



SUMMARY OF THE 15TH MEETING OF THE POVERTY ENVIRONMENT PARTNERSHIP: 1-5 MARCH 2010

The 15th meeting of the Poverty Environment Partnership (PEP 15) took place from Monday, 1 to Friday, 5 March 2010, in Lilongwe, Malawi, and was co-organized by UK Department for International Development, Organisation for Economic Co-operation and Development (OECD), the United Nations (UN) and the World Bank, in partnership with the Government of Malawi.

The meeting was attended by approximately 110 participants, including representatives from bilateral donor organizations, UN Development Programme (UNDP), UN Environment Programme (UNEP), the World Bank, the European Commission, developing and industrialized country governments, African stakeholders, international and national non-governmental organizations (NGOs) and research institutions. The meeting convened under the theme “Climate and Environment Mainstreaming and the Green Economy to Achieve the Millennium Development Goals,” with sessions on: Climate and Environment Mainstreaming; Development Agencies’ Strategies; the Green Economy; Aid Effectiveness and the Environment; and Supporting African Stakeholders to put Ideas into Practice.

On Monday, participants heard introductory statements, before hearing presentations on African responses to and perspectives on climate change from Malawi, Botswana and Kenya. In the afternoon, participants heard presentations on national governments’ role, and a panel discussion was held on local solutions for environment, climate change and the Millennium Development Goals (MDGs), before holding break-out groups to discuss the day’s session.

On Tuesday, participants were introduced to donor environmental strategies and the World Bank’s proposed environment strategy, heard presentations on the Bank’s priorities in Sub-Saharan Africa and worked in break-out groups in both the morning and afternoon sessions.

On Wednesday, participants heard presentations on: approaches to the green economy, including from developing and OECD countries; and valuing natural resources and green accounting. Participants were invited to attend a series of parallel sessions showcasing aspects of green economy and took part in a discussion session on areas where PEP can add value to the green economy.

On Thursday, participants heard presentations on and discussed: country systems and the environment; capacities for integrating environment into national processes; the roles of donors in supporting capacity development; and the challenges and opportunities of climate adaptation finance.

On Friday, participants heard presentations showcasing the Poverty Environment Initiative (PEI) in Malawi, Botswana and Burkina Faso and held discussions on synthesizing PEI lessons and using economic analysis to make a case for poverty environment mainstreaming before hearing concluding remarks from the organizers.

The minutes and documents of the meeting can be found at <http://www.povertyenvironment.net/pep15>

A BRIEF HISTORY OF THE POVERTY ENVIRONMENT PARTNERSHIP

The PEP is an informal network of development agencies, multilateral development banks, UN agencies and international NGOs seeking to tackle key poverty environment issues “within the framework of international efforts to achieve the MDGs.” The MDGs, which were articulated by the then UN Secretary-General Kofi Annan and based on the outcomes of the Millennium Summit in September 2000, set out a series of goals aimed at supporting development and combating poverty within set timeframes. The seventh goal (MDG 7) addresses the environmental context, calling for environmental sustainability.

The partnership, established in 2001, stresses its informal approach, which aims to complement the more formal OECD, Development Cooperation Directorate (OECD-DAC) ENVIRONET to which many PEP members also belong. The objectives of the PEP are to build a consensus on the critical

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links between poverty and the environment, particularly the fact that better environmental management is essential to lasting poverty reduction, and to review the activities of development agencies to build on common themes and address knowledge gaps. The PEP focuses on four broad areas of collaboration: knowledge management and exchange of expertise and information on mainstreaming environment among participating organizations; conceptual and analytical work on the links between poverty and environment including work on indicators, monitoring and evaluation; wider communication, advocacy, policy dialogue and alliances in order to influence discussion and political decision-making; and donor harmonization and aid effectiveness on environment and climate. Each PEP meeting is hosted by one or more organizations.

The first PEP meeting took place in London, UK, on 6-7 September 2001, with 14 additional meetings following. In September 2005, the PEP launched a website hosted by the Asian Development Bank (ADB) which can be found at <http://www.povertyenvironment.net>. The next PEP meeting is scheduled for early 2011.

This Brief History contains an outline of the PEP meetings held from 2007 to date.

PEP 10: PEP 10, jointly hosted by UNEP and UNDP, took place from 30 January to 1 February 2007, in Nairobi, Kenya. A pre-meeting took place of the Steering Group of the African Conference on Growth and Poverty Reduction and after PEP, a meeting was held on Environmental Economics for Poverty Reduction. Attended by participants from donor countries, multilateral agencies, UNEP, UNDP, the World Bank and NGOs, the meeting aimed to share country experiences in mainstreaming environment into national planning processes, advance harmonization and joint work between PEP members in support of country-led mainstreaming.

PEP 11: Hosted by the Danish Ministry of Foreign Affairs, PEP 11 took place in Copenhagen, Denmark on 18-20 June 2007. Participants from multilateral and bilateral agencies, UNEP, the UN Convention to Combat Desertification (UNCCD), UNDP, the World Bank and NGOs, convened to share progress on implementation of climate change adaptation, donor coordination, payment for environmental services and capacity building.

PEP 12: Hosted by the Inter American Development Bank, PEP 12 convened from 19-21 November 2007 in Washington DC, US. Attended by participants from donor countries, multilateral and bilateral agencies, UNDP, UNEP, UNCCD, the World Bank, NGOs and research institutes, the principal objective was to address the linkages between infrastructure and ecosystems in the context of growth and poverty reduction.

PEP 13: PEP 13, hosted by the ADB, took place from 9-11 June 2008 in Manila, Philippines. The key objectives of the meeting were to: review lessons from experience with poverty environment interventions; discuss key emerging issues of relevance to PEP members; and to review ongoing and future joint PEP activities.

PEP 14: Hosted by UNEP with support from the Swiss Development Corporation, PEP 14 took place from 31 March to 2 April 2009 in Geneva, Switzerland. PEP 14's objectives were to discuss key emerging issues relevant to members and review ongoing and future joint PEP activities under the themes of climate change, green economy, environment mainstreaming and working with local organizations.

REPORT OF THE MEETING

OPENING OF THE MEETING

On Monday morning, Richard Dictus, United Nations (UN) Resident Coordinator, Malawi, welcomed participants to the meeting. He stressed that the Poverty Environment Partnership (PEP) is an informal network of development agencies, which promotes coordination and action on poverty reduction and the environment. He also outlined the major advances made by Malawi, highlighting that efforts towards environmental sustainability were undertaken by all government departments. Ian Curtis, UK Department for International Development (DFID), stressed that the distinctive feature of PEP is informality, which has created space for exchanging lessons learned and the sharing of experiences. He noted that a recent review of PEP highlighted, *inter alia*: knowledge sharing and information exchange; outreach and advocacy; and the ability to improve developing countries' participation in climate change and environmental mainstreaming. He said the concepts of green growth and green economy are at the heart of DFID's work and highlighted the importance of how PEP will feed into formal processes including: the UN General Assembly special event on the Millennium Development Goals (MDGs) review; the tenth Conference of the Parties to the Convention on Biological Diversity; the 16th Conference of the Parties to the UN Framework Convention on Climate Change; and Rio+20 under the theme of the "Green Economy and International Environmental Governance."

