. The ESIA Department has effectively coordinated support from these donors to the development of other key ESIA sector guidelines—for example, in hydropower.

Local authorities in Nepal respond to community requests by allocating public resources to poverty-environment-climate issues.

Orientation trainings and resource materials on the specific impacts and consequences of environmental problems on poor and marginalized local communities provided to community organizations in 2011 have empowered these groups to demand the integration of poverty-environment-climate concerns in local planning and budgeting processes. For example, in response to the demand of one small community-based organization, whose members include women and representatives from marginalized communities, and community forest user groups, the Jogimara Vil-

lage Development Committee has for the first time approved climate change adaptation activities to be implemented in 2012. Specifically, the committee has allocated funds for a water source conservation activity to address the increasing incidence of drought and ensure irrigation facilities for some 150 downstream households. Committee officials also confirmed the allocation of local public resources for three other activities resulting from training conducted by the Ministry of Local Development.

Infrastructure and planning guidelines and directives are improved and institutionalized to enhance their pro-poor and pro-environmental impacts at the local level in Nepal.

The Ministry of Local Development, with PEI support, reviewed the integration of poverty-environment-climate issues in the planning and decision-making guidelines of local bodies. Consequently, the Ministry issued directives to all 75 districts of Nepal to undertake initial environment examinations/environmental impact assessments before implementing infrastructure development activities including extraction of sand, gravel and stone, construction of rural roads and bridges, among others. This support was complemented with extensive capacity-building activities that have enhanced the capacity of ministry staff at the central and subnational levels to mainstream pro-poor, environmental and climate change criteria into local development planning and implementing processes.

Electricity Generation Authority and Nan Provincial Administration Office provide funds for pro-poor growth and environmental sustainability activities in Thailand.

In 2011 the Electricity Generation Authority of Thailand allocated an additional B 500,000 (approximately \$16,000) to support sustainable watershed management activities in Nan. This builds on an agreement between stakeholders in the province to establish the Nan Watershed Trust Fund to conserve and manage the watershed area in a sustainable manner, while taking community livelihoods into consideration. (See [output 3](#) for more detail.) In addition, the Nan Provincial Administration Office allocated matching funds provided by PEI Thailand to support consultative and participatory assessment and planning initiatives.

Europe and the Commonwealth of Independent States

Tajik government takes the lead in replicating poverty-environment mainstreaming tools and experiences at the subnational level.

UNDP, the GIZ Rural Growth Program and PEI have supported Tajikistan's Ministry of Economic Development and Trade in the elaboration and implementation of a methodology for district development planning, monitoring and budgeting, which includes guidance on poverty-environment nexus integration. The methodology was applied in 14 district development plans in the Sughd Oblast (region). The ministry's improved capacity and commitment is reflected in its leadership in providing support to other subnational authorities during 2011, building on the methodology and capacity provided with PEI support. As a result, the poverty-environment nexus was integrated as a cross-cutting issue not only in the 14 districts but also into the Sughd regional development strategy;

“The experiences at the decentralised level of the Rural Growth Programme and of PEI have been communicated to the Ministry of Economic Development and Trade and the national methodology for preparation of district development plans has been amended as a result. PEI's contribution to the methodology resulted in the inclusion of PE [poverty-environment] considerations across all sectors, and in having district environment departments included in the district development plan working groups. The foundation is thus laid for ensuring PE inclusion in district development plans across Tajikistan.” —*PEI Tajikistan MTR 2011, p. 11*



Institutionalizing mainstreaming guidelines in Tajikistan (PEI Tajikistan).

oblast authorities have asked for ministry support to replicate this in four towns in 2012. In addition, six district governments in the Khatlon Oblast, which was not PEI targeted, implemented the new planning methodology with ministry support, demonstrating the will of the Tajik central authorities to replicate the methodology nationwide. The level of poverty-environment nexus integration in the final district development plans will be reviewed and evaluated to continue to build on this experience. The poverty-environment nexus has also been integrated in the design and application of DFID-funded district trust funds supporting district plan implementation (see [output 3](#) for more detail).

To strengthen sustainability and institutional capacity, PEI has developed a training module, which the Institute for Civil Servants Training has included in its curriculum on district development and local economic development planning.

Latin America and the Caribbean

Uruguay makes public investment for increased poverty-environment mainstreaming outcomes. In 2011, the Uruguay PEI programme supported a redefined mission and vision of the country's Office of Planning and Budget and designed new positions, as a result of a diagnostic study comparing existing human resources versus those required for its new tasks. The increased personnel costs will be covered by the public national budget. This work was done as a follow-up to the six-fold increase in budgetary allocations announced in 2010, when the Ministry of Social Development and

the Office of Planning and Budget began to redefine their missions and flagship programmes to support the integration of poverty-environment linkages into development policies. In particular, the office redesigned the mission and structure of its Development Strategies and Investment Policies Area to ensure the wider integration of environmental sustainability in poverty reduction programmes and institutional mandates.

MAIN ACHIEVEMENTS AT OUTPUT LEVEL

This subsection highlights country programme achievements at the output level, grouped by the three main country-level outputs of the global programme.

1. Improving collaboration and understanding on poverty-environment mainstreaming

In 2011, PEI country programmes continued to enhance the level of country leadership, ownership and coherent engagement towards promoting poverty-environment objectives by national and subnational institutions. All country programmes implemented activities aimed at improving understanding and awareness of poverty-environment linkages by decision makers in planning, finance, key growth sectors and civil society organizations. These programmes also supported improved cross-sectoral coordination and engagement by sector experts and civil society in the development of national plans, budgets and monitoring systems.

“A process of redefining the mission, vision, and programmes for the Ministry of Social Development and in the Office of Planning and Budget has begun. This incorporates environment in anti-poverty programmes and in government agencies.” —PEI Uruguay MTR 2011, p. 11

Africa

Identifying PEI champions: working with the media and parliaments.

PEI partnered with the **African Network of Environmental Journalists** based in **Burkina Faso** to enhance its advocacy and communication capacity on poverty-environment issues across Africa. The network increased its reporting of poverty-environment issues in newspapers and radio in **Ghana, Kenya, Mali, Malawi, Mauritania, Nigeria, Uganda** and **Zimbabwe** as well as on its website. The network's journalists also used information gathered from field visits to projects in **Burkina Faso** on improved access to energy for poor rural women to advocate for increased funding in the national budget for replication at the national level.

To follow up on communication and advocacy training on economic analysis of Malawi's natural resource management, **journalists in Malawi** produced articles that appropriately interpreted the main findings of Malawi's economic study report while tailored for the wider public. (Click [here](#) and [here](#) for sample articles.)

The number of **press articles published in 2011 in Mali** on the use of poverty-environment links for economic development increased as a result of the strong involvement of media groups and other actors in the development and implementation of the PEI communication strategy and evidence provided by PEI studies.

Field visits also proved to be an effective tool to promote PEI champions. A field visit to Rubaya, **Rwanda**, served to increase parliamentarians' understanding of poverty-environment linkages. This heightened awareness

resulted in an action plan for the Parliamentary Commission on Agriculture, Environment and Animal Husbandry to engage government in budget increments in support of environmental sustainability and climate change resilience during the next cycle. The visit also led Rwandan parliamentarians to advocate for a scale-up of this demonstration project on the impact of integrated environmental management on livelihoods to other districts and provinces. The PEI-supported demonstration project has captured the attention of the highest level decision makers, and is being promoted as a model for emerging settlement and resettlement planning within the Integrated Development Programme.

At the initiative of the Ministry of Local Government, a **film** from the site has been disseminated to increase awareness and sensitization of rural development planners. Further public awareness and sensitization efforts have been made by PEI Rwanda through **radio, television and print**. The PEI advocacy programme was a pioneer in promoting poverty-environment linkage discussions at the national level and triggering interest in the weekly programmes. These have been going on for over five years, during which time the programmes have evolved. For instance, the Rwanda Environmental Management Authority has been spotlighted as a proactive national institution and a source of knowledge and information to the public.

Platform for cross-sector coordination and engagement at provincial level to be up-scaled with Government of Mozambique funds. In 2011, PEI helped Mozambique's National Council for Sustainable Development—which is presided over by

“Civil society, media organizations, and journalists report appreciating training in new ideas and assistance in making new programmes on poverty-environment concerns aimed at influencing the public and spreading the message in wider society about [poverty-environment] issues.” —*PEI Malawi MTR 2011, p. 16*

Rwanda's President Kagame visited Rubaya in 2011, where he pointed out François Mugiraneza, a farmer in the model village of Kabeza which the president had earlier commissioned, as an example of what Rwandans can accomplish. From a capital stake of Rwf300,000 in 2004, Mugiraneza now owns 10 hectares of wheat, a 2,000-bird poultry farm, 8 cows and 89 pigs. He employs about 80 people during the harvesting season. Click for a [news article](#) and [project brief](#) for more information.

“Farmers had perceived a decreased quality in ecosystem services in the pilot province, Oudomxay. But they lacked evidence; no baseline or reliable data were available... The collaboration between finance and key sectors to link up with policy makers has been the most important change that we experienced in 2011. Now there is articulation between the national and provincial levels. We used to do this work alone, now we are all working together to provide evidence-based recommendations for provincial and national development planning... The communities are happy because they can use this tool to prepare an argument for policy makers. And the high-ranking policy makers understand the issues affecting the livelihoods of the poor and of environmental sustainability... We feel that now they also want to work with us because we have increased our capacity.”
—Member of research team for PEI-NERI, Lao PDR

the prime minister and comprised of ministers and other high-level representatives from all sectors—translate the council concept to the provincial level. This represents the first successful attempt to establish a government coordination system for cross-sectoral engagement in development policy planning and budgeting in Mozambique.

The council brings together government, various productive sectors, academia and non-governmental organizations (NGOs) to plan and monitor sustainable development priorities at the provincial level. Based on positive experiences in the Gaza and Zambezia Provinces, the national-level council has initiated efforts, with PEI support, to up-scale the experience to the country's other provinces.

National Consultative Committee makes the case for poverty-environment mainstreaming in Mozambique. In Mozambique, as a result of improved collaboration between the Ministry of Development Planning, the Ministry of Coordination of Environmental Affairs and various sectors in implementing the country's Environmental Economic Study in 2011, participants in related training and members from relevant sectors now serve on the National Consultative Committee that provided feedback and prioritized recommendations towards addressing poverty-environment issues. Study findings provided compelling economic evidence that the sound management of natural resources is key to poverty alleviation in the country. Highlights of study findings include the following:

- The contribution of natural resources to the economy ranges between 47 percent and 50 percent

of the national gross domestic product (GDP).

- More than 82 percent of the jobs available in the country depend directly on natural resources.

Asia and the Pacific

Sustainability indicators are integrated into key result areas and performance indicators of Bhutan's 11th Plan. In Bhutan, the National Statistical Bureau, in collaboration with sector agencies, reviewed environmental data and defined sustainability indicators. These indicators have since been integrated into national and sectoral result areas and as performance indicators in the country's 11th National Plan (2013–2018). Assessment of plan progress will be conducted using the National Monitoring and Evaluation System, an integrated web-based system.

Improved collaboration in Lao PDR helps build capacity on economic valuation. In 2011 cross-government collaboration in and understanding of poverty-environment mainstreaming was promoted through the establishment of a national expert group that designed and carried out a study on economic valuation for different land-use options. The research team included representatives from relevant government agencies and research institutions who assessed the financial and environmental costs and benefits of four land-use systems: rubber and maize plantations, upland rice farming and non-timber forest product collection. This collaborative research resulted in clear policy recommendations for provincial and national development planning and helped improve both the team's understand-

PEI IN ACTION: BHUTAN ADDRESSES HUMAN-WILDLIFE CONFLICTS THROUGH COMMUNITY-BASED INITIATIVES

In Bhutan, communities in the villages of Passangphu and Madhuwa in the Trashigang District developed benefit-sharing and financing mechanisms to compensate for income loss resulting from damage inflicted by wild animals on farming and livestock. PEI, through a Joint Support Programme with Danida, supported the establishment of a conflict management committee and a local community fund reaching 522 people in 92 households. The committee successfully implemented targeted poverty interventions derived from the community-based compensation schemes/measures. These positive results have been followed up by partners such as the Tarayana Foundation and the Royal Society for the Protection of Nature through engagement with poor communities across the country.



Property damaged by elephant. (PEI Bhutan).



Project beneficiary (PEI Bhutan).

The result at the community level has been increased capacity to improve livelihoods and resilience to natural- and climate-induced disasters. Notes one beneficiary, a woman from the Dak community in Kangpara Village, “The support provided by PEI through the Tarayana Foundation was very timely and has helped the community come out of the poverty trap with a roof over our heads. I can now dedicate more time and plan for other income-generating opportunities through vegetable gardening and off-farm opportunities such as bamboo and cane weaving.”

ing of the contribution of environmental sustainability to poverty reduction and its capacity in economic valuation research. The study methodology and processes are consolidated and well documented and will be used in manual form in trainings at the Ministry of Planning and Investment Training Center as well as serving as a basis for the next valuation study.

The Investment and Promotion Department of the Ministry of Finance and the Department of Environmental and Social Impact Assessments of the Ministry of Environment reported improved coordination as a result of this work. The review and investment approval mechanisms within these

public entities are closely linked and play an important role in ensuring that the country attracts and selects quality investments. Common areas identified for increased collaboration include potential joint monitoring and the sharing of investment information.

Working with parliaments to gain PEI champions.

PEI provided technical support to the **Lao PDR** National Assembly Intersession 2011 on practical measures to ensure that investments benefit the poor and maintain natural capital. These workshops proved to be an appropriate arena for PEI to increase participant understanding on poverty-environment and investment management issues.



Women's group discussion about the Dak Lak Caosu rubber investment (Silvia Jundt, PEI Lao PDR).

