

**8th Poverty Environment Partnership Meeting
hosted by CIDA**

**Achieving Pro-poor Environmental Outcomes:
Reviewing the Past, Facing the Future**

Summary Report



**Crowne Plaza Hotel, Ottawa, Canada
*October 13 and 14, 2005***

Summary

The 8th meeting of the Poverty Environment Partnership was hosted by CIDA, on 13-14 October in Ottawa. Pre-meetings took place on Strategic Environmental Assessment and Pro-poor growth and natural resources. The PEP was attended by six multilaterals (EC, IMF, UNDP, UNEP, OECD, World Bank) eight bilaterals (CIDA, DANIDA, DGIS, DFID, GTZ, Ireland, SIDA and USAID), two NGOs (IUCN and WWF) four research institutes (IIED, IISD, SEI, WRI) and the Global Environmental Facility. This note summarises key action points – full minutes and presentations are available on the PEP web site (www.povertyenvironment.net/pep).

The meeting reviewed the environment events at the UN Millennium Review Summit; environment in donor financing; on-going PEP work on environmental fiscal reform, health and the environment, water and poverty; pro-poor growth, governance and the environment; the future of the PEP and agreed some new areas of work. Overall it was felt that the PEP had made much progress on analytical work on poverty and the environment (with more still in the pipeline), but the focus now should be on better communication and in-country implementation.

Key agreed action points:

Country level poverty environment work

PEP members to increase cooperation on poverty environment work in country through use of the MDG implementation plans, joint funding and implementation in country, and identification of key areas for joint advocacy (e.g. decentralization)

Coordinated by Jan Bojo, World Bank, jbojo@worldbank.org

Budget support and the environment

PEP members to work jointly to integrate environment into a budget support process.

Coordinated by Ian Myles, CIDA IAN_MYLES@acdi-cida.gc.ca

Environmental fiscal reform (EFR)

Possible formal launch of two EFR publications in early 2006 and workshop in Berlin in 2006 to review implementation. Coordinated by Harald Lossack, GTZ harald.lossack@gtz.de

Health and environment

Draft joint agency paper to be finalized for next PEP meeting in 2006

Coordinated by Kulsum Ahmed, World Bank, kahmed4@worldbank.org

Water and poverty

Joint agency paper to be finalized with signature and logos for launch at the World Water Forum in Mexico in March 2006. Coordinated by Joakim Harlin, UNDP joakim.harlin@undp.org

Pro-poor growth, governance and the environment

Analytic work of PEP members to be given greater publicity. PEP joint agency paper on pro-poor growth and natural resources next draft in early 2006 and final draft for signatures by next PEP meeting. Coordinated by Piet Klop, DGIS piet.klop@minbuza.nl

Future of PEP, website and next meeting

PEP's wider membership was supported and original objectives slightly revised. The ADB hosted PEP website www.povertyenvironment.net/pep was appreciated and members requested to link their own sites and send relevant material to Lori Rufo, ADB lrufo@adb.org The World Bank offered to host the next meeting in Washington DC. DANIDA also offered to host a meeting and UNDP/UNEP offered to organize a PEP meeting in Kenya.

**The Millennium Review Summit – PEP’s Environment for the MDGs Initiative:
Outcomes and Follow-up: chaired by UNDP and UNEP**

It was agreed that the three policy dialogues and head of state dinner on 14 September in New York were very successful in bringing together many Ministers from the north and south, civil society groups, Kofi Annan and the heads of UNDP and UNEP and generating significant media coverage. The events gave prominence to the economic case for the environment, brought together a new range of partners, raised the profile of the PEP and show-cased some significant initiatives on poverty environment (see www.iisd.ca/sd/pei/). The events challenged the PEP to engage more with southern partners and to move from analysis to better communication and implementation. Pre-summit, the collaboration had helped keep stronger language on the environment in the summit document. Post summit, many organizations involved felt that the events had brought momentum to poverty environment issues internally. Indications are that MDG7 will not now be opened up for renegotiation, but further work is needed to disseminate innovative ways that countries have interpreted it.