Tamara Levine, Organisation for Economic Co-operation and Development (OECD), stressed the importance of the discussions on aid effectiveness, which are ongoing in a number of fora, and offered to host the next meeting of the PEP in Paris 2011 under the theme "Environment and Aid Effectiveness."

Kulsum Ahmed, World Bank, introduced the topic "Climate Change and Environmental Mainstreaming and the Green Economy," noting that efforts to overcome poverty and promote development must tackle climate change. On environmental mainstreaming, she emphasized integrating environmental issues into budget and planning, and making sure that environmental risk is addressed at all levels. She said that implementing environmental mainstreaming presents the most pressing challenge and needs to focus on promising approaches and incentives. She highlighted that the Green Economy Initiative led by the UN Environment Programme (UNEP) has provided impetus for a "global green new deal" and that current global challenges provide an opportunity for reforming the world economy to promote green growth, including through public work programmes that provide jobs and are environmentally sound.

Ted Sitimawina, Secretary, Ministry of Development Planning and Cooperation, Malawi, stressed that his Government has prioritized climate change in its national development strategy. He appreciated the work that development agencies and other cooperating partners have carried out in Malawi, noting that Sub-Saharan Africa is one of the most



Ted Sitimawina, Secretary, Ministry of Development Planning and Cooperation, Malawi

vulnerable areas of the world and needs enhanced support to cope with climate change. He also emphasized implementing the UN Poverty-Environment Initiative (PEI) led by the UN Development Programme (UNDP) and UNEP, which will enhance partner countries' capacity to implement national climate change programmes and coordinate activities.

Paul Steele, UNDP, presented an overview of the week's agenda, including plenary discussions and break-out groups on the following themes: Climate and Environment Mainstreaming; Development Agency Strategies to put Ideas into Practice; Green Economy; Aid Effectiveness and the Environment; Supporting African Stakeholders to put Ideas into Practice; and the PEI.

CLIMATE AND ENVIRONMENT MAINSTREAMING

CLIMATE CHANGE CHALLENGES AND THE

AFRICAN RESPONSE: Anne Marie Sloth Carlsen, UNDP, and Ian Curtis, DFID, co-chaired this session on Monday morning. Richard Dictus highlighted climate change challenges in Malawi, stressing that climate change is a key development issue. He said 80% of the work force in Malawi is employed by the agricultural sector, which is rain-fed and thus especially exposed to climate change vulnerability. He highlighted the Malawi National Climate Change Programme, noting it provides a holistic government approach from a planning perspective. He also stressed the importance of enhancing coordination, arguing the establishment of "One UN Fund" and emphasized the joint platform between UNDP, UNEP and the UN Food and Agricultural Agency (FAO) as critical for the country.

Ted Sitimawina argued that climate change, natural resources and environmental management are priorities in the Malawian national development agenda. He stressed the importance of coordination due to the multi-sectoral nature of this work. He explained that the national institutional mechanism for coordination comprises: a steering committee, a technical committee and a government-donors technical working group. Tlhokomelo Phuthego, Ministry of Environment, Wildlife and Tourism (MEWT),



Tlhokomelo Phuthego, MEWT, Botswana

Botswana, presenting on his country's experience with mainstreaming environment and climate change issues, highlighted that the MEWT has developed a key note paper to increase environmental mainstreaming across sectors. He noted a number of challenges faced by MEWT including: inadequate understanding of environmental and climate

change issues; policy and institutional fragmentation; capacity and budgetary constraints; and weaknesses in institutional and sectoral policy coordination. Stacey Noel, Stockholm Environment Institute Africa, presenting on the economics of climate change in Kenya, noted that in the face of future climate change predictions, including increased temperatures and rising sea levels, potential losses to drought and floods in the country will amount to US\$0.5 billion, increasing to US\$2.5 billion by 2050. She noted that Kenya's current growth strategy would result in a doubling of carbon emissions,

stressing that the country needs to implement effective adaptation mechanisms and create institutional strategies, and develop policies that aid in establishing plans and priorities.

In the ensuing discussions, participants tackled issues including: access to funding and how the criteria for accessing financing will be set; capacity to utilize the funding at the country level; in-depth examination of potential health issues; mobilizing stakeholders and increasing their involvement; coordination of agencies; operationalizing and mainstreaming issues; political will for mainstreaming climate change and environmental issues; the absence of civil society in the formal decision making framework; and establishing a management coordination structure to avoid duplication of efforts.

NATIONAL GOVERNMENT'S ROLE IN CLIMATE AND ENVIRONMENT MAINSTREAMING:

This session on Monday afternoon was chaired by John Horberry, UNEP. Defining environmental mainstreaming as the informed

inclusion of relevant environmental concerns into the decisions of institutions, he emphasized increased focus on making donor programmes more environmentally responsible. He reflected on what participants knew on environmental mainstreaming and utilizing this information at the national level. He also stressed the importance of: making the economic case for environmental mainstreaming; tactics; and helping governments in climate change adaptation



John Horberry, UNEP

programmes and achieving a green economy. David Smith, UNEP, noted the substantial efforts required to match the capacity gap in terms of environmental mainstreaming. He said a clear picture must be drawn of what needs to be achieved, including through the use of indicators for sustainability outcomes, and highlighted the need to increase spending in the agricultural sector on more sustainable practices. He stressed the importance of supporting governments in changing their priorities, the need to work with all key sectors, and understanding the linkages between poverty and environment. He highlighted: that ministries of planning and finance should lead environmental mainstreaming since they allocate the budget; programmatic approaches; the importance of using economic evidence tactically; public expenditure reviews; and developing budget guidelines to include environmental sustainability.

Alex Namaona, Ministry of Development Planning and Cooperation, Malawi, noted that mainstreaming is important to Malawi as the country is an agro-based economy. Lamenting that poor data and a lack of community involvement are constraints to mainstreaming, Namaona said that lessons learned include needing increased private sector involvement and stronger leadership at the local level.

The panel on experiences of mainstreaming from Malawi, Burkina Faso and Botswana, was chaired by Themba Kalua, PEI. Tlhokomelo Phuthego noted challenges to mainstreaming in Botswana, which include the fragmentation of policy and legislation, addressing the low level of understanding about climate and environment issues, a lack of technical awareness of tools and techniques available, and a lack of evidence to convince policy makers to increase political will. Clarisse Coulibaly, UNDP, noted that challenges in Burkina Faso's



L-R: Clarisse Coulibaly, UNDP; Themba Kalua, PEI; Tihokomelo Phuthego, MEWT, Botswana; and Michael Mmangisa (Malawi)

mainstreaming efforts include the lack of understanding about climate change and environment issues and the urgency to make stakeholders and policy makers aware of these issues. She noted that the government has emphasized sustainable development and is trying to obtain assistance for further development of guidelines to deal with the issue effectively. Michael Mmangisa, PEI Malawi, noted that Malawi's new development and growth strategy will prioritize environment issues and mainstream these across different sectors. Phuthego said that harmonization of policies and strategies to ensure adequate environmental mainstreaming are underway in Botswana. Coulibaly welcomed the provision of assistance and funds to the Burkino Faso government to establish policies and strategies.

