

# Proceedings: Poverty-Environment Partnership 7th Meeting

15-16 March, 2005, Stockholm, Sweden

*Organizations participating at the meeting*<sup>1</sup>: ADB, CIDA, DGIS (Netherlands), European Commission, DFID, EC, GTZ (Germany), Göteborg University/Sida-SEA helpdesk, IDS, IIED, IUCN, DGDC (Belgium) Ministry of Foreign Affairs (Denmark, Finland, Ireland, Norway, Sweden, the Netherlands, Belgium), OECD, SEI, Sida, SIWI, UNDP, UNEP, UNEP-Grid Arendal, World Bank, WWF-MPO, WWF-International, World Resources Institute.

*Executive Summary:* The 7<sup>th</sup> PEP meeting benefited from broad member participation and focused on (i) integration of environmental concerns in the implementation and review of the Millennium Development Goals (MDGs), (ii) greening the Poverty Reduction Strategies (PRSs), (iii) vulnerability to environment-related disasters, (iv) tools, practices and examples to integrate environment in agencies, (v) finalisation of joint agency paper on poverty reduction and water management, and (vi) PEP-related topics such as environment, health and poverty reduction, pro-poor growth and the environment, PEP's homepage, poverty mapping, and the future of PEP.

## Key conclusions and results of the meeting:

- (i) **PEP still has an important role to play** among its members, although its **objectives, activities, participants and modes of operation need to be re-visited** at the next PEP-meeting (CIDA, Swedish MOFA and GTZ set up a working group to ensure this),
- (ii) **PEP will work to influence the MDG-process**, specifically regarding MDG7 and Target 9, with joint analytical work, policy statements, building a coalition for MDG7 with outreach to partners in the South, and a high-visibility event **in connection with the MDG+5 Top Summit** in New York Sept. 2005 (led by UNDP and UNEP, a Task Force with many PEP-member organizations was set up to work on these tasks),
- (iii) **Methodology development** and several **country case studies** have been produced by PEP-members (e.g. by WWF-MPO, GTZ, CIDA, IDS, DFID) in order to **review and follow-up on the integration of poverty-environment aspects in PRS process**,
- (iv) There is **a need to sharpen the focus among PEP members on environment-related vulnerability** and the importance of ecological resilience to cope with shocks (a **Working Group on poverty, environment and resilience was proposed** with members from IUCN, UNEP/GRID-Arendal, DGCD Belgium, SEI, Resilience Alliance and MFA Sweden),
- (v) The **joint agency paper on Poverty Reduction and Water Management** will be finalized and used to **influence CSD XIII** in April 2005, at **Stockholm Water Week** in August 2005 and **Millennium +5 UN General Assembly** in New York in September 2005,
- (vi) **Next meeting:** (1) **October 2005 in Ottawa, Canada.** Host: CIDA (att: Louise Vallieres) and (2) **March 2006 in Washington.** Host: World Bank (att: Jan Bojö)

---

<sup>1</sup> The final List of participants is attached to these Proceedings.

***PEP introduction by Jan Bojö, World Bank:*** The presentation provided an overview of PEP experience and issues to consider in the session on future directions for the PEP (see below). PEP's original objectives include (i) information exchange on mainstreaming of P-E links, (ii) joint conceptual and analytical work (e.g. joint papers), (iii) coordination in partner countries, and (iv) joint indicators work (e.g. P-E links pertaining to the MDGs). Actions taken so far imply a series of PEP meetings as well as more decentralized meetings on joint analytical work.

On information exchange PEP has facilitated sharing of lessons learned and work procedures on mainstreaming in our own organizations e.g. Country Environmental Analysis, P-E mainstreaming in Country Strategies, and Poverty & Social Impact Analysis. Information exchange is also developing in light of the development of PEP's Website (see below).

Conceptual and analytical work is done on e.g. poverty-environment links, climate change, environmental fiscal reform, environment and health, water management, and pro-poor growth. Regarding partner country coordination country activity tables have been circulated and specific country work has been shared (e.g. Tanzania and Vietnam). Regarding indicators, mostly sharing of work has been done.

On the future of PEP, it was argued that in light of recent developments of PEP and the expansion in scope, there is a need to revisit PEP's mandate, objectives and activities. Questions posed were on the need for modifying PEP's objectives, resource requirements, membership, representation at meetings (in particular, from the 'poverty' side), thematic focus and frequency of meetings. The presentation concluded by emphasizing the need to continue to define the future of PEP together, starting with the group work session (see outcome below).

---

**SESSION I: PRS AND THE ENVIRONMENT: MDG based PRSP: challenges and opportunities for the environment** (Chair: Johan Kuylenstierna, SIWI)

***Presentation of final results of the joint study on PRSP and environment (GTZ, CIDA, DFID) by Linda Waldman, IDS:***

This study on environment, politics and poverty presented lessons learned from a review of PRSP stakeholder perspectives. The objectives of the study were to review PRSPs (documents and processes) from an environmental point of view and better equip environmental stakeholders in their poverty reduction efforts.

Key lessons from the study are that (i) PRSPs are structured through centralised government ministries, where "strong" ministries (like Min. of Finance) typically are disengaged from the environmental issues, whereas the "weaker" (line) ministries try to use the PRS process to move the environmental agenda forward; (ii) the role played by parliaments has largely been ineffective and marginal; and (iii) donors have indeed emphasized mainstreaming of poverty-environment (P-E) linkages. Regarding types of participation, the widescale 'participation' has essentially overlooked the P-E issues,

whereas consultation with the rural poor (in the form of PPAs) has provided more success. Reviewing draft PRSPs (by CBOs, NGOs and government ministries) has offered partial involvement, whereas consultation workshops have limited the participation on P-E issues. The formalised and structured participation has offered the best influence on policy of P-E linkages.

