

14th Poverty Environment Partnership (PEP) Meeting

Geneva, Switzerland, 31st March – 2nd of April 2009
Final Report

Executive Summary

The 14th meeting of the Poverty Environment Partnership was hosted at International Environmental House, in Geneva, from 31st of March to 2nd of April 2009 by the United Nations Environment Programme (UNEP) with financial support from the Swiss Development Corporation (SDC). Participants included over 75 representatives of multilateral and bilateral development agencies, non-government organizations and research institutes. The meeting objectives were to review lessons from experience with poverty-environment interventions, to discuss key emerging issues relevant to PEP members, and to review ongoing and future joint PEP activities. The themes of the meeting included climate change, green economy, environment mainstreaming and working with local organisations. The meeting also enabled PEP members to share updates of ongoing work and reviewed the independent evaluation of PEP. The meeting agreed for PEP to focus on three themes for the coming year, namely: green economy, mainstreaming environment, and engaging local actors. For these three work areas, initial concept notes of possible next steps will be shared in May:

- **Green Economy.** Given the economic crisis and associated stimulus packages, the United Nations (led by UNEP) and others are promoting a “Global Green New Deal” through a Green Economy Initiative. Based on economic analysis and advocacy, the Green Economy Initiative is programme designed to assist for governments and other decision makers to reshape and refocus policies, investments, and public spending towards low-carbon and environmentally-friendly sectors such as clean technologies, renewable energies, sustainable agriculture waste management, while sustainably using and preserving natural assets such as the planet’s ecosystems. The value added of PEP would be to broaden the approach to a green economy in three main ways: firstly to enlarge the current emphasis beyond a “low carbon economy” to cover other poverty environment issues such as natural resource management (through environmental fiscal reform etc); secondly, to further widen engagement of developing countries in the transition towards a green economy; and thirdly, to engage development agencies outside the UN. Initial activities include engagement in a UN special session, World Bank meetings and other gatherings through joint advocacy and a possible PEP summary (as was done for the 2008 UN General Assembly). A concept note will be drafted by IUCN in coordination with UNEP (contacts: fulai.sheng@unep.ch; Josh Bishop JTB@hq.iucn.org and anne.carlsen@undp.org).
- **Mainstreaming environment for poverty reduction:** This remains a core field for PEP members including emerging areas such as the transferring of lessons for mainstreaming of climate change. Mainstreaming will form the focus of the next PEP meeting, ideally to be hosted in a developing country. Key activities include working on a joint mainstreaming manual as well as further analysis, sharing training activities and tools and stronger support for country systems in line with the Paris and Accrah Declarations on Aid Effectiveness. A concept note will be drafted by IIED (contact steve.bass@iied.org).
- **Working with local organisations:** Local government and national NGOs play a key role in “delivering” the Millennium Development Goals. They are especially important in environment issues that matter to poor people, as illustrated by recent research of WRI and IIED, but have often been given less emphasis by development agencies in the shift to upscale policy engagement and budget support. This needs to be

reviewed and corrected with greater analysis, engagement and careful financing. A concept note will be drafted by WRI (contact Manish Bapna and Peter Hazlewood phazelwood@wri.org).

- **PEP ways of working:** PEP's informal governance will continue largely unchanged, but there will be a more structured approach to focus on key work areas with more continuity between and within PEP meetings. PEP members strongly supported PEP's informal governance structure including rotating hosts, a part-time coordinator (funded by UNDP and DFID), and members paying their own way, but this will be documented as guidance and members will each be encouraged to bring a participant from a developing country to future PEP meetings. A more focused approach to work areas was supported with three clear priorities emerging from this meeting (green economy, mainstreaming and working with local organisations), which the PEP coordinator will follow up more consistently, possibly with the help of an assistant if funding is available.
- **Future PEP meetings:** There was support for the continuation of alternate PEP meetings in a developing country. The 15th PEP meeting is likely to focus on mainstreaming environment for poverty reduction including working with local organisations. This will ideally be hosted in a developing country, possibly Malawi or Ghana in early 2010 (with the national government involved but not as the formal host). DFID and some other agencies indicated possible financial and logistical support. Agencies should email the PEP Coordinator (paul.steele@undp.org) by May 31st if they are interested to provide financial and logistical support. The possible countries for the meeting will be reviewed and the final decision taken by the meeting sponsor in consultation with the country government. There was a possible offer to host the 16th PEP meeting in late 2010 in Rome through the auspices of the International Fund for Agriculture (IFAD).