Action points on country level work

- Inform PEP members on agreed approaches to integrate environment into MDG based plans (Charles McNeill, UNDP)
- Inform PEP members about in country UNDP and UNEP work (David Smith, UNEP)
- Identify areas for PEP members to lobby jointly in country (Jon Anderson, USAID and Arno Sckeyde, GTZ)
- Coordinate identification of possible countries for greater PEP engagement eg Ghana, Rwanda, Tanzania (Jan Bojo, World Bank)

Action points on analytical work:

- Publish “Investing in environment report” by the late David Pearce (J. Bishop IUCN)
- Investing in environment case studies put on website (Josh Bishop, IUCN)
- Complete assessment and indicators report (Dan Tunstall, WRI)
- Short note on new research areas for PEP members (Dan Tunstall, WRI)
- Keep PEP members updated of MDG7 discussions (Linda Ghaname, UNDP)
- internal three-page paper summarizing current governance debates and laying out a framework for PEP action (Greg Mock, WRI).
- Pilot test some of PEP products with developing country partners (Steve Bass, IIED)

**Implementing environmental outcomes for poverty reduction within our own agencies:
Environment SWAPs and budget support: chaired by CIDA**

CIDA presented initial findings of the evaluation of general budget support being carried out by the Development Assistance Committee (DAC) Network on Evaluation, which included cross cutting issues such as gender and the environment. The country reviews of budget support showed that environment received the least attention among the crosscutting issues due to partner government capacity issues and lack of attention by donors. CIDA’s field experience also reinforced these challenges whilst also proposing some solutions. The World Bank related its experience after one year of integrating environment into their new development policy lending (Bank Operational Policy 8.60) and the positive experience with an environment DPL in Mexico.

Action points

- PEP donor members to contact their evaluation colleagues to ensure that environment is given continued consideration in the Synthesis Report of the DAC evaluation, due to be released in January 2006.

- PEP members engage with budget support processes by seeking government commitment and leadership, designating governmental and donor environmental “champions”, pushing for multidisciplinary working groups, supporting government-led SEA for PRSP, increasing capacity and incorporating environmental specialists in donor mission teams.
- PEP members to identify a specific country to work jointly on environment in budget support (Ian Myles, CIDA IAN_MYLES@acdi-cida.gc.ca)

Ongoing PEP analytical work: chaired by EC

A general discussion on whether PEP publications should have a more common format suggested that this would limit flexibility and create problems if it gave the impression that all members endorsed all publications. The flexible approach used in the past was preferred.

Environmental Fiscal Reform (EFR)

GTZ highlighted the two publications now available – the signed joint agency paper (contact Jan Bojo for copies) and the OECD guidance document (contact Remy Paris for copies) plus a conference proceedings (contact GTZ). A World Bank forestry fiscal workshop is available on www.profor.info/forestfiscalsystems.htm and an FAO fisheries fiscal workshop from www.fao.org/documents/show_cdr.asp?url_file=/docrep/007/y5718e/y5718e00.htm

GTZ highlighted implementation in Nicaragua, Pakistan etc and strong interest expressed in the approach by Brazil, Russia, India, China and South Africa (known as BRICs by their initials).

Action points

- Formal launch of EFR work in early 2006 (GTZ)
- Implementation of EFR workshop in Berlin 2006 focusing on BRIC countries (GTZ)
Interested PEP members to contact Harald Lossack, GTZ harald.lossack@gtz.de

Health and environment

World Bank highlighted the importance of these issues which is covered in their 2005 Environment Matters magazine as about a quarter of all diseases are linked to environmental factors. PEP has tended to focus on livelihoods, and need to pay more attention to health and environment. The World Bank agreed to take the lead in finalising draft of joint agency paper.

Action points

- Complete draft of health and environment paper by next PEP meeting
Coordinated by Carlos Dora (dorac@who.int), WHO, Kulsum Ahmed, World Bank (kahmed4@worldbank.org), and Helen O'Connor, DFID (H-Oconnor@dfid.gov.uk).