Challenges to enhanced mainstreaming of P-E linkages in PRS processes which have been identified in the study pertains to exclusion from the PRS drafting process and financial exclusions, electoral processes and changing governments, international financial institutions' priorities, vested interests and corruption, funding possibilities, and the (poor) implementation of policies in practice. Limiting factors to enhanced mainstreaming include a lack of finances for P-E projects, agreements on what PRSP policy means when it comes to implementation, and poor definition of targets and indicators for measuring P-E implementation. Country examples of successful P-E implementation in PRS processes at national and sectoral level were given for Uganda, Ghana, Vietnam, Honduras.

Based on the country case studies the following recommendations were given: (i) explore ways of moving from civil society *participation* to civil society *partnerships* with government; (ii) explore ways in which donors can enhance environmental ministries' role in PRSPs. Encourage cross-communication between government departments on environmental links to poverty reduction; (iii) enhance media opportunities to monitor environmental regulation; (iv) explore alternative narratives and encourage debate around how environmental problems and solutions are framed; and (v) assess current environment-poverty projects at the local level while pursuing further opportunities for cross-cutting local-level approaches.

***WWF-MPO report and Planned Program by Dawn Montanye, WWF:***

WWF-MPO reported on the development of a methodology evaluating poverty-environment linkages in PRSPs. Formulation of the methodology and development of evaluation criteria were built on a number of lessons learned from projects and direct engagement with PRSP development. Understanding of poverty environment linkages was drawn from the MPO's four-year "Economic Change, Poverty and Environment Project". The project includes country case studies from South Africa, China, El Salvador, Zambia and Indonesia.

Examples of successful poverty-environment integration show that: (i) forest reserve managers have capacity to create forest co-management regimes with local communities (China); (ii) rural priorities for development and improved resource management were reflected in urban oriented economic policies (El Salvador); (iii) land tenure laws have enabled economic and resource management opportunities for villagers and chiefdoms (Zambia); national forest laws and regulations empower community co-management (Indonesia).

The methodology also applied lessons learned from WWF involvement in PRSP development in Cameroon, Vietnam and Tanzania. Experiences pointed to the importance of (i) laying down modalities for how direct benefits can accrue directly to local people themselves; (ii) improving the institutional and organizational capacity to implement new policies and regulations for forest management; (iii) improving management of biodiversity while increasing the contribution to local livelihoods and economic development; and (iv) implementing innovative mechanisms that can generate revenues from activities other than logging.

Testing of the methodology was done through evaluating PRSPs from Nicaragua, Sri Lanka, Cameroon and Vietnam. Results show that: (i) all PRSPs contained some reference to P-E linkages but not in great depth; (ii) all PRSPs contained some policies and plans targeting environment, but lacked coherence; (iii) some examples exist of best practice, but monitoring and evaluation frameworks are limited; (iv) no PRSP assessed environmental risks from economic growth policies; and (v) budgets suggest limited commitments to environmental management.

Recommendations based on these studies are (i) to include environmental services, quality of growth and pressures from globalization in PRSPs, (ii) to provide more detailed information on environmental interventions and clarify the links between proposed measure and impact on the poor; and (iii) build capacity for diagnosing poverty-environment problems and interventions, increase participation and monitoring through indicators. The methodology is contained in the publication *Developing and Testing a PRSP Evaluation Methodology*. Also presented was the publication *Developing and Applying Poverty-Environment Indicators*.

---

**SESSION II: MDGs AND THE ENVIRONMENT: Millennium Review Summit, What is the Road to and after Sept. 2005 for MDG 7?** (Chair: Charles McNeill, UNDP)

***Challenges facing MDG7: Road Map from Now to September and UNDP/UNEP proposal to maximize PEP's contribution to Environmental Sustainability 2005 by David Smith, UNEP and Charles McNeill, UNDP.***

UNDP and UNEP presented jointly challenges to progress on MDG 7, a review of the roadmap to the Millennium Review Summit in September 2005 and opportunities for making an impact. As agreed at the PEP6 meeting in Berlin, UNDP and UNEP had circulated a Concept Note for a PEP initiative on "Environment for the MDGs".

The rationale for a PEP initiative is the relatively poor coverage of MDG7 (and, more broadly, environment in relation to other MDGs) in global and country-level MDG assessment and reporting (esp. Target 9): Visual displays by UN, DFID and others on progress towards MDGs are empty for MDG7. Problems evidenced from national MDG reports include that countries reported less on MDG 7, many countries skip certain MDG7 targets altogether; countries report lack of relevant indicators and data. Possible causes are the formulation of Target 9 (qualitative, not time-bound), and the problematic

indicators attached to the target: (i) too narrow to measure progress on mainstreaming environment in SD, (ii) do not adequately address ecosystem sustainability, and (iii) insufficiently reflect ‘poverty-environment linkages’, governance or management mechanisms of the key natural resources.

In order to influence the MDG Review Summit, four outputs were proposed: (1) analytical work on best evidence and operational guidance on MDG7 (and environment in relation to the MDG framework) with contribution to the Summit outcomes; (2) The ‘Community Commons’: learning from and showcasing local level success stories at the Summit; (3) high-visibility event to display evidence on MDG7 and commitment to stronger action; and (4) building a coalition for MDG7 and positioning PEP to implement the summit decisions.

To move forward, UNDP/UNEP stressed the need to: (i) focus on ‘substance’ to generate high quality ‘analytical’ work and convincing messages on MDG7, (ii) focus on ‘tactics’ to know where, when and how to intervene in the various decision points for the Summit Outcomes; (iii) stay in close communication and be opportunistic and strategic, and (iv) find ways for MDG 7 to become time-bound and quantitative, while recognizing special challenges regarding the complex biological systems with long time horizons, balancing short-term and long-term thinking, redistribution of political power and property rights, modification attitudes and behaviors over generations. The presentation provided a thorough entry to the follow-up group discussions on the same topic.

---

**SESSION III: POVERTY, ENVIRONMENT AND VULNERABILITY TO DISASTER IN THE COASTAL ZONE: Environmental degradation and poverty, assessment and sustainable reconstruction** (Chair: Daniele Ponzi, AsDB)

***Vulnerability and the importance of Ecological Resilience to Cope with Shocks by Johan Rockström, SEI***

SEI addressed the importance of ecological resilience to cope with shocks by clarifying concepts and the role of ecological resilience for sustainable development. References were made to the Tsunami and examples were given of ecological regime shifts. The role of socio-ecological resilience was presented as well as SEI’s vulnerability research.