The minutes that follow summarize action points, presentations and discussions. *The full agenda, presentations, and participants' list are available on the ADB-hosted PEP website at www.povertyenvironment.net/pep*

DAY 1, 31st of March 2009

SESSION 1: WELCOME AND INTRODUCTION. Chair: Ivar Baste, Director, Environment Management Group.

Ivar Baste, Director of the Environment Management Group opened the meeting emphasizing the importance of understanding the linkages between environmental management and the efficacy of poverty reduction efforts. Nara Luvsan of UNEP provided an overview of meeting objectives and the agenda, followed by participant introductions.

SESSION 2: ADDRESSING CLIMATE CHANGE: IMPLICATIONS FOR THE POVERTY/ENVIRONMENT NEXUS. Chair: Francis Vorhies, Earthmind

Climate impacts: What, where and when is the main risk of climate change amongst the poor? Martin Parry, Centre for Environmental Policy, Imperial College London.

This presentation identified ways in which climate change can affect poverty, including problems caused by water scarcity, subsequent food insecurity, inundations in low-lying areas, deltas and mega-cities, as well as health problems caused by increased malaria cases, malnutrition and heat stress. He also discussed best ways to respond to these challenges, including incorporating mitigation and adaptation, as well as following pathways

of development that combine both approaches. The most cost-effective response to this challenge is a “sustainable future” that emphasizes a shift to the green economy.

Prof. Parry stated that the extent of climate change based on more recent research shows an underestimate by the IPCC 4th Assessment Report. Even if stringent actions were to be adopted in Copenhagen, he indicated that it would be sensible for governments to adapt to an increase of 3 to 3.5 degrees of average temperature. This increase in temperature would create huge challenges, so governments should take immediate action to adapt to potential impacts. However, he stated that our capacity to adapt may be exceeded, and thus we would need to also drastically reduce emissions. He concluded that in order to be successful in responding to the threats of climate change, we must adapt and mitigate at the same time.

Can the solution be found in community-based adaptation? Saleemul Huq, IIED.

Mr. Huq stated that there are three main subjects to consider: the IPCC, politics (UNFCCC) and the “reality on the ground”. The IPCC constitutes a credible – but slow – process, based on published and peer reviewed science data. Due to this, the IPCC agreements are on the lower range of what is presently happening with climate. Scientists are now becoming more vocal; they are now prepared to speak louder because they are not seeing the results they wanted. In relation to politics and the UNFCCC, he stated that the present global conditions provide reasons for optimism in Copenhagen, given the recent decisions taken by the Obama administration and the fact that the Bali Action plan sets a time limit for an agreement. However, there is still considerable inertia, particularly due to the global economic crisis. He added that the negotiations timetable is going to be extremely tight as many negotiations will have to take place before the Copenhagen meeting.

Finally, in reference to the reality on the ground, he pointed out that in the last few years specialists have shared their experience of working with populations at risk. As an example, he mentioned the “Global initiative on community-based adaptation” conference, organized by IIED, which took place in 2008 in Bangladesh and brought together agencies, practitioners, NGOs as well as local communities. The conference combined visits to vulnerable areas and a traditional-style workshop. Based on the lessons learned at this event he stated that what is done presently is adaptation to climate variability. However, adapting to climate change requires input from scientists and longer-term thinking. It is important to recognize that there are limits to adaptation as some ecosystems will be lost and some land will end up under water. It is therefore important to include migration and relocation in adaptation discussions. Agencies should learn from successful adaptation pilots scaled up through new modalities. To conclude, he invited a future Poverty Environment Partnership (PEP) meeting to take place in Bangladesh in 2010, back-to-back with the “Global initiative on community-based adaptation” and for PEP members to join this Global Initiative.

Pro-poor Reducing Emissions from Deforestation and Degradation (REDD): evidence so far. David Huberman, IUCN.

