

SUSTAINABLE

Development in Practice

A Handbook for Integrating Environment,
Climate and Poverty Reduction



Sustainable Development in Practice

**A Handbook
for Integrating
Environment, Climate
and Poverty Reduction**

**UNDP-UNEP Poverty-Environment Action
for Sustainable Development Goals**

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Foreword

Poverty–Environment Action for Sustainable Development Goals (PEA), a joint project of the United Nations Development Programme and the United Nations Environment Programme, was designed to ensure that the environmental dimension is not left behind when addressing poverty. Building on the legacy of its predecessor, the Poverty–Environment Initiative (PEI), the PEA project has helped the integration and implementation of pro-poor, environmental sustainability objectives into developing countries’ policies, plans, budgets and investment. These in turn have helped decision-makers at national, subnational and sectoral levels reduce poverty and grow inclusive, green economies.

Since 2005, when PEI was launched, humanity has come to face three entrenched environmental issues: climate change, pollution and biodiversity loss. These triple planetary crises together and singly exacerbate global poverty.

In “[The Future We Want](#),” the 2012 United Nations Conference on Sustainable Development (Rio+20) asserted that eradicating poverty remained “the greatest global challenge facing the world today and an indispensable requirement for sustainable development.” Reaching those most at danger of being left behind requires addressing inequalities, related notably to gender, which hinder development and entrench poverty.

PEI and PEA successfully tackled the multidimensional nature of poverty—not only income poverty and limited access to services, but also environmental deprivations such as lack of natural capital and environmental hazards such as climate change and pollution.

Eradicating multidimensional poverty is the indispensable requirement for sustainable development. Economic growth alone is not enough. It also requires improving management of the environment and natural resources—the “natural wealth” of the poor.

Sustainable Development in Practice provides guidance and concrete examples of how to do this, drawn from PEA experience in Africa and Asia-Pacific, as well as from its predecessor PEI and other initiatives. This is a story of mainstreaming poverty and environment—finding integrated solutions to development planning and financing, and how to transition to more resource-efficient, resilient forms of growth that help bring multiple social, economic and environmental benefits. Making poverty–environment issues real, visible and actionable to critical actors—and promoting a strategic vision for poverty–environment integration based on national development objectives—serves to expand commitment to new poverty–environment policies and initiatives so they have greater impact.

This handbook is designed as guidance for policymakers and practitioners to integrate environment, climate and poverty objectives into key development decision processes: participation, planning, budgeting, financing and monitoring. These are the processes that can shape sustainable development: they are led by ministries of finance, planning and local government, and supported by ministries of environment; they are also processes that engage with communities and businesses. Integration is achieved by putting poverty–environment issues at the heart of government—in other words, at the national and subnational levels.

By employing the practices and lessons gathered from the PEI/PEA years of experience with poverty–environment mainstreaming and integration, we



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hope to sustain and broaden the PEI/PEA legacy and inspire poverty–environment action for years to come.



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Abbreviations

CPEIR	climate public expenditure and institutional review	NDP	national development plan
ENR	environment and natural resources	PEA	Poverty-Environment Action for Sustainable Development Goals
GDP	gross domestic product	PEER	public environmental expenditure review
IIED	International Institute for Environment and Development	PEI	Poverty-Environment Initiative
INFF	integrated national financing framework	SDG	Sustainable Development Goal
M&E	monitoring and evaluation	TFD	The Forests Dialogue
MTEF	medium-term expenditure framework	UN	United Nations
NBSAP	national biodiversity strategy and action plan	UNDP	United Nations Development Programme
NCSD	national council for sustainable development	UNEP	United Nations Environment Programme

Introduction

Between 2005 and 2022, the Poverty–Environment Initiative (PEI) and its successor, Poverty–Environment Action for Sustainable Development Goals (PEA)—both joint efforts of the United Nations Development Programme and the United Nations Environment Programme—vigorously and successfully supported the integration and implementation of pro-poor environmental sustainability objectives into national, subnational and sectoral development policies, plans, budgets and investment to contribute to poverty alleviation and an inclusive, green economy. This handbook provides guidance and concrete examples from PEI/PEA experience, focusing especially on Africa and Asia-Pacific; it also draws on the experience of other initiatives with a poverty–environment orientation.