During the discussions, a participant from Cameroon noted that there is no legal climate change framework in place in Cameroon, and that having this in place would assist in establishing priorities. Another participant said that the process to develop sustainable development policies needs to be owned and developed by the country. A participant from Uganda noted that while much had been done to mainstream environment issues into district and national plans, these might not be implemented due to inadequate resources. Participants also discussed: evidence to engage political will; sharing of experiences between countries and continents; and public sector reform to engage local stakeholders.

LOCAL SOLUTIONS FOR ENVIRONMENT, CLIMATE CHANGE, AND THE MDGs – TOWARDS A PEP PROPOSAL:

Maria Berlekom, Swedish International Development Cooperation Agency (SIDA), chaired Monday afternoon's session. Peter Hazlewood, World Resources Institute (WRI) presented an overview of outputs, activities and ways forward to scale up local solutions under the PEP agenda. He highlighted launching a PEP initiative to mobilize political commitment, support policies and increase investments to accelerate progress towards the MDGs. He noted key outputs, including operational guidance on scaling up local solutions from a bottom-up perspective that



Maria Berlekom, SIDA

should include knowledge sharing mechanisms, programmatic approaches and finance strategies. He also highlighted the importance of: holding a series of high visibility events; promoting a local-global knowledge platform; and testing country-level scaling up programmes. Abu-Baker Wandera, UNDP Small Grants Programme, stressed that local action should inform the policy process, noting local institutions and civil society can be effective development partners. He stressed the need to strengthen institutions and legal frameworks to enable finance to flow at the local level. He also highlighted the role of civil society in monitoring grant programmes, which require informed, prepared, empowered and well-financed civil society actors to help making governments accountable.

Everhart Nangoma, EU, presented on the Fourth Community-Based Adaptation (CBA) conference held in Dar es Salaam, Tanzania from 22-27 February 2010. He outlined the programme of the conference, including field visits to CBA projects around Tanzania, and highlighted presentations from non-governmental organizations (NGOs), inter-governmental organizations, government and other participants. He emphasized the key outcomes, including: the usefulness of the CBA conference as a forum to exchange knowledge and experiences; the need to establish regional CBA workshops; that financing for CBA is still a challenge; the lack of funding for national adaptation programmes of action; the replicability of many initiatives; and the difficulty in differentiating between development issues and climate change issues. Participants discussed the understanding of environmental issues at the household level and difficulties in linking the local with the global environment.

BREAK-OUT GROUPS: On Monday afternoon participants met in break-out groups to consider: Responding to Climate Change in Africa, including priorities for action and research and the role of PEP and other partnerships; Mainstreaming Climate and Environment, including successful mainstreaming initiatives, the support that development agencies could provide, and the role of PEP in mainstreaming; and Local Solutions Initiatives for PEP including proposed outputs of these initiatives, ensuring bottom-up perspectives and involvement, agency participations, and the way forward.

REPORT OF THE BREAK-OUT GROUPS: On Tuesday morning, the break-out group rapporteurs reported to plenary. Olof Drakenberg, SIDA, reported that the group

considering the theme “Responding to Climate Change in Africa,” discussed: engaging with policymakers through relevant networks and actors; finding solutions that create alternative livelihood opportunities; information and education; the issue of accessing climate funds; and the need for scientific information on climate change at the sub-regional level in Africa.

Two break-out groups were held on “Mainstreaming Climate and Environment.” Ronald Kaggwa, National Environment Management Authority, Uganda, reported the outcome of the first group. He stressed: the need to involve ministries of planning and finance; strengthening linkages between environment and governance issues; coordinating environmental mainstreaming at the country level; and demonstrating the benefits of investments on environmental sustainability. On the role of PEP, he highlighted *inter alia*: involving key actors in the process; disseminating information; and the need to develop a communication strategy.

Jean-Paul Penrose, PEI, reported on the second group’s discussions, highlighting the need to: stimulate demand for climate interventions; work with parliamentarians and donors; ensure institutional memory on mainstreaming efforts; and build capacity to manage interests and funding at the community level. His group discussed recommendations, including on: increasing the role of donors in supporting civil society’s demand for interventions on environment and climate change; the PEP’s key advocacy role; and drawing out lessons from success stories, while taking into account that each intervention must be site specific.

Erwin Künzi, Austrian Development Agency, reported that the group on “Local Solutions Initiative for PEP” stressed the importance of policy dialogue, the adoption of cross-sectoral perspectives when scaling up successful initiatives and bottom-up approaches. Additionally, he highlighted that the group focused on the role of intermediaries and the private sector in replicating successful local solutions on a larger scale as well as in influencing the political agenda.

DEVELOPMENT AGENCIES’ STRATEGIES TO PUT IDEAS INTO PRACTICE

DEVELOPMENT AGENCIES STRATEGIES: Kulsum Ahmed, opened Tuesday morning’s session. Herbert Acquay, World Bank, noted that the session would allow participants to take new ideas into account and how these could inform the World Bank’s new environmental strategy.

Sandra Bloemenkamp, World Bank, noted that the day’s sessions would allow the Bank to apprise participants of its proposed strategy. She noted that the strategy aims to improve: quality of life, through improving livelihood and reducing health risks and vulnerability; the quality of economic growth, including strengthening policies and regulatory frameworks; and the quality of global and regional environmental common goods.

DISCUSSION OF THE WORLD BANK STRATEGY CONCEPT NOTE: Ahmed presented the proposed World Bank environment strategy. She said that the concept note was general in order to get more input from stakeholders and additional analytical work to inform the strategy. She noted that the previous Strategy, implemented in 2001, includes: increases in policy-based lending for the environment; setting aside funds for mainstreaming; an increase in emphasis on environmental analysis; and an increased profile of the environment in country strategies. Stressing the changing

contexts for environmental strategies over the last ten years, she underlined that the Bank needs to build on its comparative advantages by: learning through lending operations; using the Bank’s ability to leverage financing; promoting sustainable development, including proper accounting for natural resource depletion; promoting environmental sustainability, including defining the limits to sustainability; and promoting green growth, including cleaner low-carbon and climate-resilient growth.

Georgina Ayre, DFID, presenting on developing strategies within her organization, outlined the methodology of a policy paper on green development that analyzes how countries benefit from natural resources. She noted that when new strategies or processes are created, establishing the drivers of development is important. She emphasized the importance of assessing what response these drivers will have and how they will be monitored and reported. She said that climate change is a large part of the global agenda, lamenting that this may be at the expense of other environment issues, including biodiversity loss. Anne Marie Sloth Carlsen, UNDP, noted that her organization’s Strategic Plan has been in place since 2008. Outlining UNDP’s role in providing policy and technical support by working on and advocating for the multisectoral challenges of, amongst others, poverty reduction, democratic governance and energy and the environment, she noted that the UNDP strategy focus includes mainstreaming adaptation and mobilizing finances. She stressed that challenges include systemic flaws in international environment finance and too many “Paris Declaration” prioritization exercises at the country level.

In the ensuing discussion, other development agencies highlighted the challenges of formulating their environmental strategies, including: development policy being influenced by other agendas; ensuring the use of common tools between agencies and increasing capacity within agencies; the process of consultations for formulating environmental strategies being as important as the final document; establishing key priorities and areas to be addressed; how the strategies can be operationalized and followed up on; and coordinating government departments.

