

GUIDANCE NOTE: Mainstreaming Poverty-Environment Linkages into National Development Planning



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Why poverty-environment mainstreaming?

Experience continues to show that better environmental management can contribute greatly to improving health, resilience to environmental risks, economic development and livelihood opportunities, especially for the poor. To fight poverty and preserve the ecosystems poor people rely on, we must place pro-poor economic growth and environmental sustainability at the

heart of our most fundamental policies, systems and institutions. This approach has come to be known as **poverty-environment mainstreaming**. It essentially aims to integrate the linkages between the environment and poverty reduction into government processes and institutions, thereby changing the very nature of its decision-making culture and practices.

What is poverty-environment mainstreaming?

Sustainable development depends in large measure on successfully integrating the environment into development planning and decision-making, a process known as **environmental mainstreaming**. Early efforts in the 1990s to mainstream the environment into national planning—for example, through poverty reduction strategy papers (PRSPs)—aimed to ensure that economic decisions and plans took environmental priorities into account and addressed the impact of human activities on environmental services and assets.

Evidence suggests that these initial attempts to mainstream the environment into national planning had mixed success. A series of influential reviews by the World Bank showed that most of the PRSPs adopted by the world's poorest countries in the 1990s did not sufficiently address the environment's contribution to poverty reduction and economic growth.

Country governments and development actors responded by devoting greater attention to integrating the environment into PRSPs, with particular attention to **mainstreaming poverty-environment linkages** and making the case for addressing the contribution of the environment to human well-being, pro-poor economic growth and achievement of the Millennium Development Goals (MDGs) to the ministries responsible for national development planning.

While environmental mainstreaming and poverty-environment mainstreaming may overlap under certain circumstances, attention has focused in recent years on the key goal of reducing poverty and the pivotal contribution that better environmental management can make to improved livelihoods and income opportunities of the poor and other vulnerable groups, including women and marginalized populations.

A definition of poverty-environment mainstreaming

Poverty-environment mainstreaming is the iterative process of integrating poverty-environment linkages into policymaking, budgeting and implementation processes at national, sectoral and subnational levels. It is a multi-year, multi-stakeholder effort grounded in the contribution of the environment to human well-being, pro-poor economic growth and achievement of the Millennium Development Goals.

A key outcome will be the mainstreaming of poverty-environment issues in the products that form the basis of national planning and expenditure, including poverty reduction strategy papers and MDG strategies. Successful poverty-environment mainstreaming involves considerable groundwork in identifying and accumulating the hard evidence that demonstrates the economic and other benefits to be derived from the process, and a sustained advocacy effort to present this convincing evidence to policymakers and decision-makers. The overall aim is to establish enduring institutional processes within government from national to local levels, with the support and involvement of the wider stakeholder community, to ensure that poverty-environment mainstreaming remains an essential component of strategies for poverty reduction and sustainable growth.



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What is the Poverty-Environment Initiative?

The UNDP-UNEP Poverty-Environment Initiative (PEI) is a global United Nations-led programme that supports country-led efforts to mainstream poverty-environment linkages into national development planning, from carrying out preliminary assessments to supporting policy measures. The 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.

The PEI:

- Was formally launched in 2005 and significantly scaled up in 2007
- Works in Africa, Asia-Pacific, Eastern Europe and Central Asia and Latin America-Caribbean
- Operates through a global facility, four joint regional teams and the UN country teams
- Is funded by the governments of Belgium, Denmark, Ireland, Norway, Spain, Sweden, the United Kingdom and the European Commission

The initiative raised awareness amongst the villagers on environmental protection and a better understanding of how environmental degradation can affect income generation. —A beneficiary of the PEI, Mozambique

How does the environment contribute to poverty reduction?

Poor households rely disproportionately on natural resources and the environment for their livelihoods and income. The poor are more vulnerable to natural disasters such as droughts and floods and to the ongoing impacts of climate change. On a broader scale, natural resource sectors such as agriculture, forestry and fisheries play a larger role in the national income and wealth of less developed economies. Thus, a healthy and productive environment contributes significantly to human wellbeing and pro-poor economic development.

