



# STORIES OF CHANGE



from the  
UNDP-UNEP Poverty-Environment Initiative



*Empowered lives.  
Resilient nations.*

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# STORIES OF CHANGE

from the  
Joint UNDP-UNEP  
Poverty-Environment Initiative





## Foreword

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Rio+20 signaled a fresh determination to deliver on the promise of over two decades of sustainable development.

The Summit's outcome document — The Future We Want — underlines that reducing poverty is at the centre of a socially, environmentally, and economically sound world.

The joint UNDP-UNEP Poverty-Environment Initiative (PEI) is an inspiring example of how policies targeting the world's poorest people can be cost-effective and help the environment at the same time.

Established during the 2005 World Summit on Sustainable Development at the request of UN Member States, PEI has broken new ground on building poverty and environmental issues into the heart of development planning, budgeting, and implementation. The initiative has been backed by strong support from Belgium, Denmark, Germany, Ireland, Norway, Spain, Sweden, the United Kingdom, the United States, and the European Commission, together with local and international think-tanks.

This publication brings together selected ***Stories of Change*** which we hope will catalyze and motivate governments, stakeholders, and the international development community at large to invest in, and support, poverty-environment mainstreaming across the globe as one element of the transition to an inclusive, green economy.

Starting with a pilot phase in Africa, PEI now operates in 28 countries across 4 regions worldwide, integrating poverty-environment concerns into important sectors and processes, such as climate-change finance, local government and other sub-national processes, and fiscal reform. It continues to strengthen its focus on cross-cutting issues such as governance, gender equality, engagement with all relevant parties, and the incorporation of a human rights-based approach to

development. The key to this success has been the way in which the programme adapts as it learns, responding to governments' needs as they are identified. These **Stories of Change** showcase that innovative and flexible ways of working can be the norm rather than the exception.

This adaptive approach is a work in progress. With the highest level of support from UNDP and UNEP, and in response to Member States' increasing demand, PEI has now developed a joint proposal for the continuation of PEI from 2013 to 2017. Poverty-environment issues, approaches, and capacities will be increasingly mainstreamed into the business-as-usual of the two host agencies, to ensure that poverty reduction occupies a central place in the UN's drive for environmental sustainability.

Poverty-environment mainstreaming is a compelling and effective approach and set of tools and capacities for driving the institutional change which can –and ultimately will - deliver sustainable development. We recommend these **Stories of Change** to policy makers, practitioners, and the development community as signalling the way towards the future we want.



*Helen Clark*

**Helen Clark**  
Administrator  
UNDP



*Achim Steiner*

**Achim Steiner**  
Executive Director  
UNEP



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For more information on the Joint UNDP-UNEP Poverty-Environment Initiative (PEI), please go to [www.unpei.org](http://www.unpei.org) or contact [Facility.unpei@unpei.org](mailto:Facility.unpei@unpei.org)

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*This publication was authorised by the Co-Directors of PEI.*



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# WORKSHOP ON TRAINING NEEDS ASSESSMENT (TNA)

DATE : OCTOBER 24, 2011

VENUE: SPECTRA CONVENTION CENTRE, GULSHAN-1, DHAKA.

Organized By:

Poverty Environment and Climate Mainstreaming (PECM) Project  
GENERAL ECONOMICS DIVISION (GED)  
Planning Commission



# Bangladesh



## Bangladesh pioneers new 'climate change accounts' to reveal the real cost of adaptation

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*The year is 2020. The place is Bangladesh. It is budget day and the Minister of Finance is due to make his report on the country's progress. Bangladesh has undergone some remarkable changes in recent years. Over 26,000 kilometres of road have been reinforced and elevated, 708 kilometres of rail track have been raised by half a metre or more, and US\$ 421 million has been spent on new coastal dyke systems<sup>1</sup>. Even the poorest villages are equipped with early warning stations, and community farmers and women's groups use mobile phones to keep up to date on the latest climate resilient crops and technologies. Robust sanitation systems that can endure extreme floods and cyclones are now in place across the country.*

*Progress has been driven by a highly sensitised system of national and local 'climate change accounting'. The accounts generated allow the Ministry of Finance to track spending on adaptation across all departments to assess the efficiency of their strategies. By calculating the scale of the 'development deficit' caused by climate change, the government is also able to leverage finance both from international payments but also through the country's own fiscal framework.*

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<sup>1</sup> Figures based on predictions by World Bank report on 'Climate Proofing Infrastructure in Bangladesh. The incremental cost of limiting future inland monsoon flood damage'

*Thanks to the efforts of the government of Bangladesh this scenario may soon be a reality. Working closely with the Poverty-Environment Initiative (PEI), the government is developing a sophisticated climate change accounting system which is revealing some startling truths about the scale and shape of the 'development deficit'.*

With 140 million people, Bangladesh is one of the world's most populated countries in the world. It is also one of the most vulnerable to the impacts of climate change. Cyclones, floods and droughts have long been part of the country's history but they have intensified in recent years. Two-thirds of the labour-force directly depends on the local environment for its livelihood, and the severe weather conditions are hitting the poorest communities the hardest.

As a result of the long exposure to natural hazards, Bangladesh is one of the leaders in adaptation strategies, particularly in flood protection systems, disaster management schemes and irrigation programmes. As the climate change challenge has intensified, the country's efforts to protect its communities have extended beyond physical capital investment. From new health services dealing with waterborne diseases linked to the increase in flood waters, to programmes teaching community groups about early warning systems or reskilling the labour force with alternative agricultural methods, the government of Bangladesh is now implementing a wide raft of measures to help their citizens prepare for increasingly unpredictable future.

Local communities are also taking up the adaptation challenge in innovative ways. Farmers are experimenting with 'floating gardens' to allow them to grow produce in the flood waters throughout the year, others are building concrete platforms on which to raise their homes and planting water-thirsty plants around their houses.

Yet, until recently, the government had no way of tracking its spending on climate change adaptation across all of its departments, making it near impossible to assess the effectiveness of their policies. As Paul Steele, PEI regional co-ordinator, describes this is in part because much of the spending happens at the local and community level but also because,

traditionally, climate change expenditure has been associated with the Ministry of the Environment rather than as a cross-ministerial issue. However, on the basis that climate change expenditure was becoming high profile, the Ministry of Finance were keen to investigate the scale of spending across the government. Together with the PEI, they launched the Climate Public Expenditure and Institutional Review (CPEIR).

## New 'climate change accounts'

Merylyn Hedger, a consultant from the Overseas Development Institute (ODI)<sup>2</sup> which has supported the UN to pioneer similar budget review processes around the world, describes how the expenditure and budget analysis went beyond physical capital investment, such as on roads or infrastructure, and analysed spending on social protection including health, education, women and children affairs as a result of climate change. For the first time, the review also analysed spending by the Local Government Division to identify of climate change expenditure at local levels.

Taken together, the review tracked spending on climate change across 37 different departments and assessed 13,000 budget codes. The process was painstaking. It required intricate knowledge of the institutional makeup of the government and unprecedented levels of cooperation. Key champions within the Ministry of National Planning as well as from local government authorities proved critical for seeing the review through to its conclusion.

