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Guidance Note on Mainstreaming Environment into National Development Planning

What is Environmental Mainstreaming into National Planning Processes?

Environmental mainstreaming is defined as integrating poverty-environment linkages into national development planning processes and their outputs, such as Poverty Reduction Strategy Papers (PRSPs) and Millennium Development Goal (MDG) strategies. It involves establishing the links between poverty and environment— including climate change— and identifying the policies and programmes to bring about better pro-poor environmental management. It is targeted at influencing national plans, budget processes, sector strategies and local level implementation— reflecting the need to integrate the valuable contribution of environmental management to improved livelihoods, increased economic security and income opportunities for the poor. The overall aim is to establish enduring institutional processes within government, from national to local levels, and within the wider stakeholder community, to bring about environmental mainstreaming that is focused on the government bodies responsible for poverty reduction and growth policies, and that strengthens the role of environmental agencies and non-governmental actors.

Background

This Guidance Note has been prepared by the UNDP-UNEP Poverty-Environment Facility as part of its knowledge management programme in support of the UNDP-UNEP Poverty-Environment Initiative (PEI). The guidance is designed for PEI country-level environmental mainstreaming programmes in the interest of effectively integrating environment into the MDG Support Initiative. The aim is to:

- *Share experience with governments and development partners, as well as the wider stakeholder community, on what is involved in launching and sustaining a country-level environmental mainstreaming programme;*
- *Highlight some general success factors and challenges based on current experience; and*
- *Explain the common steps in the process and outline the tasks typically involved and what tools might be applied.*

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Mainstreaming Environment into National Development Planning

For the past two decades, there have been a range of efforts to mainstream environment into national development planning. The Brundtland report in 1987 set out a vision of “sustainable development” to be achieved in part by integrating environment into economic planning and decision making. Since then at the country level, governments have prepared many National Environmental Action Plans, National Strategies for Sustainable Development, National Adaptation Programmes of Action, and similar initiatives. The main focus of these efforts has been to ensure that economic planning decisions take environmental priorities into account and address potential environment impacts.

More recently, however, the focus has shifted to the key goal of poverty reduction and the contribution that better environmental management can make to improved health, livelihoods, and security for the poor, especially women, children, and marginalized groups. When, in the 1990s, many of the poorest countries adopted PRSPs as their key economic development planning process, the attention turned to whether the valuable contribution of environment to poverty reduction and growth was being sufficiently addressed. In most early PRSPs it was not— as was highlighted by a series of influential reviews conducted by the World Bank. Government and development partners responded to this gap by giving more attention to integrating environment into PRSPs, with a specific focus

on the linkages between environment and poverty. A new era of “environmental mainstreaming” began, focused on making the case for addressing poverty-environment linkages to planning and financial ministries responsible for national development planning.

The early interventions to integrate environment into PRSPs have matured into broader longer-term programmes designed to build capacity at the country level to achieve environmental mainstreaming at the planning stage as well as budgeting processes and sector or local implementation strategies. During this period there has been a growing body of literature on poverty-environment linkages, the case for mainstreaming environment into PRSPs and examples of country-level work prepared by key donors as part of the work of the Poverty Environment Partnership (PEP) and by international NGOs and research bodies. The importance of governance, institutions and political changes to improved environmental management— particularly in ways that benefit the poor and reduce vulnerability to the effects of climate change, is key. The role of civil society, the media, and other non-governmental actors in demanding improved environmental management can be an important factor. In recent years, one of the key mechanisms for providing support to governments and other actors for poverty-environment mainstreaming has been the UNDP-UNEP Poverty Environment Initiative (PEI).

The Challenge of Country-Level Environmental Mainstreaming

The PEI delivers financial and technical support for sustained capacity building to governments and other actors who take on the challenge of mainstreaming poverty-environment into national planning processes and tackling the implementation challenges that follow. For example, the PEI assists planning agencies to consider poverty-environment linkages, including mitigation and adaptation to climate change, in formulating economic policy. The PEI also helps environment agencies to engage with the policy process more effectively, and helps civil society to participate fully in the development planning process, making sure the voice of the poor is heard. Based on experience to date, successful environmental mainstreaming requires a programmatic approach— adapted to national circumstances. This framework has three phases and there are typically a cluster of tasks needed for each phase— for which a range of analytic or process tools can be utilized.