To clarify concepts, resilience was defined as to provide society with the ecological and social capacity to absorb shocks while maintaining functions, and determine the degree to which the system is capable of self-organization. Resilience determines the degree to which the system can build capacity for learning and adaptation. Social resilience includes the broad societal framework of organisation, institutions, policy, culture, traditions, governance, and capacities to generate life support in balance with nature. Ecological resilience is the capacity of interacting ecological functions and processes within adaptive and complex ecosystems to absorb shocks and adapt to change. More info can be found on the Resilience Alliance website ([www.resalliance.org](http://www.resalliance.org)).

On the role of ecological resilience for sustainable development SEI pointed out the vicious spiral of vulnerability with social and ecological shocks, which erodes ecological resilience and social resilience, which feeds back negatively on each other. Examples were given on freshwater where demographic pressures impose tremendous freshwater challenge in the coastal zones. 70 % of the poor live in rural areas and depend primarily on rainfed agriculture. Achieving MDGs requires large increase in upstream water consumption with negative effects on downstream urban, estuaries and coastal zones.

Using the example of freshwater, SEI illustrated the three resilience domains: capacity to buffer shocks, capacity to reorganize, capacity to adapt and to learn. In order to reduce vulnerability SEI pointed at the importance of culture, institutions and knowledge that promote diverse ideas and information, flexibility to adjust, innovate and experiment (e.g., adaptive co-management of eroding soils in East Africa).

Conclusions drawn from the presentation were that: (i) ecological resilience is a key factor in achieving sustainable development, (ii) ecological resilience requires understanding of scale interactions, the role of slow variables, dynamic character of ecosystems, creeping change and sudden shifts, the importance of diversity and spatial configuration, the role of nature in buffering environmental shocks; (iii) the precautionary principle is a key policy instrument to “give room for ecological resilience building”; (iv) poor people are most vulnerable, with high dependence on ecological functions, and often rooted in landscapes with highly eroded resilience; (v) ecological resilience buffers environmental shocks, but only to a certain limit, (vi) sustainable reconstruction of the coastal zone in post-tsunami countries requires mapping of human and physical vulnerabilities, and strategies for ecological and social resilience building. Finally, internalizing environment in PRSPs and MDGs poses a large challenge – considering resilience introduces several complexities and change the agenda but enhances the possibility to succeed in the long run.

***Poor Peoples’ Livelihoods in the Coastal Zone by Eva Tobisson, MFA, Sweden:***

This presentation made a case to re-introduce poverty in the poverty-environment deliberations of PEP, and reinforce poverty as an equally important and viable entry point to analysing and addressing poverty-environment linkages. For various reasons, the poverty focus of PEP has not been as strong as the environment focus, and there is a need for the future to better include the poverty expert community in PEP and to elaborate more strongly on the different dimensions of poverty in relation to the key environmental challenges. The presentation focused on the inter-relationship between social, economic and natural resources aspects of tropical coastal zone livelihoods. It was emphasized that coastal livelihood systems are of a special kind. Poor people who live in coastal settlements commonly depend on a combination of terrestrial and aquatic resources and they engage in all sorts of activities to secure a living. A typical trait of is therefore diversification of the sources of subsistence and income to meet the livelihood needs.

The simplified assumption that the inhabitants of coastal communities are “fishermen” was highlighted. Coastal inhabitants do not only engage in fishing. The label “fishermen”

masks the fact that the importance of fishing for securing livelihood needs is decreasing in many tropical coastal areas. The most important reasons are diminishing fish stocks and the fact that artisanal fisherfolk invariably fight a losing battle with the industrial fishing fleet. The focus on fishing and “fishermen” also mask the important role played by women in securing family subsistence and cash needs in coastal families. Women are usually in charge of agriculture, and engage in seaweed and shrimp farming. They collect food produce in the intertidal flat area, edible plants from forests and scrubs. They do handicraft, are involved in petty-trade, perform seasonal labour in the hotel business, etc.

The multi-dimensional character of poverty was noted and exemplified. Certainly the economic dimension is important, but other dimensions may be given an even more prominent role when poor women and men describe their situations and what it would take to get out of poverty. They may refer to hunger, sickness and lacking strength, poor housing, vulnerability to winds and rains, poor fishing equipment and market returns, not being able to serve the proper food and drinks at funerals or other important cultural events, etc. They may give examples of incidents when they have not been “seen” or treated with respect by government officials, teachers, hospital staff, police, etc. Government people are not likely to be on their side when they negotiate compensation for land and trees in coastal areas where tourism is developing. They often feel that they have no options to influence decisions affecting their lives; they are easy victims of violence, etc. The message from poor people is that they lack power, opportunity and security.

The different dimensions of poverty are interrelated in complex and context-specific ways. Poor people often refer to poverty and relative wealth in words and sayings that capture this complexity. In Zanzibar, poor women (in particular) often picture the better-off as “those who eat their dinner early”, while they themselves “eat late”. The reason for “eating late” is hard work and difficulties finding anything that can make up for a family meal. The agricultural farms may be far off, activities in the shallow water area continues until the tide came back in late hours, water has to be fetched and firewood collected, etc.

The presentation stressed the importance for poor women and men to be able to accumulate and diversify into a whole range of assets (or “capital”) to secure their livelihoods. They struggle hard to combine those assets in ways that will produce positive livelihood outcomes. The assets or capital are of five different kinds: (i) human assets: skills, knowledge, experience, health and physical strength. The size and composition (gender, age, etc) of a family is absolutely vital from a livelihoods perspective; (ii) social assets: social relationships and networks that can be mobilised for livelihood objectives (e.g. women cooperating in aquaculture, men cutting mangroves or forming a fishing cooperative), (iii) natural assets: arable land, woodlots, fishing grounds; (iv) physical assets: infrastructure (roads, bicycles, outrigger canoes), tools/equipment, water, buildings, and (v) financial assets: savings, liquid assets (e.g. poultry). The possibility of using these assets effectively to pursue livelihood needs is to a large extent depending on an enabling policy and institutional environment (e.g. secure land tenure, affordable health and water facilities that poor people can access, etc.).