“The SGA process is very useful for our subdistrict planning. It has brought together local public health, subdistrict administration, local NGOs and academia to exchange views and information about the changes in ecosystems, how these affect our life, and alternative ways to ensure the livelihoods of our children and future generations by improving the management of our ecosystems.” —*Chairman, Pa Law Luang Subdistrict Organization, Nan Province, Thailand*

Improved understanding of the contribution of the environment to poverty reduction was evidenced by the Investment and Promotion Department’s development of a new brochure that promotes Lao PDR as a destination for quality investments. The brochure emphasizes that economic sustainability, social equity, and sustainable land and resource use are core concerns in the development of the country.

Expert think tank responds to the need to discuss practical ways and methodologies for poverty-environment mainstreaming in Nepal.

PEI Nepal joined forces with a national think tank—the Nepal Environment Learning Leadership Group—in 2011 to promote mainstreaming of environmental sustainability into development planning. Group members include representatives of government, academic institutions, NGOs, former bureaucrats and experts. The think tank provides a forum for discussing practical ways to integrate poverty-environment considerations into development programmes. It also helped review past initiatives on poverty-environment performance and has suggested a future course of action on a regular and voluntary basis.

Sub-Global Assessment process improves capacity of Thai communities to structure discussions on the linkages between ecosystem services that affect their well-being.

In Thailand, recent reforms to the subnational planning and budgeting process have provided important opportunities for local communities to influence public and private investments that affect their livelihoods. The ongoing ecosystem and human well-being assess-

ment and PEI work have created an awareness of poverty-environment linkages among stakeholders. The Sub-Global Assessment (SGA) committees in Nan, Khon Kaen and Samut Songkram Provinces are comprised of representatives from local government agencies, civil society organizations and academic institutions. The most significant change reported in 2011 has been the improved capacity of local communities to structure their thinking and discussions on the linkages between ecosystem services and human well-being. These communities now recognize the SGA process as a tool for inclusive planning for environmentally sustainable pro-poor development. The extensive coordination and communication work, led by the Ministry of Interior with national and subnational partners, has resulted in strong leadership and ownership towards poverty-environment mainstreaming and more coherent engagement of agencies at the provincial, local and community levels in the SGA process. For example, at the central level, the ministry spearheaded the establishment of an internal technical working group formed by six departments responsible for local administration and community development; this group identified specific channels for collaboration in poverty-environment mainstreaming, together with the Ministry of Natural Resources and Environment.

Europe and the Commonwealth of Independent States

PEI Kyrgyzstan enlists the Deputy Minister of economy and Head of the Parliamentary Committee on Finance and Budgeting as PEI

champions. To create an appropriate multi-stakeholder institutional framework for PEI implementation, the PEI team in Kyrgyzstan consulted with high-ranking government partners. As a result, the Deputy Minister of Economy and the Head of the Parliamentary Committee on Finance and Budgeting reconfirmed their support to PEI and presented a letter to the PEI Donor Steering Group in November 2011 to this effect. The high-level MDG Committee under the Ministry of Economy and Anti-monopoly Policy was identified as a good entry point for PEI support. With the support of these PEI champions, successful poverty-environment mainstreaming in Kyrgyzstan's planning and budgeting processes seems an achievable goal.

Environmental authority in Tajikistan strengthens its role in sub-national development planning.

The successful integration of poverty-environment issues in 14 district development plans of Tajikistan (for more detail, see discussion under [outcomes](#)) has helped improve the collaboration of key actors both vertically—between the Ministry of Economic Development and Trade and district authorities—as well as horizontally—between district planning and environmental authorities and civil society representatives. PEI supported the country's environmental authority at the provincial and regional levels in assuming a leading role in the coordination of poverty-environment mainstreaming activities in the provincial planning process. Through this work, the Sughd Oblast's Committee on Environmental Protection has strengthened its role in provincial development planning processes and government coordination mechanisms.

DFID supports PEI to integrate poverty-environment linkages in Tajikistan's new Poverty Reduction Strategy. In 2011, DFID allocated funds for a UNDP Tajikistan project to build M&E capacity for the long-term National Development Strategy and mid-term Poverty Reduction Strategy. Out of the total DFID funding, \$140,000 is allocated to the PEI component, which will support the integration of poverty-environment linkages in the new Poverty Reduction Strategy 2013–2015, based on the positive progress made so far.

2. Improving capacity for mainstreaming into plans and implementation processes

Africa

Botswana Government takes community-based natural resource management as a core approach to local tourism development and management of wildlife. The potential of community-based natural resource management features prominently in the Botswana Government's approach to local tourism development and the management of wildlife resources at the community level, building on the country's successful integration of poverty-environment issues during the review of its Tourism Policy and Wildlife Management Policy. In a recent development, the 2007 Community-based Natural Resource Management Policy has been revived and plans are under way to embed it in legislation.

Malawi develops guidelines for integrating environmental and

“ We need to shift to more sustainable approaches, especially to nature management, and put special emphasis on improving the state of poor. I hope with the support of this initiative we'll develop strategic documents that will more fully reflect poverty as well as environmental issues.” —*Deputy Minister of Economic Regulation, Kyrgyzstan*

“ Previously, donors did not consider environment and poverty issues together, but as an employee of a nature protection agency I know these two issues are closely connected: environmental impact is high in those areas where the population is poor.” —*State Secretary, Agency on Environment Protection and Forestry, Kyrgyzstan*



Training of trainers in Tajikistan (PEI Tajikistan).

“PEI has over three years effectively influenced...the development of policy documents in several sectors: Energy, Agriculture, Forestry, Fisheries; and is in the process of bringing improved [poverty-environment] knowledge to district councils to enable the 28 district councils to plan in an improved way sustainable Natural Resource Management (NRM) and district development activities... PEI Malawi is making an important contribution to outcomes and processes in mainstreaming poverty-environment concerns at all levels and in key sectors in Malawi, including civil society and media organisations. The major outcomes and processes that have already taken place include training, capacity-building, drawing up of policy reviews, the Economic Study and Malawi State of the Environment Report, assisting enhanced coordination at high and decentralized levels between agencies involved in NRM, and the production of enhanced guidelines for environmental management for 10 pilot district councils.” —PEI *Malawi MTR 2011, p. 14*

natural resource management into development policy across government. The Office of the President and Cabinet has developed and adopted guidelines for integrating environmental and natural resource management into development policy across government with PEI support. These guidelines will be included in the office’s manual, “Executive Guide to Decision-Making Processes,” which contains the mandatory guidelines for all policy development.

Also, Malawi’s Department of Forestry has initiated a review of the country’s forestry policy to mainstream poverty and environmental issues. This action was prompted by a recent economics study report, which identified significant losses—\$92 million, or 2.4 percent of GDP per year—in the forestry sector because of unsustainable natural resource management.

Malawi improves its capacity to monitor and evaluate poverty-environment objectives in its national plan and in agricultural monitoring systems. As reported last year, the Malawi Development and Growth Strategy II includes climate change, the environment and natural resources as a key priority area. In 2011, sustainability indicators produced with support from PEI were integrated in the country’s M&E framework and subsequently incorporated into its Agriculture Sector-Wide Approach. To complement these efforts, PEI supported capacity building for all district-level agricultural development offices’ planning units on how to apply the sustainability indicators in the approach’s M&E framework. The Ministry of Agriculture and Food Security is monitoring implementation of the indicators. Another positive sign of increased capacity and

ownership is the fact that the Ministry of Forestry has used its own staff in government departments to review the Forestry Policy with PEI support. This activity was originally intended to be undertaken by external consultants and PEI funds.

Mali’s improved capacity is evidenced by institutionalization of its Poverty Reduction Strategy Paper’s greening process and strategic environmental assessment. With PEI support, the PRSP greening process has been institutionalized and will guide the development of sector policies and plans in Mali. The government has asked PEI to provide further support in institutionalizing the PEI methodology through preparation of a guide to greening development policies in the country and a guide to identifying relevant poverty-environment indicators for use in PRSP implementation in 2012. Preliminary findings indicate that more than 95 percent of sector policies have been “greened,” with substantive participation and contributions from relevant stakeholders, including development partners, sector experts and the media. In line with this achievement, strategic environmental assessments will be applied to all sector policies. Regulatory authorities have been appointed at the national level to oversee the process and provide support to assessment conduct.

Poverty-environment indicators are integrated into monitoring systems and national development plans in Mauritania and Tanzania. In Mauritania, the PRSP III (2011–2015), validated and adopted in 2011, integrated poverty-environment issues in the governance and economic growth pillars, its monitoring system and three district plans. PEI Tanzania supported

the integration of climate change and environment indicators in the review of the National Strategy for Growth and Poverty Reduction monitoring system. The draft strategy's monitoring master plan consequently integrated the proposed poverty-environment indicators.

Improved capacity of Mozambique provinces is reflected in improved 2011 provincial plans. MPD provided training for the operationalization of the integrated cross-sector planning (mainstreaming) matrix in its social and economic annual plan with PEI support. The training enabled planners from each province to integrate eight cross-cutting issues into their annual plans for implementation and monitoring, with a special focus on environmental sustainability and climate change adaptation. A total of 495 provincial stakeholders participated in these workshops, of whom 60 per cent were women. Preliminary analysis of the 2012 social and economic annual plan at the national level indicated successful integration of these issues in at least 11 sectors, and a more coherent planning and integration of cross-cutting issues at the subnational level. MPD also reported that the workshops have resulted in a considerable improvement in province submissions to the social and economic annual plan.

PEI Mozambique supports sectors' access to funding for capacity building in poverty-environment mainstreaming. The Ministry of Energy and Mineral Resources and the Ministry of Women and Social Affairs developed funding proposals for capacity building in mainstreaming the environment in their work within the framework of Danida's second Environment

Sector Programme Support, with PEI support. These proposals seek to build the ministries' respective capacities to address social and environmental impacts of the small-scale traditional mining sector and to integrate equitable natural resource use for poverty reduction ministry plans. The Ministry of Women and Social Affairs also submitted a formal request for the creation of a high-capacity environmental unit within the ministry and formal communication to all sector planners at the subnational level instructing them to support equitable natural resource use for poverty reduction.

Rwanda improves national and subnational monitoring and evaluation systems to address poverty-environment issues. Rwanda's Karongi District in its Southern Province initiated a pilot data management and reporting training exercise following an extensive training programme that involved 512 government staff. The training targeted and reinforced appreciation of evidence-based planning using poverty-environment indicators in implementing district development plans and priorities. This reflects the fact that capacity and data management constraints at the local level seriously undermine development and, more specifically, monitoring of environmental sustainability goals. Based on positive results, the pilot experience is being scaled up to the national level with the broad goal of influencing national M&E systems for poverty-environment mainstreaming.

Asia and the Pacific

Improved sector mainstreaming guidelines identify pro-poor envi-

“2011 has been the first year when we have been able to provide uniform guidance for the preparation of the PES 2012 [social and economic annual plan] to all sectors in all provinces about the importance, processes and priorities for mainstreaming cross-cutting issues on the basis of this innovative and simplified mainstreaming tool developed with PEI assistance.” —*Staff Member, Mozambique MPD*

“PEI Bhutan has been very effective in involving sectors and creating ownership, mainstreaming [poverty-environment] considerations into policy and planning procedures, establishing a support function for sector ministries, and creating a process towards better mainstreaming of poverty-environment.” —*PEI Bhutan MTR 2011, p. 5*

“The Ministry of Economic Development and Trade as a responsible and authorized state agency on development issues promotes the involvement of relevant ministries and government agencies in poverty-environment mainstreaming activities. For example by integrating relevant indicators in the national monitoring and evaluation system.” —*Staff member, Ministry of Economic Development and Trade, Tajikistan*

Environment and climate opportunities for programmes in Bhutan.

The Gross National Happiness Commission integrated ECP issues into the official guidance note—the 11th Plan Guideline—for the forthcoming 11th Five-Year Plan. In line with this support package, the Environmental Mainstreaming Reference Group developed an innovative six-step ECP process which the commission successfully integrated into its guideline. The six-step planning process matrix has been adopted to provide a simple analytical framework and ensure pro-poor environment and climate opportunities in sector plans and programmes of the 11th Five-Year Plan.

Lao PDR and Nepal highlight poverty-environment issues in their national development plans and implementation and monitoring processes.

The Lao PDR National Assembly approved the 7th National Socio-Economic Development Plan in 2011. It highlights quality growth and equity, and successfully integrates poverty-environment issues promoted by PEI in setting sustainability-oriented targets in the natural resource sectors of energy and mining, agriculture, forestry and land management. With the aim of improving government’s mainstreaming capacity to operationalize the priorities set forth in the plan, PEI supported the achievement of some important outputs during 2011 as reported under [output 3](#).

Nepal’s Three-Year Plan (2011–2013) successfully integrated poverty-environment issues across infrastructure, agriculture and food security, local development and the environment. Improved collaboration and understanding are evident in, for example, Nepal’s poverty monitoring assessment

system, which incorporated improved poverty-environment indicators.

Europe and the Commonwealth of Independent States

Tajikistan makes significant changes in planning, monitoring, implementing and financing sub-national programmes and plans.

In Tajikistan, PEI support has resulted in the effective integration of the poverty-environment nexus as a cross-cutting issue to be considered throughout subnational planning processes—from capacity development through implementation. With PEI support, the National Statistics Office integrated poverty-environment indicators into districts’ statistical databases; 18 of 37 indicators are poverty-environment related. The indicators were identified and developed in a consultative process illustrated [here](#). Planners in all 14 districts, as well as regional and ministry representatives, were involved in the design of the district development plans and have learned to conduct poverty-environment mainstreaming. Some 900 people, over a quarter of them women, were exposed to poverty-environment mainstreaming through consultative and public participation processes conducted during plan development.

