



Mainstreaming Environment and Climate for Poverty Reduction and Sustainable Development

A Handbook to Strengthen Planning and Budgeting Processes



UNDP-UNEP POVERTY-ENVIRONMENT INITIATIVE



*Empowered lives.
Resilient nations.*

The Global Environment and Development Context

Environment and natural resources (ENR) such as water, forests, soils, minerals and fisheries form an essential economic base in many developing countries, and their use generates significant economic and social benefits for people—particularly the poor. Seventy per cent of the world's 1.2 billion people who live below the poverty line largely depend on natural resources for their livelihoods. With rapid economic growth and increasing pressure on land and water resources, ENR is being degraded at an unprecedented rate. Coupled with the impacts of climate change, ENR degradation continues to have deleterious economic and social repercussions for the poor. It also has implications for gender equality, as a significant majority of the world's estimated 1 billion rural women depend on natural resources and agriculture for their livelihoods, making them more vulnerable to negative impacts.

Increasingly, governments are working to address the challenges of unsustainable ENR use and climate change. And many are coming to recognize that the links between poverty reduction and environmental sustainability are fundamentally important for the well-being of current and future generations. But even as governments come to realize that our planetary boundaries are being reached, environmental sustainability goals are persistently underachieved in many countries, and the resilience of life-supporting ecosystems is being severely tested. As the priorities of the Post-2015 Agenda are shaped, the linkages between poverty reduction, gender and ENR sustainability must be a central endeavor of development policies. The solution lies in country-led efforts to integrate or “mainstream” poverty-environment objectives into development planning and budgeting processes at the national, subnational and sectoral levels.



What is Poverty-Environment Mainstreaming?

Poverty and the environment are inextricably linked, as the poor often depend directly on natural resources and ecosystem services for their livelihoods. Poverty-environment linkages include vulnerability to environmental risks, such as floods, droughts and the impacts of climate change; livelihood strategies and food security of the poor as these directly depend on ecosystem health and the services they provide; water and sanitation-related diseases, which are one of the leading causes of under-five child mortality; and damage to women's health from indoor air pollution. To address these linkages, governments must look to incorporate the following objectives into their development planning:

☀ Using natural resources sustainably

☀ Adapting to climate change

☀ Focusing on poverty reduction and equity, especially for marginalized groups such as women and indigenous peoples

☀ Working towards inclusive green growth

The iterative procedure of integrating poverty-environment objectives into policymaking, budgeting and implementation processes at national, subnational and sector levels is known as **poverty-environment mainstreaming**. It is a multi-stakeholder effort that entails working with both state actors (e.g. planning, finance, environment and sector ministries; parliament; and local authorities) and non-state actors (e.g. civil society, academia, the private sector, the general public and the media).



The Handbook

The handbook, developed by the Poverty-Environment Initiative (PEI)—a joint global programme of the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP), draws on successful experiences from countries around the world in effectively mainstreaming poverty-environment objectives into development agendas. It provides guidance and tools for policymakers and practitioners to mainstream pro-poor ENR and climate objectives into development policies, plans, budgets and implementation programmes at the national, subnational and sectoral levels.

It sets out a programmatic approach to poverty-environment mainstreaming that includes a range of mutually reinforcing activities and outputs aimed at addressing causes of ENR unsustainability. This approach is cohesive but flexible, able to be tailored to national circumstances. It is largely based on PEI experience in supporting governments around the world to mainstream poverty-environment objectives in development planning and budgeting processes. While the handbook highlights PEI experience and lessons learned, it also features experiences from other initiatives to bring readers the best of current practices and information. The handbook thus provides a model for action and a set of widely valid and credible approaches—particularly for implementing the Rio+20 agenda and, potentially, elements of the post-2015 agenda.

The handbook content is organized as follows:

☀ **Chapter 1: About the Handbook** provides a brief overview of the global environment and development

“We all aspire to reach better living conditions. Yet this will not be possible by following the current growth model... We need a practical twenty-first century development model that connects the dots between the key issues of our time: poverty reduction; job generation; inequality; climate change; environmental stress; water, energy and food security.”