The dynamic nature of poverty was emphasized and exemplified. Individuals and groups may move in and out of poverty, in short- or long-term cycles. The changes may be: (i) *seasonal* and fairly predictable (strong winds making fishing or aquaculture difficult; seasonal income from tourism); (ii) *caused by trends* (e.g. depletion of fish stocks, deforestation of mangrove, tourism decline), or (iii) due to unexpected *shocks* (e.g. cyclones, spread of HIV/AIDS, armed conflicts etc.).

Many poor coastal populations are today experiencing great difficulties to maintain diversified livelihood systems and they are becoming increasingly vulnerable to external and internal socio-political, economic and ecological factors and processes of change. A common reason is the increased need for a cash income to pay for e.g. health services, food, school fees/uniforms, transportation, etc. and hence the tendency to specialise on directly income-generate activities. They may abandon agriculture in order to find time to concentrate on unskilled work in the tourist business. Or they increasingly market the entire catch of fish instead of keeping some for family consumption. When families and communities are under stress, the importance of their social capital (e.g. relations based on kinship or neighbourhoods) increases. But increased stress also implies difficulties to maintain or develop the social capital because of the preoccupation with day-to-day survival.

***Poverty, Environment and Vulnerability to Disasters: Outcome from the Kobe Conference, 18-22 January 2005 by Arnold Jacques de Dixmude, DGDC, Belgium:***  
Since 1980 there has been a dramatic rise in environment-related disasters and casualties. As a response the first World Conference on Disaster Reduction (WCDR) was held in Yokohama, Japan in 1994. At this meeting the ‘Yokohama Strategy and Plan of Action for a Safer World 1994-2004’ was developed. As a follow up, a UN International Strategy for Disaster Reduction (UNISDR) was developed in 1999. In 2005, the second WCDR was conducted in Kobe, Japan, where the ‘Hyogo Framework of Action 2005-2015: Building the Resilience of Nations and Communities to Disasters’ was adopted.

The objectives of World Conference on Disaster Reduction (WCDR) in Kobe were to (i) review and update the Yokohama Strategy and Plan of Action, (ii) share best practices and lessons learnt, (iii) identify gaps and challenges, and increase awareness on disaster reduction, (iv) increase the reliability and availability of disaster-related information, (v) identify activities to integrate relevant provisions from the WSSD Plan of Implementation. Priorities for action include ensuring that disaster risk reduction is a national and local priority with strong institutional, legal and policy frameworks, risk identification, monitoring, assessment and early warning; knowledge, innovation and education to build a culture of safety and resilience; reducing the underlying (environmental, economic, social) factors; and preparedness for effective response and recovery.

At WCDR environmental degradation was acknowledged as one of the underlying factors of disaster risks. The role of natural ecosystems in disaster prevention (regulation,

protection, buffer) were not explicitly addressed, but indirect references were made, and references were made to several key multilateral environmental conventions (UNFCCC, UNCBD, UNCCD etc.). Moreover, WCDR emphasized the importance of mainstreaming disaster risks in planning procedures for major infrastructure projects and in natural resources management. Relevant documents can be found on: [www.unisdr.org](http://www.unisdr.org).

***The Indian Ocean Tsunami: IUCN's Response in the Recovery effort by Joshua Bishop, IUCN:***

In its response to the Asian Tsunami, IUCN aims to ensure (i) ecosystem rehabilitation as a key element of achieving sustainable livelihoods, and (ii) documentation of the lessons learned from this recovery effort and make them available for future use.

Areas of activity of IUCN in the recovery effort include humanitarian aid, environmental assessment and rehabilitation assistance. IUCN is also an active member of the UNEP Tsunami Task Force. Humanitarian aid has mainly focused on Sri Lanka and Thailand, in areas where IUCN has been working in the field for several years. Environmental assessment has included “on-the-ground” analysis of Tsunami impacts on coral reefs (with CORDIO), mangrove forests and other terrestrial ecosystems, as well as the development and dissemination of rapid assessment methodologies for use by other agencies. IUCN has also established a database of more than 40 ecological assessments, mainly in Asian countries. On rehabilitation assistance IUCN has developed tools and guidance for ecosystem rehabilitation which incorporates livelihood concerns, and reduction of vulnerability to future disasters. Other guidance being developed relates to sustainable tourism and sustainable housing reconstruction. Moreover, IUCN has utilized expert networks in linking expertise in ecosystem rehabilitation with those planning reconstruction projects in specific protected-area twinning projects.

The experience of IUCN and its members has shown already that civil society has much to offer in the restoration/ recovery process. In addition to the actions of the Secretariat, IUCN briefly noted the Tsunami-related activities of some member organizations (Birdlife International, Conservation International, Fauna and Flora International, Wildlife Conservation Society, Wetlands International, WWF). In addition, the business community has an important role to play, as illustrated by several members of the World Business Council for Sustainable Development ([www.wbcsd.org](http://www.wbcsd.org)), which has provided assistance with respect to finance, machinery, food, medicines and auditing of aid. While recognizing that human needs are paramount, IUCN emphasizes that a recovery without environmental considerations will not ensure long-lasting and effective results.

***Environmental dimensions of ADB's post Tsunami activities by Daniele Ponzi, ADB:***

This sub-session included a presentation of the poverty and environmental impacts of the tsunami in the Asia region, and ADB's response to it in terms of general measures and more specific poverty-environment related measures.

Briefly, the tsunami caused major loss of life, properties, livelihood, and income opportunities among millions of people in the Indian Ocean region. ADB's response to the tsunami until now includes a joint needs assessment and international coordination meetings, reprogramming of \$175 million from existing loans. ADB has established a \$600 million multi-donor tsunami trust fund to deliver emergency and rehabilitation grant financing to affected member countries. ADB's Economics and Research Department has conducted an initial assessment of tsunami economic impacts and possible consequences.