Latin America and the Caribbean

Uruguay institutionalizes poverty-environment mainstreaming approaches and tools in flagship government development programmes.

In 2011, PEI Uruguay partnered with the National Statistics Institute to jointly undertake a house-

TAJIKISTAN'S SAMPLE INDICATOR FORMULATION PROCESS

	AGRICULTURE	HEALTH	INFRASTRUCTURE	ECONOMY	INDUSTRY
Original indicators in district statistics database	% of saline lands % of wetlands	No. of hospitals, including those with a sewage system	% of population with access to drinking water, urban and rural	% change in expenditures invested in the environment	No data collected on environmental compliance
Indicators suggested by PEI	% of land area at risk for soil erosion or desertification	% of hospitals with adequate waste management system	% of population with sustainable access to improved water source, urban and rural	Budget expenditures for environmental protection	No. of companies with environmental management plan
Indicators adopted by National Office of Statistics and district statistics offices	% of land with unsatisfactory irrigation	No. of hospitals with medical waste management equipment	Unchanged	Needs further work to identify environmental protection in other sectors	No. of industrial companies with ecological passports

hold survey to refine existing data on strong poverty-environment linkages for the target poor population in the informal waste management sector. Some 1,200 households participated in the survey in the framework of the PEI programme. The target group exhibited the worst social and environmental indicators, and their children proved to be significantly more affected by exposure to toxic waste (affecting long-term development) than children from any other group. At the moment, the team is performing econometric analysis to measure the contribution of environmental conditions to changes in household income.

This evidence contributed to an increased awareness on the part of high-level policy makers with regard to specific policies and government priorities related to habitat, environment and poverty that could improve

the target population's livelihoods. The government asked PEI to provide technical expertise on poverty-environment mainstreaming to extend its work to other flagship government development programmes. The [lessons learned](#) through this experience are being reviewed and compiled to be scaled up to other departments involved in this work.

3. Improving capacity for informed budget allocations and investment decisions

Africa

Burkina Faso's Ministry of Finance introduces environmental guideline and budget line for environmental protection. In Burkina Faso,



UN Resident Coordinator in Uruguay addresses high-level policy makers on request to extend PEI work to other flagship programmes (PEI Uruguay).

“ PEI is consistent with Burkina Faso’s vision of sustainable development as the new orientation of our government. PEI is assisting us to mainstream poverty-environment issues into national and decentralized policies, sector policies, our PRSP and all budgets. With its participatory and partnership approach, and with all the economic tools developed, PEI is making a valuable contribution to promoting sustainable development and pro-poor economic growth.” —*Minister of Environment and Sustainable Development, Burkina Faso*

“ The Barind track is one of the country’s drought-prone areas due to climate change. The suggestions from the Poverty, Environment, Climate Mainstreaming project team are very relevant to the project component for facing future climatic hazards. The Barind Multipurpose Development Authority [BMDA] will initiate the surface water irrigation and make local people aware in this regard. BMDA will formulate new projects for surface water for irrigation by trapping water in the *khash* [publicly owned small body of water] pond of the Barind track.” —*Executive Director, BMDA, Bangladesh*

the Ministry of Finance introduced an environmental guideline and a budget line for environmental protection in response to demands from the environmental sector. These address improved representation of the sector in planning processes supported by PEI.

PEI Kenya promotes community exchange to improve livelihoods and access to renewable energy for women in poor households. As a result of a community exchange visit in Kenya aimed at sharing experiences on sustainable use of the environment and natural resources for improved livelihoods, the Taru community in the Kinango District is adopting energy-saving technology for cooking, which it learned about from the Kimu community in the Mwingi District. The exchange visit showcased community initiatives to improve food security, natural resource management, soil and water conservation efforts, energy-saving technologies, and production of drought-resistant mangoes for commercial purposes. The fireless cooker will be introduced by the communities themselves, as they implement the lessons learned from the exchange visit. This initiative builds on PEI Kenya’s collaboration with the UNDP Kenya Global Environment Facility Small Grants Programme, which provides grants to community-based organizations for innovative projects to improve livelihoods and access to renewable energy for women in poor households.

Asia and the Pacific

Revision of national and local budgetary tools and processes sets the stage for a comprehensive climate

fiscal framework for Bangladesh.

The capacity of planning and finance agencies in Bangladesh was improved through the review exercise conducted on the current development project proforma/proposal format. The General Economics Division of the Planning Commission led this training, which produced a methodology and action plan to include disaster and climate change issues into project design. Based on this format, participants completed the development project proforma/proposal content analysis of 11 case projects from four sectors in the annual development programme. The national and local budgetary processes were also reviewed in an analysis of the comprehensive climate change expenditure and institutional review and climate fiscal framework. The review brought together the Ministries of Planning, Finance, Environment, Disaster Management and Local Government, civil society organizations, climate change experts, financial experts and other key actors to discuss climate change financing, climate change institutional review, gender budgeting and key concepts and methodologies.

Lao PDR increases capacity to make informed investment decisions through development and application of an integrated framework for investment monitoring and other tools that complement the draft National Strategy for Private Investment Promotion and Management 2020.

Lao PDR’s draft National Strategy for Private Investment Promotion and Management 2020 highlights actions to be undertaken by the Ministry of Planning and Investment’s Investment Promotion Department to achieve the sustainable development and poverty-environment goals set

in the 7th strategy. The new strategy, drafted with PEI support, serves as the guideline for promoting and selecting quality investments, and strengthening effectiveness and institutional coordination by integrating relevant actions in the Investment Promotion Department's 2012 workplan. The department has initiated some of these actions. For example, PEI supported the department in developing practical criteria that guide the screening process and the development of provincial investment calling lists. These lists serve to promote priority investments in each of the provinces that take into consideration poverty-environment linkages.

In conjunction with this work, PEI pilot provinces developed investment strategies to guide the integration of poverty-environment issues into provincial planning and budgeting processes. Savannakhet Province produced its first-ever Provincial Investment Strategy to identify how to attract quality investments that integrate poverty-environment issues. Provincial government officials identified and prioritized relevant investments that can support sustainable growth.

As a result, a new integrated framework for investment monitoring is being implemented by interdepartmental teams with members from relevant line ministries. The framework includes economic, social and environmental indicators, an accompanying database, and guidelines and manuals that allow monitoring and collection of comprehensive baseline information on the impacts of investment and compliance. In 2011, the Investment Promotion Department developed and is now using a com-

prehensive database that hosts investment project data from all 17 provinces in the country. Its software and user manual were distributed to all provincial departments for planning and investments and complemented by intensive training at the central and provincial levels.

Supporting the establishment of a self-financing system for the Lao PDR ESIA Department. In 2011, PEI Lao PDR supported the development of the "Financial Management Regulations Manual," a guideline to the operation of an integrated financial system within ESIA. The ESIA Department has institutionalized this tool to manage various funding sources, including payments from developers/investors to monitor the implementation of the environmental management and monitoring plan budgets and other funding sources—thus also improving the capacity of government staff in monitoring development projects from a poverty-environment nexus perspective. A sustainable financing assessment for the ESIA Department is now under way to identify possible options for government budget allocation and private sector financing to support the department's monitoring function.

Nepal develops incentives and measures to improve access to fiscal resources for investments in sustainable natural resource management and climate resilience. Nepal's Minimum Condition and Performance Measurement system is regarded as a very effective tool in improving the performance standard of local governments. In 2011, it was adapted to evaluate the performance of district development committees, municipalities and village development committees for

“Through the provision of training and continued support in the development of the technical guidelines for ESIA, we have increased our capacity at the central and local levels to develop and apply them effectively, hence increasing the government's capacity to manage the potentially negative impacts of investment projects. We have taken the lead in developing the guidelines, the manual for training of trainers and other tools. Now we can do our work and will not need international consultants. We have appreciated the initial external support, especially for Vientiane, but we are proud that now we have organized the training packages and we do the trainings in the provinces ourselves.” —*Director of Planning and Financial Division, Department of Environmental and Social Impact Assessments, Lao PDR Ministry of Natural Resources and the Environment*

“We hope to use lessons learned from the successfully established and operational Nan Watershed Trust Fund to replicate it to other provinces within the same watershed boundary.”
—*Nan Watershed Committee, Thailand*

“We are grateful to PEI for supporting two of our projects where mostly women are beneficiaries. This is, to my mind, a good approach to solve local critical problems.”—*Deputy Chairwoman of Gonchi District, Thailand*

“Having participated in the workshop on green loan issues I learned that, when disbursing the loan, we need to pay attention to the impact of the business on the environment. Honestly, we did not even think about this before.”—*Microloan Specialist, Panjakent, Tajikistan*

receipt of government capital grants. It now includes indicators to monitor the extent to which the environmental units of the district development committees integrate pro-poor environmental and climate investments in local development plans and budgets. The environmental units evaluate, for example, the coherence between district transport plans and district development committee road investments to maximize social benefits and minimize environmental impacts, set budgets for proper design, construction and supervision, reinvestment in environmentally sustainable management measures from the committee's own revenue sources (from mining, etc.). The planning and decision-making guidelines and block grant guidelines have also been practical tools for integrating social inclusion, gender equity and children, a pro-poor focus, environmental conservation and climate change into local development plans.

Thai province establishes fund to conserve and sustainably manage one of its 25 most important watersheds with the participation of local communities. In Thailand, key stakeholders in the Nan Province refined details of the management arrangements leading to the establishment of the Nan Watershed Trust Fund. The purpose of the fund is to conserve and sustainably manage one of the 25 most important watersheds in Thailand taking into consideration community livelihoods. PEI has promoted the participation of villagers, government, civil society and the private sector towards this example of sustainable natural resource management for pro-poor development throughout its work in Thailand. Its fund-raising mechanism would be based on the concept of payment for ecosystem

services, targeting users of the Nan River such as the Sirikit Dam, the irrigation department, private companies and the public at large.

Europe and the Commonwealth of Independent States

Improved capacity for the management of district trust funds in Tajikistan will generate additional jobs and income through the use of new land and business diversification. In 2011 PEI moved forward on efforts initiated in 2010 to successfully influence the design and application of district trust funds. These funds are financial mechanisms for the implementation of district development plans coordinated by the provincial governments and are mostly donor funded. The 90 submitted project proposals were screened against environmental sustainability criteria, in addition to the previous economic, financial viability and social safeguard criteria; 65 were approved. Of these, six had a strong emphasis on environmental sustainability and climate risk adaptation; one, highlighted in the [box](#), entailed the establishment of a communal services unit. The Sughd Oblast government, the district governments and the communities—with a small contribution from PEI—decided to cofinance these projects with the aim of demonstrating the links between the environment, economic development and poverty. The projects focus on agriculture, energy efficiency, irrigation, land and pasture management, and waste management. They are expected to contribute to the creation of 139 jobs, local tax generation, and income generation through improved land management and business diver-

PEI IN ACTION: COMMUNAL SERVICES IN TAJIKISTAN AT THE LOCAL LEVEL FOR PRO-POOR ENVIRONMENTAL SUSTAINABILITY

One of Tajikistan's approved proposals refers to the establishment of a Public-Private Green communal services unit. The proposal was designed (with PEI support) by communities in one *jamoat* (set of villages) of the Sughd Oblast. The establishment of this unit will positively affect the economic and social welfare of the people in the *jamoat* by improving environmental indicators and preventing outbreaks of infectious disease, as presently occur. It will ultimately contribute to reducing the existing high level of absolute poverty in the *oblast*, currently estimated at 57 percent of the population. The objective of this first public-private partnership at the local level is to make this unit financially and economically sustainable based on the estimated 10 percent income tax on the communal services provided which will contribute to the district budget. This in turn will be reinvested in poverty-environment activities. The unit will employ 50 people, including 30 women.



The Public-Private Green communal services unit will address issues of poor local waste management (PEI Tajikistan).

sification. Through the implementation of this output, PEI has also contributed to improved understanding and capacity of the approving committee (made up of representatives from the *oblast* and district governments, DFID and UNDP) and the local communities that designed and submitted the proposals.

Improved capacity results in inclusion of poverty-environment criteria for microlending in Tajikistan districts. Some progress was made in

2011 towards increasing investments in measures addressing both poverty and environment issues through collaboration with the two microloan foundations operating in the target districts. These foundations have included poverty-environment criteria for microlending to promote loans for environmentally sustainable projects. In addition, the criteria state that at least 50 percent of the loan should be targeted towards women-led initiatives.



Addressing women's community issues (PEI Tajikistan).

3

PROVIDING SUPPORT AT THE REGIONAL LEVEL



Woman selling bamboo (Silvia Jundt, PEI Lao PDR).

DELIVERING REGIONAL ADVISORY AND TECHNICAL ASSISTANCE

PEI continues to receive requests from governments and UNDP Country Offices to establish PEI country programmes and provide technical advice across all regions (see [map](#)). We have received a total of 50 such requests so far, which demonstrates progress in advancing the poverty-environment mainstreaming agenda as recognition of PEI's approach and achievements deepens and expands (see [box](#) on Burundi). For example, a number of governments and UNDP Country Offices are applying the PEI programmatic approach more broadly and seeking PEI input on a wider range of sustainable development issues, including climate change and more recently, green economy. Our regional teams also respond to requests through the delivery of technical assistance, as summarized in the [box](#).

Collaboration with other UNDP/UNEP entities and development agencies is needed to implement PEI's cross-cutting dimension effectively. In this

context, PEI used its country experience to improve the effectiveness of technical advisory services from UNEP divisions to national counterparts and strengthened collaboration across UNDP Country Office units. Following are examples of joint support provided under each regional programme. These examples, together with the information in the remainder of this chapter on [sharing knowledge and experiences at the regional level](#), provide evidence of the progress made in establishing regional communities of practice on poverty-environment mainstreaming in 2011.