This presentation reviewed PEP’s previous work on ways to assess activities related to Reducing Emissions from Deforestation and Degradation (REDD) and their impact on the poor. Huberman stated that it is still early to gather significant actual evidence on the poverty impacts of REDD, and that the climate negotiation process does not yet provide much clarity either. There are two main positions: the first one has a focus on deforestation, while the second is broader, combining both deforestation and land degradation (e.g. soil carbon). In addition, governance and policy coherence issues are also lacking from present practice. Guidelines for voluntary carbon projects have been developed and these can be combined with standards such as Climate Community and Biodiversity Alliance, which has projects approved in Indonesia and Brazil.

Plenary discussion

The discussion highlighted the importance of reducing vulnerability or exposure to climate risk rather than just exposure to climate change. Martin Parry of the Imperial College stressed that both rich and poor can be exposed to climate change, but it is the poor who will be much more impacted due to their greater vulnerability and exposure to risk. In terms of scaling up climate adaptation, Mr Huq stressed that there has been a major increase in climate adaptation activities. The challenge is now how to bring the disparate initiatives together in a non-bureaucratized way. The emphasis should be more on sharing knowledge, not just fundraising. He explained that while there is still a lack of exact information, the existing information is already enough to act. Concerning government policies to support community-based solutions, Mr Huq replied that adaptation issues have been driven by poorest countries in negotiations through the G77. In Marrakesh (COP 7 of the UNFCCC) a fund was created for the LDCs to set up National Adaptation Programmes of Action (NAPAs). The Bangladesh government went even beyond the NAPA and added its own national resources to implement a climate change strategy with adaptation and mitigation activities and invited donors to match funds. The OECD, EU and US have now realized they also have to deal with adaptation and are starting to develop their own plans, such as the recent start on the US plan for adaptation. Mr Parry added that funding for adaptation in developing countries is still low compared to the challenges faced. He stated that actions taken thus far are not protecting the poor from climate change and that agencies need to think bigger. There is a need to address the huge adaptation costs of people living in different places and with different livelihood strategies. He concluded that there are strong complementarities between adaptation and mitigation and they can be brought together through the “green economy” approach.

SESSION 3: GREEN ECONOMY AND PRO-POOR GROWTH. Chair: Joshua Bishop, IUCN.

Green Economy Initiative & relevance to low-income countries. Pavan Sukhdev, UNEP. Mr. Sukhdev started with some reflections: what direct and indirect impacts will the economic crisis have on the poor? Which strategies for development assistance can be implemented? A Global Green New Deal should revive the world economy, reduce carbon dependency, ecosystem degradation and water scarcity and eliminate extreme poverty as set out in the MDGs. Mr. Sukhdev is concerned that the present crisis may be a prelude to a larger crisis which might divide, even more, rich and poor people and threaten ecosystems further. It is critical to check that the investments of the G20 countries are focused on reducing poverty and are done with a “green” orientation. Regarding renewable energies, he stated they are a “win-win” solution as they create jobs (and much more than do the oil and gas sectors); they lower costs; and they reduce emissions. Research in the US found that an investment in renewables would generate 2 million jobs, compared to just 50,000 jobs created by similar sized investments in the oil and gas sectors and 1.7 million jobs if the money was just spent on financing household consumption. Then he introduced the interim report of “The Economics of Ecosystems and Biodiversity” (TEEB) which focuses on the link between ecosystems and the economy. The three key messages of the report are: first, that the economic size and welfare impact of ecosystem losses is huge; second, the strong link with poverty and the risk of the MDGs’ failure; and thirdly that discount rates are ethical choices. Ecosystems provide about 7% of India’s GDP, but 57% of the GDP of poor people in India. He concluded with the need of a “Global Green New Deal” as a win-win solution not only for the environment but also for key sectors of the developed and developing countries.

Impacts of the Economic and Financial Crisis. Fulai Sheng, UNEP

The presentation started with the statement that there is not much data on the impacts of the financial crisis on different groups of the poor. However, Mr. Sheng pointed out that as per previous experience, financial crises are followed by job losses and this has a major impact on the poorest. Mr. Sheng stated that the economic and financial crisis impacts through 3

main channels: a) job and income losses which may increase dependence on rural ecosystems; b) less fiscal margin leading to cuts in social and environmental spending; and c) fiscal stimulus packages which must include green investments, but must also avoid environmentally damaging spending. Mr Sheng highlighted the need for systematic but rapid assessments of environment impacts of the crisis.