Findings of the ADB report show that despite a limited and marginal macro-economic impact of tsunami, economic impact will be severely felt at the local and community levels, putting about 2 million people at risk of being dragged into deeper poverty. For people below the poverty line even before the tsunami, the poverty gap or misery index is likely to increase as a result of these poor people losing their scarce means of livelihood. ADB has also conducted a High Level Coordination Meeting on March 18, 2005 in Manila. The meeting aimed to ensure that the world's attention remains focused on provision of tsunami support. The forum also provided for regional coordination and information sharing to ensure that recovery efforts are effective and do not overlap.

ADB's new Disaster and Emergency Assistance Policy has guided ADB's efforts to provide support to the countries in dealing with the poverty-environment dimension of tsunami. The policy emphasizes on the long term benefits of mitigation projects such as reforestation, watershed management, coastal protection, and land use planning.

Similarly, ADB's Environmental Policy has provided directions by recognizing that the poor are particularly vulnerable to disasters and by putting emphasis on environmental intervention to reduce poverty and improve the resilience of the poor. ADB strives to mainstream environmental considerations into its emergency, technical assistance and lending operations. As an example, ADB's Earthquake and Tsunami Emergency Support Project for Indonesia (ETESP) provides a component to promote an integrated participatory spatial planning approach and environmental objectives in rehabilitation and reconstruction (US\$20 million). ADB also uses three special trust funds to respond to P-E issues related to the tsunami: Japan Fund for Poverty Reduction (JFPR), Poverty and Environment Program (PEP), and Water Fund. Under the JFPR, to date, ADB has approved proposals amounting to \$41 million with poverty-environment components.

To summarize, ADB is proactively involved in responding to the needs of tsunami-affected countries and increasingly focusing on long-term programs for rehabilitation and reconstruction. ADB is attempting to integrate environmental sustainability- and poverty-dimensions into its tsunami-responses.

---

**SESSION IV: MAINSTREAMING THE ENVIRONMENT: Integration of environment in agencies: tools, practices and examples** (Chair: Steve Bass, DFID)

*Sida's approach to Mainstreaming the Environment by Mats Segnestam, Sida<sup>2</sup>*

Presently, most development agencies have formulated policies and strategies pertaining to environmentally sustainable development. Rather than re-formulating these documents, the great challenge facing most agencies now is to ensure and speed-up implementation. How can that be done?

In an exposé over Sida's approach to mainstream environment it was emphasized that a blueprint for mainstreaming the environment does not and should not exist. The approach must evolve out of the specific context, needs, objectives, commitments and capacities of the individual organisation. However, some general lessons can be drawn from Sida's work which may be of relevance to other actors within PEP.

Sida's environmental mainstreaming work builds explicitly on decentralized responsibility and implementation. It builds on a set of key concepts, which constitute building blocks and central themes in Sida's environmental work. These key concepts include (i) adequate organizational analysis for the environmental work; (ii) appropriate political basis for the work, which provides for coherence in the policies vis-à-vis the partner countries; (iii) strong leadership support (which needs to be continuously ascertained in view of changed senior management), (iv) building on the international commitments made by Sweden and the developing partner countries. This was exemplified by the multilateral environmental agreements (MEAs), which are regularly referred to and operationalized in Sida's sectoral and country strategy work. In order to ensure accountability Sida's approach has been to ask: *How* do we implement the MEAs? Not *if*!

Moreover, Sida has benefited and made practical use of the influence of the Swedish political environmental agenda, which provides for, and requires, the establishment of an Environmental Management System (EMS) in all Government agencies. Right in the beginning in 1988 when the Swedish objective on environmentally sustainable development was introduced, a systematic (as opposed to a random or ad-hoc) approach to the environmental mainstreaming was adopted. It builds on a clear environmental policy, an action plan and yearly reports. Currently, the action plan includes 170 action points, which have been identified and agreed on in a positive manner with program officers as well as the management of Sida's regional and subject-matter departments.

Sida has sought to increase awareness and knowledge by offering tailor-made training, thematic papers linked to the environment, newsletters and e-learning. Sida has developed practical and operational guidelines pertaining to Environmental Impact Assessment (EIA) at project level, Strategic Environmental Assessment (SEA) at programme, sector and country level, and Green Procurement. Sida has set up helpdesk functions with access to quick support on varied themes such as EIA, SEA, biodiversity, vulnerability and conflict, and the environment. Sida has promoted special programmes through institutional cooperation with external resource organizations (e.g. universities) in fields like environmental economics, biodiversity, environment and conflict, water and

---

<sup>2</sup> The manuscript of Mats Segnestam's presentation can be found in Appendix 3.

sanitation. These collaborations have built some pressure from the outside which speed up implementation.

Sida's environmental specialists have made special efforts to engage in key areas of development cooperation e.g. health- and energy-sector policy development, and budget support. Over the years Sida has provided targeted strategic support to multi-lateral organizations (OECD/DAC, UNDP; World Bank). For instance, Sida has supported the World Bank's work on environmental indicators, Genuine savings and environmental mainstreaming in the Country Assistance Strategies.

To summarize, the approach Sida has followed over the years to facilitate successful environmental mainstreaming in its work has been to (i) stick to the vision of a decentralized responsibility in problem identification and implementation, (ii) be concrete, practical and result- and process-oriented, and (iii) seek entry points and opportunities as they occur. While maintaining the overall environmental objective, the pragmatic and flexible approach towards implementation has resulted in adaptation and changed modes of providing trainings, support and guidelines. A certain amount of boldness vis-à-vis the rest of the organization regarding the environmental objectives and the importance of the environmental agenda has prevented it from becoming marginalized – in terms of activities or financially.