PEI, which ran from 2005 to 2018, had an initial emphasis on influencing national plans for development and/or poverty reduction as well as sector development plans to include environmental objectives relevant to poor groups. When it became clear that budgeting and implementation mattered as much as plans in terms of achieving poverty–environment outcomes, PEI extended into budgeting and implementation processes, too.

PEA was launched in late 2018 and operated until 2022. It promoted

an integrated approach which contributes to bringing poverty, environment and climate objectives into the heart of national and subnational plans, policies, budgets, and public and private finance—so as to strengthen the sustainable management of natural resources and to alleviate poverty. (PEI, 2018)

PEA made further progress in at least three areas that PEI had realized were priorities:

- Aligning finance and investment with poverty, environment and climate objectives
- Developing and applying methodologies to assess multidimensional poverty links related to the environment and natural resources
- Applying rights-based and gender approaches to better target and engage poor and marginalized groups

This handbook draws on successful experiences from countries around the world in effectively mainstreaming poverty–environment and climate issues into development agendas. It is an updated edition of the PEI flagship handbook *Mainstreaming Environment and Climate for Poverty Reduction and Sustainable Development* (PEI, 2015) which guided PEI efforts in its second implementation phase (2014–2018) and PEA throughout its existence.

In the ensuing years since the handbook's publication, global instability has increased under the pressures of the triple planetary crises of climate change, pollution and biodiversity loss—further exacerbated by the global coronavirus pandemic and civil and international conflicts whose origins may be traced to the systemic failure to address the planetary crises.

This new version of the handbook reflects lessons learned and updates on the PEA integrated, programmatic approach to poverty–environment mainstreaming in the context of the present-day, post-pandemic political economy. It also draws on experiences from other endeavours aimed at mainstreaming climate change issues and

incorporating an inclusive green economy. The handbook thus provides a model for action and a set of widely valid and credible approaches—particularly for implementing the 2030 Agenda for Sustainable Development.

The target audience for the handbook consists primarily of practitioners at the national, subnational and sectoral levels. Integration is achieved by putting poverty–environment issues at the heart of government at all these levels.

Handbook contents and organization

Chapter 1: The Integrated Approach to Poverty, Climate and Environment provides a practical organizing framework for integration—organized around the typical decision-making cycle of planning, budgeting, investing, executing, monitoring, review and dialogue. It highlights key lessons from PEI/PEA experience, notably on

- The constraints imposed by fragmented and outdated institutional structures and information flows
- The need to build trust as a precondition and driver of integration
- The importance of addressing gender and inequality
- The need to build the capacity to adopt integrated approaches
- The value of using normal, existing in-country policy/decision-making cycles—and finding the right entry points

Chapter 2: Analysing Poverty–Environment Issues details PEI/PEA contributions to analysis, including the development of multidimensional poverty analysis linked to the environment and natural resources, environmental and natural resource economic analysis at the national level, and institutional analysis, along with other

methodologies, notably in political economy analysis.

Chapter 3: Dialogue and Engagement details how a formal dialogue process is particularly helpful to bridge the analysis discussed in Chapter 2 with the planning covered in Chapter 4. This chapter focuses on engaging stakeholders in contributing to the big picture of poverty–environment policymaking at the level of vision and principles. It explains the range of dialogue functions, levels and types that bring different actors together into a safe space to exchange and generate knowledge and options; and explores ways to plan dialogues, tactics to engage specific stakeholder groups and methodologies that work for running dialogue sessions to facilitate collective action.

Chapter 4: Integrating Poverty–Environment Objectives into Plans offers guidance on integrating poverty–environment objectives into national, subnational, sectoral and thematic plans, focusing on the mainstream planning processes that are typically in place in a developing country. It presents six practical steps for integrating poverty–environment objectives into planning processes, with associated checklists and tools that can be applied in and tailored to individual countries.