BREAK-OUT GROUPS: On Tuesday morning, participants met in four break-out groups to consider questions posed by Ahmed on the World Bank’s proposed environment strategy, including: balancing short-term and long-term trade-offs between development and environmental sustainability; whether the correct path is emphasizing growth in the context of sustainable development or environmental sustainability; what the balance should be in the World Bank’s role between addressing country-specific priorities and the global public goods agenda; and what the role of the International Finance Corporation and the Multilateral Investment Guarantee Agency should be in helping private sector stakeholders to achieve higher levels of performance when pursuing environmental sustainability.

REPORT OF THE BREAK-OUT GROUPS: Following the discussion in break-out groups, participants reconvened in plenary to hear the report back of the break-out groups on the World Bank’s proposed environment strategy. Marie-France Houle, Canadian International Development Agency, reported that her group considered concepts of threshold, irreversibility and uncertainty when considering trade-offs between development and environmental sustainability. On country-specific versus global agendas, she noted that the

group stressed the need for concentrating on least developed countries (LDCs) and the evaluation of multi-donor trust funds versus bilateral aid. She said that group members also highlighted the role of private sector incentives to protect the environment and implement cleaner production initiatives.

David Thomas, Birdlife International, noted that his group considered, *inter alia*: the importance of understanding inequities; focusing on long-term banking; the potential for the World Bank to influence government policies and practices; strengthening the accountability framework in relation to the World Bank's portfolio; and ensuring that there is recourse to insurance mechanisms for environmental damage that is caused by the private sector.

Claire Ireland, Australian Agency for International Development, highlighted her group's deliberations on: new approaches to programme formulation; cost-benefit analysis not being effectively applied in the World Bank; ensuring that procedures are mainstreamed and incentives are implemented; measuring progress on the aid effectiveness agenda; improved assessments of lending needs; facilitating the creation of demand for green outcomes and stakeholder engagement; and that ecosystem services underpin the creation of value for countries.

Reporting on the outcomes of his group discussions, Simon Le Grand, European Commission (EC), highlighted: that green alternatives for investment are often costly; the World Bank's comparative advantage in knowledge generation; conducting a study to emphasize the cost of biodiversity loss; integrating ecosystem considerations as cross-cutting issues into all sectors; and using strategic environmental assessments to target upstream environmental integration and modalities, so as to influence public utilities to ensure environmental aspects are included in their pricing.



Simon Le Grand, EC

Ahmed stressed a number of cross-cutting themes, which emerged from the four break-out groups, including, *inter alia*: governance and capacity building; the role of the Bank as an organization that provides information on available options; and equity considerations in reform processes.

Glenn-Marie Lange, World Bank, stressed the importance of identifying regional issues, welcomed practical advice for costing out investment projects, and highlighted that ecosystem service benefits impact how ecosystems are managed.

ENVIRONMENT AND NATURAL RESOURCE MANAGEMENT FOR GROWTH AND POVERTY ALLEVIATION – EMERGING PRIORITIES FOR WORLD BANK ASSISTANCE IN SUB-SAHARAN AFRICA:

On Tuesday afternoon, Herbert Acquay presented on the World Bank's proposed environment strategy and what the emerging issues and priorities are in Sub-Saharan Africa. He noted that environment, poverty and economic growth need to be considered in conjunction with each other to ensure effective policies and strategies in the region. Highlighting environmental challenges faced on the continent, including land degradation and deforestation, he stressed that these challenges have contributed to economic and biodiversity losses. He emphasized that World Bank priorities for the region include strengthening environmental and natural resource governance to support economic growth and

livelihoods, improving management of environmental risks to sustain economic growth and protect public health, and improving management of regional and global environmental public goods. He said that World Bank assistance includes: recognizing traditional access rights; developing and strengthening mechanisms for the allocation of commercial access to resources; and developing and strengthening systems to establish royalties and license fees in a manner that is transparent and equitable.

In the ensuing discussion, participants tackled issues on: the regional consultations process; internalizing environmental sustainability into World Bank projects; and how the development of the global environment strategy is of benefit to the regional strategy that is under consideration.

BREAK-OUT GROUPS: On Tuesday afternoon, participants met in break-out groups to review the strategic priorities and activities for the World Bank in Sub-Saharan Africa, including strengthening environmental and natural resource governance, improving the management of environmental risks, and improving the management of regional and global environmental public goods. Participants also considered: whether any additional priorities need to be included; the policy and institutional environments as well as incentives needed to attain best practices for environmental sustainability; and what the role of the World Bank should be in scaling up.

REPORT OF THE BREAK-OUT GROUPS: Participants reported back to plenary on Tuesday afternoon. Salma Mazrui, Worldwide Fund for Nature (WWF), reported her group's discussions on: the potential overlap with other development agencies' strategies and the value-added of the World Bank strategy in Sub-Saharan Africa; the need to address institutional aspects; the nature of the strategy as an internal document in relation to addressing donor countries' different priorities; broadening the biodiversity focus of the strategy; and the benefits of the World Bank collaborating with the Global Environment Facility (GEF) in co-financing biodiversity as a global public good. Taye Teferi, WWF, highlighted: the lack of land use planning as a driver of biodiversity loss and the need to include it in the strategy; the impact of the international trade regime on biodiversity degradation in Africa; tourism as a positive engine of growth versus its potential negative consequences for biodiversity; monitoring, accountability and redress; energy issues, including integrated approaches to energy production and use; needing transparency in revenue generation and revenue sharing; and multi-stakeholder platforms.

Jonathan Davis, IUCN, stressed his group's deliberations on: the strategy not addressing the promotion of environmentally friendly agriculture and the role of smallholder farming; concerns on distribution aspects; and the need to secure local rights through local institutions. His group also stressed that adaptation measures fit better under the priority on managing environmental risk. Senny Obuseng, UNDP, stressed the issues of governance at regional and local levels and emphasized community involvement in national resource management and benefit sharing. His group proposed the strategy should promote: recognizing and codifying traditional resource rights to natural resources; improved land use planning and conflict resolution mechanisms; and capacity building for local institutions. He also stressed the need to add a partnership angle to the strategy and impact monitoring.

Herbert Acquay and Kulsum Ahmed wrapped up the session by noting the centrality of capacity building and regional cooperation in the various groups' discussions. On civil society engagement, Acquay noted that, while loans from funds are provided to governments, GEF grants might directly provide resources to civil society organizations. Ahmed emphasized: the need to define environmental sustainability; that the strategy should include indicators and monitoring; and that the World Bank should have a stronger role to promote environmental governance.

GREEN ECONOMY - A WAY TO ACCELERATE MDG ACHIEVEMENTS

WHAT IS A GREEN ECONOMY, HOW TO MEASURE PROGRESS, AND HOW DIFFERENT STAKEHOLDERS APPROACH IT:

Georgina Ayres, DFID, opened Wednesday morning's session on the Green Economy. Steve Bass, International Institute for Environment and Development (IIED), presenting an overview of emerging green economy initiatives, mentioned several themes including: low carbon technologies; recovery packages; inter-governmental strategies; green government procurement programmes; cutting subsidies that are environmentally harmful; long-term investment mechanisms; and the importance of the informal economy and social enterprises. He highlighted four possible objectives of green economy work: economic resilience; biosphere protection; equity and social justice; and accountability.



Steve Bass, IIED

Vijay Chaturvedi, Development Alternatives, presented on the Indian experience regarding the delivery of services and green jobs to the poor.