Water and poverty

UNDP presented the draft paper and committed to finalise with any final comments by early 2006. UNDP circulated a questionnaire on agencies' interest in endorsing and signing the publication and providing funds for publication

Action points

- UNDP to lead on finalising publication for launch at World Water Forum in Mexico in March 2006. Coordinated by Joakim Harlin, UNDP joakim.harlin@undp.org

PEP website

The ADB hosted PEP Website www.povertyenvironment.net/pep was presented on behalf of the ADB by Paul Steele (DFID consultant). ADB's support was welcomed by members. It was

agreed that “About us” under PEP members would be open to any organisations who had attended a PEP meeting. The topics were fine, but should not be expanded at the moment. The site will be used to store information only. A password protected part of the site was not considered useful. An up to date email group for PEP was urgently requested. In agreeing to provide this, Paul Steele clarified his role as being hired part time by DFID to help facilitate the PEP i.e. maintaining continuity between meetings and assisting rotating hosts as required.

Action points:

- PEP members and others to link their web sites up to the site
- PEP members should send relevant information to Ms. Lori Rufo at ADB
- Current PEP contacts will act as web editors unless they provide alternative names to the ADB
- Provide up to date PEP email list and PEP members to inform if new focal points identified (Paul Steele, steele@sltnet.lk)

All web site material and related request sent to Ms Lori Rufo, ADB, lrufo@adb.org

Survey of development agencies poverty environment work

OECD presented the survey of Environet members’ activities, with the themes of Environmental Fiscal Reform, Strategic Environmental Assessment, Country Environmental Assessment or similar, and the ‘greening of PRSPs.’ The survey provides an overview of what donors are currently doing and in a section not for public circulation is a section on future plans. Most agencies have completed, but some are still outstanding.

Action points

- Completed tables circulated to all and placed on the website (Remy Paris, OECD)
- Outstanding agencies to completed tables and send to Remy Paris

Friday: Environment Wealth For Poverty Reduction and Political Responses

Environment Wealth and investment – the economic case chaired by USAID

Where is the wealth of nations – measuring capital for the 21st century

The World Bank explained that the total wealth of a nation is composed of produced, natural and intangible capital. Natural capital is greater than produced capital. The proportion of natural capital decreases as the income of a country increases. 70% of natural capital in low-income countries is agricultural land and that it represents a larger share of total wealth than in richer countries. This requires improved natural resource management, stronger institutions and building human capital in low-income countries.

Action points

- PEP members to use full report (available on the web and printed in late 2005)

Investing in environment wealth for poverty reduction

IUCN presented the report by David Pearce highlighting the importance of environmental assets for the poor, and that investing in the environment pays, especially for the poor. Financial returns are calculated to manage pro-poor environmental assets. Forest conversion is economically more beneficial than forest conservation unless carbon values can be captured. The Kyoto Protocol of the United Nations Framework Convention on Climate Change may not pass a cost-benefit analysis, but the goal to stabilize atmospheric carbon dioxide concentrations

at 550 parts per million is economically attractive if costs of potential catastrophes are included.

Environmental wealth for the poor – political challenges and opportunities

World Resources report 2006, Wealth of the poor, managing ecosystems to fight poverty.

World Resource Institute (WRI) presented this report which focuses on how productivity of ecosystems is one of the most significant determinants of household income. But political change is needed to ensure that the poor gain from ecosystem management. Appropriately commercializing ecosystem goods and services is also essential for poverty reduction – exemplified by case-studies from Fiji and Namibia. Challenges facing PEP members in implementation are tenure security, decentralization, empowerment of the poor and equity in distribution of environmental income.

Action points

- PEP members to use publication and messages (copies available from WRI)
- Next years WRR will be shorter but build on these messages

Changing the Political Economy of Poverty and Ecological Disruption

WWF presented an approach to integrate poverty and environment concerns by aligning policy, institutional and political changes across the micro, meso and macro levels of society. Achieving changes require multi-scale analysis, direct intervention and advocacy on each of the three levels and alliance building among advocates and experts in rural and urban contexts.

Action points

- approach has been strongly supported by several development agencies
- further set of pilots will be implemented by WWF with some PEP members

Sustaining pro-poor growth or boom or bust? The politics of natural resources

DGIS presented progress with the joint agency paper on natural resources for pro-poor growth, which aims to convince finance ministers and chief economists of the benefits to growth of natural resource management.