Chapter 5: Finance for Poverty–Environment Objectives sets out guidance on integrating poverty–environment objectives into national budgets and public and private investment. It addresses an audience of environment and development professionals, helping them to understand budget and financial processes and a range of tools to achieve poverty–environment objectives, including

- Budget methodologies and tools that can integrate poverty–environment issues in budget planning, approval, expenditure, tracking and review
- Fiscal and other means to align public finance with poverty–environment objectives

- Attracting and managing quality foreign and domestic private investment for poverty–environment outcomes

Chapter 6: Communications on Poverty, Climate and Environment shows how to raise the profile of poverty–environment integration and catalyse engagement, share information, and influence policy outcomes. Operational guidance and tips are also offered on

- Key poverty–environment messages—what the issues are, why they matter and what to do
- Tools to deliver messages—different forms of publications, (social) media and events
- Stakeholder–handling strategies—what works for particular types of audiences

Chapter 7: Monitoring and Evaluation of Poverty–Environment Integration delineates monitoring to track poverty–environment integration across the policy cycle and a robust set of relevant indicators to cover (i) the inputs into each stage of the cycle, (ii) the mainstreaming process activities themselves, (iii) the outputs and (iv) the results of poverty–environment mainstreaming. This chapter explores possible indicators for monitoring poverty–environment mainstreaming and introduces seven evaluation criteria to guide adoption of monitoring and evaluation indicators.

Chapter 8: Building Integrated, Transformative Institutions addresses the need for institutions to be much more integrated and transformative if collective poverty–environment goals are to be achieved at scale. Based on cases from PEI/PEA and other research, it identifies the kinds of institution that have proven effective at transforming poverty–environment outcomes, distilling this information into a set of a dozen broad characteristics of integrated, transformative institutions—both for diagnosing current institutional arrangements and to design new institutions.

The **Glossary** defines key concepts and terms used in poverty–environment and climate mainstreaming and integration.

How to use the handbook

The handbook can be applied in the design of new poverty–environment initiatives by country practitioners, or to strengthen ongoing programmes supporting achievement of the 2030 Agenda for Sustainable Development at national, subnational and sectoral levels.

The organization of its chapters by topics, supported by an array of user–friendly diagrams and checklists, are intended to speed comprehension and enhance application of the knowledge gained by PEI/PEA over the course of two decades in more than 30 developing countries.

References

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Chapter 1

The Integrated Approach to Poverty, Climate and Environment



Chapter overview

The imperative to take an integrated approach to poverty reduction and environmental sustainability is growing stronger:

- **To tackle linked problems**—whether linked climate, nature and poverty crises at the national level, or people's livelihoods suffering from pollution or floods
- **To tackle system failures that lie behind these problems**—whether siloed governance and disciplines, or the exclusion of poor people, the environment and indigenous/traditional world views
- **To implement holistic policies**—finding ways to achieve policy goals such as the Sustainable Development Goals or inclusive green growth in diverse sectors and localities
- **To shape holistic plans**—national development plans, or post-COVID green recovery strategies, will be more robust if they consider the poverty and environmental implications
- **To link solutions**—a systemic approach requires multiple governance, technology and behavioural solutions working in tandem
- **To combine energies and resources**—uniting the stakeholders and the funds to achieve real synergies

Calls for integration have been made consistently over 50 years, since the 1972 United Nations Conference on the Human Environment, and repeated in almost all development commitments since then.

In practice, integration has been more elusive. But we can learn from the gradual evolution of progressive environmental and development institutions—which have shifted from siloed approaches to safeguards and synergies where possible, and which now seek fully integrated sustainable development.

We can also learn from the experience of Poverty-Environment Action for Sustainable Development Goals (PEA) and its predecessor the Poverty-Environment Initiative (PEI) over 16 years on four continents, which has introduced economic and expenditure analyses and participatory approaches, working with national mandates and central authorities such as finance and planning ministries to get poverty-environment issues integrated in major decisions.