Vijay Chaturvedi, Development Alternatives

He stressed the Poorest Areas Civil Society Programme's achievements, including: rejuvenating the natural resources base, especially water resources; promoting livelihood enterprises; upgrading village infrastructure; building and strengthening institutional systems; and accelerating rural development.

Wilfred Nyangena, Environment for Development Centre, Kenya, focused on the forest sector's experience in the country, stressing that the decline of natural capital means poverty. He highlighted economic losses for Kenya amounting to US\$390 million annually due to soil erosion, noting that the forest sector contributes to 1.1% of GDP. Noting that the sector provides multiple ecosystem services, he stressed that the undervaluation of forest resources implies a low budget allocation to the sector. He highlighted the Kenya Forest Mainstreaming Initiative, which will provide incentives for forest conservation.

Anuschka Hilke, GTZ, highlighted steps being taken to form a position on the green economy within Germany's Federal Ministry for Economic Cooperation and Development



L-R: Tamara Levine, OECD; Wilfred Nyangena, Environment for Development Centre, Kenya; and Anuschka Hilke, GTZ

including a consultation process being undertaken. She noted, however, that the country is still struggling with questions on the green economy, such as its boundaries and structure, but stressed that the concept needs to have an orientation towards poverty reduction, natural resource management and ecosystem services.

Merete Villum Pedersen, Danida, noted that a new white paper is being prepared and two papers commissioned in Denmark on the green economy, namely the origins of the concept and benefits to the poor from low-carbon development. She stressed that dialogue with the private sector and economists was necessary to disseminate and discuss ideas and opportunities.

Tamara Levine emphasized that the OECD is taking a "whole organization" approach to green growth with more than eight groups (Environment, Trade, Tax, Investment, Technology and Innovation, Education and Development) providing input to a horizontal strategy on green growth being coordinated by the Environment Directorate. She further explained that the OECD-DAC is looking at three aspects of green growth - low carbon growth, climate resilient growth and pro-poor natural resource based growth.

In the ensuing discussion, participants shared experiences on green growth including: the importance of community support; governance in the green economy; limits to growth of the environment; and issues of transboundary trade and resources within a green economy. Participants also exchanged views on: capacity building for value chain creation and standardization; mechanisms to involve local communities in forest conservation and benefit distribution; and performance contracts.

PUTTING THE 'GREEN' BACK INTO GREEN ECONOMY: MAKING USE OF ECOSYSTEM SERVICES AND NATURAL RESOURCES:

Olof Drakenberg, SIDA, chaired this session on Wednesday morning. Glenn-Marie Lange, World Bank, presented on "Natural Capital: from Resource Curse to Resource Blessing."

She highlighted that the capital approach to sustainable development implies that development per capita of wealth needs to increase, including through efficient resource management, recovery of resource rents, and reinvesting rents into other assets. She stressed the importance of the concept of "genuine savings" as an important indicator of sustainability, which includes reference to changes in the status of natural capital. She also announced a global initiative for environmental



Glenn-Marie Lange, World Bank

accounting, to be launched this year, to integrate wealth accounting into the work of the World Bank. Participants discussed the need for standardizing methodologies and sharpening focus on wealth accounting and genuine savings to drive the desired changes in the economy.

Andrew Seidl, IUCN, presented on “Natural Resource Base and Economic Development: Translating Economic Valuation into Local Economic Opportunities.” He highlighted that economic valuation provides signals about the implications of resource use where the market may fail to do so, compares valuable stocks and flows of resources with a common metric, and improves decision making when tradeoffs are necessary. He outlined non-market valuation techniques and said methods are adequate but data are lacking. He concluded that benefit transfer approaches could be pro-poor, create local incentives for ecosystem stewardship and maximize benefits at the community level. In the ensuing discussion, participants highlighted questions on ways markets can be transformed and the challenges this presents. They questioned the need for regulations and frameworks to be in place and the difficulties in setting a discount rate for environmental values. One participant noted that, while the economic valuation of natural resources is important, the values still need to be included in country statistics. Participants also highlighted: the lack of economic valuations for ecosystem services; incentives for communities to move into greener economic activities; what a green economy “looks like”; the difficulties in evaluating goods such as traditional knowledge; and the use of indicators for increased understanding of a green economy. Another participant noted that there are limitations to the approaches outlined for economic valuations as large cultural differences may exist. Another participant requested that more information be provided on regional level tools for ecosystem valuation.

GREEN ECONOMY MARKET PLACE: On Wednesday afternoon, participants were invited to attend a series of parallel sessions on: the Green Economy Coalition; Green Jobs, the International Labour Organization (ILO) and Development Alternatives in India; the One Planet Economy; and Green stimulus packages.

Tom Bigg, IIED, presented on the Green Economy Coalition and its upcoming consultations. He noted that the coalition is hosted by the IIED and is a coalition whose members include the International Trade Union Confederation partnership, IUCN and Consumers International. He outlined that the Coalition aims to address social needs and sustaining the biosphere within a green economy framework.

In the ensuing discussion, participants tackled issues on: green job creation; whether the coalition will have an advocacy role; the need to have a common understanding of the role and agenda for the Coalition; and lessons learned from other initiatives, processes and stakeholder dialogues.



Andrew Seidl, IUCN

Vijay Chaturvedi outlined work being carried out in conjunction with the ILO in India, including analyzing the value chain, assessing gaps to make businesses green, and gender mainstreaming in job creation. He noted that the ILO defines green jobs as jobs that reduce the environmental impacts of enterprises and sectors to a sustainable level across all sectors. Participants discussed: creating new jobs versus greening old jobs; the scalability and replicability of the projects; and indicators for determining the “greenness” of jobs.

Tim Geer, WWF, presented the One Planet Living initiative, stressing that the carrying capacity of the planet is limited and noted that the consumption footprint of the North is three times that of the carrying capacity of the planet. He said that WWF has agreed on principal areas to work with partners on promoting lifestyle changes, including sustainable food, water, transport and materials, zero carbon and waste, and equity and fair trade. He emphasized dealing with sustainable commodities, consumption and regulatory frameworks, and dialogue with the general public, and the public and private sectors. Participants discussed: tradeoffs between development and sustainability; how to generate the political will to address consumption problems; targeting new generations; and China’s carbon footprint.

Glenn-Marie Lange, World Bank, introduced discussions on the “Green Stimulus – Assessing Short and Long Term Effects.” She said about 15% of stimulus packages spent globally to recover from the economic crisis had been labeled as “green.” She noted 80% of the green stimulus went to infrastructure investments, and queried whether this was the best way to get both short-term job creation and long-term economic and environmental benefits. Participants highlighted that: few low-income developing countries benefit from the stimulus; utilizing social safety nets with a green component; and the lack of relevant quantitative information.

AREAS WHERE PEP CAN ADD VALUE TO THE GREEN ECONOMY INITIATIVE: This Wednesday afternoon session was chaired by Steve Bass. David Smith presented the Green Economy Initiative and its components, including *inter alia*: the global Green New Deal; the Green Economy Report; and the Green Job Initiative. He stressed that key deliverables include a green economy scoping study, sectoral reports, green economy reports, and a green economy special review. He emphasized that greening the economy is a key engine for growth, made the economic case for reform, and emphasized the strong link of environment with poverty and risk of failure of the MDGs.