## A crippling bill

The results of the budget and expenditure review were telling. It showed in stark terms that the vast majority of climate funding is embedded within multi-dimensional programmes across numerous government departments. Taken together, Bangladesh currently spends US\$1billion a year, 6 – 7 per cent of its annual budget, on climate change adaptation.

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2 ODI have pioneered similar studies in a number of countries including Nepal, Thailand, Samoa and Cambodia

The figure is more startling when seen in context of the World Bank's recent estimation that 'Bangladesh will need US\$5.7 billion for adaptation by 2050'. The budget review revealed that Bangladesh is spending nearly a fifth of that a year already.

Contrary to popular assumptions, the budget review showed that it is the Bangladesh government, not international donors, which is picking up the bill. Three-quarters of money spent on climate change in the country comes directly from the government, while one-quarter comes from international donors. The irony of the finding will be lost on few people: the average European citizen emits as much carbon in 11 days as the average Bangladeshi in an entire year. Yet it is the government and the people of Bangladesh who are expected to pay for the escalating costs.

The expenditure review also revealed that poorer households need far more to adapt to climate change. For the extreme poor and landless households, the damage from climate change often significantly exceeds their income, some by more than double the amount. In short, it is the poorest communities in Bangladesh who are being landed with a crippling development deficit.

## Institutional change

Manumur Rashid from the Ministry of National Planning describes how the review created quite a stir within and beyond the Ministry of Finance. In a country where two-thirds of the labour force directly depends on environmental resources for their livelihood the issue of climate change is not relegated to the fringe of political discourse but is now a central electoral issue. Voters need to know how much, and how effectively, their taxes are being spent on responding to climate change. The budget review findings have provided the government with the first bank statement.

The expenditure review has moved the issue of climate change beyond the sole remit of the Ministry for the Environment. By bringing together civil servants from across diverse ministries including from agriculture, disaster management, water resources and local government, the initiative has proven the relevance of climate change to all departments. For Mark O'Donnell, a consultant for the PEI who undertook the financial analysis on the national budget, the levels of cooperation between ministries

pioneered by the process would not have been possible without the commitment of the Ministry of Finance who have come to recognise that the government's expenditure on climate change is one of national economic importance.

## **Informing the global agenda**

The expenditure review is also making an impact beyond national borders. Bangladesh's Minister for the Environment has used the findings in statements in parliament and at international climate change negotiations. As the country is a very prominent player in the international scene, representing and fighting for the needs of other Least Developed Countries (LDCs) grappling with escalating climate bills, the hope is that the figures will support a stronger negotiating position at the global level to leverage the kinds of funds required to fill the development gap as a result of climate change.

## **Dawn of a new fiscal framework**

On the back of the CPEIR process, the Government has recommended introducing a climate budget code so that it can track spending on a more continuous basis across all government departments from health to education, from disaster relief to agriculture. The code would not only be applicable on the national level but also at the municipal level, in order to draw up a much clearer picture of how local authorities are grappling with the practical dimensions of protecting communities and livelihoods.

The budget tracking process is part of a wider strategy now being spearheaded by the Ministry of Finance to introduce a 'Climate Change Fiscal Framework'. The approach will allow the government to track the demand and the supply for funds associated with climate change, as well as the sources of funds available from domestic and external sources. In short, it will provide a live checking account for climate change costs.

For Rashid, it is a significant shift in government thinking. For the first time, climate change is no longer merely an additional demand, it is central to the country's development prospects.

For him, a very different 'budget day' is now in sight - one on which the Minister of Finance will follow his presentation of a national economic budget with the national climate budget.



*Poverty-environment mainstreaming in Bangladesh involves both technical consultations with key sectoral stakeholders, such as the agricultural community...*



*... as well as reaching out to, and meaningfully engaging with, other stakeholders such as women's groups, to ensure that policies incorporate the needs and concerns of all.*



*Discussions aimed at integrating poverty-environment issues into development planning and budgeting take place national level...*



*... and at sub-national and local levels, in order that on-the-ground realities are reflected in decision-making.*



# Lao PDR



## Lao PDR's new rulebook for foreign investment in natural resources boosts local benefits

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*In the remote province of Sekong in southern Lao PDR, deep muddy ditches encircle villages in the Thateng district. These were not dug by villagers to protect themselves from an invading army but by a Vietnamese rubber company to stop villagers' cattle from entering the surrounding plantation. The company was granted a 50 year land concession by the Lao PDR government to manage plantations. Last year, as the rubber estate expanded, twenty-five villages were displaced, and the remaining communities lost access to the surrounding forest, the source of their food and livelihoods.*

*Under the Lao PDR constitution, all land in the country is the property of the state. The evicted communities of the Thateng district were offered no compensation and no alternative land. To protect communities and local ecosystems across the country from suffering similar scenarios, the government is developing a new rulebook for foreign investors. Working in partnership with the UNDP-UNEP Poverty-Environment Initiative (PEI), the government is developing new contracts, tighter conditions and more advanced monitoring systems to make investments work for its communities as well as for the environment.*

The pursuit of foreign direct investment (FDI) in Lao PDR, a philosopher's stone in terms of economic development for many poor nations, has brought mixed results. In the best cases, it has indeed helped to spur economic development, bringing jobs, skills and technologies to a country that is developing quickly.

The economy has been expanding at the average rate of over 6 per cent annual GDP growth over the last decade, much of which is driven by FDI in the natural resource sectors from surrounding powerhouses including China, Thailand and Vietnam. But, all too often in Lao PDR, the societal benefits of FDI have proved elusive. Foreign workers have been brought in to the country while raw materials have been exported out, and profits have accrued in company headquarters beyond national borders. Increasingly, indigenous lands, national parks and areas rich in biodiversity have been put 'up for sale'. Local authorities have struggled to monitor the behaviour of incoming investors resulting in irresponsible chemical waste disposal and unhindered deforestation practices.<sup>3</sup>

"Buy Land. They're not making it any more". Mark Twain's caption, written for American readers of the 'Territorial Enterprise' newspaper in 1862, seems relevant once more, but this time on a global scale. Oxfam's 'land grabs' campaign discovered that foreign acquisitions of land, particularly in the Least Developed Countries (LDCs), has increased dramatically over the last decade. Over 1,200 large-scale land projects, involving 80 million hectares of land, have been sold or leased to international investors since 2001, mostly over the last two years.<sup>4</sup>

## Mapping investments

The PEI, jointly implemented by UNDP and UNEP, is one step ahead of the global story on land grabs. Over the last three years, the initiative has been working with the government of Lao PDR to improve the quality — and not just the quantity — of foreign investments in the country.