This chapter highlights key lessons from PEI/PEA experience, notably on:

- The constraints imposed by fragmented and outdated institutional structures and information flows that reflect past priorities and narrower interests than face decision-makers today
- The need to build trust as a precondition and driver of integration
- The importance of addressing gender and inequality, both to generate this trust and to tackle the underlying causes of many poverty-environment problems
- The need to offer the space and build the capacity to adopt integrated approaches
- The value of using existing in-country policy/decision-making cycles—finding the right entry points into them, and then working with and enriching those processes

These lessons show that five kinds of integration are needed:

- **Thematic integration**—which brings together issues that had been separate, but should be treated as linked, namely poverty, climate and environment
- **Horizontal integration**—which links experts, disciplines and sectors to overcome silos and realize synergies
- **Vertical integration**—which links global, national and local levels and top down with bottom up
- **Stakeholder integration**—which links players together to build trust and collective action
- **Temporal integration**—which enables continuous improvement throughout the steps of the decision-making cycle

Based on this and complementary experience, this chapter proposes a practical framework for integration organized around the typical decision-making cycle of planning, budgeting, investing, executing, monitoring, review and dialogue. Integration in one step reinforces results in another.



1.1 Introduction

1.1.1 Overview and purpose of this handbook

Almost every international agreement on sustainable development and the environment over the past half-century, beginning with the [1972 Stockholm Conference on the Human Environment](#), has called for an integrated approach to environmental and poverty issues. The urgency of that call continues to resonate, when many decisions need to be made to tackle linked climate, nature and poverty emergencies following the COVID-19 pandemic. In exploring and advocating for an integrated approach in achieving sustainable development, this handbook offers readers:

- An improved understanding of the links between the **poverty and environmental challenges that influence achievement of holistic goals** such as the Sustainable Development Goals (SDGs) or an inclusive green economy
- Learning from the **programmatic approach used by Poverty-Environment Action for Sustainable Development Goals (PEA)** and its predecessor the Poverty-Environment Initiative (PEI)—both joint efforts of the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP)—to tackle these challenges on four continents over 16 years, along with complementary lessons from other initiatives
- A **practical framework** for applying the various activities involved in an integrated approach, based around a typical policy/decision-making cycle

Armed with this information, readers can help develop best-bet strategies for achieving integrated results more effectively, efficiently, equitably and at scale.

1.1.2 The need for integration

The well-being of people and the well-being of nature are interdependent. On the one hand, poor people are dependent on the environment for their livelihoods and economic growth, and are vulnerable to its degradation. On the other, local environmental quality and global public goods alike depend not only upon governments and corporations but also upon women, men and indigenous people to manage soils, water and biodiversity in balanced and integrated ways.

Escalating poverty and environmental problems are linked and indivisible. The climate is changing, biodiversity is disappearing, and pollution and land degradation are sharply rising. Each of these problems has knock-on effects on the others—and especially on poverty and inequality. Women and men become stranded in poverty in devastated environmental conditions, without access to quality environmental resources, vulnerable to climate shocks, and finding it impossible to adapt. More recently, the COVID-19 pandemic has highlighted how human interference with nature creates conditions for diseases to leap from animals to humans. These complex and critical problems face global society (linked climate, nature, poverty and pandemic emergencies), affecting everyone and everything—down to local livelihoods, as farmers and fishers, among others, find their livelihoods have become inviable.

The underlying causes of environmental and poverty problems are often identical and reflect systemic failures. These include the unchecked power of some groups over others, the erosion of rights and capabilities of poorer groups, and perverse economic signals that make environmental assets worth more if converted (e.g. deforestation) than if conserved. System-wide governance, policy, investment and management shifts are needed if poverty–environment problems are to be tackled together in coherent ways.¹

Most responses to these complex problems have been fragmented, short term or lacking in vision. In today's linked realities, institutions should be complementing and cooperating. But too many institutions are “siloed” and cannot work well together. They tend to be built around separate interests such as poverty reduction or environmental sustainability—which makes them compete for attention and resources.