Steve Bass summarized the key issues that emerged from the day’s discussions under the three themes of technical challenges, political challenges and donor coordination. On technical tools, he stressed wealth accounting at the local level and the need to collaborate with banks in order to have more country coverage. At the political level, he said there are two challenges: there is a two or three year window of opportunity to circulate relevant messages; and the messages should offer positive information on jobs and revenues. On donors, he highlighted that a coherent set of policies is needed.

Tom Bigg, IIED, moderated the ensuing discussions on areas where the PEP network can add value, focusing on the following three areas: new work that PEP should initiate; opportunities to build on previous work; and opportunities for PEP to influence the broader agenda.



Tom Bigg, IIED



Participants gathered in plenary to hear presentations on UNEP's Green Economy Initiative and discuss how PEP can add value to this. Participants highlighted: the role of PEP in advocacy and lobbying; indicators and green accounting; and priorities for creating green jobs and green wealth.

On new PEP work, participants proposed *inter alia*: that with the upcoming Rio+20 summit, a joint PEP publication be prepared focusing on the green economy; work on different indicators and green accounting; linking indicators to social protection and relating them to different stakeholder groups; the identification of gaps and new tools; and scaling up from the local to the national levels. One participant suggested the critical role of PEP is advocacy and lobbying and proposed creating opportunities for South-South cooperation and leaning. Another stressed the need to start publicizing efforts on green jobs, green wealth, sustainable agriculture, smart technologies, and economic governance. Participants agreed on identifying five key messages on PEP and the green economy and ways to translate them into the outcomes that matter to relevant audiences. On opportunities to build on previous work, participants noted that several organizations are already developing strategies, and proposed focusing on social and poverty linkages and on the extent to which the green economy can contribute to a better distribution of benefits to poor people and poor countries. On opportunities for PEP to influence the broader agenda, some participants stressed the catalytic role of PEP and South-South cooperation. Many noted that the challenge is that the green economy is taking place irrespective and a strategy needs to be devised to ensure that MDGs are addressed in the process.

AID EFFECTIVENESS AND THE ENVIRONMENT

COUNTRY SYSTEMS AND THE ENVIRONMENT:

John Horberry chaired this session on Thursday morning. Yona Kamphale, Director of Economic Planning, Malawi, stressed the need to increase aid effectiveness through the use of country systems for the coordination and delivery of development assistance. Horberry, noting that the day's sessions were organized in cooperation with the OECD Development Cooperation Directorate (OECD-DAC) and the Global Partnership on Country Systems, recalled that in 2006 the ministers of environment and development of OECD countries met to establish three tasks for the partnership: integrating adaptation to climate change into development cooperation; governance and capacity development for natural resource management; and financing. Dirk Dijkerman, US Delegate to OECD-DAC, explained how the Global Partnership on Country Systems relates to the MDGs. He

noted that countries and donors have made progress in identifying best practices, but the execution of designed measures is still problematic.

Sara Fyson, OECD Working Party on Aid Effectiveness, presented on "Aid effectiveness: commitments in Paris/Accra/Seoul and the Global Partnership on Country Systems." She highlighted the Paris Declaration on Aid Effectiveness includes mechanisms for monitoring,



Dirk Dijkerman, US Delegate to OECD-DAC

which revealed progress on the predictability and coordination of aid flows. She described the Accra Agenda for Action as a political and ministerial statement with concrete actions to accelerate the implementation of the Paris Declaration. She highlighted the scope of country systems, including: public financial management; procurements; and monitoring and evaluation. She noted that the Global Partnership on Country Systems is responding to developing country requests for support in strengthening and using country systems. She outlined progress in identifying concrete steps to address current bottlenecks in the use of country systems through the ongoing country systems initiatives in Ghana and Malawi.

Tamara Levine, presenting on capacity development for the environment using a country systems approach, noted that this approach integrates capacity development for the environment into government ministries. Levine highlighted a forthcoming OECD publication that elaborates on country system approaches including concepts and integrating environment and national plans, public financial management and key economic sectors. She stressed the importance of partner country participation in finalizing the guidance document, noting that the programmes advised must be site-specific.

Silvia Guizzardi, OECD, presented OECD-DAC's work on capacity development. She noted that OECD-DAC has been attempting to establish good practices, highlighting six priority areas, including: technical cooperation; tailoring capacity building to fragile situations; strengthening country systems; integrating capacity development into national and sectoral plans; enabling environments; and capacity development for civil society. She said OECD considers capacity development as a fast, forward moving sector, with environment being a key priority for action.

In the ensuing discussion, participants considered: the political challenges of capacity development for the environment; the wider context of civil society capacity building; lessons learnt from 15 years of environmental capacity building; indicators to measure the success of capacity development; drivers of change; accountability and implementation of the country system approach; broadening the country system definition; which institutions are involved in implementing capacity development for the environment programmes; and issues of corruption within country systems.

CAPACITIES FOR INTEGRATING ENVIRONMENT IN NATIONAL PLANNING AND BUDGETARY PROCESSES:

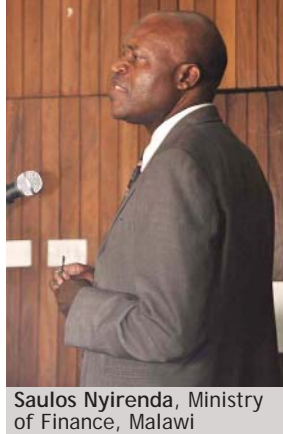
This Thursday morning session was chaired by Saulos Nyirenda, Ministry of Finance, Malawi. Alex Naomona, Ministry of Development Planning and Cooperation,

Malawi, said that the national development planning process focused on developing a strategic policy document for long-, medium- and short-term planning. He stressed the importance of greening in the national development plan, focusing on forestry, environmental management and climate change. He highlighted the urgent need to harmonize policies and strategies in the country.

On integrating environment into public financial management, Henry Kamulalca, Ministry of Finance, Malawi, stressed that poverty is a root cause of environmental degradation and that his Ministry is developing guidelines and a public expenditure review for the environment. He highlighted the need for further capacity building for mainstreaming environmental consideration into public financial management.

Saulos Nyirenda stressed the critical challenge of greening procurements, undertaking internal audits, improving financial management and feeding lessons from public expenditure reviews into the next budgetary sessions. He also emphasized efforts to move away from project-based approaches to programme-based approaches to ensure continuity of work. He concluded that the public financial management system must improve to ensure the delivery of services.

Nelly Petkova, OECD, presented on “Capacities for Integrating Environment into National Budgetary Process.” She highlighted several opportunities to generate revenues from natural resource use, including: economic instruments to stimulate investment into the development and adoption of cleaner technologies; direct sales taxes; user and extraction payments for natural resources; payment for environmental services; pollution taxes; and tradable permits. She also stressed that more capacity is needed for monitoring natural resource degradation, pollution levels and environmental quality standards.



Saulos Nyirenda, Ministry of Finance, Malawi

In the ensuing discussion, participants highlighted that information asymmetries may lead to market failure, thus economic instruments may not function optimally. One participant highlighted that capacity for “green” procurement is as necessary as capacity for integrating environment into national plans and strategies. Participants also stressed: environmental monitoring of budgets; the loss of revenues from incorrectly valuing resources and ecosystems; and incentivizing private sector involvement.