Intact, functioning ecosystems provide services—such as the provision of food, water, fuel and fibre, as well as regulation of climate—on which nations and people rely to earn income from agriculture, fishing, forestry, tourism and other activities. Sustainable use of these ecosystem services and natural resource assets is increasingly recognized as a key factor in enduring economic development and improvement in human welfare, and as a necessary condition for achieving the Millennium Development Goals (MDGs).

Contribution of the environment to livelihoods, resilience, health and economic development

Livelihoods. Ecosystems provide services on which poor people rely disproportionately for their wellbeing and basic needs. Populations also depend on the environment to earn incomes in sectors such as agriculture, fishing, forestry and tourism, through both formal and informal markets.

Resilience to environmental risks. Poor people are more vulnerable to natural disasters such as floods and droughts, the effects of climate change and other environmental shocks that threaten their livelihoods and undermine food security. Improving the ways in which environmental resources, such as forests, are managed increases the resilience of poor people and their livelihoods to environmental risks.

Health. Environmental conditions account for a significant portion of health risks to poor people. Environmental risk factors, such as occupational exposures to chemicals and indoor air pollution from household solid fuel use, play a role in more than 80 per cent of the diseases regularly reported on by the World Health Organization. Globally, nearly a quarter of all deaths and of the world's total disease burden can be attributed to the environment. As many as 13 million deaths could be prevented every year by making the environment healthier. Improved health from better environmental conditions would also contribute to improvements in livelihoods, economic development and resilience to environmental risks.

Economic development. Environmental quality contributes directly and indirectly to economic development and employment. These contributions are particularly important in developing countries in such sectors as agriculture, energy, forestry, fisheries and tourism.

What is the PEI approach to poverty-environment mainstreaming?

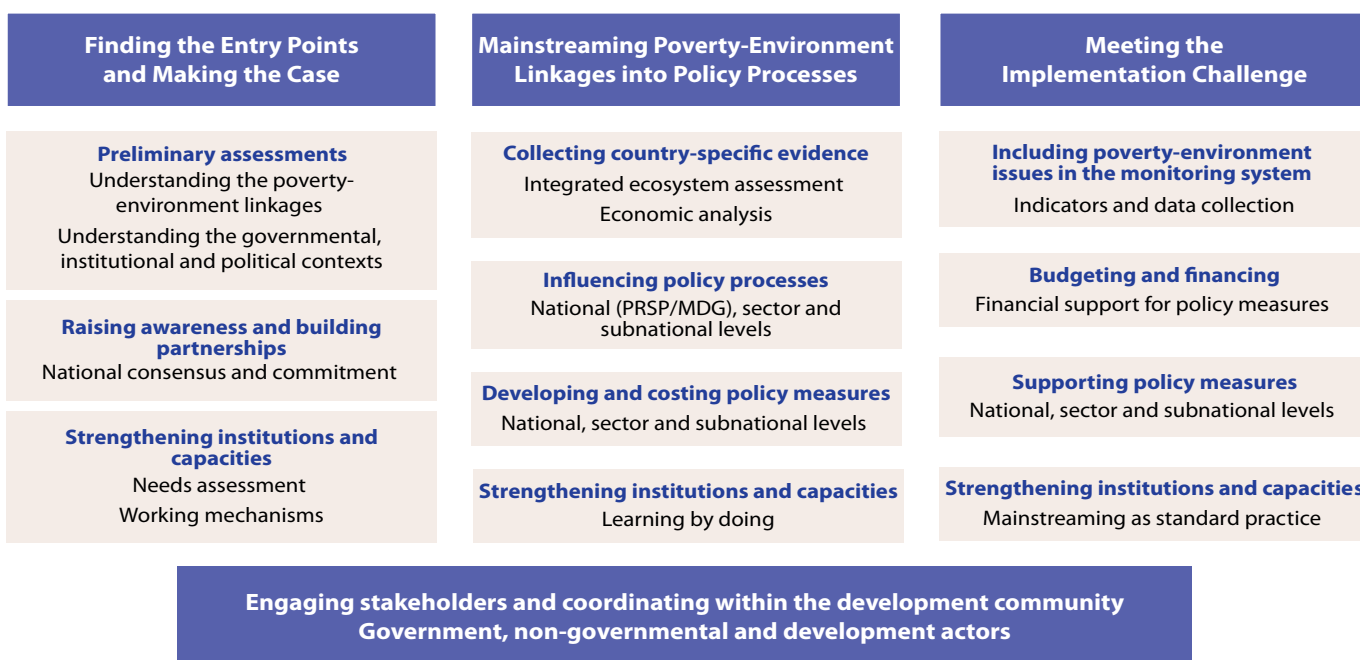
The programmatic approach the PEI recommends for mainstreaming poverty-environment linkages into national development planning comprises three components:

- 1. Finding the entry points and making the case**, which sets the stage for mainstreaming
- 2. Mainstreaming poverty-environment linkages into policy processes**, which is focused on integrating poverty-environment linkages into an ongoing policy process, such as a PRSP or sector strategy, based on country-specific evidence
- 3. Meeting the implementation challenge**, which is aimed at ensuring integration of

poverty-environment linkages into budgeting, implementation and monitoring processes

The figure below presents the activities that can take place throughout the mainstreaming effort. Using this approach can help in prioritizing mainstreaming efforts in a specific national context and seeing more clearly how different activities and tactics can be combined to achieve intended outcomes at different stages in the design or implementation of development planning. Also, it can help structure programmes adopted by governments to achieve effective mainstreaming over a sustained time period—often building on more diverse and short-lived activities adopted by multiple stakeholders.

Programmatic Approach to Poverty-Environment Mainstreaming



This programmatic approach should be considered a flexible model to help guide the choice of activities, tactics, methodologies and tools in a particular country situation. Depending on the context and collective progress made to date with respect to poverty-environment mainstreaming in the country, some activities might be implemented in an accelerated manner or skipped; their sequence is not rigid either. Each component builds on previous activities and work carried out in the country. The process is iterative, with many interconnections between activities.

Stakeholder engagement, coordination with the development community and institutional and capacity strengthening take place at all stages, from inception through policy development, implementation and monitoring.

1. Finding the Entry Points and Making the Case

This group of activities sets the stage for mainstreaming. It includes activities designed to help countries identify desirable pro-poor environmental outcomes and entry points into the development planning process as well as those aimed at making a strong case for the importance of poverty-environment mainstreaming. It thus consists of the initial set-up work that must take place before a full mainstreaming initiative goes forward. Key activities include the following:

- **Carry out preliminary assessments.**

Mainstreaming poverty-environment linkages into national development planning starts with conducting assessments of the nature of poverty-environment linkages and vulnerability to climate change in the country, and other assessments that increase understanding of the country's governmental, institutional and political contexts. This entails identifying pro-poor environmental outcomes to be achieved and the governance, institutional and development factors that affect planning

This is exactly the kind of information we desperately need! It helps in understanding not only the relationship between economic development and the environment, but also how, for individual sectors, an unsustainable environment can have a negative effect on its objectives. —A participant in a PEI training session, Rwanda

and decision-making at national, sector and subnational levels. It is also important to understand government, donor and civil society processes that shape development priorities. These preliminary assessments enable countries to identify the right entry points and possible champions for poverty-environment mainstreaming.

- **Raise awareness and build partnerships.**

The preliminary assessments described above provide the information needed to raise the awareness of decision-makers and to develop convincing arguments for partnerships within and beyond government. From the outset, the priority is to engage with the finance and planning ministries responsible for economic development, and to bring the environmental institutions into the planning process.

- **Evaluate institutions and capacities.**

Complementing the preliminary assessments are rapid assessments of institutional and capacity needs. This activity helps countries design a better poverty-environment mainstreaming initiative, rooted in national and local institutional capabilities.