The Three Phases of Environmental Mainstreaming

I. Understanding Poverty-Environment Linkages and their Importance for Pro-Poor Growth

The initial steps are focused on identifying the key poverty-environment linkages as well as the relevant governance and institutional factors that affect policy and planning decision-making. From the outset, the focus needs to be on engagement with the finance and planning agencies responsible for economic development policy, “making the case” on the basis of the contribution of natural resources to poverty reduction and growth, and bringing the environment agency into the policy making process. It is also vital to understand the relevant government, donor and civil society processes that shape how development priorities are set and which institutional actors have the key roles and may be willing to “champion” environment mainstreaming. Combining these, the mainstreaming process can start with raising awareness, stimulating stakeholder engagement and focusing on the key entry points into the economic development planning process.

II. Integrating Environment into National Development Processes

The next phase involves direct engagement with the national economic development planning process in order to ensure environment is integrated into the process and the outcome (such as PRSP or MDG strategy) in support of poverty reduction and growth. This requires an alignment with the governance processes shaping policy and the tactical use of institutional measures such as sector working groups, stakeholder engagement and donor coordination— leading to identifying appropriate improvements to the resulting PRSP or similar planning framework. These will include strategic and sector-specific targets, options for environmental management programmes in support of those targets and initial measures to integrate poverty-environment indicators in national poverty monitoring systems.

III. Building Implementation Capacity

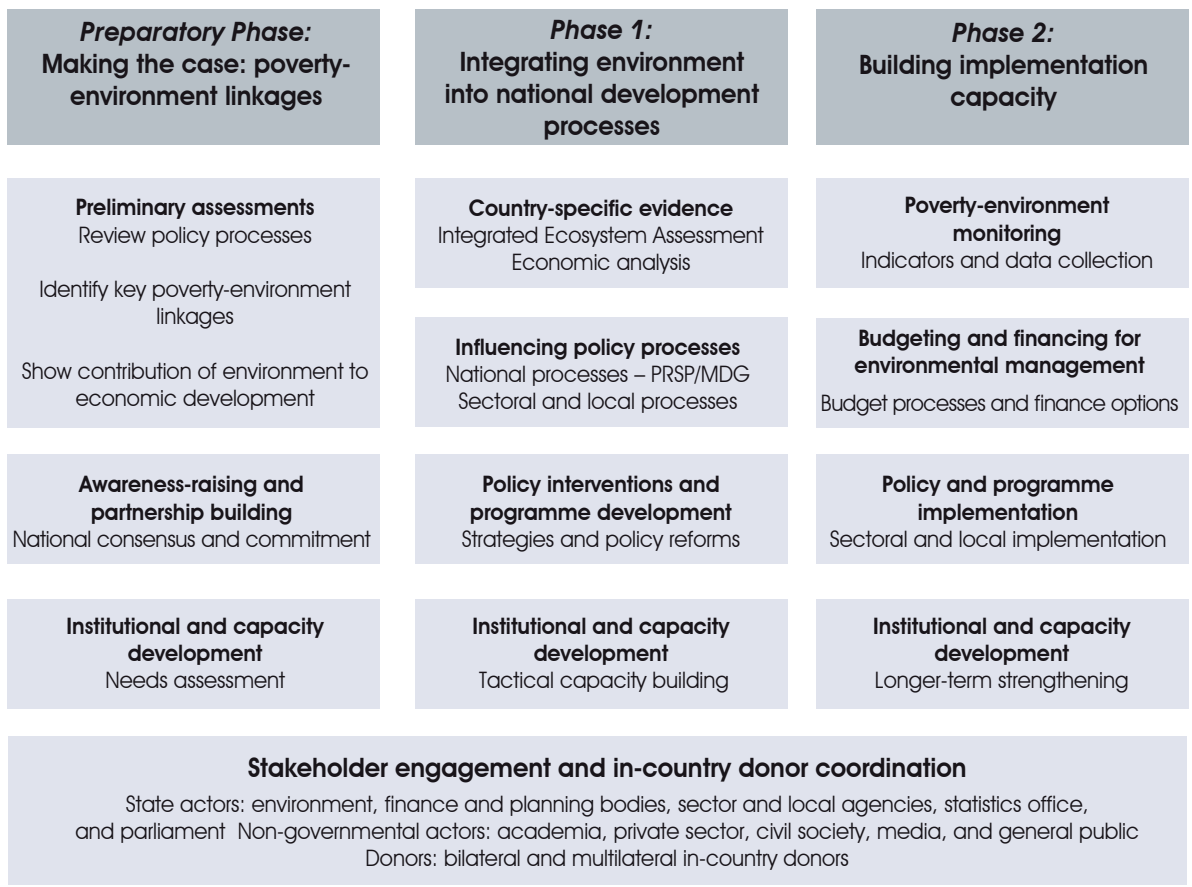
The final, most sustained phase is focused on developing capacity for government and civil society actors to follow through from successfully influencing the PRSP or similar planning framework to implementation. The implementation options include budget decision making, launching sector strategies and programmes as well as local-level implementation initiatives. Also, capacity is needed for ensuring that environmental investments in support of poverty reduction can be financed through domestic resource mobilization. A sustained effort is needed to embed an understanding of the key poverty-environment linkages into future government decision making and implementation— with the involvement of planning and finance ministries as well as key sectoral agencies.