In a panel session on developing country perspectives for linking capacity development for the environment with planning and budgetary processes, Veronica Sackey, Ministry of Finance and Economic Planning, Ghana, noted that since 2008 government and development partners have emphasized the environment and natural resource sector. She said that mechanisms have been developed to ensure increased governance and support in the sector. She highlighted that interventions have used a programme approach, but that the quality and design of projects have created implementation problems, including lack of government involvement and ownership. She stressed that development partners should play a supporting role, with the process and projects being owned by Ghana.

Justin Hein, Burkina Faso, highlighted that the country’s long-term development plan incorporates environment for sustainable development and that the revised Poverty Reduction Strategy Paper (PRSP), to be released in 2011, will incorporate sustainable development as its main focus. He noted that a focus of environment and sustainable development in the country is increasing production in the rural sector. He noted many constraints, including: lack of resources; lack of capacity to use budgeting and planning tools effectively; and a lack of monitoring and evaluation.

Olga Luciano, Dominican Republic, highlighted that a result-oriented budget was created by the Ministry of Environment which gave the opportunity for internal consensus on the function of the Ministry to be reached. She noted essential functions include natural resource and protected area management and said capacity was needed for: planning



L-R: Nelly Petkova, OECD; Cornelius Kazoor, Sustainable Development Centre; Olga Luciano (Dominican Republic); Veronica Sackey, Ministry of Finance and Economic Planning, Ghana; and Justin Hein, Burkino Faso

and programming techniques; multidisciplinary results and techniques; and conducting consultation workshops and seminars.

Cornelius Kazoor, Sustainable Development Centre, noted capacity development for environmental advocacy and increased donor support is necessary. He highlighted that donor aid lacked coordination and that there is a lack of cross-sectoral cooperation.

THE ROLES OF DONORS IN SUPPORTING CAPACITY DEVELOPMENT FOR ENVIRONMENT:

This session, convened on Thursday afternoon, was chaired



Themba Kalua, PEI

by Themba Kalua, PEI. Maria Berlekon, SIDA, presented on how donors can support capacity development for pro-poor environmental governance. She highlighted that the environment is a sector as well as a cross-cutting issue, noting fragmentation is a key concern. She said long-term commitments and ownership are critical and called for integrating environmental considerations into the procedures and routines of donor organizations.

On joint integrated environmental assessment at the country level, Simon Le Grand said the objective of pilot projects is to develop and test an integrated environmental assessment process and method for elaborating country environmental profiles. He argued that the criteria for pilot project selection should include that countries be interested in this exercise and establishing a joint inter-agency local coordination group.

Kulsum Ahmed stressed country environmental analysis needs to be flexible and respond to partner countries' needs. She highlighted: making the link between environment and development; analyzing policies and institutions, including through public environmental expenditure reviews; and the cost of environmental degradation.

Achim Halpaap, UN Institute for Training and Research, argued that a paradigm shift is needed, noting the challenge of policy communities emerging with different environmental agendas. He also stressed the need to integrate top-down sectoral approaches with bottom-up programmatic approaches; to undertake more work on indicators for MDG 7 (Ensuring Environmental Sustainability); and the "One UN" approach to leaning on climate change.

On evaluating institutional cooperation, Benta Herstad, Norwegian Agency for Development Cooperation, emphasized: the planning phase lays the foundation for success; the importance of local ownership; long term cooperation; entry points and exit strategies; realistic assessment of risk; and establishing baselines.

In the ensuing discussion, participants from donor agencies stressed the centrality of, *inter alia*: focusing on country needs; the importance of understanding different realities; joint implementation of capacity building programmes using country systems; sectoral budget support in the field of the environment; and focusing on community level capacity development. On the role of donors, developing countries participants highlighted that: most partner countries do not have a comprehensive capacity developing framework; *ad hoc* interventions are ineffective; the importance of the education system; the role of regional and sub-regional organizations

in capacity development; triangular cooperation schemes; training on environmental information systems and negotiating capacity; and the need to pay attention to indigenous knowledge. On country environmental assessments, participants stressed that: donors need to respond to countries' needs; there is a need to provide less training but more coaching; and the importance of setting organizational goals.

THE CHALLENGES AND OPPORTUNITIES OF CLIMATE CHANGE ADAPTATION FINANCE FOR THE STRENGTHENING AND USE OF COUNTRY SYSTEMS:

This session, held on Thursday afternoon, was chaired by Dirk Dijkerman. Howard Standen, DFID, presenting an overview of climate adaptation finance,

emphasized that LDCs, small island developing states and Africa will be impacted the most by climate change. On the Copenhagen Accord, he said that it provides momentum to efforts for mobilizing adequate, predictable and sustainable financing. He outlined the UK compact approach to climate financing, which is based on principles of subsidiarity, shared governance, efficiency and effectiveness. He stressed that lessons learned from development financing be applied to climate financing, including ownership, alignment, capacity development, harmonization and managing for results.



Howard Standen, DFID

Veronica Sackey noted that a workshop had been organized in 2009 in Ghana for major users of donor aid to discuss strengthening and using country systems. She noted that budget support is an area where donor partners can use country systems. She lamented that even though there was progress in the quality of Ghana's systems, development partners continue to bypass these, and stressed that partners should outline why they are not using country systems. Franklin Ashiadey, Ministry of Finance and Economic Planning, Ghana, noted that using country systems lowers transactions costs, reduces financial pressure on environmental agencies, strengthens budgetary discipline within the environmental sector and allows budgetary oversight by the ministry of finance. He noted opportunities for using country systems for climate change adaptation, which allow a sector wide approach to the environment. He stressed that technical assistance should be aligned and coordinated.

On challenges and opportunities of climate finance for strengthening country systems, roundtable participants discussed priorities in terms of capacities that need to be developed including *inter alia*: that climate change financing is too narrow a focus for capacity building; the need to increase understanding of available climate finance mechanisms; strengthening climate science and knowledge at the national level; increasing cross-sectoral coordination and planning on climate change; the need for capacity building on negotiation and communication skills; transparency and accountability; improved education; enhancing capacity to access climate funds; highlighting that benefits should not just accrue to the state; and undertaking public expenditure climate reviews.

On providing examples of capacity development financing, roundtable participants stressed *inter alia*: South-South exchanges of capacity to enter the carbon credit market;

joint OECD-DAC work on climate adaptation guidelines; the need to make an assessment of absorptive capacity; and diversification of support interventions.

Saulos Nyirenda, in his concluding remarks, noted the many challenges faced by his country, and that a meeting on evaluating the use of Malawi's systems will be convened to discuss ideas and views exchanged during the sessions.

John Hornberry noted that since 2006 there has been an interaction between the environment and development communities under the auspices of the OECD. He noted that a strategic target was to have the environmental sector more involved in the OECD-DAC. Paul Steele noted that the PEP's informal approach has complemented the formal approach of the OECD-DAC. He said that under the OECD-DAC there are opportunities to bring together finance and environment ministers and the aid effectiveness community to further enhance agreement and work. He welcomed the offer of hosting the next PEP in Paris

Ian Curtis announced that a PEP reference committee would be formed to support the PEP coordinator's work.