---

## **SESSION V: PARALLEL WORKING GROUPS** (Chair: Johan Kuylenstierna)

### ***Group 1: The MDGs and the Environment:***

UNDP and UNEP have taken the lead in developing a PEP initiative on Environment and the MDGs to impact the outcomes of and follow-up to the Millennium Review Summit in September 2005. The initiative aims to build common ground ('messages') among PEP members on integrating poverty and environment in development work to achieve the MDGs, and to ensure political commitment to achieving MDG 7.

Following discussion of the Concept Note prepared by UNDP and UNEP, breakout groups focused on three inter-related outcomes: (i) making the case for environment and the MDGs and an improved indicator framework and operational guidance for Target 9; (ii) strengthened political commitment to scale-up action to achieve MDG7; and (iii) establishment of a broad-based 'Coalition for MDG7'.

On the first Outcome, the group concluded that there is a need to help facilitate a 'lock-in' on adjusting Target 9) and to lay the foundation for post-Summit adjustment of Target 9 indicators. On creating a common position/focused message (among PEP member organizations) on Environment and MDGs, we should use the multi-dimensional poverty-environment (livelihoods/health/vulnerability) framework to make case on benefits and costs of inaction. Moreover, the group concluded that there is need to: convince the non-converted (primarily poverty experts, macroeconomists) on the importance of

*environmentally* sustainable development; provide operational guidance on priority-setting and methodology for costing priority interventions; build on existing initiatives/information sources (e.g. case studies on ‘environmental income’ by WRI/WRR and others by WWF, ADB/IUCN etc.) and enhance the political understanding and commitment to environmentally sustainable development in general, and MDG 7 specifically.

In order to create political understanding and commitment to MDG 7 specific activities which were identified included: a high-visibility event; influencing other key sessions of the September 2005 Summit; integrating the ‘Community Commons’ approach to give visibility and support to local institutions/success stories; produce a special issue of P-E Times; and develop a coalition for MDG7. Other conclusions from the group discussion were to: at minimum, keeping environment ‘on the agenda’, get the poverty community to adopt PEP messages on the need to integrate poverty and environment, make a broad-based MDG Campaign with strong Southern participation with a focus on Summit follow-up action/advocacy and links to CSD and other key MDG-related coalitions, and identification of some key countries to be part of coalition.

In order to set activities in motion it was agreed that a two-tiered approach would be used in which: (i) knowledge institutions (facilitated by IIED/Steve Bass, DFID) will produce analytic work on Target 9 indicators, making the case, etc. under Outcome 1; and (ii) bi- and multilateral member organizations of PEP (facilitated by UNDP/UNEP/DFID) will shape inputs into a common political position/message on MDG7, build the Coalition for MDG7, and organize the high-visibility event. In this work it was emphasized that networks, especially in the South, would be tapped in order to generate inputs and to help build the Coalition for MDG7.

Organizations which expressed commitment to participate in this work include DFID, IIED, UNDP, UNEP, World Bank (Jan Bojö as link), ADB, WWF, EC, Sweden, IUCN, Germany, the Netherlands and WRI. Others are welcome to join (report to UNDP, att: Peter Hazlewood).

***Group 2: Greening of PRS:***

In the reporting back the following key challenges were listed: (i) reinforce inter-ministerial links, (ii) acknowledge the value of Sector-Wide Approaches (SWAPs) but also adjust the poverty-environment assessments accordingly, (iii) environmental implications of enhanced focus on decentralization in the partner countries, (iv) recognition of the regional differences between Africa, Asia and Latin America and reinforce research efforts in line with this, (v) make an inventory of on-going support to environmental mainstreaming in PRS, (vi) take stock of performance and needs regarding enhanced environmental mainstreaming in PRS, (vii) ensure a continuous review (along the line of the World Bank’s work during the last couple of years) of environmental mainstreaming in PRS.

***Group 3: Poverty, environment and vulnerability to disaster:***

The group discussion focused on how to improve prevention of and response to disasters. Based on experiences from the Asian Tsunami recovery specifically, the group noted the need for better understanding of how environmental quality and natural resource management affect human vulnerability and resilience generally, and how vulnerability to environment-related disasters can be reduced. Measures PEP can take include (i) information exchange, (ii) analytical work and (iii) provision of policy guidance.

Examples of specific measures on information exchange proposed by the group include poverty-environment assessment activities and findings in areas affected by the Tsunami, and environmental rehabilitation efforts (pertaining to strategy development, activities, costing, etc.). Similarly, examples of specific measures on analytical work include identification of correlations between poverty, social vulnerability, ecological resilience and disaster preparedness and impact, assess changes in natural resource use and dependence as result of the Tsunami, identification of opportunities to strengthen disaster preparedness by improved environmental management.

Finally, there is a need to identify “best-practice” policy, standards and support system for pro-poor and pro-environment recovery effort. Key issues include transparency, participation, natural resource tenure and regulatory enforcement. Proposed outputs include briefing notes, guidelines, “help-desk” function, roster of experts, training, etc.

The members of the discussion group proposed setting up a PEP Working Group on poverty, environment and resilience, with members from IUCN, UNEP/GRID-Arendal, DGCD Belgium, SEI and Resilience Alliance and MFA Sweden, among others.

***Group 4: Mainstreaming the environment within our own agencies:***

In the reporting back the following key challenges were listed: (i) increase the involvement of Ministry of Environment on poverty reduction challenges as well as the shaping of the national budget, (ii) develop knowledge and review functions on environmental assessment pertaining to budget support, (iii) increase the quality and quantity of poverty-environment related trainings, (iv) review and amend incentives within organizations to enhance the poverty-environment mainstreaming within the aid agencies.

---

**SESSION VI: POVERTY REDUCTION AND WATER MANAGEMENT:  
Finalisation of Joint Agency Paper on Poverty Reduction and Water Management  
(Chair: Joakim Harlin, UNDP)**

UNDP presented the Joint Agency Paper on Poverty Reduction and Water Management. The paper was circulated before the PEP meeting and it was followed up with invited comments from a panel of discussants as well as the plenary (see below). Objectives of the paper are to (i) explain the links between poverty reduction and water management, (ii) create a common agency view on the role of water management in poverty reduction

strategies and policies, and (iii) establish a strategy for moving the agenda and actions forward.