Africa

The PEI Africa programme consists of full PEI country programmes in six pilot countries (**Kenya, Mali, Mauritania, Mozambique, Rwanda and Tanzania**) and in three scale-up countries (**Botswana, Burkina Faso and Malawi**) plus targeted programmatic support to **Burundi**.

Addressing cross-sector impacts in national development and environmental decision-making. The PEI Africa programme is very much an evolutionary programme, learning from its experiences and adapt-

PEI has received a total of 50 requests from governments and UNDP Country Offices to establish PEI country programmes and provide technical advice across all regions. The increasing number of requests demonstrates progress in advancing the poverty-environment mainstreaming agenda as recognition of PEI's approach and achievements deepens and expands.

INTEGRATION OF POVERTY-ENVIRONMENT LINKAGES IN BURUNDI

Burundi's new Poverty Reduction Strategy Paper (2012–2016) has integrated poverty and environment under a section dedicated to the environment and urban and rural planning. Through 2011, PEI supported the plan's formulation and worked closely with national and development partners to implement an approved road map and enhance the capacity of the environmental technical working group to engage with other thematic groups. Based on this successful experience with PEI, the UNDP Country Office in Burundi has continued to request ad hoc technical assistance from PEI on specific studies such as its state of the environment report and various economic studies. PEI has also contributed about \$1 million to the development of a country project document on environmental governance to implement commitments made in the PRSP.

OVERVIEW OF TECHNICAL ASSISTANCE 2011, BY COUNTRY

- **Armenia:** Using valuation of ecosystem services as a tool to inform policy-making
- **Burundi:** Using the PEI programmatic approach for UNDP project on poverty-environment mainstreaming
- **Guatemala:** Collaboration with UNDP Country Office integrated ecosystem and human well-being assessment of the dry corridor area
- **Panama:** Ensuring integration of poverty-environment linkages in the UN Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (UN-REDD)
- **The Philippines:** Using the PEI programmatic approach for UNDP project on poverty-environment mainstreaming in extractive natural resource investment policies and projects

According to a PEI-supported study, Malawi pays a high price for its unsustainable natural resource use—the equivalent of 5.3 percent of its GDP each year. The country would realize MK 26.6 billion (\$191 million) each year in 2007 prices if soil, forest, fishery and wildlife resources were used sustainably.

ing on an ongoing basis. In 2011, as countries demonstrated improved understanding and integration of poverty-environment objectives in their development plans, the regional programme increased its support to the implementation of these objectives. Because cross-sector impacts are not adequately reflected in national development and environmental decision-making, we have focused increasingly on sectors and ministries of finance in supporting improvements to government cross-sector policy and budgeting coordination mechanisms applicable to the environment and natural resource sectors. The package of economic tools and approaches promoted by PEI includes economic analysis—targeted at generating the evidence for justifying budget allocations and specific policy changes—public expenditure reviews, inputs to budget procedures and processes, environmental fiscal reform and economic instruments.

Focus on poverty-environment issues with high political economy implications. In 2011, PEI intensified its focus on poverty in country PEI programmes, including through PEI economic studies. For instance,

the **Malawi** economic assessment demonstrated that Malawi pays a high price for unsustainable natural resource use. This cost is equivalent to giving up 5.3 percent of GDP each year. To put this in context, the Malawi Growth and Development Strategy aims for total annual GDP growth of 6 percent. Malawi would gain MK 26.6 billion (\$191 million) each year in 2007 prices if soil, forest, fishery and wildlife resources were used sustainably. This is more than the total funding allocated to the education and health sectors combined in the 2009 budget. This fact was picked up by decision makers and journalists, was the subject of high-level policy debate and influenced the country's Growth and Development Strategy. The findings of the Malawi economics study led to further follow-up work in the sectors.

Delivering the poverty-environment mainstreaming agenda: UNDP-UNEP partnership and UN system collaboration. Highlights follow.

- **UNDP Regional Bureau of Africa.** The increasing demand for more specific and sophisticated economic support is evidence of the fact that countries now substan-

tively accept that appropriate increased investment in sustainable use of natural resources will help achieve development goals. More work is needed in this regard and will be an element in the growing cooperation with UNDP Regional Bureau of Africa economists. Part of the PEI implementation strategy is the substantial increase in the manner in which PEI is fully integrated into UNDP Country Office and broader UN Country Team planning and implementation processes across Africa.

- **UNDP cross-unit collaboration.**

Another major achievement of the **PEI Africa** team was the successful promotion of collaboration between and across UNDP environment, poverty and governance service lines in country offices in **Botswana, Rwanda** and **Tanzania**. For example, UNDP Rwanda announced the creation of the first joint Poverty-Environment Unit in 2011 (see [box](#)).

- **UNDP contribution of core resources for PEI.** PEI has been successful in mobilizing UNDP core resources in **Botswana, Burkina Faso, Kenya, Malawi, Mali, Rwanda**, and **Tanzania**, providing

critical inputs to the development of United Nations Development Assistance Framework (UNDAFs) in 2011 (see [box](#) on next page).

- **Collaboration between PEI and other UNDP country offices and UNEP staff.** This has been a new initiative introduced in 2011 in the context of developing regional communities of practice. PEI organized country visits to **Ghana** and **Mauritius** that provided an opportunity for **PEI Africa** regional advisers to exchange lessons learned on poverty-environment mainstreaming with UNDP officers in these countries. Results from these exchange visits include an official request from **Mauritius** to establish a PEI programme and the use of experiences learned from these two countries to improve support of sustainable financing for the environment in **Burkina Faso, Mali** and **Mauritania**. In Mali, PEI also promoted the development of a communication strategy with technical support from UNDP Benin (a non-PEI country office) and the UNDP Regional Office of Dakar, Senegal.
- **UNEP's Economics of Ecosystems and Biodiversity initiative.** The



UNDP Rwanda colleagues announce joint poverty-environment unit during exchange visit to Rwanda (Koen Toonen, PEF).

UNDP RWANDA CREATES FIRST JOINT POVERTY-ENVIRONMENT UNIT

After years of PEI work in Rwanda, UNDP Rwanda announced the creation of a joint Poverty-Environment Unit in 2011. The successful performance and achievements of PEI Rwanda generated support for an extension of the UNDP country programme for 2012–2013 and plans to support the programme for the 2013–2017 period to ensure that the next generation of Rwanda's Economic Development and Poverty Reduction Strategy (EDPRS II)/UN Development Assistance Plan benefits from the comparative advantage PEI Rwanda has so far demonstrated to promote the environmental sustainability, climate change, green growth and inclusive growth agenda at the national level. Funding for PEI Rwanda is provided through UNDP core resources (30 percent), PEI pooled funds (20 percent) and donor funds mobilized through the One UN Fund.

PEI AFRICA CONTRIBUTION TO JOINT UN COUNTRY PLANNING AND PROGRAMMING IN 2011

- **Malawi.** Contents in reports produced by PEI Malawi directly contributed to the elaboration of UNDAF 2012–2016, such as the Environment Outlook Report (2011) and the Economic Study (2010).
- **Mali.** PEI provided technical support to the greening exercise of the matrix of UNDAF Mali 2013–2017 by mainstreaming poverty-environment linkages and climate change into Outcome 2 (to increase stakeholder and institutional capacity to reduce vulnerability and increase farmers' resilience to improve agricultural systems).
- **Mauritania.** PEI contributed to the design of the UNDAF 2012–2016 in collaboration with UNEP Delivering As One. PEI participation and the use of substantive inputs from PEI reports and advocacy contributed to the approval of a pillar on environmental governance and mainstreaming the environment and climate change into national policies.
- **Mozambique.** PEI significantly contributed to the elaboration of the 2012–2015 UNDAF, and our work considerably informed the development of a four-year UNDP Green Human Development programme. This programme aims to strengthen national capacities to design, through a broad inclusive process, new development paths that will lead to greener, low-emission, climate-resilient human development.

past year also saw continued collaboration with UNEP—for example, on the Economics of Ecosystems and Biodiversity (TEEB) initiative, in which country teams have benefited from technical support to economic assessments in **Burkina Faso** and **Mauritania**. In addition, a number of **PEI Africa** and **PEI Asia and the Pacific** country teams participated in UNEP's Workshop on Valuation of Ecosystem Services in Practice: Lessons Learned from Africa and Asia; this is discussed further [here](#).

- **UNEP Green Economy Initiative.** PEI collaborated with the UNEP Green Economy Initiative on a national investment programme for **Burkina Faso** to be presented at Rio+20. This collaboration has resulted in a new investment programme for the environment sector with a specific model developed by the Millennium Institute.

- **UNEP thematic areas.** PEI country programmes increasingly provided an avenue for implementation of UNEP activities and assessments at the country level in thematic areas including climate change, resource efficiency (green economy, sustainable consumption and production), ecosystems management (water) and environmental governance (environmental assessments). PEI programmes provide a framework for linking to national development objectives and UN common country programming processes (climate change adaptation, UNDAF), which reduces the monitoring and reporting burden for national actors. For example, **PEI Mali** collaborated with the UNEP Division of Technology, Industry and Economics in delivering capacity-building activities for members of the international panel put in place by **PEI Africa** for the PRSP greening process, such as the Economic, Social

and Cultural Council, the High Council of Local Authorities and academia. The strong expert network thus put together provides input to the regional community of practice, which can then contribute to greening processes in other countries.

Asia and the Pacific

The PEI Asia and the Pacific programme consists of five full PEI country programmes in **Bangladesh, Bhutan, Lao PDR, Nepal** and **Thailand**, plus targeted programmatic support to others, including **the Philippines**, in 2011. During the review year, the PEI regional team successfully responded to country needs through regional technical support and frequent exchanges with the PEI countries; it facilitated lessons and experience sharing within and between regions and participated in relevant venues to support the formation of communities of practice on poverty-environment mainstreaming.

In 2011, the regional programme had a significant influence on planning and budgeting processes for poverty-environment mainstreaming at the national and subnational levels in Asia and the Pacific. The focus has been on capacity development, planning and budgeting guidelines and processes, and development of poverty-environment indicators and other tools used to guide national development processes and monitor their implementation.

Identifying country-selected issues for mainstreaming. In 2011, the PEI Asia and the Pacific programme identified high-profile poverty-environment-climate issues for addressing

poverty-environment mainstreaming. The political momentum for addressing climate change has been conducive for the poverty-environment mainstreaming agenda while not being completely subsumed by this. This outcomes-specific approach has paid off, as it has become clear that generic mainstreaming of the full range of poverty-environment issues can lead to confusion, mainstreaming “fatigue” and reduced interest among stakeholders—as well as to a less targeted and effective programme. The PEI Asia and the Pacific programme identified the following specific high-priority outcomes in this region’s country programmes.

- **Bangladesh.** Address climate variability and vulnerability of poor households in one of the most climate-exposed countries in the world.
- **Bhutan: benefit sharing of natural-resource wealth.** Bhutan has a

Collaboration with other UNDP/ UNEP entities and development agencies is needed to implement PEI’s cross-cutting dimension effectively. In this context, PEI used its country experience to improve the effectiveness of technical advisory services from UNEP divisions to national counterparts and strengthened collaboration across UNDP Country Office units.



Community consultation to establish human-wildlife conflict compensation measures (Pei Bhutan).



Landslide events like this one are common on Village Development Committee roads (PEI Nepal).

very rich natural resource base but poor households face extensive wildlife predation, crop damage and other opportunity costs—51 percent (2009) of the land area is covered by protected areas and 70.5 percent (2010) represents forest cover.

- **Lao PDR.** Factor in social and environmental effects in expansion of huge agricultural concession plantations (e.g. sugar, cassava, eucalyptus).

- **Nepal.** A construction boom in Nepal has led to mining of sand and gravel, and a massive increase in the rural road network with substantial social and environmental costs; this will be exacerbated by climate change.
- **Thailand.** Integrate social and environmental criteria in private and public investment decisions made in major rural areas; focus on three river basins in the north, northeast and centre of Thailand.

Taking gender into account. In an effort to improve its gender focus and analysis, the PEI Asia and the Pacific team undertook an exercise to track down gender-disaggregated data for different capacity development activities. The analysis found that, of the 3,102 people trained in 2011, 1,017 were women. A third of the participants in PEI capacity development activities in the Asia and the Pacific region in 2011 were women. These figures provided a baseline to be improved upon in 2012, together with other measures agreed to in the framework of the global programme, following up on PEI MTR recommendations.

PEI PROGRAMMATIC APPROACH IN THE PHILIPPINES

In 2011, after responding to the request of the Government of the Philippines and the UNDP Country Director, the joint UNDP-UNEP PEI Asia and the Pacific team provided technical support to fine-tune a UNDP PEI-type programme in the Philippines. The programme, as reported in last year's report, focuses on wider sharing of the benefits of the Philippines' considerable natural resource wealth, particularly with poor and indigenous families. These resources include minerals, renewable energy sources (including geothermal, water and wind) and national parks. During 2011, the joint PEI team provided expertise during the inception workshop of the programme to the Departments (ministries) of Finance, Budget and Management, Environment and Natural Resources, Interior and Local Government and the National Anti-Poverty Commission. A full-blown review of environmental and natural resource revenue utilization is expected, together with a collection of policy proposals on poverty-environment mainstreaming in the form of memorandum circulars, house/senate bills or executive orders.