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3 Official data from 2005 Ministry of Agriculture (MAF) reported that until 2002 41.5% of the land area was covered with forest. A more current estimate by the end of 2007 from the National Land Management Authority reported a figure of 35%. Foreign Direct Investment (FDI) in Land in the Lao PDR, 2010, GTZ

4 Land Grabs: A growing scandal, October 2011, Oxfam



*Mainstreaming in Lao PDR focusses on key revenue-earning sectors such as sugar cane production...*



*... as well as cross-cutting themes such as capacity-building on, for example, the monitoring of investments into natural resource management.*

In collaboration with the Ministry of Planning and Investment and the Ministry of Environment and Natural Resources, who had little contact with each other prior to the initiative, the PEI began by mapping out the cycle and impact of foreign investments coming into the country. The exercise revealed a chaotic picture. Dating back to 1986, when Lao PDR made the transition from a centrally-planned to a market-based economy, the government has had an 'open-door' policy towards foreign investment.

Prospective companies were not subject to any standard criteria but rather were assessed on a case by case basis focusing on the financial and technical feasibility of the project. The legal contracts detailing development rights were usually drafted by large foreign companies rather than the government, and as such made few demands on the investor particularly in terms of social and environmental responsibility. There was no centralised system by which the government could track on-going foreign investments, and attempts to monitor or guide foreign operations in the country were minimal.

Manothong Vongsay, Deputy Director General for the Investment Promotion Department, describes the first generation of foreign investment, 'We were very friendly. We wanted to attract any kind of FDI in any part of the country, in any sector'. The welcoming attitude proved to be successful. Since 1998 the government has approved nearly 25 billion dollars of investment – mostly foreign and concentrated in the mining, hydropower and agricultural sectors.<sup>5</sup> Unfortunately, many of the newly arrived houseguests took advantage of the relaxed set-up.

## New rules

The PEI programme found that due to the cumulative scale of poor quality investments, the problem could not be tackled by a single initiative but rather had to be dismantled and confronted from many different angles. Each phase of an investment life cycle, from arrival to departure, offered a different entry point for change.

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5 Vientienne Times, quoted by the Land Issues Working Group <http://www.Laolandissues.org/2012/07/10/land-dispute-villagers-released/>

Working alongside the government, the initiative addressed the arrival conditions for FDI into the country. On the basis of a evaluation of sample of agricultural contracts for crops such as rubber and sugar cane, for the first time the government was able to measure the extent to which the contracts helped deliver on their national strategy to 'reduce poverty, enhance development of human capital and have least impact on the environment' (National Strategy for Private Investment Promotion and Management in Lao PDR). The process not only revealed the social and environmental deficiencies of current contracts, but demonstrated how the Lao PDR economy could benefit from more long-term sustainable investment patterns.

Encouraged by the findings of the analysis, the Lao PDR government requested PEI support them to develop a new model contract for all subsequent agricultural agreements. The revised agreement ensures that the foreign company commit to promoting job creation, environmental standards and poverty alleviation. While the model contract is still being finalised, clauses have already been used in negotiations with potential investors.

For the villages of Thateng, such a contract would have empowered the government and local communities to better monitor the behaviour of the company to avoid such a scenario occurring.

## Monitoring behaviour

The quest for high-quality investment may start as foreign companies cross the threshold, but will only be realised in full if the company's operations are monitored and managed continuously. Until now, provincial governments in Lao PDR have had no means of tracking or evaluating investments into their districts.

The PEI team has been working with provinces across Lao PDR to help local planners design, plan, monitor, and enforce investment contracts. Today, using a database built by PEI which documents investments across the country, planning officers are able to track what is happening and where. They are also equipped with a new Investment Monitoring Framework that allows them to assess the economic, environmental and social impact of investment on a continued basis.

## A nation-wide approach

The changes at the provincial level have been supported by national efforts. The government is now reviewing approximately one-third of the investments coming into the country. The National Assembly's hotline, established in 2004 to allow the Lao PDR public to submit issues of concern to parliamentary staff is inundated with calls regarding land rights and compensation. And now for the first time, mid-level planning officers are equipped with legal tools for responding, investigating and acting on those appeals.

In June 2012 the Ministry of Planning and Investment in Lao PDR announced a four-year suspension on new land concessions for rubber plantations and new mining licenses. Though not the first of its kind, the Minister of Planning and Investment, Somdy Duangdy, suggests that it signifies a new generation for foreign investment: "We will now inspect all approved investment projects," he said. In future, "before approving any more projects, we will ensure that a thorough survey and allocation of land is undertaken".

## The next generation

The on-going mission of reforming foreign investment into Lao PDR remains substantial given the scale of institutional change and capacity development required. The country suffers from a lack of finances and equipment, and there is still more technical training required for government officials responsible for reviewing Environmental Impact Assessments (EIAs) and monitoring investor compliance.

For Grace Wong, a former PEI Technical Advisor, one of the biggest obstacles proved the limited outlets for community input into the national decision-making process. While PEI's work with the government has catalysed practical responses to some of the immediate issues of poor foreign investment, there are still the thornier issues of land use, planning and tenure that have yet to be addressed.

Now that the momentum for change is underway, the PEI is well placed to use its role as a convener to support Government, donors and NGOs tackle these more weighty challenges.

## Conclusion

In October 2012, the Lao PDR government set up a task force to investigate the dispute in Sekong's Thateng district. According to a government official [the taskforce] 'will travel south to address the grievances of the people'.<sup>6</sup>

Historically, the village residents have had little more than petitions and protests by which to make their case. If the work of the government continues in the same trajectory, in the future they will be protected by more powerful legal tools to safeguard their livelihoods and their local resources. The country is moving one step closer to ensuring that investment is judged by the quality of its social and environmental impacts - and not just its quantity in economic terms.

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6 Land Issues Working Group website: <http://www.laolandissues.org/2012/10/02/land-dispute-task-force-formed/>



*Participatory approaches are employed to ensure that women's voices are heard during the consideration of different investment options.*



*Local markets offer important income opportunities for farmers throughout the country.*



*Natural resource management remains the mainstay of the Lao PDR economy..*



*.... and livelihoods are threatened by natural disasters such as flood damage, seen here in Oudomxay Province.*



# Malawi



## Malawi changes course after analysing the real costs and benefits of policy choices

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*From the shoreline of Malawi's great lakes each evening you can see lights blinking on its surface as fishermen hang lamps to attract fish to their boats. It is from here that the famous 'Chambo' comes, a white bream fish and a much cherished national dish. As one local tells me "you have not visited Malawi until you have tasted Chambo". But in recent years the fish stocks in Lake Malawi have been declining. Fishermen have been forced to move further into the deep waters of the lake to find their catch, requiring new equipment that most can ill afford.*

*Far away, on Capitol Hill in Lilongwe, in the corridors of central departments and ministries, the government is very aware of the kind of devastation that waning fish stocks are having on their communities. Fisheries generate jobs for 400,000 people and livelihoods for 2 million Malawians, and fish provides up to 40 per cent of the protein for the whole country.<sup>7</sup> The pressures of overfishing are being exacerbated by shorter rainy seasons as a result of climate change, which reduces water levels in the country's lakes and disrupts fish breeding and nursery sites. As stocks deplete, local fishing communities are being forced to*

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7 Malawi – Summary of economic valuation of natural resources study, 2010, PEI

*look to alternative activities to earn income to feed their families and materials to fuel their homes. One alternative is the burning of charcoal, which has led to higher rates of deforestation in rural areas.*

*Prompted by new economic analysis and evidence of poverty-environment linkages, the government of Malawi have shifted the course of their national development strategy at the highest possible levels. The new approach is catalysing change throughout the tributaries of government to build more resilient futures for local communities and ecosystems across the country.*

The cycle of environmental degradation and poverty is one all too familiar in Malawi and extends far beyond the country's fishing grounds. Having witnessed increasing rates of deforestation in Malawi over the past decade Nyuma Moghogho, Assistant Director of Forestry, comments that 'Forestry's core business is protecting trees, but if people are so poor that they have no option than to cut them down it is a hard task'. In the Department for Wildlife, a beleaguered Deputy Director sits at a desk stacked with letters about the legal proceedings for poachers caught operating in Malawi's natural parks, a trend that has increased as food security has become a bigger issue in rural areas.