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Environmental mainstreaming is targeted at government processes for planning, budgeting, sector implementation, and local level implementation



How Environment Contributes to Pro-Poor Growth

- **Livelihoods** – Poor people rely on natural resources to earn incomes in sectors such as agriculture, fishing, and forestry. Natural resources also provide food and shelter for the poor.
- **Health** – Environmental conditions account for a significant portion of health risks to poor people. By one estimate, environmental hazards account for 21 percent of the overall burden of disease worldwide (the combination of days spent sick and deaths due to sickness) (WHO 2002).
- **Reduced vulnerability** – Poor people are more vulnerable to natural disasters, effects of climate change, and environmental shocks that damage livelihoods and undermine food security. Improving environmental management reduces vulnerability.
- **Ecosystem Services** – Public goods such as watersheds, mangrove forests, and ecosystem services provided by protected areas are especially beneficial to the poor and improve quality of life.

Guidance for Country-Level Environment Mainstreaming Programmes

I. Making the Case : Understanding Poverty-Environment Linkages and their Importance for Pro-Poor Growth

Understanding the poverty-environment linkages and their importance for pro-poor growth requires preliminary assessments of the policy and poverty-environment context, including the related institutional and capacity development needs. In addition, this knowledge needs to be shared through awareness-raising and partnership building, by “making the case”.

Preliminary assessments: the policy processes

- **Institutional and governance context:** Undertake an assessment of the political and governance factors affecting national policy making and the positioning of poverty-environment issues within government, including the capacity of environment and planning agencies and influence of environmental stakeholders.
- **National development, sector and local strategy processes:** Fully take stock of the existing country situation— including national environmental policy and planning exercises, as well as the existing PRSP, National Adaptation Programmes of Action, or National Planning process.
- **Key policy making process steps and entry points:** Map out the expected steps in the national planning process, such as a Public Expenditure Review, a PRSP or MDG strategy or a Medium Term Expenditure Framework (MTEF) and identify opportunities for influencing participants to consider poverty-environment linkages. Identify best available entry point into the planning process, such as redrafting of a PRSP, a Public Expenditure Review or launch of a national consultation process.
- **Stakeholders and “champions”:** Explore options for engaging with stakeholders and with planning processes through government or donor “champion” motivated to influence the process.

Preliminary assessments: the poverty-environment linkages

- **Environmental resources:** Fully take stock of the existing country situation - including previous environmental analytical work.

- **Poverty-environment linkages and trends - review of relevant plans and policies:** Ensure the diagnosis of key poverty-environment linkages is aligned with key poverty reduction and growth priorities— such as agriculture, water and sanitation, energy, tourism, etc.