PEI ASIA AND THE PACIFIC CONTRIBUTION TO JOINT UN COUNTRY PLANNING AND PROGRAMMING IN 2011

- **Bangladesh.** The PEI team contributed to the development of the upcoming UNDAF (2012–2016) and worked very closely with UNDP's Comprehensive Disaster Management Programme.
- **Bhutan.** The PEI team contributed to the development of the current (2008–2012) and next UNDAFs. PEI will collaborate from 2011 onwards with the UN Capital Development Fund on the development and implementation of local government climate adaptation grants.
- **Lao PDR.** The PEI team contributed to the development of UNDAFs for 2007–2011 and 2012–2015. PEI is also a priority in the UNDP Country Programme Document (2012–2015).
- **Nepal.** The PEI team contributed to the development of the next UNDAF and to ongoing UNDP Country Programme activities.
- **Thailand.** The PEI team contributed to the development of the current UNDAF (2012–2016) and UNDP Country Programme Document. The PEI approach with cross-practice linkages has also been applied to the UNDP Thailand programmatic approach (Environment Unit).

Delivering the poverty-environment mainstreaming agenda: UNDP-UNEP partnership and UN system collaboration. The past year has been a crucial one in bringing out poverty-environment mainstreaming issues in Asia and the Pacific through collaboration across UNDP units and with other UN agencies active in the various countries.

- **Influencing UN/UNDP country programming processes.** PEI Asia and the Pacific has contributed to the integration of the poverty-environment nexus in UNDAFs, country programme action plans and country programme documents in all countries (see [box](#)). The regional programme has also been successful at using both UNDP and UNEP channels to advocate for poverty-environment mainstreaming through active participation of PEI regional and country teams as well as through briefing of UNEP and UNDP colleagues participating in UNDAF meetings in both PEI and non-PEI countries (e.g. **Timor-Leste**).

- **Promoting cross-unit collaboration.** PEI has been successfully embedded into UNDP's ongoing country programmes across energy and environment, democratic governance and poverty reduction units in **Bangladesh, Bhutan, Lao PDR** and **Nepal** (also in collaboration with the UN Capital Development Fund in Bhutan and Nepal).



PEI Asia and the Pacific representatives participate virtually in this Kyrgyzstan inception workshop (PEI Kyrgyzstan).

“PEI has been effective at linking UN institutions, UNDP, UNEP, UN-WOMEN, together in one project. For example, UN-WOMEN has already put to good use the data from the 1,200 household urban poverty baseline survey on rubbish collectors in its work on gender equity.” —PEI Uruguay MTR 2011, p. 10

- **Deepening inter-agency collaboration.** The regional team has helped enhance the capacity for poverty-environment mainstreaming at the UNDP and UNEP regional level through advocacy and networking with ongoing programmes, and thereby deepened inter-agency collaboration. For example, at the UNEP Regional Office for Asia and the Pacific, the PEI team actively consults with the Green Economy, the UN Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (UN-REDD) and climate change teams; at the UNDP Asia and the Pacific Regional Centre, it consults with poverty reduction and governance teams. The senior management at both regional offices participated in PEI events in 2011.

Europe and the Commonwealth of Independent States

The PEI Europe and the Commonwealth of Independent States (CIS) team supported the implementation of the **Tajikistan** country programme and the establishment of the country programme in **Kyrgyzstan** in 2011. The team also provided technical advice to **Armenia**.

Delivering the poverty-environment mainstreaming agenda: UNDP-UNEP partnership and UN system collaboration. PEI Europe and the CIS made progress in integrating poverty-environment concerns into UN planning and implementation processes and the promotion of UNDP-UNEP collaboration.

- In **Kyrgyzstan**, the poverty-environment nexus has been reflected in the new UNDAF (2012–2016) and in the UNDP Country Programme Document (2012–2016) and its Action Plan, which included the design of the new UNDP cross-thematic Area-Based Development Programme. This programme is expected to provide a strong platform to enhance poverty-environment mainstreaming across practices and to contribute to resource mobilization.
- In **Tajikistan**, PEI remains within the UNDP umbrella cross-thematic Communities Programme. After showing concrete results in poverty-environment mainstreaming in subnational planning, PEI recognition within the Communities Programme and the UNDP office has increased.
- PEI collaboration with UNEP sub-programmes includes work with Ecosystems (**Armenia** Lake Sevan

PEI AND UNEP REGATTA PROVIDE JOINT SUPPORT IN DOMINICAN REPUBLIC

The PEI approach was applied in the formulation of UNEP-REGATTA (Regional Gateway for Technology Transfer and Climate Change Action in Latin America and the Caribbean). REGATTA has been embedded in a support package to the Dominican Republic through the UNDP Country Office's Umbrella Programme Document. This joint programme represents the synergy between REGATTA and the PEI Dominican Republic Phase I and will start in 2012. It has a strong focus to make the case and integrate pro-poor poverty-environment-climate concerns in national and subnational planning frameworks.

GUATEMALA'S SUB-GLOBAL ASSESSMENT

In Guatemala, the integrated ecosystem and human well-being assessment (SGA) concluded its exploratory and design stage in early 2011 with the dry corridor region designated as the assessment pilot area. The implementation stage commenced in late 2011 and is being conducted by a multidisciplinary team coordinated by the UNDP Guatemala Country Office with support from PEI. SGA aims to provide information on how to improve the management of natural ecosystems, agricultural systems and agro-ecosystems to maintain the flow of environmental services and income to improve the well-being of the population in the dry corridor. It will serve to guide and influence the integrated management of environmental services in planning processes led by the President's Planning Secretariat and the Ministry of Environment and Natural Resources. It also seeks to integrate the efforts of the Secretariat for Food Security and Nutrition, the Ministry of Agriculture, Livestock and Food, and the newly created Ministry of Development to strengthen the process. The multidisciplinary team consists of experts from a consortium comprised of the Fundación Defensores de la Naturaleza, the Center for Biodiversity and Environmental Studies of the Universidad del Valle de Guatemala, and WWF Guatemala.

Payment for Ecosystem Services feasibility study), Resource Efficiency (including green economy and TEEB initiatives) and Chemicals (addressing mainstreaming approach and cost of inaction).

Latin America and the Caribbean

The PEI Latin America and the Caribbean programme made good progress towards consolidating and expanding support provided so far in the region. The **PEI Uruguay** programme made excellent progress, and a Phase I programme will start in 2012 in the **Dominican Republic**. This latter programme will focus on making the case and integrating pro-poor poverty-environment-climate concerns in national and subnational planning frameworks under a joint UNDP-UNEP umbrella programme.

Delivering the poverty-environment mainstreaming agenda: UNDP-UNEP partnership and UN system collaboration. Highlights follow.

- **Uruguay** has been the pilot country for the Delivering as One programme in the region, which provided PEI with an excellent platform for joint UNDP-UNEP activities. These have been expanded to collaboration with other UN agencies such as UNIFEM.
- Through collaboration with UNDP Country Offices, PEI has promoted the use of comparative advantages from the two host agencies:



Children searching for water in Guatemala's dry corridor region (Mónica López, PEI).

- In **Dominican Republic**, under an umbrella country programme of the UNDP Country Office and UNEP's Regional Gateway for Technology Transfer and Climate Change Action in Latin America and the Caribbean (REGATTA)
- In **Guatemala**, through implementation of the integrated ecosystem and human well-being assessment (SGA)
- In **Panama**, by integrating poverty-environment linkages in the UN-REDD country programme

SHARING KNOWLEDGE AND EXPERIENCES AT THE REGIONAL LEVEL

Africa

In 2011, PEI Africa continued to promote regional communities of practice on poverty-environment mainstreaming to influence regional policy processes. Highlights of these experiences follow.

UN Economic Commission for West Africa to endorse the use of green

accounting systems. PEI Africa organized a regional francophone training session in November 2011 on green accounting. The session was organized in collaboration with the Overseas Development Institute (ODI) and involved about 50 delegates from the three PEI francophone countries—**Burkina Faso, Mali** and **Mauritania**. These training sessions contributed to enhanced capacity in the respective national institutions in green accounting methodologies. Participants are consequently better able to advocate for the importance of green accounting in their countries. The national experts who attended the meeting are involved in post-seminar activities centred on setting up national committees to develop information on green accounting methodologies.

Malawi and Mozambique learn from PEI Rwanda expertise. PEI Malawi and Mozambique delegations benefited from a week-long study visit to learn about PEI Rwanda's successful approaches to mainstreaming poverty-environment, progress on implementing environmental fiscal reform and sector mainstreaming. Participants learned about the concrete actions underlying Rwanda's success—for example, intergovernment collaboration for effective law enforcement. Discussion panels with government planners from various ministries were complemented by a field visit to Rubaya, a village promoted as a model initiative for integrated environmental protection and development within Rwanda's Integrated Development Programme (further details are [here](#)).

- The **Mozambique** team will apply the lessons learned from the effective dissemination of the economic assessment in Malawi and



Participants of the Malawi and Mozambique exchange visit to Rwanda (Koen Toonen, PEF)

Rwanda (policy briefs and communication of results) to their economics study. Following up on the visit report, the budget director of the Ministry of Finance invited PEI to present the country programme in detail to contextualize PEI's work and the study results. The ministry has organized a meeting, inviting directors from the Ministry of Planning and Development, to present the results of the economic studies to achieve a common understanding of these issues. Also, the Permanent Secretary from the Ministry of Coordination of Environmental Affairs in Mozambique has asked MPD to disseminate the action plan based on the lessons learned from the exchange visit to all provinces in the country.

- The **Malawi** delegation learned how government—through the Ministries of Natural Resources, Energy and Environment, and Finance and Development Planning—should engage the Ministry of Local Government and Rural Development in the implementation of relevant interventions in order to enhance the poverty impact of the decentralized environmental management guidelines developed with support from PEI.

PEI Mali delegation learns from greening Ghana's Poverty Reduction Strategy process. In the framework of PEI support to the greening of the PRSP process in Mali, director-level representatives visited Ghana to learn from its example of designing and successfully implementing a sound, green and sustainable poverty reduction strategy and associated policies. In addition to operational and programmatic approaches, methods and tools,

Ghana stakeholders demonstrated to Mali participants practical examples of why it is important to consider the costs of inaction to integrate poverty-environment issues in development policies such as youth, sports, microfinance and tourism. As a result, Mali has increased its integration of these issues in the development policies mentioned; this reflects a positive change in development sectors that policy planners initially thought were marginal to the greening exercise.

PEI Burkina Faso delegation learns from mainstreaming experiences in Mauritius. Mauritius, with its flagship policy Maurice Ile Durable (Mauritius Sustainable Island), represents one of the most successful examples of integrating environmental sustainability into national policy planning and processes and across sectors in an African country. A high-level delegation from Burkina Faso met with a broad range of stakeholders in Mauritius, including numerous government officials and private sector representatives. As a result of this visit, Burkina Faso is drafting a national investment programme on natural resources and sustainable development aimed at supporting the implementation of the PRSP III, in line with PEI objectives. In addition to the government's current practice of using the mid-term expenditure framework as a financing mechanism, the Ministry of Environment is for the first time developing a budget programme to improve its planning and budgeting cycle.

Mauritius has in turn learned from the positive PEI experience in Burkina Faso, and is now looking to formulate a PEI programme using the One UN Programme framework. For more information, click [here](#).

Asia and the Pacific

In 2011 the PEI Asia and the Pacific team attended a variety of meetings to promote regional communities of practice and facilitated exchanges within the region and with other PEI regions. The team participated in various regional workshops to network with parties involved in poverty-environment-related fields.

- TEEB workshop in Hanoi with participants from **Lao PDR, the Philippines** and **Thailand**
- The side event of the regional climate summit held in Thimphu, **Bhutan**, in November
- The regional Climate Financing and Aid Effectiveness Meeting in Bangkok, **Thailand**, in September 2011, with the participation of **all PEI Asia and the Pacific countries** including **the Philippines**

The regional team also facilitated intra-regional best practice exchanges between PEI countries, supported participation of PEI country colleagues in poverty-environment mainstreaming-related forums and participated in poverty-environment practitioner venues. In 2011, the team shared information and lessons learned with other regions, including through the following.

- **Lao PDR-Thailand** exchanges on ecosystem valuation methodologies or environmental and social impact assessments: These have enhanced peer learning and resulted in South-South support such as in joint policy paper formulation to better advocate poverty-environment mainstreaming in Association of Southeast Asian Nations forums. For more information, click [here](#).
- **Lao PDR-Nepal-Rwanda-Thailand** best practice interregional exchange: This is discussed further [here](#).
- **Lao PDR-Indonesia** exchange on Indonesia's experience in implementing its National Green Growth Strategy: Lao PDR's Department of Planning of the Ministry of Private Investments participated in a study exchange to Indonesia and met with Indonesian governmental and NGO officials to learn about their practices in implementing the National Green Growth Strategy. Drawing on this experience, the Lao PDR Department of Planning has initiated a local-level green growth planning approach, starting with two pilot districts in Houaphan and Saravan.
- **Bhutan-Philippines** exchange of expertise: Bhutanese local gov-



PEI-supported side event at regional Climate Summit for a Living Himalayas (PEI Bhutan).

ernment officials increased their knowledge in poverty-environment and climate mainstreaming concepts and approaches in **the Philippines** and initiated a vulnerability assessment to environment and climate change impacts in the five pilot districts and 13 sub-districts in 2011. The assessment identified areas of concern that will help in the design of adaptation and mitigation interventions in annual development plans. Bhutanese local government officials undertook specific trainings in the Philippines to familiarize key actors with environment-climate-poverty mainstreaming concepts and approaches.

Europe and the Commonwealth of Independent States

The PEI Europe and the CIS team continued to promote a community of practice on poverty-environment mainstreaming through the organization of best practice exchange visits between **PEI Kyrgyzstan** and **PEI Tajikistan**, organization of side events at regional conferences, and participation in relevant community of practice meetings, including the following:

- The 7th Ministerial Conference, Environment for Europe, in **Kazakhstan** included a PEI side event; click [here](#) for more information
- The UNDP regional Environment and Energy Community of Practice
- The UNDP regional Local Sustainable Development Community of Practice meetings



Promoting regional communities of practice in Europe and the CIS (PEI Europe and the CIS).