Solutions tend to be one-sided. There is pressure to make critical new policy decisions on poverty and on the environment that may fail if they are not treated in integrated ways. For example, new environmental policy commitments such as protecting 30 percent of land and oceans for biodiversity by 2030 (Target 3 of the [Kunming-Montreal Global Biodiversity Framework](#) under the Convention on Biological Diversity), carbon pricing and low-carbon energy transitions entail numerous social risks that must be accounted for and mitigated. Individual solutions are unlikely to be truly transformative; instead, several solutions will need to be packaged together. For example, reducing greenhouse gas emissions requires not only technological innovations but also concomitant behavioural changes—that is, an integrated approach.

¹ Note that “poverty–environment” is here used to refer to a broad gamut of related issues, including gender differences and inequality as well as poverty, and climate as well as other aspects of the environment.

An integrated approach offers multidimensional lenses on problems and solutions. A systemic approach requires multiple governance, technology and behavioural solutions, but they need to work together. For example, what has been perceived as an environmental problem can sometimes be better resolved if it is treated as a poverty problem, and vice versa. Specific environmental challenges that involve women may turn out to be better addressed as a gender intervention than as an environmental response on its own. An integrated poverty–environment approach can improve the robustness of responses.

Time is short to resolve poverty–environment problems. Climate, nature and inequality emergencies are upon us. The crises we face are linked, and action on each alone risks worsening the others. The Intergovernmental Panel on Climate Change, the Intergovernmental Science–Policy Platform on Biodiversity and Ecosystem Services, and other interdisciplinary groups of experts warn that we have until 2030 to avoid many social, economic and environmental tipping points colliding in an irreversible perfect storm of system collapses. The relationship between inequality and environmental degradation in particular has come dramatically into focus with the COVID crisis.

An integrated and balanced approach is the only logical way to tackle linked problems. It combines energies and resources and fosters system-wide reform. In this way, we hope to move from a vicious downward spiral of cascading problems to a virtuous circle of reinforcing solutions—and from individual “magic bullets” to systemic institutional reform. In adopting the SDGs, governments realized that the integrated nature of the goals demands a cross-government integrated approach to their planning and monitoring. In fact, across the 17 SDGs, 93 indicators are related to the environment.²

² For the most recent report by UNEP on the status of the SDGs, see UNEP (2023).

More effective public policymaking, planning, budgeting, investment management and governance systems are needed if linked poverty–environment challenges are to be met. Five kinds of integration are needed for achieving sustainable development:

- **Thematic integration**—which can bring together issues that had been separate but need to be treated as linked. When we say “poverty–environment issues and objectives” in this handbook, we mean the full range of environmental issues—natural resources, environmental processes, climate change, etc.—that relate to the gamut of poverty issues in any given context; this includes deprivations of income, wealth, health, livelihoods, gender and other aspects of equity, and/or other aspects of well-being.
- **Horizontal integration**—which can link themes and disciplines. Multi-sector, multi-theme and interdisciplinary ways of working can transcend sectoral silos; facilitate coherent policies and programmes; and optimize poverty–environment benefits across sectors, resources and groups of people.
- **Vertical integration**—which can powerfully link top-down policy vision with bottom-up societal demand and capability. Multilevel strategies that link relevant interests—global, national and local—facilitate coherent policies and programmes especially for public goods, and optimize poverty–environment benefits across these hierarchies.
- **Stakeholder integration**—which can build trust and collective action. Identifying relevant stakeholders; bringing them together; and linking their capacities, resources and motivations will aid in the common pursuit of sustainable development, including through collective action.
- **Temporal integration**—can enable continuous improvement. Step-by-step integration throughout the decision-making cycle,

learning and improving all the while, will help the necessary longer-term institutional reforms evolve.