Preliminary assessments: the economic contribution of environment

- **Contribution of environment to economic development and pro-poor growth:** Undertake an analysis of key contributions of environment to poverty reduction and growth, making full use of existing studies and evidence. Commission additional studies targeted at key environmental resources and potential areas of economic contribution. Ensure studies deliver robust evidence framed in terms relevant to economic planning.

Awareness-raising and partnership building

- Identify opportunities for effective awareness-raising and partnership building aimed at policy makers and the wider public. Disseminate the results of the assessments, and develop media programmes (e.g. radio, television) targeted at various stakeholders. Organize field visits and exchange programmes for specific groups of stakeholders. Build national consensus and commitment.

Institutional and capacity development

- Assess institutional and capacity development needs with respect to poverty-environment mainstreaming: Take account of existing capacity assessments and environmentally focused institutional strengthening programmes and if needed carry out preliminary institutional capacity assessment in order to target efforts to bring finance/planning and environment agencies into an effective working relationship— focusing on understanding of poverty-environment linkages and their importance to the economy, as well as the political and institutional process to be influenced.

II. Integrating Environment into the National Development Processes

Environmental mainstreaming requires country-specific evidence, sustained engagement with national development planning and policy processes – such as preparation of the PRSP or MDG strategy as well as institutional and capacity development.

Country-specific evidence

- **Undertake country-specific ecosystem assessments:** Launch extensive analytical studies illustrating the contribution of environment and natural resources to the national economy, such as integrated ecosystem assessments (IEA) and economic analyses. IEA assess the ecosystems and the services they provide (e.g. clean water, food, forest products, and flood control) through integrated natural science and social science research.
- **Undertake country-specific economic analyses:** Quantify the contribution of natural resources and the environment to the country's economy, through revenues, job creation, and the direct use of the resources by the population. By demonstrating the multiple values of the environment, expressed in monetary and broader non-market terms, economic analyses provide evidence to persuade key decision makers that environmentally sustainable management of natural resources will help them achieve key development goals, such as poverty reduction, adaptation to climate change, and other measures of human-well being.

Influencing policy processes

- **Establish working mechanisms:** Put in place working arrangements that will contribute to the national planning process, such as thematic working groups, stakeholder meetings, donor coordination mechanisms, working paper preparation, liaison with the drafting team – helping the environment agency to engage effectively with the finance or planning ministry and with key sector ministries.
- **Align the mainstreaming effort to the current government process:** Government processes such as the preparation of a Public Expenditure Review, a PRSP or an MDG Strategies can be effective entry points in environmental mainstreaming. Assess the timetable, steps in the process, role of key actors, intended outputs and how they will be used. Target mainstreaming so as to achieve appropriate influence.
- **Use integrated assessment methods (e.g. Cost Benefit Analysis, Strategic Environmental Assessment (SEA), MDG needs assessment):** Apply assessment methodologies, to determine the priority to PRSP or MDG goals of poverty-environment linkages, the cost-effectiveness of the implementation strategies and the sustainability or coherence of sector programmes.
- **Identify systemic and sectoral priorities:** Integrate poverty-environment linkages into the PRSP or MDG strategy, identifying the priority environmental management activities to be included in the implementation plan – including sector-specific as well as systemic strategies that contribute to the overall goals of poverty reduction and growth.



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- **Set targets:** Ensure that poverty-environment linkages and their contribution to PRSP or MDG goals are translated into specific targets that are included in the plan or document.
- **Integrate environment into sectoral and local strategy processes:** Establish relationships with the key sector and local agencies in order to raise their awareness of the poverty-environment linkages of greatest priority to their sector and how these should be reflected in the PRSP, MDG Strategy, sector or local policy.

Policy interventions and programme development

- **Develop implementation strategies:** Identify the implementation measures of greatest value to the PRSP or MDG process.
- **Develop policy reforms:** Elaborate policy-level measures designed to create incentives for achieving improved poverty-environment outcomes including legislation, fiscal measures and other market-based instruments aimed at encouraging improved environmental management.
- **Develop and budget for systemic and sectoral interventions:** Design programmes to be implemented by environmental or sectoral agencies and local bodies.