Action points:

- paper to be redrafted by early 2006 with summary for possible joint OECD Ministerial

Session Five: The Future of the PEP chaired by GTZ

CIDA, reviewed past PEP meetings and raised some key questions. One participant suggested convening a southern PEP to inter-act with. Participants supported the informality and lack of rules at the PEP as strengths. PEP members had moved beyond development agencies to now include NGOs and others who choose to participate. More effort was needed to encourage poverty specialists. The host country agency would be responsible to bring non-environmental people and representatives from developing countries (eg UNEP and UNDP PEI focal points). On PEP objectives, participants agreed the following revised objectives:

- knowledge management and exchange of expertise and information on mainstreaming environment among participating organisations
- conceptual and analytical work on the links between poverty and environment including work on indicators, monitoring and evaluation
- wider communication, advocacy, policy dialogue and alliances in order to influence discussion and political decision-making

- facilitation of coordinated work with partner countries and regions

Session 6: Follow-up and future PEP meetings

DGIS chaired the final session of break out groups. The World Bank offered to host the ninth PEP meeting (PEP 9) in 2006 in Washington, D.C proposing environmental health as an underlying theme and pro-poor growth as a sub-theme. UNDP and UNEP offered to organise a PEP meeting in Nairobi, Kenya focusing on country mainstreaming. Danida also offered to host a PEP meeting with ecosystem service valuation as an underlying theme.

WORKING GROUP THEMES DISCUSSED AT 8TH PEP MEETING

Economic Case & Assessment		Country Level Action		Budget Support & SWAPs	
What	Who and When	What	Who and When	What	Who and When
<p>Old Work</p> <p>1. Finish Pearce report</p> <p>2. Place case studies on PEP Website</p> <p>3. Assessment and indicators report</p> <p>4. Creation of 1-pager and 10-slide PowerPoint on PEP to disseminate with factbooks</p> <p>5. Contribute to UN Task Force on indicators</p> <p>New Work</p> <p>1. Produce a consumer guide of tools, frameworks and methods for mainstreaming poverty reduction in partner countries</p> <p>2. Overview of new research for PEP</p> <p>3. In-country inventory of work on “economic case” eg. Tanzania</p> <p>Extra 3-pager on governance and environment</p>	<p>Josh Bishop, IUCN <i>March 2006</i></p> <p>Josh Bishop, IUCN</p> <p>Dan Tunstall, WRI <i>December 2005</i></p> <p>Dan Tunstall, WRI <i>14 October, 2005</i></p> <p>Linda, UNDP</p> <p>Steve Bass, IIED</p> <p>Dan Tunstall, WRI</p> <p>Greg Mock, WRI and Jon Andersson, USAID</p>	<p>Three approaches for how poverty-environment links can be mainstreamed in country plans</p> <p>1. Support mainstreaming in national development strategies</p> <p>2. Building ongoing poverty-environment initiative (PEI) activities</p> <p>3. Issues-driven country choice for collaboration</p> <p>Countries with possible opportunities: Rwanda, Tanzania, Kenya, Vietnam, Ghana, Mali, Senegal, Malawi, Burkina Faso, etc.</p>	<p>Charles McNeill, UNDP, Oct. 05</p> <p>Peter Hazelwood, UNDP and David Smith, UNEP, Oct. 05</p> <p>Jon Andersson, USAID and Arno Sckeyde, GTZ, Oct. 05</p>	<p>1. Mapping of low-hanging fruit, such as “green” PRSPs and budget support</p> <p>2. Gather lessons learned about environment in DBS, SWAPs in Ghana, Tanzania and Botswana</p> <p>3. Coordinate closely with other cross-cutting issues eg. gender</p> <p>4. Review complex donor procedures for DBS and SWAPs Circulate terms of reference for DFID study on procedures for budget support</p> <p>5. On the basis of the above 4 analyses, select country/ies and determine support needed eg. “technical” working group, training, financing.</p>	<p>Ian Myles, CIDA <i>December 2005</i></p> <p>Helen O’Connor, DFID <i>December 2005</i></p> <p>Helen O’Connor, DFID</p>
		<p>IMMEDIATE ACTION: On the basis of the three notes identified above, conference calls with subscribers to the different approaches.</p>	<p><i>Jan Bojö, WB, following circulation of notes.</i></p>	<p>IMMEDIATE ACTION: 1. Conference call</p>	<p>Ian Myles, CIDA <i>November 2005</i></p>