Green Economy for economic growth, job creation and poverty reduction. Nomaan Majid, ILO

Mr. Majid began his presentation stating that what leads to poverty reduction is economic growth in combination with productivity increases. Mr. Majid sees “greening” as a technology change and the crisis presents an opportunity through increased investment. One challenge though is how to measure productivity.

Organic Agriculture and the Green Economy. Alexander Kasterine, ITC and Asad Naqvi, UNEP.

This presentation addressed the benefits of the organic agriculture. Mr. Kasterine affirmed that many sectors can create jobs and provide environmental public goods and that organic agriculture is one of them. He pointed out a major problem in conventional agriculture related to pesticides and the health of the poor as well as impacts on ecosystems. An investment in organic agriculture can have benefits in terms of food security and productivity. The economic benefits of the organic agriculture trade are \$US 50 billion per year.

Mr. Naqvi presented the climate change benefits of organic agriculture in reducing green house gas emissions, and increasing carbon sequestration per hectare. He concluded that organic agriculture provides more jobs which are generated over a longer time period than conventional agriculture. Organic agriculture also provides environmental public goods (due to CO₂ sequestration) and is an adaptation methodology, which is growing in demand.

SESSION 4: ENVIRONMENTAL FINANCING ARCHITECTURE. Chair: Timothy Geer, WWF.

New Climate Financing & Development Cooperation: Synergies & Potential Conflicts. Jochen Harnisch, KfW Bank.

Mr. Harnisch stated that the financing needs for climate mitigation and adaptation are huge – with estimates of 6-70 billion euros annually for developing countries for adaptation, 75 billion euros for mitigation, with complementary additional investment needs of 350 billion euros. Although it is complicated to mobilize private funding it should be the main objective of climate and environmental financial architecture. Public investment should be able to leverage up to 3-5 times additional private investment. A new architecture is emerging and remains under debate with three main possible options a) conventional multilateral funds, b) a Global Climate Bank and c) a Climate Finance Clearing House. The key criteria should be a financial architecture that promotes scale, speed and results. While it remains controversial, adaptation financing should include grants such as for flood protection, but also loans for activities such as water supply, microfinance, micro insurance and also equity or mezzanine finance. The issue of “double-dipping” or using official development assistance (ODA) for climate financing will remain controversial but may be inevitable.

Improving the poverty alleviation and development linkages of environmental financing architecture. Vicente Paolo B. Yu, South Centre.

The South Centre is an inter-governmental research institute providing advice to developing countries within the G77. The South Centre has undertaken analysis on climate financing using the many sources available including non-ODA public funds, private funds and private philanthropy and ODA public funds. The current financial architecture for climate falls short. The key criteria for improvements are to develop a system without policy and governance

conditionalities that is adequate, predictable, country-owned and with participatory and democratic multilateral processes.

Case Study 1 – Mobilizing Innovative Finance and how to work within the financial architecture - Lessons from the Global Mechanism. Simone Quatrini, The Global Mechanism, UNCCD.

The Global Mechanism supports the Desertification Convention by promoting integrated financing strategies for sustainable land management. So the Global Mechanism is not a fund, but stresses “mainstreaming” land management so that it receives greater financing by maximising the use of existing financial resources. The steps are to identify the funding potential, develop an action plan to overcome barriers to access these funds and then prepare an integrated investment framework.

Case Study 2 – Fit for the Future – Reforming the GEF. Andrea Kutter, GEF Secretariat.

There are growing challenges for the GEF especially with the much larger climate funds available through other mechanisms. The GEF offers some advantages in terms of an integrated approach through existing channels. The GEF is proposing reforms as it enters negotiations on its next tranche of funding or “replenishment”. These reforms include more responsiveness to the Conventions, governance changes (including representation of the Conventions), more options to access GEF funds, innovative financing such as use of concessional loans, mechanisms to receive additional funds between replenishment rounds, more focus on results-based management, enhanced country responsiveness, more private sector engagement, and linking up with the carbon market. It is hoped that there will be a substantial replenishment of the GEF of between US\$ 6-12 billion.