Until recently, recognising the linkages between poverty alleviation and government spending on the environment has been a big challenge. Working for the Ministry of Tourism and Culture, Brighton Kumchedwa comments, 'in a country like Malawi where poverty levels are so high, to say that we need to look after our wildlife sounds like we do not care for humans'.

## Counting the costs

In January 2011 a study initiated by the Poverty-Environment Initiative (PEI), a joint programme of the UN Development Programme (UNDP) and UN Environment Programme (UNEP), shifted the terms of the debate. For the first time, the costs and benefits of sustainable and unsustainable natural resource management in Malawi were quantified and compared in four areas, forestry, fisheries, wildlife and soils. In stark terms the findings showed that unsustainable natural resource use is costing

the country the equivalent of 5.3 per cent of GDP each year, more than the total funding allocated to education and health in the 2009 national budget. It also revealed the untapped potential of the country's wealth of natural resources for tackling extreme poverty. Soil erosion alone reduces agricultural productivity by 6 per cent, and if this yield was recovered, an additional 1.88 million people would be lifted out of poverty by 2015.<sup>8</sup>

The study marked a turning point for both the government and its development partners. Jan Rijpma, working for UNDP, comments that the analysis proved that 'we don't do environmental programmes just because we want to protect a forest. They have a development meaning, they make economic sense'. For civil servants working in several sectors, the power of the report was that it was written in a currency that everyone could understand irrespective of their particular priorities. Previously under recognised sectors such as forestry and wildlife were shown to contribute 6.1 per cent and 2.7 per cent of the total share of GDP (up from 1.8 per cent and Zero per cent in official statistics).<sup>9</sup>

Maurice Makuwira, who manages extension services in the fisheries sector, describes how the study has galvanised government and broader stakeholders, 'I've sat in meetings where everyone is referring to the analysis that was done, where they're saying "look at these figures". For him, the economic analysis not only demonstrated the macro-economic contribution of natural resources to GDP but showed the links between investing in ecosystems and poverty alleviation and has marked a shift in the way that all government institutions understand the issues.

## From source to mouth

The findings of the economic analysis went far beyond the corridors of government. As a result of PEI's outreach work they also hit the national papers with headlines of 'US\$191 million lost on natural resources yearly' (**The Malawi Democrat** and **The Nation**). The headlines built on a wider narrative being

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<sup>8</sup> Economic Study – Economic Analysis of Sustainable Natural Resource Use in Malawi, January 2011, PEI and Government of Malawi

<sup>9</sup> Ibid

spearheaded by the PEI through the launch of the Malawi State of Environment and Outlook Report (MSEOR). The publication provided a stock take of the state of natural resources and the environment, and brought together a wide range of academics and technicians from across the country.

Daisy Kambalame-Kalima, a representative of a local NGO working with the private sector and civil society, describes how collectively these publications are providing local advocacy groups with the tools and the confidence to lobby the authorities. Just last year an oil company hoping to secure exploration rights on Lake Malawi was defeated by evidence from civil society organisations. Similarly, the Forestry Department are now being approached by tobacco companies and local businesses offering to support tree planting activities.

David Smith, PEI's Regional Manager, recalls that 'we didn't receive one strongly negative pushback from the economic analysis [from the government] even though what it was saying was really tough'. He puts this down to the novelty of PEI's approach, which seeks to go to heart of the decision-making process. In Malawi, the nerve-centre of the government is the Ministry of Economic Planning and Development. It is from here that the long term strategic decisions are made, and it is on the basis of their recommendations that budgets are decided and allocated by the Ministry of Finance. One civil servant describes it as the source of the 'master-plans from which all else follows' so it is the only place from which to affect institutional change.

Establishing the PEI at the Ministry of Economic Planning and Development was met with some resistance. Themba Kalua, a Malawian national working for UNEP who was involved in setting up the PEI office three years ago, describes how it was an uphill struggle to convince all departments of the necessity of being based in such a central department, 'most people thought that we should be in the environment ministry'.

PEI starts from the premise that to mainstream environmental protection and poverty alleviation into the arteries and veins of government, it must get into the core of planning agendas and processes. For Smith the most critical part of the work in Malawi started months before the initiative had launched: 'We carried out repeated scoping studies of how the government really worked,

not just at the macro level but also at the sector level'. By mapping out the institutional 'lay of the land' PEI were able to trace lines of decision making, pinpointing different pressure points in the system. This scoping stage was followed by a series of field visits, meetings and presentations with government ministries. The Director of Economic Planning, Yona Kamphale, recalls the moment that both he and his Principal Secretary were convinced of the approach, 'Being an economist, you listen to the arguments, you see the linkages'. 'It has made us understand that the issues of the environment are not for one person. It is an issue for everyone'.

## Shifting course

PEI's tactic of painstaking planning and relationship building, an over-arching strategy, has proved critical to some of the changes happening in Malawi. The national plan (the new Malawi Growth and Development Strategy II for 2011 – 2016) detailing the macro-economic direction of the country for the next five years, identifies climate change and natural resource management as one of the nine priority areas for the country. In the next five years the government would like to allocate 19,028 million kwacha (approximately US\$ 50 million at May 2013 exchange rates) to environmental programmes and ensuring that all sectors prepare themselves and ward against a changing climate. While this figure is still dwarfed by spending on other sectors, such as spending on HIV/AIDs and education, it marks a significant turning point for a government who had previously not invested significant funds in the environment as a means of tackling poverty.

## Sector transformation

The shift in direction at the national level has prompted change across the sectors. In the case of fisheries, the new policy, currently being finalised, has a stronger emphasis on the protection and restoration of the shallow waters in order to sustain capture fisheries and the livelihoods they support. At the same time, it promotes aquaculture fisheries as an alternative source of investment, but introduces tighter regulation for the private sector. New monitoring stations on the lakes of Malawi will track any

changes to the water quality as a result of new cages or aquaculture feeding practices. Similarly, the new approach puts more emphasis on the role of fisheries in providing a source of nutrition for the country, and measures are in place to ensure that the final product reaches the consumer in good condition. The strategy encourages communities to influence policy decisions-making and play an active role in monitoring social and environmental standards in the fisheries sector.

