

# **Climate and Environment Mainstreaming and the Green Economy to Achieve the Millennium Development Goals:**

## **15<sup>th</sup> Poverty Environment Partnership (PEP) Meeting**

**Lilongwe, Malawi, 1<sup>st</sup> March – 5<sup>th</sup> March 2010**

**Co-organised by DFID, OECD, UN and the World Bank in partnership with the  
Government of Malawi**

### **Action Points and Proposed Next Steps**

#### **1. Executive Summary**

The 15th meeting of the Poverty Environment Partnership (PEP 15) took place from Monday 1<sup>st</sup> March to Friday 5th March 2010, in Lilongwe, Malawi, and was co-organized by UK Department for International Development, Organisation for Economic Co-operation and Development (OECD), the United Nations (UN) and the World Bank, in partnership with the Government of Malawi. Over 115 participants discussed Climate and Environment Mainstreaming; Development Agencies' Strategies (with a focus on the World Bank's environment strategy); the Green Economy; Aid Effectiveness and the Environment (with a focus on the work of the Government of Malawi and OECD Development Assistance Committee); and Supporting African Stakeholders to put Ideas into Practice (with a focus on the United Nations Poverty Environment Initiative - PEI). This note summarises the action points and proposed next steps as the full minutes prepared by IISD and presentations are available on the PEP website [www.povertyenvironment.net/pep](http://www.povertyenvironment.net/pep) and for the World Bank's strategy on [www.worldbank.org/environmentconsultations](http://www.worldbank.org/environmentconsultations)

The PEP 15 meeting objectives were to informally review the latest thinking on these key themes and identify areas for future collaboration consistent with the Paris Declaration on Aid Effectiveness. The meeting agreed that PEP members would both individually and collectively focus on a Green Economy for MDG Achievement. This would include rigorous analytical work, broader dialogue with developing country stakeholders, and advocacy to promote implementation at country level and to influence international processes a primary focus in 2010 on green economy messages and 'scaling up local solutions' for ecosystems, climate and the MDGs. PEP members agreed to continue the PEP's informal ways of working which complements the more formal OECD Development Assistance Committee (DAC) and other inter-government processes. However to promote greater transparency and continuity between meetings, the PEP agreed to focus on two main work areas for the coming 12 months i.e. (1)

green economy and (2) aid effectiveness, climate and the environment) and a Reference Group to guide work between meetings and to support the rotating host (with next PEP meeting in early 2010).

PEP's diverse membership (of development agencies, NGOs and developing country stakeholders) has been active for the last decade prior to the growing political and economic focus on climate and to some extent environment. So PEP members have a key role to play in highlighting past lessons learned, staying up to date with new and emerging issues, promoting harmonized interventions by development and environment stakeholders in-country and influencing specific international processes ie the MDG+10 Review of the General Assembly (in Sept 2010 in New York), the UNFCCC CoP (in December 2010 in Mexico), the High level Meeting on Aid Effectiveness (in Seoul in 2011) and the Rio+20 (in 2012 in Brazil).

## **2. *Green Economy for MDG Achievement.***

The term “green economy” is receiving growing political attention by both developed and less developed countries – such as the fiscal stimulus packages of G20 countries, OECD's Green Growth Initiative and the United Nations advocacy for a “Green New Deal”. Green economy means different things to different people with debate over how much is “new”, given the continuing validity of many of the earlier ideas of sustainable development. The new ingredient may be that the green economy may be an “idea whose time has come” with financial and political opportunities for real change in response to the twin crisis of economic decline and of climate change. Debate continues over incremental reform (ie “greening the economy” or “green growth”) versus major transformation to reach some different end point (ie “a green economy”).

**Green economy: Possible role for PEP members.** The value added of PEP members engagement in the Green Economy would be to broaden the debate to focus more on both poverty and wider aspects of environment than low-carbon regimes. The PEP membership could bring an explicit focus on poverty reduction and MDG achievement to the Green Economy - ie focusing on least developing economies, the role of informal economy where most of the poor earn their livelihoods, avoiding green economy becoming another aid “conditionality” and emphasizing the role of local organizations which are key to the delivery of the MDGs (“Growing the Green Economy of the Poor”). PEP members could particularly emphasize the pro-poor “green” dimensions of a Green economy with a focus on ecosystems, natural resources and the environment beyond the current emphasis on a “low carbon economy”. For least developed countries to move towards a green economy, these green issues and their links to poverty reduction and pro-poor growth are often more central than reduced emissions. PEP needs to move quickly to focus the debate on these local dimensions of green economy for poverty reduction and MDG achievement.