In most countries, at least some of these elements of integration are already in place. They might be at a pilot scale connected to a major sustainable development plan or to a support programme such as PEI/PEA. They might be more deeply engrained, such as where indigenous holistic governance still applies. Wherever they are, these elements need to be recognized and woven together more robustly, informed by a good analysis of what will deliver the SDGs most effectively, efficiently, equitably and sustainably.

1.1.3 The drivers of integration

Calls for sustainable development have in large part been driven by intergovernmental initiatives—which have also invariably called for an integrated approach. Indeed, calls for integration have been consistently made over 50 years, changing little since the novel inclusion of poverty–environment integration in the 1972 United Nations (UN) Conference on the Human Environment—and repeated in almost all development commitments since then (Box 1.1), as well in most multilateral environmental agreements.

The 2030 Agenda presents sustainable development as the integration of five global challenges—people, planet, prosperity, peace and partnerships. It calls for an integrated approach to implementing these multiple commitments in an indivisible way, placing equal emphasis on their economic, social and environmental dimensions to ensure benefits in all five areas over the long term. The other landmark global agreements of 2015—including the [Addis Ababa Action Agenda on Financing for Development](#), the [Sendai Framework for Disaster Risk Reduction](#) and the [Paris Agreement on Climate Change](#)—add similar integration expectations to the 2030 Agenda.

Box 1.1 Calls since 1972 for integrated approaches to deliver sustainable development

- **1972 Stockholm Conference on the Human Environment:** “States should adopt an *integrated* and coordinated approach to their development planning.”
- **1980 World Conservation Strategy** introduces the concept of sustainable development: “[There is a need to] *integrate* every stage of the conversation and development processes, from the initial setting of policies to their eventual implementation and operation.”
- **1987 United Nations’ World Commission on Environment and Development** popularized sustainable development: “The ability to choose policy paths that are sustainable requires that the ecological dimensions of policy be considered *at the same time* as the economic, trade, energy, agricultural, industrial, and other dimensions.”
- **1992 UN Conference on Sustainable Development (Rio Earth Summit)** defined Agenda 21 as a tool to foster a “balanced and *integrated* approach to environment and development questions.”
- **1993 Convention on Biological Diversity** requires parties to “*integrated*, as far as possible and as appropriate, the conservation and sustainable use of biological diversity into relevant sectoral or cross-sectoral plans, programmes and policies.”
- **1993 United Nations Framework Convention on Climate Change** stipulates that “policies and measures to protect the climate system...should be *integrated* with national development programmes...”
- **2001 Millennium Development Goals** called for the “*integration* of the principles of sustainable development into country policies and programmes.”
- **2002 World Summit on Sustainable Development** report calls for “*Integration* of the economic, social and environmental dimensions of sustainable development in a balanced manner.”
- **2012 United Nations Conference on Sustainable Development (Rio+20)** “The Future We Want” outcome document acknowledges: “insufficient progress and setbacks in the *integration* of the three dimensions of sustainable development...[calling for a high-level political forum to] enhance integration of the three dimensions...in a holistic and cross sectoral manner at all levels.”
- **2015 United Nations Sustainable Development Summit** “Transforming Our World: the 2030 Agenda for Sustainable Development” calls for “achieving sustainable development in its three dimensions—economic, social and environmental—in a balanced and *integrated* manner.”
- **2019 United Nations Environment Assembly: Resolution on the Poverty-Environment Nexus** “Urges Member States to apply *integrated*, innovative and coherent approaches in policies, laws, plans and budgets on poverty eradication through sustainable environment and natural resources management; to align with the 2030 Agenda.”
- **2021 COP26** calls for implementing nationally determined contributions “in an *integrated*, holistic and balanced manner...[to] enhance linkages, create synergies and facilitate coordination.”

Note: Emphasis added.

It is not surprising that adopting an integrated approach is a core part of the UN reform agenda. A [2018 UN Resolution](#) reaffirms the need to “better support countries in their efforts to implement the 2030 Agenda in line with national needs and priorities in a coherent and integrated manner.” The UN has been both an intellectual and operational leader

of integration—especially through PEI/PEA, which have been recognized as good examples of One UN in practice. The UN has been a driver of consensus on the importance of poverty-environment issues, too: in 2019, the UN Environment Assembly adopted a comprehensive resolution to act in response to the challenges of the [poverty-environment nexus](#).