## From policy to practice

Now that the national and sectoral transformation is underway the more herculean challenges of implementation still lie in the future. Daisy Kambalame-Kalima points out that the principles need to be translated from blueprints to daily decisions, and for her there are still some inconsistencies in government policy. Supported by the World Bank, the Ministry of Agriculture and Food Security spends 85 per cent of their budget, approximately 10 per cent of the national budget, on the Farm Input Subsidy Programme, which subsidizes improved inputs like hybrid (maize) seeds and fertilizers. The sheer scale of the subsidy is hindering investment in other areas and there are question marks around the impact that such high doses of synthetic fertilisers are having on the local ecosystems. As yet there are no plans to tackle the issue of subsidy reform.

## Conclusion

The process of hardwiring the connections between poverty and environmental protection into Malawi's core development strategy is well underway. The changes are happening upstream and it will take time for all of the affects to filter down through the many tributaries of government. But, for the lives of fishermen and women on the lakes of Malawi the shift in policy direction signifies more stable incomes, greater resilience to climate change and new opportunities for local entrepreneurship. As long as the momentum for change is not lost, it will also mean that that the famed Chambo fish species will thrive for future generations.



*Forests in Malawi supply the majority of the population with fuel for cooking as well as building materials for industrial and domestic uses.*



*Fishing is a major occupation, source of income, and principal provider of dietary protein for the people of Malawi.*



# Tajikistan



## Tajikistan overhauls its whole planning process with the 'triple bottom line'

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*In the Gonchi district in the Sughd region of northern Tajikistan a group of women tend to batches of crops in a solar greenhouse. In spite of the cold weather, the crops are doing well and will continue to flourish throughout the winter months. The produce, which includes tomatoes and cucumbers, not only provides a vital source of food for the women's families but the surplus can be sold to other villages in the district. Over a six month period, each greenhouse can generate up to US\$3600, an essential income source for them and their families. Over the last year the new women cooperatives have learnt how to tend crops, make organic compost and run the greenhouses as successful micro-enterprises.*

*The solar greenhouses are just a tiny glimpse of the change that is happening across Tajikistan as the government has started to rewire its planning processes from top to bottom. Revised development plans, new indicators and practical guidelines are helping to drive investment towards new green enterprises in some of the poorest communities, proving that the triple bottom line approach of 'people, planet, profit' can jumpstart progress.*

In Tajikistan, known to some as the 'land of rugged mountains', productive soil is a precious asset. Agriculture provides the backbone of the economy and supports the livelihoods of two

thirds of rural communities. Yet the steep terrain that characterises the country means that only 7 per cent of land in Tajikistan is suitable for farming. As pressure on available land has mounted so too have unsustainable agricultural practices, leading to depleted soils, deforestation and waning productivity. The challenges have been further exacerbated by climate change.

While Tajikistan's national development plans (National Development Strategy and Poverty Reduction Strategies) describe the need for environmental sustainability, the country has struggled to convert their objectives into meaningful progress on the ground. Manuchebr Rakhmonov, an economic advisor to the government working for UNDP, explains how 'national budgets as well as local budgets suffer a lack of resources and are mainly oriented to satisfy social needs, so it is a challenge for planners to allocate funds for introducing and supporting good environmental initiatives'.

Since 2010 the government of Tajikistan has been working with the Poverty-Environment Initiative (PEI) to tackle the dual challenge of environmental protection and poverty alleviation. In view of limited budgets, the government was keen to demonstrate to communities and fellow policy-makers that investing in the environment could support their longer-term objectives to help the poorest communities. By working in partnership with the Ministry of Trade and Economy (MEDT) as part of the UNDP cross-thematic Communities Programme, the initiative has been working at all levels of government to show that a poverty-environment approach is one that can spur enterprise and support new livelihoods as well as restore ecosystems.

## Building on existing machinery

Having assessed the entire planning process, from the national down to the local or 'jamoat' level to find the pressure points for transforming the policy cycle, the government discovered that one of the key bottlenecks was at the sub-national level. In some cases, the plans barely acknowledged environmental issues, while district and regional authorities lacked the training or the capacity to assess the state of their natural resources. The Sughd region in the north of Tajikistan generates 40 per cent of

the industrial and 30 per cent of the agricultural production of the entire country. As an engine of growth for the country, it has been the focus of much investment both from the government and from international donors.

In line with PEI's strategy of working with existing institutional arrangements, the initiative partnered with the multi-donor Regional Growth Programme (RGP), implemented in 14 districts and 65 jamoats of the Sughd Region, to rework its development plans. Henrieta Martonakova, regional programme focal point for PEI, describes the importance of building on a programme that was already underway, 'By working with established mechanisms, rather than designing new machinery, we were able to build on the work already underway and the relationships with key stakeholders'.

On the back of PEI's interventions, for the first time, representatives from the country's environmental department (Committee for Environmental Protection) were given a place at the table to develop the regional development plans. Working closely with community leaders and government representatives, the initiative developed guidelines to help district planning officers integrate poverty-environment issues into their development planning process.

As a result of the work, the Sughd regional development plan and all fourteen district plans describe poverty-environment issues. Planners around the country can now learn from the experiences in the Sughd region via a handbook that details in practical terms how to bring poverty-environment into the planning process. The national statistics agency has also now incorporated the indicators developed at the regional level into its database in order to track and monitor the new objectives.

## Redirecting investment flows

Zufira Pulatova, the former National Project Manager for PEI, describes how overhauling the planning process at the sub-national and district level required proof of how the approach could bring benefits; 'Initially, local government representatives and communities saw us as environmentalists. They were not convinced that the approach would bring economic benefits.

We needed to have evidence and to show in practical examples that the approach could work’.

The PEI discovered that key financial flows into the Sughd region were not informed by environmental or social criteria. The international donor led Trust Fund mechanism was aimed at job creation and income generation; while local micro-finance lenders, who provide an important source of investment for communities, were offering loans on the basis of a single criterion; return on investment.

Dilafruz Mavlyanova, an economic advisor with UNDP working with the RGP, describes how on the one occasion when one local micro-finance institution had offered a ‘green’ loan in 2009, there had been no interest from local communities because they too were unconvinced that such enterprises could make a profit.

Working with PEI, local authorities set out to explore the kinds of business initiatives could bring profits as well as improve lives and ecosystems over a long term period. Local communities were supported in identifying ‘green’ products and services, which were then evaluated by representatives from the environmental department. The process of working alongside communities proved an important means of engaging and building the capacity of local people to understand the environmental impact of different business ideas.

Today over 65 enterprises are supported by the regional trust fund mechanism that answer both environmental and poverty reduction criteria. There are also numerous other projects ranging from irrigation wells and organic composting systems to waste disposal units encouraging recycling. Similar to those in the Gonchi district, there are now 10 cooperatives in action supporting jobs for 30 women as well as an alternative - and in some cases only - family income throughout the cold winters. For the first time, women are taking an active role in local economic activity rather than having to rely on unreliable remittances from abroad.