- **Set up working mechanisms.** Establishing working arrangements that can sustain a long-term effort to mainstream poverty-environment linkages is an essential preparatory activity. It entails securing commitment on the part of participants in planning and finance ministries and those in environment-related agencies. The arrangements made must be conducive to building consensus among the diverse participants in poverty-environment mainstreaming.

2. Mainstreaming Poverty-Environment Linkages into Policy Processes

This component is concerned with integrating poverty-environment linkages into a policy process and the resulting policy measures. The effort targets a specific policy process—such as a national development plan or sector strategy—previously identified as an entry point. Its activities build on previous work, especially preliminary assessments, awareness-raising and partnership-building, and include the following:

- **Collect country-specific evidence.** Targeted analytical studies are undertaken that complement and build on the preliminary assessments to unearth evidence about the nature of poverty-environment linkages in the country. These studies further build the case for poverty-environment mainstreaming and help examine the issue from different perspectives. Such studies might include integrated ecosystem assessments and economic analyses using extensive amounts of national data to elucidate the specific contributions of the environment and natural resources to both the national economy and human well-being in the country. The likely effects of climate change should be integrated into these studies, by making use of additional analyses such as vulnerability and adaptation assessments and by taking into account the content and lessons learned when developing national communications and national adaptation programmes of action under the United Nations Framework Convention on Climate Change.
- **Influence policy processes.** The collection of country-specific evidence provides a sound basis for efforts to influence the targeted policy process. Armed with such evidence, practitioners are better able to identify priorities and craft the arguments necessary to have an impact on the targeted policy process (such as a PRSP, MDG strategy or sector plan) and its associated documents. This requires attention to alignment with governance mechanisms



shaping the policy process, which may entail engagement with institutional working groups and stakeholders and coordination with relevant donors. The resulting output of the targeted policy process should include strategic and sector-specific goals and targets, supported by specific plans for implementation.

- **Develop and cost policy measures.** Once poverty-environment linkages have been integrated in the policy document, mainstreaming efforts continue with the development and initial costing of policy measures. These measures might be systemic interventions (such as fiscal measures), or they might be more narrowly focused, such as sector interventions (targeting, for example, agricultural legislation, promotion of renewable energy or the conservation of protected areas) or sub-national interventions (targeting a specific region of the country).
- **Strengthen institutions and capacities.** Institutional and capacity strengthening occurs throughout the mainstreaming initiative and is accomplished through tactical capacity-building, including the sharing of analytical results, policy briefs, on-the-job learning and more formal types of training. Demonstration projects can illustrate the contribution of the environment to the economy while strengthening institutions and national capacities.

3. Meeting the Implementation Challenge

The final and most sustained set of activities in the mainstreaming effort focuses on making poverty-environment mainstreaming operational through engagement in budgeting, implementation and monitoring processes. These activities are aimed at ensuring that poverty-environment mainstreaming becomes established as standard practice within the country and include the following:

- **Integrate poverty-environment linkages in the monitoring system.** The integration of these linkages in the national monitoring system enables a country to track trends and the impact of policies as well as emerging issues such as climate change. Building on the sector-specific goals and targets included in the PRSP or similar policy documents, key priorities are to design appropriate poverty-environment indicators, strengthen data collection and management, and fully integrate poverty-environment linkages in the national monitoring system.

- **Budget for and finance poverty-environment mainstreaming.** This activity entails engaging in budgeting processes to ensure that these incorporate the economic value of the environment's contribution to the national economy and pro-poor economic growth, and that the policy measures associated with poverty-environment mainstreaming are funded. The government also needs to develop financing options, including interventions to improve the domestic financial base for environmental institutions and investments.
- **Support policy measures at national, sector and subnational levels.** This activity involves collaborating with sector and subnational bodies to build their capacities to mainstream poverty-environment linkages within their work and effectively implement policy measures at various levels.
- **Strengthen institutions and capacities.** To strengthen institutions and capacities in the long term, it is critical to establish poverty-environment mainstreaming as standard practice in government and administrative processes, procedures and systems at all levels.



What is the role of stakeholders and the development community?