Plenary discussion

Mr. Huq added that the Adaptation Fund is very innovative: it has a globally equitable governance structure; it has no donors as it obtains its funds from a global tax of the CDM (a 2% levy); and it allows direct access to the funds. The fund was only recently created, but he expected that before Copenhagen, the fund will be able to deliver money directly to countries. Others highlighted the need to harness illicit funds such as those associated with natural resource corruption.

SESSION 5: BREAK-OUT GROUPS

All participants were divided into 3 groups to work on the themes - Green Economy, Environmental Financial Architecture and Climate Change. The groups were assigned to come up with solutions and challenges in their respective areas.

DAY 2, 1st of April 2009

SESSION 9: REPORTS FROM BREAK-OUT GROUPS. Chair: Peter Hazelwood, WRI.

Group 1: ENVIRONMENTAL FINANCING ARCHITECTURE. Group leader: Timothy Geer, WWF

There are tensions between vertically structured global climate and environment funds, and in-country donor harmonisation and support to country systems. In one view, climate funds should be kept separate from any other kind of development and ODA activities as climate funds should be additional to existing ODA. However, others stress the need to integrate climate financing into horizontal work at the country level, and ensure that global climate funds link with national priorities. There are also major challenges of absorption capacity. Much can be learned from the experience of global health funds for HIV AIDS and the pros and cons of such funds in changing and distorting national priorities.

Group2: GREEN ECONOMY AND PRO-POOR GROWTH. Group leader: Joshua Bishop, IUCN.

The group discussed green economy and how to make it relevant to low-income countries. Topics discussed included: how to ensure partner country perspectives on green economy; how donors should address the green economy in their development cooperation; what the key elements in green economy are: environmental fiscal reform, strategic environment assessments in partner countries, or measuring the GDP of the poor. Joshua Bishop emphasized the importance for PEP to add value based on its comparative advantage, especially in moving beyond the focus of green economy on low carbon to sound management of natural resources, as well as in responding to low-income country concerns and in eliciting the views of partner countries beyond the G20. Group members stressed upcoming opportunities to highlight green economy issues such as the UN session in June 2009 where PEP should contribute more analysis on green economy. UNEP Grid is working on a publication of the "Environment Poverty Times" newsletter on the green economy and ADB with UNEP and ESCAP in Bangkok are currently working on a new publication which focuses on resource efficiency, resilience, and green economy to be launched at a Ministerial conference in Asia in 2010.

Group 3: ADDRESSING CLIMATE CHANGE: IMPLICATIONS FOR THE POVERTY/ENVIRONMENT NEXUS. Group leader: Saleemul Huq, IIED.

The group discussed the National Adaptation Plan of Action (NAPA) for climate change in low-income countries. The group expressed dissatisfaction with the NAPA process as the projects identified by developing countries were often not properly financed. The group agreed that the Paris declaration is consistent with many of the principles of and decisions taken by the Conventions – and these synergies need to be highlighted. The group also discussed community level pro-poor adaptation as a key theme that should be explored further. One of the challenges that the group faced in mainstreaming adaptation into development is how to render adaptation measurable. Recently GEF has developed methods for measuring the reporting and verifying of mainstreaming adaptation. Climate change is more than an environment issue. But better environmental management is also key for climate adaptation and mitigation. There is a challenge to ensure that climate change is integrated into environmental mainstreaming processes. There are concerns that climate change can crowd out environment concerns.

SESSION 6: MAINSTREAMING ENVIRONMENT INTO POVERTY REDUCTION AND ECONOMIC GROWTH. Chair: Veerle Vandeweerd, UNDP.

Lessons from developing country practice

Ms. Vandeweerd reflected on the complexity of mainstreaming in planning. With gender, governance, energy access and other issues also being "mainstreamed" there is a need to avoid mainstreaming "fatigue". The current economic crisis coming on top of food and energy crises creates both an opportunity and a challenge.

Mainstreaming in Africa. David Smith, PEI Africa

The countries covered by UNDP-UNEP PEI Programme for Africa include Burkino Faso, Kenya, Uganda, Tanzania, Rwanda, Mozambique, Mali and Mauritania. David Smith stressed that many lessons have been learned, in particular to always start with the end goals in mind. Institutionally the focus is on Ministries of Planning and Finance and key sectoral Ministries, such as agriculture since it is not the Ministry of Environment that damages the environment. Thorough institutional and economic analyses including assessment of the government's incorporation of environmental sustainability into planning processes are vital to identify appropriate entry points. It is also essential to identify all potential champions.