Latin America and the Caribbean

PEI Latin America and the Caribbean facilitated the sharing of knowledge and experiences in the region through different support packages.

- As a result of the positive progress made by PEI in **Uruguay**, the National Secretariat of Planning and Development in **Ecuador** and the Office of Planning and Budget of Uruguay developed an implementation workplan under a bilateral framework agreement. The agreement establishes the need to promote and expand bilateral relations with specific areas of cooperation and defined activities to strengthen institutional capacity for poverty-environment mainstreaming through the exchange of experiences and expertise, training and knowledge, research and discussion forums.
- The regional programme has also used social media platforms for information exchange with positive results. Click [here](#) and [here](#) for more information.

4

ADVISING AT THE GLOBAL LEVEL



Elephants in Lao PDR (Silvia Jundt, PEI Lao PDR).

PEI provides global advisory services on poverty-environment mainstreaming through the Poverty-Environment Facility. PEF is the management hub for the PEI programme, and plays a coordinating role in operational management support. Also, as PEI becomes increasingly recognized as a knowledge platform for poverty-environment mainstreaming, it has established and implemented a range of knowledge and communication tools and partnerships through which it can effectively perform its advisory role.

In 2011, PEF responded to increased internal and external demand for practical tools to address the poverty-environment mainstreaming agenda in coordination with regional and country teams. This demand ranged from calls from government and non-government practitioners for the provision of expertise in applying specific mainstreaming tools, to UN agencies' requests for support in applying the PEI approach in non-PEI countries, to country requests to establish PEI country programmes. This section provides examples of how we have delivered global advisory services in response to this wide variety of requests.

COLLECTING GOOD PRACTICES AND LESSONS

As in previous years, the information in this subsection refers to the most important best practices and lessons learned from our experiences in implementing poverty-environment mainstreaming programmes in PEI countries. The following information is not intended to duplicate that presented in previous years, but rather to bring

new perspectives to the year's key lessons and good practices. Note that not all lessons apply equally across the various PEI regions and countries.

Country-specific lessons are available in the country fact sheets on our [web-site](#); additionally, PEI aims to publish a selection of lessons learned from the PEI scale-up in our planned 2012 update of *Mainstreaming Poverty-Environment Linkages into Development Planning: A Handbook for Practitioners*; these lessons will inform the whole of the book's revision as well.

Work with Local Government to Integrate Concerns of the Poor

PEI countries demonstrate increased awareness, cross-government collaboration and integration of poverty-environment issues in development plans. This allows the PEI programme to intensify its focus on the implementation of those plans across sectors and at the subnational level. In the context of this work, PEI has established partnerships with local government authorities. These have provided an



Local stakeholders learn about mainstreaming poverty-environment considerations into development planning in Dhading, Nepal (PEI Nepal).

excellent entry point to raise the profile of the poor in policy making and budgeting, in line with our long-term goal.

In general, effectively coordinated monitoring systems that provide specific and reliable information on the poorest populations and their role in environmental and natural resource management are lacking at the central level. To rectify this, PEI has successfully partnered with—and provided support to—local governments in many of our countries. For example, local authorities in **Nepal** allocated public resources for poverty-environment-climate issues in response to demands from communities. In **Rwanda**, the PEI partnership with the Ministry of Local Government and Good Governance has greatly helped in integrating the concerns of the poorest populations into local development plans. In **Thailand**'s Nan Province, local government officials, communities and the provincial agriculture office all actively participated in the scenario-building process associated with the Sub-Global Assessment. As a result, the agriculture office has institutionalized scenario building as a standard tool in sector development planning.

Develop and Apply Innovative Tools and Approaches in Building Capacity

PEI, like most UN agencies, seeks to build capacity in government staff towards a complex, yet basic and essential, goal. In our case, we look to help public sector officials find ways of better prioritizing environmental sustainability and climate change in national plans and budgets while taking the needs of the poor and the

challenge of poverty reduction into consideration. In so doing, we employ a variety of innovative methods and add new twists to proven approaches; highlights follow.

- **Use of champions.** PEI works with identified “champions”—reformers within the government apparatus who are open and eager to improving pro-poor environmental and climate outcomes. These champions often lack resources and support. Through the limited resources of the PEI programme and building on the legitimacy that the UN can bring, these champions can become more empowered. In a number of countries, reformers have used PEI to overcome the obstacles to pro-poor policies and outcomes.
- **Use of incentives.** PEI has tried a number of capacity-building approaches for government staff. The most important has been “learning by doing.” While there has been some traditional training provided through seminars and workshops, the PEI emphasis has been on actually doing the work and learning through trial and error. This approach has been used in improving the ability to conduct economic analysis. Analyses have been carried out together with—and, in many cases, led by—government staff from ministries and researchers from local institutes.

Build Capacity of Technical Support Providers for Long-Term Efforts

Building capacity requires not only direct support, but also making sure there are effective capacity service

providers available. Where the focus is on the supply of economic evidence and tools, such capacity service providers can have a range of expertise and come from a range of organizations.

- **Most PEI programmes have employed a technical adviser or programme coordinator who is recruited from within the country.** This ensures political and linguistic familiarity and the creation of effective networks.
- **Providers of economic analysis have mainly been drawn from in-country national research institutions, universities and the private sector.** These service providers will remain in the country long after the PEI programme ends. In some cases, their expertise needs to be enhanced or expanded. To this end, PEI devoted

considerable effort in 2011 to promoting the participation of these actors in regional communities of practice on poverty-environment mainstreaming.

- **Where appropriate, international expertise has been provided.** Individual consultants have provided guidance in various countries on methodology and overall quality control—for example, in undertaking PEERs, integrated ecosystem assessments and cost-benefit analyses. PEI has also taken advantage of regional networks of excellence, such as the Economy and Environment Program for Southeast Asia and the South Asian Network for Development and Environmental Economics, to provide guidance in various countries on methodology and overall quality control.

LEARNING BY DOING: MONITORING EFFECTS OF FOREIGN INVESTMENT IN LAO PDR

As a result of PEI early awareness-raising and capacity gap analysis work in Lao PDR, the Ministry of Planning and Investment requested our support in 2010 to increase its ability to perform its mandated monitoring of the social and environmental effects of foreign investment. Given the limited skills and monitoring tools available at the provincial level, monitoring activities had been limited to large hydropower projects. Over 2010 and 2011, PEI worked with inter-agency provincial teams to develop a new monitoring format that staff could use. This form was piloted in selected districts and then revised—via learning by doing—to adapt it to their specific needs. A low-tech approach was implemented to link the monitoring data to the central database in Vientiane. The improved understanding of the provincial staff and of the central ministerial monitoring department has led to this approach being rolled out by the ministry across the country.



Lao PDR's Vice Minister of Public Investments and the UN Resident Representative address the Sustainable Investment Forum (Silvia Jundt, PEI Lao PDR).

Recognize Importance of Political-Economic Factors in Decision-Making

Intensifying the focus on poverty-environment issues with high political economy implications is proving to be an increasingly successful way of gaining momentum and improving the potential impact of PEI activities.

At the heart of the PEI approach is the use of economic tools to demonstrate the importance of natural resources and climate effects to core economic priorities such as pro-poor growth. It is vital that this evidence be packaged and used to advocate change in ways that are clear and accessible to decision makers. Accordingly, for many of the long technical reports prepared, PEI programmes have created short

summary policy briefs, filled with crisp, succinct facts and figures, make the evidence compelling. The primary economic tools used in 2011 by the various country programmes are highlighted below.

- **Public expenditure analysis measures the extent of government spending on environmental priorities.** This type of analysis can provide information on the overall level of spending, trends over time, the main areas of spending (e.g. natural resources, urban problems, climate mitigation and adaptation), whether these priorities are appropriate, and which agencies and levels of government are making the expenditures. In 2011, PEI supported governments in **Bangladesh, Bhutan** and **Nepal** in undertaking climate policy expenditure and institutional reviews. These are

PUBLIC CLIMATE AND ENVIRONMENT EXPENDITURE REVIEW IN BHUTAN

The Bhutanese government asked PEI to assess the extent of government spending on the environment through a 2009 public expenditure review for the ninth Five-Year Plan period (2003–2008). The results showed that although the Ministry of Finance's Department of Public Accounts was spending more on the environment than most of the countries in the region, its share of expenditure for this as a percentage of GDP was declining. Increasing environment/climate expenditures became a target for PEI stakeholders. Consequently, Bhutan's PEER 2011 found that, taking into account investments related to climate change, environmental expenditures in 2010 were 16 percent of total public expenditures. And, most interestingly, environmental expenditures at the local government level had increased substantially from 4 percent in the Ninth Five-Year Plan to about 30 percent in 2010; this can be attributed to increased fiscal decentralization. The positive results of our work in Bhutan have led to our scaling up this good practice in Bangladesh and Nepal, in both of which countries the first climate public and environment expenditure reviews were recently completed.



Bhutan launches PEER at regional climate summit side event in Thimphu (PEI Bhutan).

proving to be a useful tool for poverty-environment mainstreaming purposes, as they assess the extent to which government expenditures are climate related, what delivery mechanisms are being used and how well institutional arrangements are functioning.

- **Cost-benefit and rate of return analysis demonstrate the higher rates of return from pro-poor and environmentally sustainable investment.** Examples include cost-benefit analysis of rural roads in **Nepal** and a similar study planned for **Bhutan**. Cost-benefit analysis has also been used to assess various land-use options in northern **Lao PDR** and may be applied to a case study in northeastern **Thailand**.
- **Environmental and social impact assessments, among other tools, provide details on the effects of investment projects on the poor.** Incidence or impact analysis provides information not only on the overall extent of expenditure or on the costs and benefits of certain investments, but also on their effects or incidence on poor people.

DELIVERING GLOBAL ADVISORY AND TECHNICAL ASSISTANCE

Communications and Knowledge Products

Through advocacy and knowledge products, PEI provides comprehensive technical and knowledge management services to PEI country teams and the wider community of poverty-

environment mainstreaming practitioners. Best practices and lessons learned are systematically consolidated in knowledge products, including guidance notes, primers, handbooks and strategy papers. PEI also conducts outreach at the country and global levels through the increased use of multimedia products.

- The 2010 PEI **lessons learned and best practice publications** (*Mainstreaming Adaptation to Climate Change into Development Planning: A Guide for Practitioners, Enabling Local Success: A Primer on Mainstreaming Local Ecosystem-Based Solutions to Poverty-Environment Challenges* and *Managing Private Investment in Natural Resources: A Primer for Poor-Poor Growth and Environmental Sustainability*) were released and distributed in early 2011 to very positive feedback. They were widely and systematically advertised to partners, donors and the development community, including through the PEI and UNDP websites as well as the International Institute for Sustainable Development mailing lists reaching several thousand subscribers; they were also made available through research databases such as the Institute of Development Studies' [Eldis](#) and [SciDev.net](#). *Mainstreaming Adaptation to Climate Change into Development Planning* proved particularly popular, with over 8,000 website downloads and many requests for hard copies from development practitioners and UN partners.
- PEI experiences were highlighted in a number of UN advocacy materials, where the initiative was showcased as a model for integrating poverty and environmental priorities at the country level. For example, UNDP's





Enabling Local Success: A Primer on Mainstreaming Local Ecosystem-Based Solutions to Poverty-Environment Challenges.

The primer, produced in partnership with the World Resources Institute, synthesizes current knowledge and illustrative case materials on the benefits of and enabling conditions for local ecosystem-based initiatives. It documents how nature-focused activities and enterprises originated and executed by local actors can sustain ecosystems and improve the livelihoods and well-being of the rural poor. The primer is designed to help PEI as well as other development practitioners communicate to policy makers the positive poverty and environmental outcomes that can result at the local level when environmental mainstreaming efforts at the national and sectoral levels succeed.



Mainstreaming Adaptation to Climate Change into Development Planning: A Guide for Practitioners.

The guide provides practical guidance on how governments and other national actors can mainstream adaptation to climate change into development planning as part of broader mainstreaming efforts. The guide draws on substantial experience and lessons learned by PEI in working with governments to integrate environmental management for pro-poor economic growth and development into national development planning and decision-making. The guide is primarily intended for champions of the mainstreaming process and practitioners at the country level.



Managing Private Investment in Natural Resources: A Primer for Pro-Poor Growth and Environmental Sustainability.

The primer provides practical advice on how host countries can manage foreign direct investment (FDI) inflows to encourage pro-poor, environmentally sustainable development. It is aimed at public decision makers in developing countries dealing with FDI, particularly officials in investment boards, investment promotion agencies and relevant ministries. The focus is on FDI in the primary sector, including agriculture, forestry and extractive industries—an area of growing interest among international investors and a sector of high economic significance for many developing countries.

Human Development Report 2011—Sustainability and Equity: A Better Future for All highlights PEI experiences in **Malawi** and **Rwanda** as positive approaches in tackling the challenges of environmental sustainability and equity.

- In 2011, PEI communication activities focused on **multimedia products**. Five new video clips highlighting PEI's efforts in Asia (specifically, in **Bangladesh**, **Lao PDR**, **Nepal**, **the Philippines** and **Thailand**), as well as several country documen-

taries (**Burkina Faso**, **Tajikistan** and **Tanzania**), provide excellent documentation of PEI's work on the ground. For example, the video clip on PEI's work in Nepal showcases a study conducted to examine the social, economic and environmental impacts of sand, gravel and stone mining on poor communities. The clip also highlights recommendations for government to make mining a sustainable source of income and reduce negative impacts on poor communities.

These products can be accessed on the PEI [website](#); they are also available on [YouTube](#). The most popular clips attracted more than 600 viewers in 2011.

- A new **PEI photo library** was made available through the PEI [website](#), in response to a growing number of requests from external partners for photos showcasing poverty-environment linkages.