Objectives of the presentation at the PEP meeting were to provide a background to the preparation of the paper, present and discuss the second draft, agree on a collective process for the completion of the paper, and discuss next steps on the completion of the paper. Expected outputs of the paper are to (i) achieve strong ownership for the paper in the PEP group, (ii) identify water professionals from the agencies to form a paper finalization working group, and to (iii) agree on how to print and distribute the final report. Specific expected outcomes of the paper is that UNDP and other partners host side events and present the paper at CSD XIII in April 2005, Stockholm Water Week in August 2005 and Millennium +5 UNGA in New York in September 2005.

Key comments from the panelists and the plenary:

*Linda Ghanime, UNDP:*

- There is a need to succinctly list the best available policies on water management for poverty reduction. What do we know? How do we balance the trade-offs in water use and allocation? What are the criteria?
- How do we promote the most cost-effective water use in various sectors and regions (e.g. abstraction in forestry, agriculture etc.)?
- On optimal scales: What is best policy and best practical procedures regarding water management at the global, regional, national and local level, respectively? How do we decide on what level various water issues are to be optimally addressed?
- The report elaborates well on “why” and “what”, but less on “how” regarding best practices for sustainable water management to reduce poverty.
- The focus on peri-urban areas and slums needs to be complemented with more focus on water use in *rural* areas;

*Bengt Johansson, Sida:*

- The paper is good in that it puts water management in a multi-sectoral/-dimensional perspective and in relation to *all* MDGs;
- What is the focal group and intended audience of the paper?
- How does it relate to other water management initiatives (e.g. EU's)?
- The rate of return on water management investments is unrealistically high – if we believe in this figure, why aren't investors and governments investing more into water management? The statement needs to be qualified.
- Increase focus on water pricing; why is cost-recovery so low?
- Water is a *scarce* resource, which needs to be emphasized more strongly with implications on allocation, pricing, use patterns etc.

*Håkan Tropp, SIWI:*

- How do we go from this conceptual framework to operational programming? Make the paper more practical and operational.
- The report deals with the poor as an aggregated concept. “The poor” needs to be disentangled and qualified since the poor move in and out of poverty and poor differ in different respects.

- Elaborate on how water management relates to power and politics. There is a need to invest in more “political will” to ensure sustainable water management;
- Prioritize or rank the listed water issues;
- Qualify and elaborate more on “pro-poor water management”;

*Plenary:*

- Problems pertaining to unsustainable water consumption and pollution cannot be solved by the water sector alone. This fact has to be put up-front. Moreover, the report needs to elaborate more thoroughly on the role, specific responsibilities and tasks of other key ministries to ensure sustainable water use?
- Change the title of the report and use it to convey your main message. Suggestion e.g. “*Sustainable Water Management is Necessary for Poverty Reduction*”.
- Liberalization and privatization of water are contentious issues facing many governments. The report needs to establish more clearly a view of these issues;
- Broaden the section “Prices” into “Incentives” and make it encompass the full set of policy instruments relevant to water management;
- Introduce a section on Water and Conflict;
- The report purports to be a strategy in Ch. 4 – is it really? If so, what are the implications?

---

**SESSION VII; PLENARY DISCUSSIONS ON PEP-RELATED TOPICS** (Chair: Jan Bojö, World Bank)

***Environment, Health and Poverty Reduction by Helen O’Connor, DFID:***

In a joint donor effort, WHO with support from several donors is preparing an analytical report on Environment, Health and Poverty Reduction. The intended audience for the paper is country level bi- and multilateral agencies and their interlocutors. Main issues that the paper addresses include

(i) why environmental health matters to poverty reduction and (ii) key environmental health risks and challenges; (iii) opportunities for tackling environmental health issues; and (iv) poverty reduction processes as an entry point for addressing environmental health.

It was amply argued that the burden of disease (among the poor in particular) due to environmental degradation and pollution provides a rationale as to why environmental health matters to poverty reduction. Determinants of environment-related diseases include e.g. agriculture (soil loss and pesticides), vectors, urbanization, and poor water and sanitation. Key risks were disaggregated into (i) traditional risks (poor water and sanitation, indoor air pollution, disease vectors), (ii) modern risks (injuries, slums, pesticides, toxic waste), (iii) emerging risks (climate change, biodiversity loss), and (iv) groups at risk (children, indigenous groups, women). The challenges to these risks are technical, economic, institutional as well as social.

In short, opportunities for tackling environmental health issues include e.g. targeted subsidies, enhanced private sector inputs and inter-sectoral action (mainly regarding agricultural development, water management, urban planning, and environmental

management). PRS-processes provide an entry point for addressing poverty-related environmental health issues in a comprehensive, coherent and coordinated manner. Agencies interested in inputting or commenting on the paper should contact Carlos Dora (WHO) or Helen O'Connor (DFID).

***Pro-Poor Growth and the Environment by Piet Klop, DGDS:***

“Environment” is typically associated with problems, and perceived as an obstacle to economic growth and poverty reduction. In order to reverse this perception DFID has taken a joint donor initiative to analyse how natural resources and the environment contributes (and can contribute) to pro-poor growth. The objectives of the work are to (i) demonstrate the positive contribution of improved environmental management to pro-poor growth; (ii) identify the key factors conditioning such win-win outcomes; and (iii) draw out some key policy recommendations. The work complements past ENVIRONET work on Environmental Fiscal Reform, and on poverty-environment linkages. It also builds on other OECD/DAC work by POVNET on agriculture and pro-poor growth, and pro-poor infrastructure. The audience of the work is economic and environmental decision-makers in developing countries and development agencies.

A Task Force has been set up and a draft concept note for collaborative work under the mandate of ENVIRONET and PEP is being developed. The initiative is scheduled to produce a series of outputs including (i) conceptual framework on NR and environment contribution to growth, (ii) country analytical work, (iii) natural resource specific analysis (e.g. forestry, fisheries, wildlife, water resources) on contribution to growth, (iv) operational tools for country level analysis, and (v) synthesis and policy summary. The outputs intend to influence economic processes (e.g. budgets, growth strategies) and environmental decisions (e.g. resource strategies, environmental priorities).