It is also important to apply a programmatic rather than a project approach and to focus on the existing country processes such as PRSP or the National Development Plan. It is important to be clear about what PEI is not i.e. it is not an environment project or fund for environment projects. It is vital that the programme should have very clear goals and focus in each country. The main goals of the PEI programme have been to ensure that sustainable natural resources are included as an objective or outcome in national and development planning processes – in the monitoring and indicator system, and in sector plans and budgets to that there is more public investment and donor support.

Mr. David Smith mentioned that key achievements made by the programme have been increased budget allocations for environmental sustainability, and agricultural development plans which have included sustainable land and water resources management. However, results do vary from country to country. Challenges and high transaction costs remain due to capacity gaps in country, the need to work with government while also trying to change government priorities, and the difficulty of working across Ministries.

Mainstreaming in Asia Pacific. Sanath Ranawana, PEI Asia.

PEI Asia Pacific is currently working in six countries namely Bhutan, Lao PDR, Bangladesh, Timor Leste, Vietnam and Thailand. The total programme budget is \$5.5 million and the programme span is 2007-2012. There is a possibility for the programme to expand with interest from other countries across the Asia and Pacific region. There are common themes and challenges for mainstreaming in Asia and Pacific countries. Agencies responsible for planning and budget decisions must be in the driving seat and economic analysis is key to making the case and capturing the attention of finance agencies. PEI acts as a conduit for knowledge dissemination rather than financing new research. Environment is given increasing importance, but is generally still treated as stand-alone. Upstream interventions based on evidence and tools and poverty-environment linkages are more tangible at the local level. Decentralization initiatives are consequently useful entry points. The private sector is also often the major driver of environmental change, particularly in South East Asia.

To take account of this context, key activities include supporting governments' targeted poverty intervention programmes, developing planning guidelines for poverty-environment mainstreaming, capacity building for poverty-environment-climate mainstreaming at local level, reviewing environment-related public expenditure and supporting sustainable-development private-investment strategies in selected areas.

Best bets, new drivers and upcoming challenges of mainstreaming. Steve Bass, IIED.

Steve Bass defined environmental mainstreaming as 'the informed inclusion of relevant environmental concerns into the decisions and institutions that drive national and sectoral development policy, rules, plans, investment and action'. If mainstreaming is analogous to entering or changing the flow of a river or stream, there are five dilemmas:

- Whether to engage in rewriting the mainstream map and the pros and cons of changing the texts of PRSPs and National development plans?
- Choosing upstream focus on policy and governance versus downstream focus on investment and implementation by different authorities?
- Which boats to board: government boats, or the NGO "flotilla", or planning/finance, or the environment agency?
- At what speed to proceed: with the flow (linking up with prevailing process which may take 20 years for long-term change) or fast track opportunities (e.g. climate and REDD)?
- How to measure progress: process targets or actual poverty environment outcomes, and whether to use existing information or promote new accountability mechanisms?

IIED's work has identified five best approaches to successful mainstreaming:

- understanding drivers of mainstream development such as PRS, budget, FDI, technology, media, big business etc...
- respond to relevant debate within the mainstreaming policy such as low-carbon economy, meaningful jobs for the poor etc...)
- respond to needs of specific poor groups e.g. health, shelter, access to natural resources
- work with the 'real-life' policy and decision process
- use a range of environment mainstreaming tools such as SEA, and participatory poverty-environment evidence to suit context, user and task. Poverty and environment mainstreaming in Tanzania was cited as a good practice example.

Mr Bass provided several useful suggestions as to potential PEP activities in the area of environmental mainstreaming. They are (1) a simple environmental mainstreaming framework focused on improving the productivity of assets, reducing risk, empowering people, and which would have a strong development focus (2) Improved peer review of environment mainstreaming (3) Jointly produced environmental management sourcebook and guidance (e.g. by IIED/UNDP/UNEP/OECD and others). (4) Provide inputs to the post-MDGs Initiative and host PEP 15 in a developing country focusing on the theme of environment mainstreaming.