Successful mainstreaming requires the engagement of many stakeholders, encompassing government and non-governmental actors and the broader development community operating in the country.

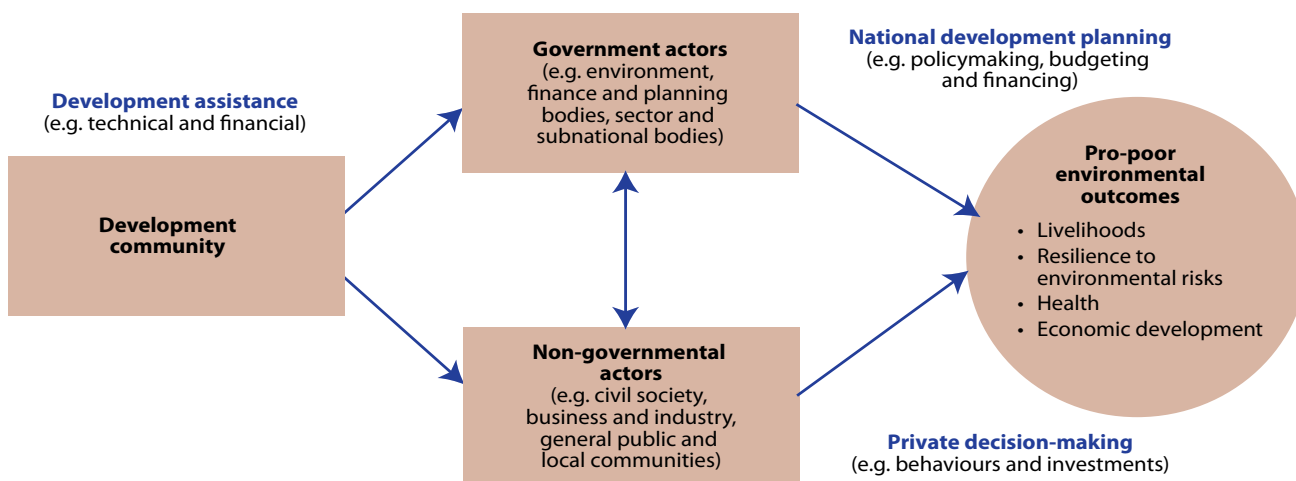
Focusing on the pro-poor environmental outcomes to be achieved, a mainstreaming effort should be based on careful analysis and an understanding of the roles of different stakeholders in the country's development processes and how to best complement them, as depicted in the figure below.

This includes awareness of the fact that stakeholders have different interests and that some may not be as supportive as others of poverty-environment mainstreaming, improved environmental management and pro-poor reforms. It is critical to understand what motivates various stakeholders and determine how to craft appropriate arguments that will appeal to different interests.

The mainstreaming effort entails the cooperation of many government actors (head of state's office, environment, finance and planning bodies, sector and subnational bodies, political parties and parliament, national statistics office and judicial system), non-governmental actors (civil society, academia, business and industry, the general public and local communities, and the media) and development actors in the environment, development and poverty reduction fields.

An early crucial decision in the process is determining which government agency will lead the mainstreaming effort. Because of the close relationship between poverty-environment mainstreaming and national development planning, the ministry of planning or finance, in collaboration with environmental institutions, will usually be a logical choice. Non-governmental actors can play a key role in advancing the integration of poverty-environment linkages into national development planning, and powerful advocates can be found among them. Close collaboration

Roles of the Various Stakeholders in Achieving Pro-Poor Environmental Outcomes



and dialogue with various development actors are vital not only for ensuring the relevance and effectiveness of the mainstreaming initiative, but also for obtaining political and financial support. The effort also benefits from the technical expertise of donors, international non-governmental organizations and research institutes

active in the fields of the environment, development and poverty reduction.

Involving these actors, including local communities, is an integral part of a mainstreaming initiative and should take place throughout the effort.

What are the main lessons learned?

1. Programmatic approach. Adopt a medium- or long-term approach to help create synergies, prioritize efforts and combine various activities and tactics to achieve intended outcomes over the long range. This approach can also help government programmes build on diverse, short-lived stakeholder activities and sustain effective mainstreaming.