## Green Economy: Action points and proposed next steps

- Sharing key messages and approaches on the Green Economy as many development agencies design and implement their strategies:
  - *Sharing of green economy messages of the new Green Economy Coalition* contact Steve Bass of IIED: [Steve.Bass@iied.org](mailto:Steve.Bass@iied.org)
  - *Compilation of consistent messages for development agency strategies* contact Claire Ireland of AUSAID: [Claire.Ireland@ausaid.gov.au](mailto:Claire.Ireland@ausaid.gov.au), Hilke Anuschka of GTZ: [Anuschka.Hilke@gtz.de](mailto:Anuschka.Hilke@gtz.de) and Jessica Anderson of SIDA: [jessica.anderson@sida.se](mailto:jessica.anderson@sida.se)
  - *World Bank to clarify how Green Economy will be addressed as an emerging theme in the new Environment Strategy following first phase consultation process completion of background papers.* Contact Glenn-Marie Lange of World Bank: [glange1@worldbank.org](mailto:glange1@worldbank.org)
- More dialogue with developing country stakeholders on the Green Economy for MDG Achievement
  - Green Economy Coalition will host a number of national dialogues on this issue, contact Tom Bigg: [tom.bigg@iied.org](mailto:tom.bigg@iied.org)
  - GTZ plans to host meetings on Green Economy with key stakeholders, contact Hilke Anuschka of GTZ: [Anuschka.Hilke@gtz.de](mailto:Anuschka.Hilke@gtz.de)
  - AUSAID are planning a meeting on Green Economy in Asia Pacific, contact Claire Ireland of AUSAID: [Claire.Ireland@ausaid.gov.au](mailto:Claire.Ireland@ausaid.gov.au)
  - Development Alternatives plan a set of discussions on Green Economy in India, linked to the Green Economy Coalition, contact Vijay Chaturvedi of Development Alternatives: [vchaturvedi@devait.org](mailto:vchaturvedi@devait.org)
- More rigorous analysis of Green Economy focusing on poverty reduction, including improved indicators
  - *Proposal for Global Initiative on Green Accounting* contact Glenn-Marie Lange at World Bank, who welcomes PEP member collaboration: [glange1@worldbank.org](mailto:glange1@worldbank.org)
  - *More rigorous indicators for a Green Economy for the MDG Achievement* including macro-level indicators such as green accounting and a more rigorous definition of a “green” job (including the role of the informal economy and also environment related public works - eg South Africa’s Working for Water and India’s Employment Guarantee Scheme). Contact: Claire Ireland of AUSAID: [Claire.Ireland@ausaid.gov.au](mailto:Claire.Ireland@ausaid.gov.au), Hilke Anuschka of GTZ: [Anuschka.Hilke@gtz.de](mailto:Anuschka.Hilke@gtz.de) and Jessica Andersson of SIDA: [jessica.andersson@sida.se](mailto:jessica.andersson@sida.se)
  - *Possible joint agency paper on “Green Economy for Poverty Reduction and MDG Achievement”.* This would revise the original PEP paper on “Linking Poverty Reduction and Environment Management” to reflect new developments/lessons learned and the “green economy” theme targeting Rio+20. contact Peter Hazlewood of WRI [PHazlewood@wri.org](mailto:PHazlewood@wri.org)

- PEP advocacy to influence international processes - MDG+10 Review (September 2010), UNFCCC CoP 16 (December 2010) and Rio+20 (up to 2012)
  - *Preparation of a PEP proposal on 'Ecosystems, Climate Change and the MDGs - Scaling Up Local Solutions' for high level advocacy* initially in run up to MDG+10 Review Summit, comprising analysis and dialogue (including elements above), and securing high-level commitments. Contact Peter Hazlewood of WRI [phazlewood@wri.org](mailto:phazlewood@wri.org), Steve Bass of IIED [steve.bass@iied.org](mailto:steve.bass@iied.org) and Charles McNeill of UNDP [Charles.McNeill@undp.org](mailto:Charles.McNeill@undp.org)
  - *Rio+20 PrepCom.* UNDP, WRI and IUCN have subsequently proposed to organise informal discussions among PEP members and with the Summit Secretariat and Bureau during the first PrepCom in May 2010

### **3. Climate and environment mainstreaming**

This theme has now risen up the political agenda, and much has been learned through the efforts of many development agencies and practitioners (eg the Mainstreaming Handbook of the UN's Poverty Environment Initiative). But each country context remains different and many challenges remain to put mainstreaming into practice so that it really leads to actual changes in environment outcomes that matter for poor people.

PEP discussions highlighted the importance of stimulating “demand” for mainstreaming through multiple channels - including to technocrats by using economic data on the value of the environment, to politicians by demonstrating the electoral advantages and to civil society advocacy groups by supporting advocacy campaigns. Ministries of Finance and Planning are key targets and economic tools (eg Public environment expenditure reviews and results oriented budgeting) can promote better planning and budgeting for environment management.