PEI Technical Advisory Group

The first PEI Technical Advisory Group meeting was held in Vienna on 15 February 2011, at the conclusion of the 16th Poverty and Environment Partnership meeting. Participants included PEI team country representatives, donor representatives and key technical partners such as the International Institute for Environment and Development (IIED), the World Bank and the World Resources Institute (WRI). At the meeting, the group agreed on its terms of reference and differentiated its role from that of the PEI Donor Steering Group: basically, the Technical Advisory Group provides technical guidance and advice, while the Donor Steering Group is involved with programme accountability and governance. To meet the overall challenge of PEI scale-up, and in line with its agreed role, the Technical Advisory Group provided strategic technical advice on the following:

- **Rio+20.** The group discussed how PEI provides practical examples of how to operationalize sustainable development in preparation for Rio+20, as well as within the framework of a PEI side event.
- **Monitoring and evaluation of the PEI scale-up.** The group asked PEI



David Smith, PEI Officer in Charge, and Vladimir Mikhalev, PEI ECIS Poverty Specialist, lead discussions on PEI economics work at Technical Advisory Group meeting (Victoria Luque, PEI).

to produce a summary of the M&E revision, setting out its evolution, rationale and key elements.

- **Mid-Term Review of the PEI Scale-up.** The group agreed on terms of reference and follow-up actions.
- **Poverty-Environment Nexus Evaluation.** The UNDP PEI Co-Director provided an update on how UNDP would follow up on the evaluation's recommendations.
- **Economics work as an essential element of PEI.** PEI presented its focus on elements fostering increased revenues through improved management of natural resources, including environmental fiscal reform and political economy aspects. The group recommended that PEI economics work be consolidated on the PEI website in a portfolio approach.
- **Climate change adaptation.** The group agreed that PEI has a role in climate change adaptation, but that this be limited to, and consistent with, application of the PEI programmatic model.



Clearing land for agriculture concessions (Silvia Jundt, PEI Lao PDR).

Partnerships with Practitioner Organizations

“ PEI added value includes the development of partnerships with IIED and the World Bank (WAVES), and UNEP Geneva (on Green Economy). These partnerships enhance the quality of the programme and provide an important aspect of global networking and benchmarking, dealing with emerging issues, pursuing programme synergies...and co-financing options, and global cutting edge input into the work of PEI Botswana.”
—PEI Botswana MTR 2011, p. 3

UNEP ECOSYSTEM SERVICES AND ECONOMICS

PEF facilitated the participation of several **PEI Africa** and **PEI Asia and the Pacific** country teams in [UNEP's Workshop on Valuation of Ecosystem Services in Practice: Lessons Learned from Africa and Asia](#). This workshop was organized by UNEP Ecosystem Services and Economics, and served to communicate the challenges and lessons learned in different regions on valuation of ecosystem services. It improved participants' [understanding](#) of the challenges and opportunities involved in providing economic evidence on the importance and value of environmental services to development planning processes.

PEI **Lao PDR** and PEI **Thailand** also organized a bilateral study to share

country experiences with economic valuation of integrated ecosystem services. Lao PDR's National Economic Research Institute undertook a similar valuation to that performed by PEI Thailand in the neighbouring Nan Province to assess the impacts of large-scale maize and rubber farming. The teams exchanged experiences, reviewed methodologies and agreed on specific activities to take this collaboration forward. The northern Thai provinces of Khon Kaen and Nan were targeted for this collaboration given their strong cultural and linguistic ties with Lao PDR. As a follow-up to the positive South-South exchanges, the two countries are developing a joint proposal on information sharing and learning on poverty-environment mainstreaming to be submitted to Association of Southeast Asian Nations working groups.

INTERNATIONAL INSTITUTE FOR ENVIRONMENT AND DEVELOPMENT

Our partnership with IIED at the global (e.g. PEI M&E Framework) and country levels has supplemented PEF's provision of global advisory services. The support provided has strengthened the capacity of country, regional and PEF teams to design, implement and report on their respective programmes. This in turn has contributed to stronger country and global programme monitoring and improved country programme effectiveness through rationalization of programme results frameworks and reporting. Other examples of PEI-IIED collaboration follow.

- **Botswana.** IIED and PEI organized a training workshop for planners from key government ministries to achieve a common understand-

ing on poverty-environment mainstreaming. Following up on positive feedback, the next session will focus on the development of poverty-environment indicators and guidelines on poverty-environment mainstreaming.

- **Lao PDR.** IIED supported the development of a model contract template for agriculture concessions with sustainability principles embedded.
- **Malawi.** IIED and PEI supported the production of a publication on lessons learned—*Mainstreaming the Environment in Malawi's Development: Experience and Next Steps*—in collaboration with the Ministry of Development and Planning Cooperation.
- **Nepal.** PEI supported a consortium of the National Planning Commission, the Ministry of Local Development, Pokhara University and IIED to form an Environment Learning Leadership Group. This consortium represents an active mechanism to continue to advocate and raise awareness on poverty-environment mainstreaming.

INTERNATIONAL UNION FOR CONSERVATION OF NATURE

PEI partnered in 2011 with IUCN to support the National Environmental Research Institute to undertake case studies on the cost and benefits of investments in the southern provinces of Saravan and Savannakhet of **Lao PDR**. This research has established a methodology for assessing environmental and social impacts and undertaken four case studies to illuminate the significance of these impacts for different investment types. These case studies were undertaken by provincial

staff and therefore have been a successful capacity-building tool.

INTERNATIONAL INSTITUTE FOR SUSTAINABLE DEVELOPMENT

Also in **Lao PDR**, the International Institute for Sustainable Development partnered with PEI to produce a study entitled “Investment Incentives for Sustainable Development: Case of Lao PDR” to support the implementation of the draft national investment strategy. The study provided recommendations on incentives that can attract quality investments to support sustainable development goals.

OVERSEAS DEVELOPMENT INSTITUTE

In 2011, PEI successfully partnered with ODI to improve the capacity of policy makers in applying economic tools to promote and justify budget increases towards environmental sustainability. For example, **PEI Africa** organized regional training sessions on green accounting in collaboration with ODI. These sessions involved about 50 delegates from the three PEI franco-



Participants at ODI green accounting training session (Jean-Jacob Sahou, PEI Africa).

phone countries (**Burkina Faso**, **Mali** and **Mauritania**) and contributed to enhanced capacity in the respective national institutions in green accounting methodologies. In **Nepal**, the Ministry of Finance, in collaboration with ODI, undertook a climate PEER and institutional review with strong buy-in from the Permanent Secretary of Environment. This work aimed at advancing Nepal's knowledge on specific climate change issues and building national capacity to address them; this is further discussed [here](#).

POVERTY AND ENVIRONMENT PARTNERSHIP

All four PEI regional programmes participated in the 16th Poverty and Environment Partnership meeting in Vienna; the meeting's theme was Nationally Owned Green Economies to Achieve the MDGs and Respond to Climate Change. Participants highlighted how UNEP and UNDP could use PEI as an effective institutional platform to improve coordination at

the country level, working through the UN Country Team. Participants also suggested practical approaches to piloting joint work in selected countries through such initiatives as the UNEP Green Economy Initiative, TEEB national follow-up or the World Bank Wealth Accounting and Valuation of Ecosystem Services (WAVES) partnership. It was recommended that these entities coordinate their activities and potentially pilot joint work on macro-economic approaches and tools on green economy for poverty reduction, building on PEI work.

UNEP WORLD CONSERVATION MONITORING CENTRE

PEI collaborated with the Sub-Global Assessment Network, which is hosted by the UNEP World Conservation Monitoring Centre, through the engagement of PEF staff and the PEI SGA team in **Thailand**. PEI supported SGA Thailand in presenting its achievements as part of the SGA Network-hosted side event during the first plenary meeting of the Intergovernmental Panel on Biodiversity and Ecosystem Services held in Nairobi in October 2011. In addition, PEI experiences on using assessment results to strengthen development policies were positively received at the SGA Network annual meeting held in Bilbao, Spain, in mid-December 2011, and generated a recommendation from participants that representatives of ministries of planning/finance be invited to attend the next annual SGA Network meeting in December 2012.

WORLD RESOURCES INSTITUTE

During 2011, WRI continued its partnership with PEI through its membership and participation in the Technical Advisory Group. PEI and WRI also completed [*Enabling Local Success: A Primer*](#)



Community livelihoods (Silvia Jundt, PEI Lao PDR).

[on Mainstreaming Local Ecosystem-Based Solutions to Poverty-Environment Challenges](#). The primer was published and disseminated in 2011.

WORLD BANK

PEI is participating in the World Bank's WAVES partnership in **Botswana**. WAVES aims to promote sustainable development through comprehensive wealth accounting that focuses on the value of natural capital and the integration of this green accounting approach into national accounts. WAVES will undertake detailed economic studies in key sectors (water, energy, land, tourism), which will help PEI raise awareness and bring more technical information into the poverty and sustainable natural resource management discussion for improved planning, budgeting and decision-making. Botswana is the first country to engage in the partnership, with at least another PEI country expected to join during 2012. In Botswana, PEI has promoted the inclusion of the UNEP Green Economy Initiative in this partnership to improve the coherent engagement of actors towards improved natural resource accounting and mainstreaming of poverty-environment linkages into development and national budgeting processes.

SHARING KNOWLEDGE AND EXPERIENCES AT THE GLOBAL LEVEL

As PEI continues to evolve and progress in countries around the world, extensive knowledge management services are required to collect and disseminate the good practices and tools being developed through poverty-environment mainstreaming country

programmes. By gathering country-level experiences and guidance, PEI is helping to produce a range of knowledge products and tools that support poverty-environment mainstreaming and promote global sharing of knowledge and experiences. Vehicles for this sharing are the PEI website, the PEI space on Teamworks and support to PEI cross-regional experience exchanges.

PEI Website

The PEI website—a comprehensive knowledge platform—is enhancing knowledge sharing among a diverse target audience, ranging from country government clients to development partners and other stakeholders including media, academia and the wider global development community. The website allows access to a vast array of PEI knowledge resources, including guidance materials, country case studies, best practices and success stories.

The website is steadily gaining in popularity. In 2011, it hosted approximately 4,000 visitors with a rate of 75 percent new and 25 percent repeat visitors. The web pages were viewed over 9,000 times. The most popular downloads include lessons learned and best practice publications, such as *Mainstreaming Poverty-Environment Linkages into Development Planning: A Handbook for Practitioners* (an all-time favourite, available in English, French, Spanish, Portuguese, Russian and Vietnamese) and *Mainstreaming Adaptation to Climate Change into Development Planning: A Guide for Practitioners*, followed by country knowledge products, in particular economic and ecological assessment studies and policy briefs.



Website statistics reflect the regular use of the site by PEI regional and country teams, presumably as a knowledge resource and advocacy tool. The website is also being accessed by individuals from a wide range of countries, including Brazil, China, Indonesia, Japan, Pakistan, South Africa and Viet Nam.



In 2011, several new features were added to the website, including a media section highlighting all available PEI outreach and communication materials (multimedia products, press articles, blogs, posters and more) and a knowledge resources section introducing and featuring the highlights of PEI's thematic work portfolio.

PEI User Space on Teamworks

Since being established in January 2011, the PEI space on Teamworks—a UNDP corporate knowledge manage-

ment platform—is helping to enhance knowledge sharing with UNDP colleagues and external partners through discussion forums and news articles on poverty-environment issues. The space is helping strengthen collaboration with UNDP's poverty practice on poverty-environment issues.

Cross-Regional Experience Exchanges

An effective approach to supply capacity in poverty-environment mainstreaming in 2011 has been peer exchanges—within and between countries and PEI regions. These have allowed government and non-government officials to learn from experience in poverty-environment mainstreaming in other countries and regions, and to start informal networks that stimulate constructive learning partnerships (see [box](#)).

EXCHANGING KNOWLEDGE AND EXPERIENCE: RWANDA DELEGATION VISITS PEI ASIA AND THE PACIFIC

On the basis of Rwanda's growing emphasis on private sector development as an engine of sustainable economic development, PEI successfully conducted its first ever cross-regional good practice exchange. Rwanda officials visited three countries in Asia and the Pacific (Lao PDR, Nepal and Thailand) to learn from poverty-environment mainstreaming experiences, while also presenting their own achievements. This South-South cooperation opportunity introduced Rwanda to the positioning of PEI Asia and the Pacific programmes within planning and investment departments—excellent entry points to subnational planning for poverty-environment outcomes.



Delegate from PEI Rwanda discusses country experiences in attracting quality investments (Silvia Jundt PEI Lao PDR).

Rwanda shared its experiences on how PEER, environmental fiscal reform, valuation of integrated ecosystem services and poverty-environment indicators have made a case for the creation of a sustainable financing mechanism for environmental sustainability and climate resilience—FONERWA, its National Climate and Environment Fund (discussed further [here](#)). The Lao PDR case was of particular interest to Rwanda, given the latter country's growing emphasis on private sector development as an engine of sustainable economic development. Government officials and national PEI teams exchanged expertise on local development planning, sustainably managing private and public investments, and greening budgeting processes.

As a result of this initial exchange, Rwanda has learned some practical steps to mainstream poverty-environment issues into private sector investments and performance that consider the needs of the poor. For example, Lao PDR shared its draft National Investment Strategy—developed with PEI support—and information on its ongoing work to develop an agriculture concession model.

Noted a Rwanda participant: “The PEI Lao PDR seems to be well focused; its strong focus and collaboration with the Ministry of Public Investments has opened our eyes as to how sustainability can be supported in national programming by getting PEI fully engaged in the national process. We have been not as up front as the Lao people concerning public investment and private sector engagement, so this is a good experience for us to learn about.”