Development cooperation as a whole now seeks this integration as a priority. The Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD, 2021) sets out key commitments to improve development cooperation under the 2030 Agenda, including (i) coordinated approaches on the environment and climate, (ii) systematic integration of environmental and climate objectives and (iii) support to developing countries in making just sustainability transitions.

Until recently, the record of real integration has often been less impressive. Sometimes integration has been short-lived, perhaps imposed by a mainstreaming programme rather than truly embedded.

At the other end of the scale, traditional and indigenous peoples' governance and resource management have often been powerful drivers of integration. Whereas government agendas are typically fragmented, many local traditional and most indigenous governance and knowledge systems are nature-based, honour the complex interdependence of all life forms, do not separate the well-being of people from that of nature, and embody a notion of progress that is often cyclical rather than linear. Such traditions recognize that poverty is experienced very differently depending upon context.

Moreover, local people often relate more strongly to environmental, poverty, gender or conflict realities than they do to the economic sector problems that normally preoccupy government and aid policy (OECD, 2019). Thus, securing the rights of indigenous peoples to their lands, territories and resources can achieve economic and social success on their terms—while at the same time conserving and restoring ecosystems, increasing carbon storage and scaling up agro-ecosystems for sustainable food production. Yet these local and traditional integration approaches have often been excluded from today's predominantly formal decision-making, especially at national levels.

Recent in-country experience of integration in formal government systems has been growing. For example, a study by UNEP and CEPEI (2018), with Government of Brazil support, assessed 57 examples of integrated approaches to achieving the SDGs across 33 countries in Latin America and the Caribbean. These approaches—labelled variously as whole of government, whole of society, cross-sectoral, multiple mainstreaming, transversal, etc.—were mostly one-off and additive rather than fully embedded and did not break down institutional silos. Nevertheless, these initiatives have begun to influence day-to-day government planning and procedures.

Over the longer term, we can observe a gradual convergence of institutional paradigms to integrate environmental and human issues. Real integration has been the result of a slow and quiet evolution of perspectives and paradigms (at its best, learning from traditional approaches and enabling them). [Figure 1.1](#) shows how environmental and development institutions by and large have evolved over the decades. Globally, and especially in many progressive countries, there has been a gradual trend from completely siloed institutions that work separately and sometimes conflict (level 1 in the figure), to some mutual recognition and safeguards to do no harm (level 2), and at times to fuller integration of agendas to address synergies and thereby do more good (level 3), and ultimately to a systematic and balanced approach to people and nature (level 4).

As a result, environmental institutions in most countries now no longer adopt the simplistic approach of just keeping people out of protected areas. Many have instead moved to [community biodiversity management](#) and similar practices. Similarly, development institutions in most countries now rarely adopt a blunt "liquidate natural capital to replace with physical and financial capital" approach. Many embrace the SDGs, which are devised so that people and nature thrive together.

Figure 1.1 Trends towards integration and convergence across environmental and development institutions

	 Environmental institutions How they treat people	 Institutional integration Level reached	 Development institutions How they treat the environment
1	Nature <i>without</i> people Species and protected areas 1950s–1970s	Silos Separate, unlinked poverty and environment agendas; often in conflict	Development by <i>converting</i> nature Land and natural resource development 1950s on
2	Nature <i>despite</i> people Tackling habitat loss/pollution 1970s–1990s	Safeguards Aim to avoid damaging poverty–environment trade-offs	Development <i>doing no harm</i> to nature Land/natural resource management, environmental impact assessment 1990s on
3	Nature <i>for</i> people Ecosystems approach, community-based natural resource management 1990s–2000s	Synergies Aim for poverty–environment win-wins (but only where possible)	Nature <i>co-benefits</i> from development Sustainable land/natural resource/livelihoods, MDG 7 2000s on
4	Nature <i>with</i> people Well-being of people and nature; landscapes 2010s on	Structural reforms for sustainable development Transformative change to make sustainable development new norm	Development <i>with</i> nature Resilient systems; natural capital; SDGs 2010 on