Institutional arrangements and coordination are vital – often in ways that combine climate and environment mainstreaming to avoid parallel processes. Environment Ministries have an important role to play, but should not resist other Ministries (eg Planning) taking the lead coordination role. There are examples of environment sector wide approaches (eg Ghana, Zambia), but these are time consuming and take time to show tangible results. Other institutions have developed environmental and climate change policy-based lending (eg the World Bank in several countries over the last eight years, including Mexico, Colombia, Brazil, Peru, Ghana and India and JICA for climate change policy based lending)

Strengthening country capacity is key – but this is easier said than done. There is a need for institutional, organizational and individual capacity building but this takes time and agencies cannot demand immediate results. South-south lesson learning and on the job training are important. Ultimately development agencies and development practitioners will have done their job if they are no longer needed – but few individuals and organisations behave like this.

#### **Climate and environment mainstreaming: Action points and proposed next steps**

- Better informed capacity building approaches

- OECD guidance on environment capacity building is being prepared with the next Task team on 21<sup>st</sup> May (and linked with broader efforts of the DAC on Capacity development with the Capacity Development Alliance), contact Tamara Levine: [tamara.levine@oecd.org](mailto:tamara.levine@oecd.org)
- Development agencies to harmonise their environment assessment approaches as much as possible – drawing from a toolkit of different approaches depending on the circumstance but also identifying countries to pilot a joint approach (eg the Philippines)
  - EC is proposing to pilot joint approaches for environment analysis: Simon Le Grand: [Simon.le-grand@ec.europa.eu](mailto:Simon.le-grand@ec.europa.eu)
  - World Bank strives to harmonize EIA approaches through participation in the MFI Working Group on Environment, and SEA and CEA approaches through participation in OECD DAC Task Team on SEA. In order to support country ownership and ensure value-added of CEA and SEA approaches (which are not mandatory at WB – unlike EIA), the World Bank has developed toolkits of different instruments that can be applied under particular assessment tools (see [www.worldbank.org/seatoolkit](http://www.worldbank.org/seatoolkit) and [www.worldbank.org/ceatoolkit](http://www.worldbank.org/ceatoolkit) for details). Contact Kulsum Ahmed: [Kahmed4@worldbank.org](mailto:Kahmed4@worldbank.org)
- Environment “sector” wide approaches – learning from experience
  - Environment sector wide approaches in Ghana and Zambia: Merete Villum Pedersen: [merped@um.dk](mailto:merped@um.dk)
  - World Bank is reviewing its environment policy based lending experiences for the environment strategy. Information on this background paper for the strategy is available at [www.worldbank.org/environmentconsultations](http://www.worldbank.org/environmentconsultations) Contact: Kulsum Ahmed: [Kahmed4@worldbank.org](mailto:Kahmed4@worldbank.org)
  - Development of climate policy based lending by JICA, contact Tomonori Sudo: [Sudo.Tomonori@jica.go.jp](mailto:Sudo.Tomonori@jica.go.jp)
- Upscaling the UN’s PEI is making progress, but challenges remain to institutionalise the approach both within country and within the UN and wider development community.
  - PEI’s website provides information on the approach used and country progress [www.unpei.org](http://www.unpei.org)
- Economics can be very effective in demonstrating the case for mainstreaming
  - PEI Africa is focusing on more rigorous use of economics to demonstrate the case for mainstreaming, contact David Smith [david.smith@unpei.org](mailto:david.smith@unpei.org), Jonathan Duwyn [jonathan.duwyn@unpei.org](mailto:jonathan.duwyn@unpei.org) & Themba Kalua: [Themba.kalua@unep.org](mailto:Themba.kalua@unep.org)
  - IUCN has used valuation studies carefully to leverage policy impact, contact Andy Seidl: [Andrew.seidl@iucn.org](mailto:Andrew.seidl@iucn.org)
  - Climate studies have made effective use of economics with national and sectoral studies that build on the global methodology adopted by the Stern Report (eg Kenya climate studies <http://kenya.cceconomics.org> bySEI and others)
- PEP members sharing lessons
  - The 2009 review of PEP members’ mainstreaming activities is on the PEP website. Contact [barry.dalal-clayton@iied.org](mailto:barry.dalal-clayton@iied.org) to update it
  - IIED is following up its ‘Challenges of Environmental Mainstreaming’ with a web-based Mainstreaming ‘Sourcebook’ jointly with several PEP members – UNDP,

PEI, OECD, AusAid – other PEP members are welcome to join.  
([www.environmental-mainstreaming.org](http://www.environmental-mainstreaming.org))

#### 4. **Aid effectiveness and climate and environment mainstreaming**

Aid effectiveness, and climate and environment mainstreaming are growing priorities in the context of the aid effectiveness debate that started with the Paris Declaration, was reaffirmed in Accra with detailed targets and reporting and will now be further refined at the Seoul High Level meeting. The impression remains that environment remains less well harmonized than other areas (eg health and education) and improving harmonization has been the PEP objective that has been the most difficult to make progress on. The aid effectiveness debate is made more complex by the general decline in aid commitments following the economic crisis and more political pressure to show benefits and results to the electorate and private sector in OECD countries.