Since the country analytical work is a key output of the initiative, a plea was made to the PEP-members to identify and conduct more country-case studies. Although some analyses exist (Uganda, Sri Lanka, Ghana, Nigeria), there is a need to review this work and identify further countries for analysis.

***PEP Homepage by Daniele Ponzzi, ADB:***

At the fifth PEP meeting in the Netherlands February 2004, the PEP members agreed that a website should be established in a neutral domain to support poverty and environment efforts around the world. ADB took on this task and is now developing a website for PEP linked to a broader ADB poverty-environment website. As part of the task, ADB agrees to take responsibility for, and fund, the PEP website for an initial period of two to three years (at a cost of around \$30,000 - \$35,000). ADB has prepared a concept note on the website which was sent to a number of PEP members for comments. An inception note was subsequently prepared to discuss the purpose and key principles of the website, its design and features, roles and responsibilities of ADB, PEP partners and other stakeholders, and next steps needed to launch the website. ADB will use the site to

disseminate outputs of ADB's Poverty and Environment program as part of its Knowledge Capture and Dissemination Strategy.

ADB is currently engaging the services of a web programmer to develop and launch the website by May 2005 at [www.povertyenvironment.net](http://www.povertyenvironment.net). After the website is up and running, ADB will assign a webmaster to take responsibility for the regular maintenance of the site. PEP members are strongly encouraged to provide comments and contents to the website between March to April 2005 in time for the May launch. The webmaster will then continuously encourage the Partnership members and other P-E stakeholders to contribute with information to the website.

***Poverty Mapping by Marianne Fernagut, UNEP-Grid-Arendal:***

UNEP-Grid-Arendal has recently completed a joint initiative with FAO and CGIAR, on "Improving Methods for Poverty and Food Insecurity Mapping and Its Use at Country Level". The initiative was taken to sharpen and enhance the use of methodologies and tools for mapping poverty, food insecurity, environmental management and vulnerability. The project promotes the use of poverty maps in policy-making and targeting development assistance. The project activities were spread over 3 years (2001 - 2004) and funded by the Government of Norway.

Outputs of the poverty mapping project can be found at [www.povertymap.net](http://www.povertymap.net) and include: (i) establishment of a global database of poverty maps (with case studies on poverty and food insecurity mapping in nine developing countries, library of publications related to poverty and the environment, links to additional information, and specific information on poverty, environment and food security); (ii) synthesis of the tools and methods for mapping food insecurity, poverty and vulnerability in various contexts; (iii) an active and functional web-based network of individuals and institutions exchanging information. The aim is to jointly improve the techniques and practical utility of food insecurity and poverty mapping systems for programming at national, regional and global level.

PEP-members were invited to take a look at [www.povertymap.net](http://www.povertymap.net) and to share links and/or documents on poverty mapping activities. Grid-Arendal is also open for discussing and continuing poverty mapping activities in various areas like vulnerability, participatory mapping, conservation mapping. (Contact [marianne.fernagut@grida.no](mailto:marianne.fernagut@grida.no) or +47 3703 57 58).

An indirect outcome of the poverty mapping project was the production of a newspaper 'Poverty and Environment Times' (at [www.environmenttimes.net](http://www.environmenttimes.net)), which is an easy to read and illustrated overview of poverty-environment issues in a newspaper format. The newspaper aims at a professional audience of governments, policy makers, international financial and development agencies as well as a general interested public researchers, and NGOs. Because of the success of the 'Poverty and Environment Times' several new editions were produced. The next and fourth edition will cover the links between the

environment and the MDGs and will be launched at the Millennium Development Goals +5 Summit, September 2005 in New York.

PEP-members are motivated to contribute to the next issue of Poverty and Environment Times on MDGs and environment for the MDG+5 summit. This can be in different modes: writing articles, good ideas, advertisements, links to PEP work or launch an event. (Contact [marianne.fernagut@grida.no](mailto:marianne.fernagut@grida.no) or +47 3703 57 58).

***The Future of PEP by Peter Hazlewood, UNDP:***

This session initiated a discussion and review of future directions for the PEP – its purpose and objectives, key issues to address and the way forward. There was agreement on the need for a structured process to reach consensus on future directions at the next PEP meeting.

A preliminary list of key issues that should be considered was developed. Issues that were proposed included PEP’s purpose/role and objectives, membership (institutional), meeting participation (environment and poverty representation), frequency of meetings, ways of working (rotating host, decision-making, support mechanism, etc.), and resource requirements if the PEP agenda expands.

In the discussion on next steps, some concern was expressed on the scope and focus of PEP (“if we add a new topic/task, we must drop another”). PEP should seek to “maximize the mileage and leverage of PEP outcomes”, and to give greater attention to ensuring continuity and follow-up of these outcomes in the policy- and decision-making arena than in the past. Other ideas to consider include the possibility of instituting a PEP-specific funding basket, trust funds and secondments.

Conclusions reached at this sub-session were: (i) to discuss critically and distinguish between what can *only* be done by PEP and what can *best* be done by PEP, and to let the outcome of this assessment guide the focus of PEP’s work in the future; (ii) to have a session at the next PEP meeting to reach consensus on future directions for the PEP; and (iii) to establish a working group to refine the list of key issues and present proposals at next PEP meeting. CIDA (att: Louise Vallieres) volunteered to lead this group, with the support of Sweden (MOFA) and Germany (GTZ). Others are welcome to contribute to this work. Please contact Louise Vallieres ([LOUISE.VALLIERES@acdi-cida.gc.ca](mailto:LOUISE.VALLIERES@acdi-cida.gc.ca)).

***Next meeting:***

- Ottawa, Canada, October 2005. Host: CIDA (att: Louise Vallieres)
- Washington DC, USA, March 2006. Host: The World Bank (att: Jan Bojö)