Institutional and capacity development

- **Develop tactical capacity building:** Target agencies with continuing responsibility for ensuring environmental management measures are taken forward once the planning process is complete.
- **Develop demonstration projects:** Illustrate on the ground the contribution of environment and natural resources to the economy while strengthening the institutions and the national capacity.

III. Building Implementation Capacity

Making environmental mainstreaming operational calls for monitoring and longer-term institutional and capacity development, aimed at budgeting and financing, implementation at all levels and embedding poverty-environment in government processes, procedures and systems.

Poverty-environment monitoring

- **Develop indicators:** Design appropriate environment, poverty-environment and sector indicators that reflect the targets for measures to improve environmental management in the PRSP or MDG strategy, and strengthen capacity to use such indicators in the relevant bodies.
- **Strengthen data collection and management:** Poverty-environment and other relevant indicators are only useful if underlying data are collected, processed, shared and stored in a sustained manner, allowing for monitoring of emerging issues, trends, and the impact of policy.
- **Integrate poverty-environment indicators with existing monitoring systems:** Ensure the poverty-environment, environment and sectoral indicators are built into the poverty monitoring system, and collaborate closely with the statistics office and other relevant bodies.

Budgeting and financing for environmental management

- **Engage in budgeting process:** Work with the relevant agencies which need to engage in the budgeting process, including Public Expenditure Reviews, to ensure the priority environmental management measures with potential to deliver poverty reduction and growth are funded. Work with the finance ministry to improve their capacity to value the contribution of environmental resources to growth and revenue.
- **Develop a pro-poor environmental management investment strategy and financing options – including improving the domestic financial base for environmental institutions:** Strengthen capacity in environmental, planning/finance and sectoral bodies to develop and implement financing strategies for environmental investments, with particular attention on improving longer-term domestic resource mobilization for environmental investments.
- **Address the contribution of environmental resources to public finances:** Strengthen capacity of environment, planning/finance and sectoral agencies to track and forecast the contribution of sustainable natural resource use to public finances and how this can be improved, e.g. through natural resource accounting.

Policy and programme implementation

- **Collaborate with sectoral and local bodies to strengthen poverty-environment implementation measures:** Work with key sector and local agencies to build capacity to identify and mainstream poverty-environment linkages within their work and take account of the value of

environmentally sustainable sector-based strategies for poverty reduction and growth, e.g. through integrated economic-environmental analysis, SEAs etc. So, for example, the agriculture sector adopts sustainable land use-based agricultural strategies.

Institutional and capacity development

- **Embed poverty-environment in government planning processes:** Build mechanisms for longer-term engagement between environment, finance/planning and sectoral and local bodies to ensure an enduring integration of poverty-environment issues in planning, budgeting, sector programmes and local-level implementation. Integrate poverty-environment in administrative procedures and systems in relevant bodies.
- **Prepare a capacity building strategy:** Develop a comprehensive capacity building strategy addressing longer-term capacity needs for assessments and analysis, environment mainstreaming into policy processes, policy interventions and programme development, budgeting, financing, implementation and monitoring. Build on institutional and capacity development needs and experience gathered in previous phases.
- **Make the capacity building strategy operational:** Adapt the strategy to the needs of the various governmental actors and other stakeholders. Organize workshops, on-the-job training, and share best practices, case studies, and other tools.

Stakeholder engagement and in-country donor coordination

Mainstreaming environment into national development planning requires the engagement of many stakeholders both from the state (environment, finance and planning bodies, sector and local agencies, the statistics office, and the parliament) and non-governmental actors (academia, civil society, the private sector, the media, and the general public).

- **Engage stakeholders:** Throughout the process, support stakeholder engagement, ensuring that the views of the poor are fully represented. Ensure that non-governmental actors have fair access to official processes and information – to enable them to engage in economic planning. Strengthen the capacity of these actors to influence and monitor investment arising out of PRSP and MDG strategies and implementation of environmental management programmes.
- **Ensure donor coordination:** Beginning with the early stage of the process, engage with in-country donors, through donor coordination mechanisms established to address assistance with PRSP or equivalent process and to coordinate support to the environmental sector. Build and embed support for environmental mainstreaming in donor groups working on different sectors.