The challenge of aid effectiveness, climate and environment continues with the Copenhagen Accord giving further indications of “vertical” climate funds. However while climate negotiators were reluctant to include explicit reference to the Paris Declaration on Aid Effectiveness, many of the Paris Declaration principles are included in the Copenhagen Accord. The challenge remains in the details of implementation – which will be a key role for the High Level Panel on Climate Financing which is stipulated by the Copenhagen Accord.

PEP discussions highlighted the need to combine development, climate and environment as mutually reinforcing and often indistinguishable objectives for “climate” financing. This was an shared observation from the Community Based Adaptation (CBA) meeting which had just completed in Tanzania. Strengthening country systems for aid effectiveness and public financial management – eg in procurement, monitoring and parliamentary oversight – are vital if “climate funds” are to be spent effectively.

#### **Aid effectiveness, climate and environment mainstreaming: Action points and proposed next steps**

- **Joint meeting of Development and Environment Ministers focusing on aid effectiveness and climate financing**
  - *OECD to review proposal* with interested agencies, contact Dirk Dijkerman of the OECD DAC: [dijkerman@state.gov](mailto:dijkerman@state.gov)
- **Learning event in Asia on aid effectiveness and climate financing**
  - *OECD to prepare proposal* to promote lesson learning within aid effectiveness and climate/environment practitioners within and between selected countries (eg Bangladesh, Cambodia and Nepal) and to promote greater understanding of county needs in the international negotiating processes. Interested agencies (eg JICA, UNDP) to support proposal, contact Tamara Levine [tamara.levine@oecd.org](mailto:tamara.levine@oecd.org) and Sara Fyson of OECD [sara.fyson@oecd.org](mailto:sara.fyson@oecd.org)

## 5. *PEP ways of working and focus work areas*

The 2009 independent evaluation of PEP was reviewed (based on discussions at PEP 14) and it was agreed that PEP's informal governance will continue largely unchanged, but there will be more transparency and continuity between and within PEP meetings. Consistent with the evaluation, PEP members strongly supported the Malawi meetings greater representation of developing country participants (about 30% African participants) and wanted this to continue in the future regardless of location. PEP's members strongly supported informal governance structure including rotating hosts, a part-time coordinator (currently 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 sponsor a participant from a developing country to future PEP meetings.

### **PEP ways of working and focus work areas: action points and proposed next steps**

- A more focused approach to work areas was supported with two clear priorities from this meeting: (a) green economy including work on local organizations; (b) aid effectiveness
  - *Work areas to be outlined by interested members* with follow-up by PEP Coordinator, contact Paul Steele [paul.steele@undp.org](mailto:paul.steele@undp.org)
- A Reference Group of about ten members facilitated by the meeting host will guide work between meetings and support the host – and this group met for the first time on the last day of the meeting (see PEP website for further details).
  - *Reference group to be facilitated by DFID until PEP16 host agreed* who will take over facilitation role. Contact Georgina Ayre: [g-ayre@dfid.gov.uk](mailto:g-ayre@dfid.gov.uk)

## 6. *Future PEP meetings*

There was support for the continuation of alternate PEP meetings in a developing country with meetings scheduled every 12 months. The 16<sup>th</sup> PEP meeting is likely to focus on green economy and aid effectiveness among other emerging themes. The Malawi meeting benefited from the cooperation of multiple agencies (DFID, OECD, UN and World Bank) given the growing expense and complexity of hosting PEP meetings – and so a similar approach is recommended for the 16<sup>th</sup> meeting. Austria reaffirmed its offer to host the PEP which it had made at the last meeting. In addition, the OECD has offered to assist in the organization of the 16<sup>th</sup> PEP meeting which was welcomed by PEP members. IFAD which has attended several PEP meetings expressed interest in supporting developing country participation.

It was therefore proposed that the 16<sup>th</sup> meeting could be hosted by Austrian development agency with strong involvement of the OECD and some support from IFAD for developing countries.

- *This proposal for PEP 16 will be reviewed by Austria, OECD and IFAD and the PEP reference group and wider membership* and a decision reached within 8 weeks. A future 17<sup>th</sup> meeting would preferably be held in a developing country – possibly in Asia Pacific. Contact the PEP Coordinator: [paul.steele@undp.org](mailto:paul.steele@undp.org)

*The full minutes, agenda, presentations, and participants' list are available on the ADB-hosted PEP website at [www.povertyenvironment.net/pep](http://www.povertyenvironment.net/pep) and the IISD coverage of the meeting <http://www.iisd.ca/ymb/pep/pep15/>*