## Transforming the national approach

The success of the new approach at the sub-national level has proved an important evidence base for national policy makers.

Zufira Pulatova describes how 'Now that we have shown in practical terms the impact at the regional level, the Ministry of Finance has been convinced by the approach'.

Working closely with the government, PEI has helped to develop the next national mid-term strategy for the country. Martin Smutny, a technical advisor for PEI, emphasised how the process brought together a team of government departments, NGOs and business partners to review the plan in detail.

The national strategy has yet to be finalised but it is likely that some of the key areas, such as energy and water resources, will be revised with a new poverty-environment focus, which ultimately will help to reallocate budgets towards more sustainable development.

Smutny comments that the progress at the national level is very encouraging but that to ensure the biggest impact, the intervention needs to start at the beginning of the review process, and that 'Impact doesn't hinge on analysis. Government agencies ranging from energy, transport, and agriculture all have different priorities, so it is important to allow them as much time as possible to understand the implications of the nexus to their priority'.

Many stakeholders also stress that the lack of cooperation between ministries in Tajikistan continues to prove a considerable obstacle. Prior to the PEI's work in Tajikistan the Environmental Protection Authority and the Ministry for Economic Planning had rarely met. Now that relationships have been forged between the different Ministries, it is critical that the work continues into implementation and the development of sector plans.

## Conclusions

The government of Tajikistan is overhauling all aspects of the development process, from the plans on the table, through to the investment flows and the monitoring arrangements. While there is still a long way to go, the method is already proving that a triple bottom line can deliver tangible results. For the women's groups in Gonchi and communities around the country the new approach is providing them with a more stable and independent future.



*Mountainous and remote, Tajikistan has spectacular rural landscapes...*



*... but less than 10% of the land area is suitable for agriculture, in this case cotton, which is the country's leading agricultural commodity.*



*Providing access to improved drinking water - which has many knock-on social and economic benefits - is a major challenge in remote rural areas...*



*...and the demand for firewood for heating and cooking drives deforestation in some areas.*



# Uruguay



## Sharing the waste, sharing the wealth: Uruguay uses the law to catalyse the transition to an inclusive green economy

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*In a depot near Canelones, Uruguay, a team of men and women wearing boiler suits and safety gloves separate glass, cans and plastic on a conveyor belt. Machines cleaning and packaging the materials for recycling can be heard whirring in the background. Crates packed full of newly recycled plastic bottles line the walls of the warehouse waiting to be sent to the processing plant. It is near the end of the day and the workers will soon be collecting their earnings and leaving for the day.*

*Before joining the waste cooperative, Ave Fenix (The Phoenix), the workers were part of an informal labour-force which gathered rubbish from the streets and sprawling landfill sites around the city in search of recyclable materials. Due to the lack of official sorting sites, the waste collectors were forced to use the sides of roads, nearby wastelands or even their homes to sift through the rubbish. Leaking batteries, dirty nappies and contaminated needles were just some of the hazards they were exposed to on a daily basis. For many, the conditions and risk of infection were overshadowed by the indignity of the daily work and the harassment they were subjected to on the streets of the city. As informal workers they had no contracts, no pension, no guarantee*

*of work and they were powerless to demand better working conditions. Informal waste collectors have long been the invisible but essential link in the waste management cycle – until now.*

*For the first time, waste recyclers in Uruguay are recognised by national law - giving them the right to decent working conditions, stable salaries and social protection. Prompted by a new understanding of the linkages between poverty and environment at the national policy level, the government of Uruguay is committing more funds and resources to apply the same lessons to other major issues confronting the country.*

The waste industry is big business in Uruguay. In a country where 92 per cent of the population live in urban areas and 40 per cent of the country are Montevidians, in the capital alone up to 800 tons of household waste is processed daily. In the push for a greener economy the plan is for that figure to increase substantially in the coming years. An important link in the waste cycle is the gathering, sorting and selling on of materials to be recycled. Traditionally, the work has been carried out by a workforce of informal waste recyclers - according to government estimates, 30,000 people in Montevideo are involved in this sector.<sup>10</sup>

In the past, waste management has been seen as an environmental issue in Uruguay and one that primarily concerns municipalities. Working in partnership with the Poverty-Environment Initiative (PEI), a joint programme between UNDP and UNEP, the government is now approaching the issue from a very different angle, one that considers the human, as well as the ecological, dimensions of the waste cycle.

## Mapping the problem

To understand the different stages of the waste cycle, and the scope to improve its environmental and social performance, PEI brought together the Planning and Budget Office, the Ministry of Social Development and the Ministry of Housing, Land Planning

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<sup>10</sup> Webpage: <http://www.undp.org/content/undp/en/home/presscenter/articles/2011/11/09/uruguay-recycling-waste-into-livelihoods.html>

and Environment. Gabriel Labatte, PEI Regional Coordinator, recalls how initially government representatives, though familiar with the theoretical links between poverty alleviation and environmental protection, were not convinced that both dimensions could be tackled by a joint policy framework and bring about change on the ground. But by working together to map out the whole waste management cycle, they came to see that this was not merely an issue of resource efficiency or environmental protection. It was one of health, due to the unsanitary conditions that workers were subjected to; it was one of social policy, including child labour and access to social security; and it was one that shaped the prospects of some of the poorest communities in Uruguay.

## Re-framing the law

Together, the ministries turned their attention to the current institutional arrangements for the waste cycle, particularly the Packaging Law created in 2004 to promote the reduction, reuse, recycling and recovery of disposable packaging, which was already under review. The law was aimed at clarifying institutional responsibilities, such as those of the supermarkets and manufacturers to recycle their goods, rather than the role of informal waste collectors – the human link in the chain. Supported by the PEI, the government has now been working to revise the Packaging Law to support new management systems that focus explicitly on the role that informal workers play in the waste cycle. A centralised plan was launched under the aegis of the Uruguayan Chamber of Industries to build 'clean recycling circuits' that prioritise the recruitment of informal workers.

## Law into practice

In the process of devising the national policy, central government ministries were keen for more evidence as to how it would be realised on the ground. So, working closely with the Canelones municipalities, the initiative trialled the new management systems in four pilot waste cooperatives, including the Ave Fenix depot, developing business plans that would not only support their operations and bring in a stable source of income for all of the

workers, but would also provide a decent standard of work and access to social security.

For Viviana Basanto, of the Ministry of Social Affairs, the work at the cooperative level was critical for understanding the human dimensions of the waste cycle for the first time 'PEI's analysis made this a social issue. It brought the vision of our ministries closer together'. On the basis of findings from the pilot cooperatives, the PEI initiative was able to model the national level policy framework to ensure that aspects such as health, sanitation, and social security were prioritised in the management models.

Today, an estimated 270 waste workers are involved cooperatives similar to that of the Ave Fenix in Canelones. Local government provides sanitary recycling depots and sorting equipment. Waste recyclers receive basic social protection measures as well as twice the minimum wage. Above all, workers describe how the employment is giving them back their sense of dignity and self-esteem. The cooperatives are already performing well, achieving a recovery rate of 17 per cent of solid waste. Just as the name Ave Fenix (The Phoenix) implies, the waste cooperatives are providing people with the chance to reconstruct their lives, but this time on a more secure and stable footing.