Key Principles of Country-led Environmental Mainstreaming

- **Find the right entry point:** The key government agencies and other stakeholders need to come together around a strategic “entry-point” in the policy-making process – such as a PRSP review, the formation of a new PRSP or MDG-based national development strategy, or the start of the budget allocation process.
- **Find a “champion”:** Often, there needs to be a “champion” within the planning, finance, or environment agency who gives visibility to poverty-environment issues and brings other government actors together in order to make a serious effort to mainstream environment tailored to the specific government machinery in the country.
- **Ensure the commitment of the planning or finance team:** Mainstreaming efforts need to be centred on the agency responsible for the PRSP or MDG strategy or on the finance ministry responsible for the budget process, both in terms of influencing the planning process and the sector and local-level implementation processes that follow.
- **Provide country-specific evidence:** Governments need to gather evidence of the contribution of environment to economic development, reducing vulnerability to climate change, and pro-poor growth in a manner relevant to the key goals and priorities of PRSPs or MDG strategies– thus making the case for mainstreaming. It is critical to strengthen the national data collection, and analysis capacity.
- **Perform integrated policy appraisals:** Planning and finance agencies need to apply integrated policy appraisals to PRSP or MDG strategies such as cost-benefit analysis or strategic environmental assessment (SEA) in order to mainstream environment systematically. Similarly, sectors need to carry out SEAs of their key policies and strategies.
- **Engage key sector agencies:** To achieve a result which can be sustained beyond the planning document, it is crucial to engage with the key sectors whose programmes are important in addressing poverty-environment concerns.
- **Consider the environment agency capacity:** Governments need to recognize that the capacity of the environment agency should be taken into account in deciding how best to focus mainstreaming efforts, as in many cases it may lack the experience or resources to address the contribution of environment to growth and poverty reduction.
- **Acknowledge the need for sustained support:** Governments, with support from donors, need to have a realistic view of the time frame and high transaction costs for effective mainstreaming and related capacity building in order to ensure follow through to budgeting and implementation.

UNDP-UNEP Poverty-Environment Initiative (PEI)

- What is the PEI? The PEI is a global UN-led programme to support country-level efforts to mainstream poverty-environment linkages into national planning and implementation processes by providing financial and technical assistance and delivering capacity development programmes to government partners at the country level.
- Who are the partners? The UNDP-UNEP PEI was formed in 2005 when the two agencies combined their respective poverty-environment mainstreaming programmes. To date, the PEI has been supported by the EC and governments of Belgium, Norway and the UK. Other donors such as Denmark, Ireland and Sweden have recently provided additional financial support and the PEI is discussing partnerships with a number of other bilateral and multilateral donors.
- What is the Poverty-Environment Facility? UNDP and UNEP have launched a Poverty-Environment Facility, based in Nairobi, to scale-up environmental mainstreaming support to countries within the framework of the PEI – by working through the regional structure of the UN system and promoting partnerships with willing donors and practitioner organizations.
- What is the MDG Support Initiative? UNDP has launched an MDG Support Initiative following the 2005 World Summit commitment to developing national strategies for achieving the MDGs. PEI is working in partnership with this initiative to ensure effective mainstreaming of environment into such strategies – with a focus on MDG 7 as well as the contribution of environment to other MDGs.

Indicators of Successful Environmental Mainstreaming

- Inclusion of poverty-environment linkages in **national development and poverty reduction strategies**.
- Strengthened capacity within **finance/ planning ministries** as well as environmental agencies to integrate environment into budget decision-making, sector strategies and implementation programmes.
- Inclusion of poverty-environment linkages in **sector planning and implementation strategies**.
- Strengthened capacity in **key sector ministries** to include environmental sustainability into their strategies.
- Widened involvement of **stakeholders** in making the case for the importance of environment to growth and poverty reduction.
- Improved **domestic resource mobilization** for poverty-environment investments.
- Increased **donor contributions** to country-level environmentally sustainable investment.
- Improved **livelihoods** and **access** to environmental and natural resources for the poor.