—*Ban Ki-Moon, UN Secretary General*

context and introduces the concept of poverty-environment mainstreaming.

☀ **Chapter 2: Importance of Mainstreaming Poverty-Environment Concerns** examines the urgency of mainstreaming poverty-environment objectives into planning and budgeting processes, and describes key concepts for understanding poverty-environment linkages, including the contribution of ENR to human well-being and pro-poor economic growth. The chapter also explores the importance of natural capital to the wealth of low-income countries and discusses opportunities for and challenges in mainstreaming.

☀ **Chapter 3: Political Economy of Mainstreaming** introduces a programmatic approach to poverty-environment mainstreaming and a theory of change. It discusses finding the right entry points and making the case—actions which set the stage for poverty-environment mainstreaming. It details the specific activities comprising this effort—namely, preliminary assessments; identifying and understanding the poor; understanding the governmental, institutional and political contexts; assessing and strengthening mainstreaming capacities; raising awareness and building

partnerships; and establishing working mechanisms for sustained mainstreaming.

☀ **Chapter 4: Mainstreaming into National Planning Processes** discusses economic development planning processes and presents guidance on how to integrate poverty-environment objectives into national planning processes. It also describes measures to facilitate implementation of mainstreamed national development plans.

☀ **Chapter 5: Mainstreaming into Budgeting Processes** describes approaches to budgeting and financing for poverty-environment mainstreaming, which includes engaging in the budgeting process at various levels and improving the contribution of ENR to public finances. The chapter also describes how budgets actually work, how poverty-environment mainstreaming has contributed to influencing public budget circulars and the assessment methodologies for selecting public investment programmes in support of pro-poor environmental sustainability.

☀ **Chapter 6: Mainstreaming into Sector Strategies and Subnational Plans and Budgets** examines an approach for incorporating pro-poor, gender-responsive environmental measures in sector strategies. It then focuses on issues of governance and how centralized or decentralized systems affect responses to mainstreaming from the national to the local level. The chapter highlights the significance of local government and looks at its various regulatory, planning and service delivery functions with an eye to how mainstreaming at the subnational level can be undertaken. Ecosystem-based approaches and experiences to inform subnational-level development planning and budgeting are also discussed.

☀ **Chapter 7: Mainstreaming into National Monitoring Processes** highlights the importance of integrating poverty-environment objectives into national and subnational monitoring systems, and presents a considered approach and experience-based examples. The utility of a public finance expenditure review exercise for tracking budgeting and spending is explored. The chapter then



discusses other measurements of natural wealth and well-being which can be used to support the integration and monitoring of poverty-environment objectives.

Chapter 8: Managing Private Investment in Natural Resources discusses ways to support governments in managing private investment in natural resources, with a focus on primary sectors or natural resource management areas including agriculture, forestry, fisheries and extractive industries. Mainstreaming will include adopting and implementing a strategic approach for foreign direct investment within the country's overall development strategy; establishing economic and institutional settings and implementing policies to attract and successfully manage FDI; scrutinizing individual investment proposals and negotiating investment contracts; and monitoring investor compliance with relevant laws and project contracts.

Chapter 9: Lessons Learned highlights lessons from PEI's experience in supporting governments to mainstream poverty-environment objectives in planning, budgeting and monitoring processes. The lessons learned have

important implications for policymakers and practitioners in advancing their work at the country level.

The handbook also comprises the following annexes of guidance notes that delve deeper into the topics discussed:

- Institutional and Context Analysis
- Integrating Environment-Linked Poverty Concerns into Planning, Budgeting and Monitoring Processes
- Integrating Natural Wealth in GDP
- Promoting Gender Equality in Poverty-Environment Mainstreaming
- Integrating a Human Rights-Based Approach into Poverty-Environment Mainstreaming
- Advocacy and Strategic Communications

The rich experience and examples shared in the handbook demonstrate how mainstreaming poverty-environment objectives into planning, budgeting, monitoring and private investment can help ensure sustainable ENR management—which in turn can reduce poverty and promote sustainable inclusive growth.



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For more information:

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