## Uptake of the law

Building on the work at the cooperative level, the mayor of Canelones has launched a city task force that brings together representatives from across all departments to tackle the issue of waste management at a larger scale. The taskforce is building a new management system for dealing with the waste from large enterprises that also creates opportunities for formal work and social inclusion of informal recyclers. Similarly, in Montevideo, where the majority of informal waste collectors live in chronic poverty, is now implementing the Packaging Law at a larger scale.

The PEI is now working on a national assessment of five of the country's departamentos to assess the extent to which new management systems are being taken up and how they can be improved using the experience in Canelones as a practical example of how the law can be used to tackle poverty and social inclusion.

The government of Uruguay is aware that it will take time to apply and develop the Packaging Law across the whole country. It will require active engagement on the part of local and municipal level authorities, and will also need to be sensitive to the local context. As Jimenez Perez, PEI National Coordinator, notes their work has demonstrated how the cooperatives model is not a panacea for all of the communities working in the informal waste sector, many of whom have not only suffered from the effects of chronic poverty for many years but are also afflicted by illness and alcoholism. Jorge Rucks, National Director of the Environment, notes that the number of waste workers engaged in cooperatives is still very small given the scale of the problem in Uruguay, and that there is still much work to be done. However, for him, the strength of PEI's approach is that it brings work on policy down into tangible results on the ground. 'PEI has helped bring down our political statements, our policies, to transform them into something real and concrete', he says.

## **Institutional transformation**

For Jorge Rucks there is also the longer term significance of PEI's work in the country. The initiative has forged new links between the different government departments and agencies in ways that they have struggled to achieve in the past. 'PEI has been very important to achieve articulation within state agencies because we as a government have tried to find ways to break the partial vision that one department is responsible for the social aspects, another for health, another for the environment'. The experience of working collectively on waste management has shown the advantages of pooling budgets to generate benefits across different social, economic and environmental challenges.

As a result of the work on waste management the Ministry of Social Development has agreed a six-fold budget increase to support the integration of poverty and environment into its development policies, including that of waste management, over the next five years (from US\$350,000 in 2010 to US\$2.15 million in 2014). The decision marks a significant shift in the government's approach and a commitment to ensuring that the connections between poverty alleviation and environmental protection are brought to the forefront of national policy-making.

The Office of Planning and Budgets (OPP), which holds the purse strings for all ministries, is now so convinced of a more integrated approach that it has scaled up its work on strengthening the linkages between poverty and environment into its planning process. An additional 10 staff positions have been established and national funds have been earmarked to develop the work across different sectors. Gabriel Labbate, regional manager of the PEI, considers that the organisational changes signify a longer-term commitment to tackling the interface between poverty reduction and environmental protection ‘the reorganisation of a key unit in the Budget ministry will mean that it will be the one able to continue the work long in to the future’.

## Modelling the just transition

Around the world, governments are gearing up to make the shift to greener economies. It is their labour forces who make that transition possible, but all too often those workforces are invisible or under-represented. By exposing the essential role that waste collectors play in the recycling cycle and using existing legal frameworks to protect those workers, the government of Uruguay has helped to model what a fair and positive transition looks like in practice. Let the approach be an example to the rest of the world.



*The formalisation of previously informal, unregulated, and unprotected workers has multiple social, economic, and environmental benefits.*



*Ave Fenix cooperative workers separating and recycling domestic waste - an example of poverty-environment mainstreaming for an inclusive, greener, economy.*



# Global Story



## The architects of change

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*How governments are re-wiring their institutions and re-building their national plans for a more resilient and equitable future*

With 2015 around the corner, one question dominates the global development agenda; what will replace the Millennium Development Goals?

Twelve years on from the historic Millennium Declaration, the indicators show that our failure to protect our environmental systems is undermining much of the progress that has been made in helping the world's poorest communities. The stories from around the globe are all too familiar.

Small-holder farmers in Tanzania have been suffering smaller yields as a result of soil degradation; communities in Bangladesh are struggling to cope with increasingly erratic weather conditions as a result of climate change; indigenous peoples in Latin America and South-East Asia are searching for alternative livelihoods where high levels of deforestation have robbed them of their principal economic assets. It is now clear that the post-2015 agenda must tackle the relationship between poverty and sustainability if it is to bring about long-lasting change.

The major challenge for international actors now is to bring these two objectives together in the same framework. As noted by UNDP Administrator, Helen Clark, in Costa Rica in March 2013 "the relative lack of success on MDG 7 relates in no small part to the failure to make clear links between ecosystem integrity, poverty eradication, and equity.

Given the priority so often given to economic growth, one has to assume that if decision-makers thought growth was being threatened by environmental degradation, they would take greater care to assess its environmental impacts. We need to build joined-up thinking for sustainable development into the next global agenda, as Rio + 20 has inspired us to do.”

While the international community is trying to agree upon adequate conceptual frameworks, a closer look at a number of countries working with the UNDP-UNEP Poverty-Environment Initiative (PEI) shows that governments have already taken up the challenge in tangible and practical ways.

Governments in more than twenty countries are re-engineering their institutions and re-wiring their policy systems with the dual aim of poverty alleviation and environmental protection. The mission is not easy. It requires new tools, a different vision and an understanding of the mechanics of decision making. But it is laying the foundations for more sustainable economies that protect people and preserve the planet.

## A new generation

Efforts to bring the three pillars of sustainable development into a single policy lens have a long history, dating back to the national conservation strategies of the 1980s and ranging up to the Poverty Reduction Strategy Papers of more recent years. Despite progress in many areas, such plans have struggled to bring about enduring and institutional change.

Framed around internationally — defined precepts and led by international institutions, all too often, well-intended and comprehensive national sustainable plans were drafted in isolation from central planning or finance ministries, while poverty-environment initiatives devised by the donor community often led to a multitude of disparate micro-projects and ‘solutions’ rather than systemic and governance transformation.

PEI was founded on a different basis. Learning from the past, it was initiated in response to calls from developing country governments themselves. It built on national realities through the work of national teams and not only an international framework

and international experts. It quickly identified opportunities to support decision makers in the heart of the finance and planning ministries to drive long-term and institutional change.

As noted by the Norwegian Minister for International Development, Heikki Holmas, during Rio+20 in 2012, “PEI is exactly the kind of initiative we now need: it combines environmental concerns with poverty reduction, it assists developing countries in very practical ways to plan and develop a greener economy, it works through existing structures rather than setting up new ones, and it responds to the country specific requirements rather than imposing a one-size-fits-all model from outside. Long-term and multi-dimensional, we are starting to see real institutional change as a result of the joint efforts of UNDP and UNEP through PEI.”