Panel on donor initiatives and challenges in environmental mainstreaming

Three discussants, namely, Aidan Fitzpatrick from Irish Aid, Remy Paris from OECD/ DAC and Daniele Ponzi from the Asian Development Bank shared their respective agencies' latest work in the area of environment mainstreaming as well as the challenges faced, such as the lack of understanding of the need to mainstream among various departments, consistency of collaboration, need for more training/capacity-building, the emphasis on country ownership and the importance of a network to support local leaders.

Plenary discussion

PEP members highlighted that: mainstreaming is political rather than technical; mainstreaming can be done into different sectors but also by highlighting environment as a sector; leadership is a key ingredient; and climate mainstreaming must be taken advantage of although it may be distorting priorities. Ms Vanderweerd concluded that the key message is to learn lessons quickly given the current opportunities of the green new deal and the prominence of climate.

SESSION 7: SCALING-UP LOCAL SOLUTIONS FOR ENVIRONMENT, CLIMATE CHANGE AND MDGs – A CATALYTIC ROLE FOR PEP? Chair: John Fanshawe, Birdlife.

Growing the wealth of the poor and the 'scaling-up' challenge. Manish Bapna, WRI.

The nature of change is changing. Crises are increasingly global and manmade. 130 million people have been pushed into poverty by the economic crisis. The world's poor mainly rely on ecosystems for their livelihood, and this will increase during the crisis. The 2008 *World Resources Report: Roots of Resilience* reviewed a number of case studies from across the world. The report indicates a model on how to scale up community access to resources through three success factors: ownership, capacity and connection. One example is the programme to restore wetland livelihoods in Bangladesh where local communities were granted leases to use and benefit from ecosystem services (resource rights) and wetland action plans were drawn up by the community itself. Fair competition, infrastructure for the poor and responsiveness of government are critical factors to redress local and national policies undermining community development.

Local support organizations have a crucial role in all case studies analyzed in the WRI report. Local organizations serve to link communities to government, NGOs, producers and networks – and through such bridge building NGOs had a pivotal role with assisting to break power asymmetry. He concluded by raising two discussion questions: How can donors be engaged at the local level and provide effective financing? These kind of issues are crucial to inform emerging issues such as community-based adaptation and pro-poor REDD.

Local organizations – key but neglected agents ‘at the end of the MDGs delivery chain’. Steve Bass, IIED.

Local organisations have been marginalized by the move to upstream policy and budgeting by development agencies. But local organisations play a key role by empowering poor people and help in “delivering” the MDGs. Many such local organisations are engaged in natural resource and environment-related activities. IIED launched a process asking local partners worldwide what an effective local organization was. This process concluded that distinctive traits of effective local organizations are that they assist in empowering communities, reduce risks and deprivations and take a holistic approach (i.e. know how to make trade-offs). In addition, effective local organizations have to comply with internal governance requirements, have a long-term presence on the ground and are directly accountable to the local groups they serve.

A key challenge for local organizations is to avoid donor capture, although increased donor financing is also needed. Donors need to scale up the good lessons gathered from local organizations’ work on the ground. Aid agencies are only as effective as the local organizations they fund. To conclude his presentation, Mr. Bass recommended donors to invest in the environmental wealth of the poor through global flexible funds and not to partner only with big NGOs, but to also include local organizations.

UNDP’s emerging strategy on ‘Local Capacity and Action for the Environment and Sustainable Development’. Veerle Vandeverd, UNDP

80% of environmental decisions are taken at the local level, and UNDP has recently launched a strategy to scale up its engagement with local actors. UNDP’s strategy for scaling up focuses on strengthening the enabling environment (at global and national levels), local capacity (rights, access, and participation), local learning and advocacy. This is particularly relevant for climate change as new and diverse opportunities for environment finance will arise as a result of climate financing. She concluded by detailing a specific initiative that UNDP is considering, which consists in the organization of a “Community Dialogue Space” at the UNFCCC COP 15 in Copenhagen to be held in December 2009 and inviting PEP members to collaborate on a feasibility study for a major local agenda to be discussed in this forthcoming meeting.

Plenary Discussion

The discussion acknowledged the importance of gender specificities and that it is important to work with women and men when reaching out and working with the poor in a sensitive way. The composition of the community-level institution needs to be comprehensive. Participatory assessments by different target groups allow different interpretations from different actors. Special programmes with earmarked funding are required to meet special needs. The panelists agreed that “elite capture” of project implementation at the local level is a problem and that challenging local power dynamics is difficult, but necessary.