SUPPORTING AFRICAN STAKEHOLDERS TO PUT IDEAS INTO PRACTICE

EXPERIENCES OF NEW PEI COUNTRY

PROGRAMMES: Steve Bass introduced this Friday morning session, noting that since the PEI was launched in 2005 participants have gained a rich understanding of the issues of poverty and environment and have developed a partnership approach to address them. On the PEI, John Hornberry highlighted that PEI is a joint programme by UNEP and UNDP to provide financial and technical assistance to mainstream poverty environment linkages and a genuine effort of UN inter-agency coordination, which operates through the "One UN" process and engages at the country level with partners and the government through the UN Resident Coordinator.

Providing an overview of activities carried out by PEI, David Smith, highlighted, *inter alia*: that environmentally sustainable natural resource use is included as an objective; indicators need to be linked to objectives; and that sector plans, budget allocation and increased donor support is essential. At the country level, he stressed that the PEI programmatic approach has contributed to building implementation capacity to integrate environment into the national development process.

PEI MALAWI: Michael Mwangisa, PEI Malawi, described the institutional framework for poverty environment mainstreaming in Malawi, challenges and ways forward. He stressed the challenges include: that most project outputs depend on external support; multi-sectoral project challenges; coordination of activities at different levels; and organizational and coordination costs. He argued that a rigorous selection process for consultants, adequate backstopping to avoid duplication of work, patience, involving local sectors, donors and civil society and communication strategy are key for success.

PEI BURKINA FASO: Clarisse Coulibaly, UNDP, noted her country's entry point for PEI work is the PRSP. She highlighted the PEI country programme objectives of: strengthening country specific knowledge on poverty environment and dissemination; sectoral policies and



Michael Mwangisa, PEI Malawi

decentralized planning; and capacity building for poverty environment mainstreaming and support. On progress and achievements, she stressed: creating ownership, supporting sectoral policies; and advocacy and communication strategy.

PEI BOTSWANA: Tlhokomelo Phuthago, Ministry of Environment, Wildlife and Tourism, Botswana, described the national framework for poverty environment mainstreaming, including national policy planning and budget framework, the involved institutions and the objective of advocating for a higher budget allocation for poverty environment mainstreaming. He stressed that the PEI project document was recently approved and will provide responses, including through: advocacy and awareness rising; policy dialogues; policy review and harmonization; and integrating poverty environment issues into the national PRSP.



Tlhokomelo Phuthago, Ministry of Environment, Wildlife and Tourism, Botswana

Participants discussed: the extent to which PEI projects were integrated into country systems; need assessments for key ministries; reviewing achievements and factoring in emerging elements in the project design; and targets and monitoring.

SYNTHESIS OF PEI LESSONS: On Friday morning, David Smith summarized the PEI lessons to date, including the need to: carefully select project countries; be clear on the PEI focus; be responsive and allow for opportunities and manage delays; adopt a joint government-UN programmatic approach; ensure involvement of stakeholders; work with other donors from the beginning; and prepare institutional analysis focusing on aspects relevant to PRSP and environment and natural resource sectors. He also emphasized the importance of: multi-ministerial involvement in developing the planning process; working with ministries of planning and finance; public expenditure reviews; guidelines for planning and finance; supporting key sectoral policy and budgetary development processes to ensure sustainability objectives; communication strategy; and continuous and rigorous review by countries.

Jean-Paul Penrose, PEI, stressed that the PEI has helped deliver on government priorities and emphasized that the environment is the foundation for delivering growth and poverty reduction. He underlined, *inter alia*: the importance of PEI country programmes being hosted in the ministry of finance and planning; economic diversification strategies; institutional and economic analysis; that investment in the environment delivers the long term goals; and that PEI is helpful to show practical delivery of the "One UN" System.



Jean-Paul Penrose, PEI

One participant noted that PEI has been undertaking project implementation for a while and stressed the need to monitor results. Another responded that even though "we are not there yet on poverty reduction," progress was made on the economic analysis and some success stories had emerged in budget allocation toward reducing soil erosion and increase agricultural productivity.

Participants discussed: the need to assess the sustainability of ongoing country programmes and provide for exit strategies; the need to work at the sectoral level; that PEI should exploit development assistance to enhance the capacity of the programme to achieve its goals; opportunities for outreach to other organizations and donors; and the PEI catalytic role in maximizing the enabling environment to achieve poverty environment goals through increased advocacy, data collection, and linkages between environment, poverty and livelihoods. A participant stressed the need to consider whether current conditions conducive to successful outcomes exist as a criterion for country selection.

USING ECONOMIC ANALYSIS TO MAKE A CASE FOR POVERTY ENVIRONMENT MAINSTREAMING:

This session on Friday afternoon was chaired by Alex Namaona. David Smith noted that the PEI initiative uses economics to make the case for using natural resources and the environment to achieve poverty reduction targets. He noted that studies focus on key priorities and government requests, and that they are “packaged” to reach the target audience of policy makers. He highlighted that delays in the studies are caused by lack of capacity and data availability.

Gil Yaron, GY Associates, used the case of Malawi to highlight the costs and benefits of sustainable and unsustainable natural resource use, and linkages with poverty reduction. He noted that current GDP figures do not fully account for natural resource use contributions. In calculating the costs of unsustainable use of natural resources, he stressed that in each sector there are on-site and off-site impacts. In Malawi, he highlighted approximately US\$191 million of GDP is from unsustainable resource use, with the biggest contributions being from agriculture and fuelwood use. He said that soil loss in agriculture has reduced yields by six percent, and that recovering this loss would enable 1.88 million people to be lifted out of poverty by 2015. Yakobo Moyini, consultant, stressed that case studies such as the one in Malawi contributes to discussion and action on the topic.



Gil Yaron, GY Associates

In the ensuing discussion, participants noted: substitution effects; non-sustainable inputs for land management; lack of data; and model weaknesses.

CLOSURE OF MEETING

The closing session, held on Friday afternoon, was chaired by Philip Dobie, UNEP. Peter Hazlewood, reflecting on the week’s sessions, noted that upcoming work on the PEP will include analytical work, formulating key messages for PEP and the green economy. He said that in the near-term, a working group would be established to work on these topics.

Paul Steele noted that PEP 16 will be held in February/ March 2011, and stressed the importance of continued involvement of developing country partners.

Tamara Levine, on behalf of the organizers, highlighted the richness of the week’s discussions, which involved developing country partners and colleagues from around the globe.

Alex Namaona, on behalf of the Malawian government, thanked participants for their involvement. He called the meeting to a close at 2:27 pm.

GLOSSARY

ADB	Asian Development Bank
CBA	Community-Based Adaptation
DFID	UK Department for International Development
GEF	Global Environment Facility
IIED	International Institute for Environment and Development
ILO	International Labour Organization
LDCs	Least Developed Countries
MDGs	Millennium Development Goals
NGOs	Non-Governmental Organizations
OECD	Organisation for Economic Development
OECD-DAC	Organisation for Economic Development, Development Co-operation Directorate
PEI	Poverty Environment Initiative
PEP	Poverty Environment Partnership
PRSP	Poverty Reduction Strategy Paper
SIDA	Swedish International Development Cooperation Agency
UNDP	UN Development Programme
UNEP	UN Environment Programme
WWF	Worldwide Fund for Nature



PEP 15 participants