## A different set of tools

Governments working with PEI use the discipline of economics to better understand – and communicate – the poverty-environment challenges. From cost-benefit studies to expenditure reviews to assessments quantifying the value of national and social capital, PEI tools are proving instrumental for understanding the scope, scale and dimensions of the issues at the national level. This marks an important shift: rather than relying on general arguments for sustainability or inclusive policy approaches, ministers have been able to quantify the costs and the benefits of different investment choices in a currency that the whole government can understand.

Linking with a range of related experiences and resources, including similarly ground-breaking initiatives such as the UNEP Green Economy Initiative, and the World Bank Wealth Accounting and Valuation of Ecosystem Services (WAVES) partnership, PEI seeks to express poverty-environment opportunities (and costs) in economic language, so economic decision-makers take note.

The economic lens has helped governments convince their fellow decision makers, and indeed their electorate, of the necessity for change. For example, the government of Rwanda quantified the economic value of the natural resources in the country. On discovering that the degradation of wetlands and forests was forcing up the cost of electricity for their communities by a staggering 167 per cent, the government brought in a new

programme for implementing sustainable farming techniques and supporting new livelihoods. As a result of the push, wetlands have now been restored and water levels are back to original levels. For Rose Mukankomeje, the Director General of the Rwanda Environment Management Authority (REMA), 'the results of the study were instrumental in the analysis of existing planning mechanisms and facilitated the identification of priorities within the environmental sector'. For her, the experience of working across different departments and drawing on different areas of expertise was also a 'clear demonstration that true partnership breeds success'.<sup>11</sup>

Often for the first time, governments working with PEI are conducting public expenditure reviews of their environmental spending. Opening up their budget books is revealing some unexpected findings. In Bhutan, a 2011 review showed that the government is spending 6 per cent of its GDP on environment, a high percentage even in the developed world. Yet, it also revealed some inefficiencies of that spending, and pointed towards how the plans could be improved and strengthened to ensure that they deliver the kind of change needed. The government is now driving forward a package of reforms to improve the effectiveness of their spending measures.

## Aligning different cogs

One of the most significant challenges of tackling sustainability and poverty reduction is the need to coordinate between multiple ministries and departments. Climate change is just one of the issues that has system-wide implications, ranging from the impacts on health and education, to infrastructure and disaster preparedness, and requires governments to make new connections across different parts of the system.

In Malawi, the government designed a new poverty-environment coordination unit that has brought ministries and departments together for the first time, and is now being used as a model of a cross-government approach led by the Ministry of Planning.

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<sup>11</sup> <http://www.unpei.org/PDF/Rwanda-Economic-Analysis.pdf>

Similarly, in Uruguay, linkages formed between different departments to tackle the issue of waste collection are now being replicated elsewhere across government institutions.

## Delivering as One UN

The problem of institutional fragmentation is not specific to governments. In the past and all too often, the UN and other donor agencies discovered that they worked in the same countries and tackled related problems, yet struggled to work in partnership.

The UNDP and UNEP partnership for PEI represents a good example of inter-agency cooperation within the UN system. From the outset the initiative aimed for joint decision-making, joint funding and joint management. For many who have worked with PEI, the collaboration between UNDP and UNEP has proved especially successful at the country and regional level, where programmes are designed and implemented through joint teams.

The partnership generates a new understanding of the complexities of the issues and the nuances of policy implications; and brings the concept of sustainable development down from the rafters into robust, evidence-based interventions. It is also outward-looking; most recently forming new partnerships with the UN Capital Development Fund's Local Climate Adaptive Living Facility (LoCAL) first in Asia, and now in Africa, to help define and fund climate change adaptation at the most appropriate level, and with benefits for the poor.

## Global networks of expertise

By working within the PEI network, governments have been able to connect and develop strong relationships with issue experts from around the world. In Lao PDR, the government worked closely with legal specialists from the International Institute for Environment and Development to review their investment portfolios while in Bangladesh the government worked with PEI and the Overseas Development Institute (ODI) to pioneer a new form of climate change accounting. Governments have been able to learn from their neighbours' endeavours.

Having been exposed to the Indonesian green growth planning approach, the Lao government recently launched a similar pilot programme; while Mozambique's exchange visit to Rwanda prompted a revised approach to plastic waste management. As a result, a new web of global practitioners is forming, one able to draw on real cases and direct experience of the challenges on the ground.

## Upcoming hurdles

The process for re-building institutions, and re-wiring existing ones, is now underway in more than twenty countries. However, this is a long journey and the greater challenge of implementation still looms. Ensuring that national plans impact sectoral priorities, and hence start to reach people on the ground, will require continued coordination across the multitude of different activities going on at the national, sub-national and local levels.

This is not just a job for government or for UN bodies alone. It involves strengthening distributional and pro-poor policies, and a role for the marginalised in both designing and benefitting from environmental services and development. This demands the active involvement from civil society organisations and other stakeholders in order to ensure sustainability. It also hinges on political will, government persistence and conviction of the longer term goals.

The machinery of government is complex. The project of drawing linkages across multiple agendas and growing the institutions and systems to tackle them takes time, patience and dedication. It also takes vision. The work being carried out by governments working with PEI is pioneering a different paradigm for development.

As noted by the UNEP Executive Director, Achim Steiner, "the experience and results of PEI represent policy, capacity, and institutional building blocks for an inclusive green economy, and provide both lessons and inspiration for those countries and stakeholders who strive for a prosperous, socially just, and sustainable future". The architects of change have shown it is possible - now the wider development community can build their own, national architecture for delivering the future we want.



*Architects of change - local government staff during training on poverty-environment issues in Uruguay...*



*... and mainstreaming officials in the field at a rubber plantation in Lao PDR.*

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**Michael Mmangisa** - PEI, National Coordinator

**Nyuma Moghogho** - Assistant Director of Forestry, Ministry of Environment and Climate Change Management

**Tithokoze Samuel** - Assistant Director of Budgets, Ministry of Finance

**Themba Kalua** - UNEP One UN

**Yona Kamphale** - Director of Economic Planning, Ministry for Economic Planning and Development

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## Interviews

**Lobar Sattorova** - Regional project specialist

**Dilofruz Mavlyanova** - PEI, Technical advisor

**Henrieta Martonakova** - PEI Regional programme focal point

**Manuchehr Rakhmonov** - Senior Economic Development Officer, Communities Programme, UNDP

**Martin Smutny** - PEI, Technical advisor

**Zulfira Pulatova** - PEI, National Project Manager

## Uruguay

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## Interviews

**Jimena Perez** - PEI National Coordinator

**Gabriel Labbate** - PEI LAC Regional Coordinator

**Local journalist**, Patricia Linn, carried out following interviews

**Jorge Rucks** - National Director of Environment

**Ma. José Lombardini** - Canelones City Hall

**Viviana Basanto** - Director of "Uruguay Recycles" - Ministry of Social Affairs (MIDES)







Belgian Development Cooperation



European Commission



Spanish Ministry of Foreign Affairs and Cooperation



UK Aid



Danish Ministry of Foreign Affairs (DANIDA)



German Federal Ministry for Economic Cooperation and Development



Norwegian Ministry of Foreign Affairs



Swedish International Development Cooperation



US Department of State



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