SESSION 8: EXTENSION OF PLENARY DISCUSSION ON GREEN ECONOMY AND PRO-POOR GROWTH. Chair, Peter Hazelwood, WRI.

Green Economy Initiative and low-income countries. Fulai Sheng, UNEP

At the request of many participants Mr. Fulai Sheng was invited back to further discuss the highly topical issue of Green Economy. The first part of the session centered on concerns regarding the obtaining of perspectives from the 172 non-G20 countries on the financial crisis and the global green new deal. Arguments within the G20 are usually about the fiscal stimulus versus financial market regulation, and yet those concerns are of lesser relevance to many of the smaller economies. On the contrary they tend to be more concerned about access to export opportunities, remittances, withdrawal of direct foreign investment, and similar issues. They have a different agenda from the G20 and thus the solutions may also need to be different. Mr. Sheng agreed that there is a policy gap in respect of the issues concerning the non-G20. Presently those concerns have been voiced by UN agencies such as WFP, UNIDO and ILO. A General Assembly commission proposed that an international panel be created to provide advice to the UN system concerning developing countries' response to the crisis. Based on analysis of the situation in the developing world, policy recommendations are required to be considered in fora such as the General Assembly. A major issue in the poverty environment interface comes from the limited fiscal space of many poor countries that cannot afford large stimulus packages. These countries are affected by reduced revenues from exports, from taxation, lower levels of business activity, reduced donor aid, etc...

Participants exchanged ideas on PEP's role in these new developments during the latter part of the session: (1) to elaborate recommendations to upcoming important meetings (e.g. of the GA, of the WB) expressing a balanced view of North and South interests in the area of Green Economy (2) to look closely at impact and responses in lower-income countries (3) to change the nature of the debate and to broaden it beyond the G-20 to the rest of the world and to expand the discussion to other environmental issues than the question of low-carbon economy (4) to advocate policy change specifically within the development assistance community but also more broadly to the private sector and others (5) to convene a meeting inviting selected key donor agencies together with developing countries' finance ministers to jointly review Green Economy issues in their countries.

Plenary Discussion

The discussion continued on major questions arising from previous sessions to which several participants contributed ideas for possible future joint work within PEP. The general panel ended with suggestions as to the focus, location, and timing of the next PEP meeting in a developing country (see summary at the start for details).

DAY 3, 2nd of April 2009

SESSION 10: PEP MEMBER UPDATES – ONGOING WORK AND PUBLICATIONS ON POVERTY-ENVIRONMENT Chair: Merete Villum Pedersen, Ministry of Foreign Affairs, Denmark

A tour de table amongst PEP participants shared the existence of more than 50 initiatives. There were many areas of complementarity and possible collaboration particularly in terms of analysis and training. Members were encouraged to identify such opportunities for harmonization helped by two activities – summary of ongoing work by the OECD DAC and the ADB-hosted PEP website. Remy Paris of OECD/DAC presented the ongoing ENVIRONET summary overview of the initiatives which are planned and under implementation by country – and these matrices are updated by the ENVIRONET Secretariat based on agency inputs. All agencies were encouraged to use the matrices and contribute to this work. Daniele Ponzi of ADB presented the web site www.povetyenvironment.net which has over 1000 documents and multimedia resources and provides opportunities for posting of studies, reports etc... as well as the PEP minutes and presentations. The site now receives 23,000 hits per month, or about one hit every 2 minutes. Members are invited to

share items for uploading to the PEP website with the ADB-hosted website administrator Carmina Esguerra cesguerra@adb.org

SESSION 10: PEP EXTERNAL REVIEW AND NEXT STEPS, Chair: Timothy Geer, WWF.

John Eby from CIDA presented the independent evaluation of PEP carried out by Kenneth Green and Dianna Moyer in 2008. In the discussion PEP members exchanged their views on the recommendations. There was clear support for the PEP and its informal structure. So there was a general consensus to leave the governance structure of PEP largely unchanged, but to provide more focus both within and between PEP meetings. Guidance for hosting PEP meetings based on past experience will be documented by the PEP coordinator and posted on the PEP website for information.