2. Strategic focus and tactical flexibility. Focus on pro-poor environment outcomes while remaining flexible in terms of the activities, tactics, methodologies and tools to be used: adapt to changing circumstances and opportunities. To the extent possible, the programme should build on previous work carried out in the country.

3. Importance of the governmental, political and institutional contexts. Look at the governmental, institutional and political contexts in the country in order to develop a thorough, shared understanding of the situation. This perspective provides a basis for finding the most effective entry points, potential partners and champions.

4. Country-specific evidence. Undertake targeted analytical studies that unearth evidence about the nature of poverty-environment linkages in the country—e.g. integrated ecosystem assessments and economic analyses using national data—to clarify the specific contributions of the environment and natural resources to both the national economy and human well-being.

5. Finance or planning ministry as lead institution. Because of the close relationship between mainstreaming and national development planning, the ministry of planning or finance—or its equivalent—must lead the mainstreaming effort, in collaboration with environmental institutions. Obtain its commitment, and engage key sector ministries from an early stage.

6. Champions. Mobilize practitioners—including high-level decision-makers and government officials—who will advocate for the integration of poverty-environment considerations into development planning at national, sector and subnational levels.

7. In-country partnerships. Develop partnerships with a view to making the case for mainstreaming with the development community, including national and international non-governmental organizations, funding institutions and donors. Pay particular attention to involving the media by developing strategies for increasing journalists' knowledge of poverty-environment issues and encouraging them to report on these.

8. High transaction costs. Prepare for high transaction costs and high levels of needed in-country support. Because it seeks to change priorities and involves many government bodies, mainstreaming requires a great deal of staff time and technical support at various levels—e.g. focal points in the relevant ministries, a national coordinator, a technical advisor and specialized teams for assessments and analyses.

What are we trying to achieve? A progress checklist for poverty-environment mainstreaming

<p>Finding the Entry Points and Making the Case</p>	<ul style="list-style-type: none"> ✓ Entry points for poverty-environment mainstreaming agreed on and related road map taken into account in the workplan for the following stage of the effort ✓ Key ministries (e.g. environment, finance, planning, sectors) relevant to the agreed entry points are members of the steering committee or task force of the poverty-environment mainstreaming effort ✓ Poverty-environment champions liaising with in-country donor coordination mechanisms ✓ Activities to be implemented in collaboration with finance and planning or relevant sector ministries included in the workplan for the following stage of the effort
<p>Mainstreaming Poverty-Environment Linkages into Policy Processes</p>	<ul style="list-style-type: none"> ✓ Country-specific evidence collected on the contribution of the environment to human well-being and pro-poor economic growth ✓ Poverty-environment linkages included in the working documents produced during the targeted policy process (e.g. documents produced by the working groups of the PRSP or relevant sector and subnational planning processes) ✓ Environmental sustainability included as a priority in the completed policy documents of targeted policy process (e.g. PRSP, MDG strategy, relevant sector or subnational plan) ✓ Policy measures to mainstream poverty-environment linkages costed by finance and planning or sector ministries and subnational bodies
<p>Meeting the Implementation Challenge</p>	<ul style="list-style-type: none"> ✓ Poverty-environment indicators linked to policy documents of national development planning integrated in the national monitoring system ✓ Increased budget allocations for poverty-environment policy measures of non-environment ministries and subnational bodies ✓ Increased public expenditures for poverty-environment policy measures of non-environment ministries and subnational bodies ✓ Increased in-country donor contributions for poverty-environment issues ✓ Poverty-environment mainstreaming established as standard practice in government and administrative processes, procedures and systems (e.g. budget call circulars, systematic public environmental expenditure reviews and other administrative procedures and systems)
<p>Long-Term Outcomes</p>	<ul style="list-style-type: none"> ✓ Institutions and capacities strengthened for long-term poverty-environment mainstreaming ✓ Conditions for simultaneous improvement in environmental sustainability and poverty reduction enhanced

For more information

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