5

OPPORTUNITIES AND CHALLENGES



Flood in Bangladesh (PEI Bangladesh).

Developing countries face complex, interconnected development opportunities and challenges, exacerbated by climate change and the rapid deterioration of ecosystems. These challenges and opportunities are reflected in the growing number of requests to apply the PEI programmatic approach to establish effective mechanisms for countries to benefit from improved management of natural resources and respond to climate change. PEI is similarly faced with opportunities to strengthen its capacity to respond to the complex needs of our stakeholders and with challenges in answering to this increased number of requests while contributing to poverty reduction.

PEI AS A MAINSTREAMING PLATFORM

The PEI programmatic approach and experiences have led to requests for our input to **climate change mainstreaming at the country level**, as well as to the **United Nations Conference for Sustainable Development Rio+20 Summit**. These requests reflect the wider applicability of the PEI approach to important sustainable development issues, including the Rio summit themes of the Institutional Framework for Sustainable Development and of a green economy in the context of sustainable development and poverty eradication.

Climate Change

Climate change is likely to have substantive impacts on development issues such as food security and associated risks for the poor, and it is increasingly recognized that climate change

adaptation programmes need to take a cross-government approach to be successful. More and more, PEI countries are requesting our support in designing such programmes, as PEI's holistic, cross-government approach is seen as highly applicable, as is our emphasis on ministries of planning/finance taking the lead in coordinating complex interconnections across sectors such as energy, agriculture and fisheries.

As a result, PEI has been providing guidance on the design of cross-government coordination mechanisms for climate change adaptation.

- In the **Dominican Republic**, the PEI approach was applied in the formulation of UNEP's REGATTA (discussed further [here](#)), which has resulted in a joint support programme to the government with PEI.
- Several PEI country programmes have specific climate change adaptation activities that are centred on supporting ministries of planning/finance strengthen climate finance mechanisms that support adaptation to benefit poor women and men.
- In 2011, the Government of **Bangladesh** established a Climate Financing Working Group under the National Planning Commission to develop a climate budget code with support from PEI.
- In **Nepal**, the Ministry of Finance, with support from PEI in collaboration with the Overseas Development Institute, undertook a second Public Expenditure Review of Environment and Climate Change. This review contributed to the establishment of a cross-sector programme

“Climate change is an emerging development challenge, and this is the right time to emphasize this issue in our development programme and projects. Bangladesh's Poverty, Environment, Climate Mainstreaming project is playing an important role in sensitizing and building the capacity of the planning professionals in designing pro-poor, environmentally friendly, climate- and disaster-resilient development programmes and projects.” —*Member, Planning Commission Bangladesh*

to access global funds in implementing adaptation initiatives through local government mechanisms.

- In some cases, our country partners have integrated these issues in a package of support. This is the case in **Rwanda**, where PEI outputs were critical in the formulation of a cross-sectoral climate change strategy, Green Growth and Climate Resilience: National Strategy for Climate Change and Low Carbon Development. FONERWA, Rwanda's National Climate and Environment Fund (discussed further [here](#)), has been adopted as the sustainable financing mechanism for the strategy's implementation.
- Elsewhere, PEI has partnered with other important actors, as in **Burkina Faso**, where we collaborate with the European Community, the UNDP Africa Adaptation Programme, Japan and the UN Human Settlements Programme (UN-HABITAT) on mainstreaming climate change into planning processes through a joint programming framework.
- The PEI value added is not so much in supporting climate change adaptation programme implementation per se as in supporting institutions to demonstrate the poverty and environment implications of climate change and to better design mechanisms, including climate finance, to mainstream climate change adaptation across government, as has been done in **Malawi**.

At the regional level:

- **PEI Africa** is working through UNDP national operational modalities to implement a climate change adaptation mainstreaming activity

under the UNEP subprogramme on climate change.

- In **Asia and the Pacific**, **Bhutan** launched its second PEER (supported by PEI; discussed further [here](#)) at the side event of the regional climate summit held in Thimphu in November 2011; participants included senior government officials, youth from **Bangladesh**, **Bhutan**, **India** and **Nepal**, and international delegates. The event introduced the PEER as an important environmental and climate mainstreaming tool for climate change focal points and experts.
- Also in **Asia**, the PEI regional Climate Financing and Aid Effectiveness Meeting in Bangkok in September 2011 was instrumental in promoting climate finance working groups—such as the PEI pilots of climate and environment expenditure reviews in **Bangladesh**, **Bhutan** and **Nepal**—and in advocating and raising awareness for other countries interested in climate fiscal framework and climate PEER work.

Rio+20

PEI input and support have been requested for national preparations for Rio+20, green economy initiatives at the national level and discussions on the Institutional Framework for Sustainable Development.

Several reasons account for this interest, including the fact that PEI is seen as a practical model for operationalizing the concept of sustainable development in a green economy. **PEI Africa** and **PEI Malawi** were invited to make a presentation on this topic in December 2011 to a Nordic Council of Ministers seminar focusing on

PEI supported national preparations for Rio+20 as member states see PEI as a practical model for operationalizing the concept of sustainable development in a green economy.

Rio+20. Also, PEI's joint UNDP-UNEP institutional arrangements are seen as having national and higher-level relevance in helping improve UN institutional frameworks for sustainable development. PEI is viewed as a model fully consistent with UN System-wide coherence and broader UN reform.

Debate is ongoing as to what a **green economy** means in practical terms at the country level; some see PEI as a programme that supports the development of building block activities towards a pro-poor green economy.

- **Botswana's** Ministry of Finance and Development Planning—with support from PEI Botswana and in collaboration with the Ministry of Environment, Wildlife and Tourism and IIED—organized a national green economy workshop. At the workshop, an issues paper was presented in support of Botswana's planned transition from a minerals-based economy to a pro-poor, more sustainable economic future. This effort also informed Botswana's position paper to Rio preparation.
- In **West Africa**, PEI, in collaboration with ODI, organized a regional training session on green accounting, with participants from Burkina Faso, Mali and Mauritania. Besides improving understanding of the topic, the workshop generated commitments to work with national institutions on integrating pro-poor environmental considerations in national accounting systems.

IMPROVING THE PEI POVERTY FOCUS

We have intensified the focus of PEI's work on calculating the pov-

erty impacts of environmental degradation and of unsustainable natural resource use. Similarly, we have intensified the focus of PEI country programmes on pro-poor policy design and implementation, including through pro-poor budget allocations. We are doing so through the development and application of a number of tools (discussed further [here](#)). However, PEI needs to provide enhanced support at the regional and national levels to ensure the appropriate focus on poverty reduction is fully reflected in PEI country programmes.

Steps are being taken to ensure this will happen. For example, PEI's most recent economic studies target poverty impacts. The Director of UNDP's Poverty Practice was appointed to the PEI Joint Management Board in 2011, reflecting the deepening cooperation between PEI and the Poverty Practice. This representation will help PEI better include poverty in economic assessments and policy advice in PEI country programmes.

The 2010 UNDP Poverty-Environment Nexus Evaluation, which included substantive references to PEI, is proving to be a valuable mechanism in enhancing the PEI focus on the poverty side. PEI is working collaboratively with UNDP's Energy and Environment Group and its Poverty Practice to follow up on the evaluation's recommendations. For its part, the Energy and Environment Group is preparing a detailed report on country experience involving mainstreaming of poverty-environment issues. PEI provided substantive input to this report, particularly based on its experiences at the country level. The report will provide recommendations on how to further address the poverty-environment nexus, which will in turn help PEI with



Kgosi Mosadi Seboko, member of Botswana's House of Chiefs and the traditional leader of the Balete, addressing the PEI-supported public dialogue on Botswana's traditional knowledge systems, climate change and the MDGs (PEI Botswana).



Members of the Ave Fénix cooperative in Uruguay now have formal jobs, avoid exposure to dangerous waste, reap increased incomes and access social security. Most important, formal jobs have provided a renewed sense of dignity (© Nicolas Celaya, PEI Uruguay).

MONITORING AND EVALUATING PEI ACHIEVEMENTS

The past year saw important developments towards strengthening PEI's ability to monitor and evaluate progress, achievements and the impacts of the PEI scale-up. Country and global reviews were undertaken that have reaffirmed the validity and effectiveness of the PEI programmatic approach through ongoing progress and emerging outcomes. These reviews have also had a positive influence on the reassessment of PEI country and global programme designs and implementation frameworks. In tandem, the PEI Monitoring and Evaluation Framework was refined and piloted across the country programmes.

its poverty focus. The study is scheduled for release during 2012.

In the near term, PEI will work with country and regional PEI teams to ensure a more substantive focus on poverty reduction in country programmes. PEF will develop a specific approach for mainstreaming gender, vulnerability and equity into PEI design, planning and M&E systems at the country, regional and global levels. This effort should promote participatory and systematic planning and reporting on country projects and influence the development of new phases and projects. To mainstream gender, equity and other cross-cutting issues effectively, we will include a gender and rights-based perspective in future country assessments (including disaggregated data for gender and inequality) and ensure participation of women and vulnerable groups such as indigenous peoples and minorities into PEI planning, implementation and evaluation.

External Reviews

Three externally conducted monitoring and evaluation reviews looked at two PEI country programmes and at the initiative as a whole. One of these, the MTR, can be accessed from the PEI website [here](#).

IIED conducted a **technical review of the Bhutan Joint Support Programme**, a PEI-Danida partnership, a few months before its mid-term (21 months into its 48-month lifespan). It concluded that the programme "shows good evidence of being able to achieve its intended outcomes. Indeed, it is one of the more promising mainstreaming initiatives we know of."

An **evaluation of the PEI Lao PDR Phase I programme** commended the positive progress made and recommended a second phase of the country programme.

Between August and October 2011, the independent firm PEMConsult conducted the **Mid-Term Review of the PEI Scale-Up Programme 2007–2012**. The MTR assessed the programme's progress and performance in terms of relevance, efficiency, effectiveness, emerging impacts and sustainability at all three levels of PEI operation—global, regional and country. The MTR's chief findings and recommendations follow.

- **Value added.** PEI adds value by providing a practical approach and tangible tools for building government capacity to mainstream poverty-environment concerns into policy and planning processes.
- **Government ownership.** PEI has built government ownership, influenced planning and targeted sector policies, promoted cross-sectoral collaboration at the sub-national level, and strengthened government planning and implementation capacity. Challenges remain with regard to influencing budgeting processes and enhancing cross-sectoral collaboration at the central level.
- **PEI programmatic approach.** A consultative design process, efforts to comprehend the political economy and the use as entry points of existing public sector-led processes and structures are important elements of the PEI approach.
- **Time-frame.** The time-frame of the scale-up programme is too brief to ensure the sustainability of most country programmes. All scale-up country programmes would need support beyond 2012 to achieve sustainability and full impact.
- **Poverty, gender and vulnerability.** Frequently, the multiple dimen-

sions of poverty, gender and vulnerability issues are reflected only to a limited extent in country programme design and implementation. At the global and regional levels, UNDP and UNEP have both mainly provided environmental expertise, with little emphasis on the other dimensions of the programme.

The PEI Joint Management Board endorsed the MTR findings, conclusions and recommendations. The UNDP-UNEP Management Response to the findings and recommendations outlines PEI measures to apply programmatic and management improvements to the programme for 2012 and beyond.

PEI Monitoring and Evaluation Framework

During 2011, PEI refined and piloted its M&E Framework, which led to a marked improvement in identifying and reporting on progress and achievements in creating enabling conditions for integrating pov-



Supporting the application of the revised PEI M&E system in Tajikistan (PEI Tajikistan).



Provincial officer from the Oudomxay Department of Planning carries out field data collection (Silvia Jundt, PEI Lao PDR).

erty reduction and the environment into national policies and plans. The updated M&E Framework has also served to strengthen assessment of PEI progress and achievements at the regional and global levels.

The PEI Technical Advisory Group, IIED, UNDP Capacity Building Group, and PEI regional and global teams all revisited the M&E Framework in an ongoing initiative led by PEF. Their efforts resulted in a further simplification of the logical sequence between programme outcomes and outputs, and corresponding indicators of change. Based on this work, PEF and the PEI regional teams provided support to

the country teams in understanding and applying the M&E Framework. Feedback from this effort—received from the country, regional and global levels—is being used to refine the PEI M&E guidance note and a revised programme document for 2013–2017.

Country, regional and global progress reports for 2011 were prepared in line with the M&E Framework and its guidance note. At the country level, the framework has helped strengthen reporting against outputs and outcomes as described in country programme documents. At all levels, the new framework has aided in revisiting country programme result chains to ensure coherence across activities, outputs, outcomes and indicators and thereby strengthen overall effectiveness, impact and sustainability. It has also led to improved identification and communication of key achievements at the output and outcome levels.

For 2012, the M&E Framework will be updated based on 2011 experiences and lessons learned, and its use expanded into regular PEI programme reporting at the global, regional and country levels and the collection of PEI lesson learning and best practices on poverty-environment mainstreaming. It will also be used to inform the design of the revised programme document for 2013–2017 and as an activity to be implemented during 2013–2017.

 Belgian Development Cooperation	 Danish Ministry of Foreign Affairs (DANIDA)
 European Commission	 Irish Aid Government of Ireland Rialtas na hÉireann
 NORWEGIAN MINISTRY OF FOREIGN AFFAIRS Norwegian Ministry of Foreign Affairs	 GOBIERNO DE ESPAÑA MINISTERIO DE ASUNTOS EXTERIORES Y DE COOPERACIÓN Spanish Ministry of Foreign Affairs and Cooperation
 NATUR VÄRDS VERKET SWEDISH ENVIRONMENTAL PROTECTION AGENCY Swedish Environmental Protection Agency	 Sida Swedish International Development Cooperation Agency
 UKaid from the Department for International Development UK Aid	 US Department of State



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