 **Drivers of integration**

Powerful feedbacks between environment and poverty problems are increasingly experienced: both positive and negative effects become real and are strongly felt

Limits of institutional silos become apparent: people find they can't achieve desired outcomes through a single agenda

Societal demand for integration: people campaign on issues with linked poverty–environment causes, for example, health, pollution, jobs; concern for just transition to minimize losers

Top-down drivers of integration: states need public goods and resource efficiency; businesses need to secure scarce resources; some political leaders champion sustainable development

 **Institutional bridges that build trust and enable integration**

Plural policy processes: that pull agendas together—for example, green economy strategies, reciprocal mainstreaming connecting environment and development (e.g. PEI/PEA)

Groups and networks: that bridge and balance twin imperatives of social justice and environmental sustainability; sustainable development councils, units, researchers

Integrated planning tools: sustainability assessment, environmental/climate expenditure reviews, sustainable development forecasting, modelling

Integrated metrics: multidimensional poverty, natural and social capital accounts, resilience, footprints, beyond GDP

Localization processes: decentralization, participation, landscape/nexus approaches that make cross-issue local realities real

Source: Adapted from Bass (2019).

This evolution towards greater poverty–environment integration seems to happen when the following elements converge:

- The **links between poverty problems and environmental problems become painfully real** and cannot be ignored—as with floods and droughts where poor people suffer most
- The **limits of separate, siloed action frustrate progress** and leaders are driven to give serious consideration to more collaborative approaches
- The **public takes up campaigns** on issues such as land rights, health and responsible consumption that clearly link poverty–environment concerns, creating incentives for businesses and policymakers to respond
- **International agreements call for integration**, offering a mandate for change
- **Initiatives for mainstreaming offer integration tools, processes, and capacity** that are relevant to the integration level reached by the country or locality (e.g. tools that suit countries at the silo stage will be different from those in countries that are already seeking synergies)

Besides increasing market behaviour on corporate environmental, social and governance issues, these government and civil society drivers together open up possibilities for integration. Indeed, since 1972, at least 10 integrating movements can be identified that have been most powerful in bringing us closer to sustainable development (Bass, 2022). And, as the 2021 climate and biodiversity conferences of the parties have shown, this is emboldening many to make a leap towards fuller integration of the twin imperatives of social justice and environmental sustainability.

PEI and PEA responded to and mobilized many of these drivers. In fact, working for over 16 years in four continents, they themselves became a significant driver of integration. The next section summarizes PEI/PEA's establishment and experience.

1.2 The PEI/PEA experience of integration

Both UNDP and UNEP had separate programmes on poverty–environment linkages from 1998. These came together in 2003, affording two decades of experience in how to integrate major agendas.

The **UNDP–UNEP Poverty–Environment Initiative ran from 2005 to 2018**. It had an initial emphasis on influencing national plans for development and/or poverty reduction as well as sector development plans to include environmental objectives relevant to poor groups. When it became clear that budgeting and implementation mattered as much as plans in terms of achieving poverty–environment outcomes, PEI extended into budgeting and implementation processes, too.

Poverty–Environment Action for Sustainable Development Goals was launched in 2018 and ran until 2022. PEA promoted

an integrated approach which contributes to bringing poverty, environment and climate objectives into the heart of national and subnational plans, policies, budgets, and public and private finance—so as to strengthen the sustainable management of natural resources and to alleviate poverty. (PEI, 2018b)

PEA made further progress in at least three areas that PEI had realized were priorities:

- Aligning finance and investment with poverty, environment and climate objectives
- Developing and applying methodologies to assess multidimensional poverty links related to the environment and natural resources (ENR)
- Applying rights-based and gender approaches to better target and engage poor and marginalized groups

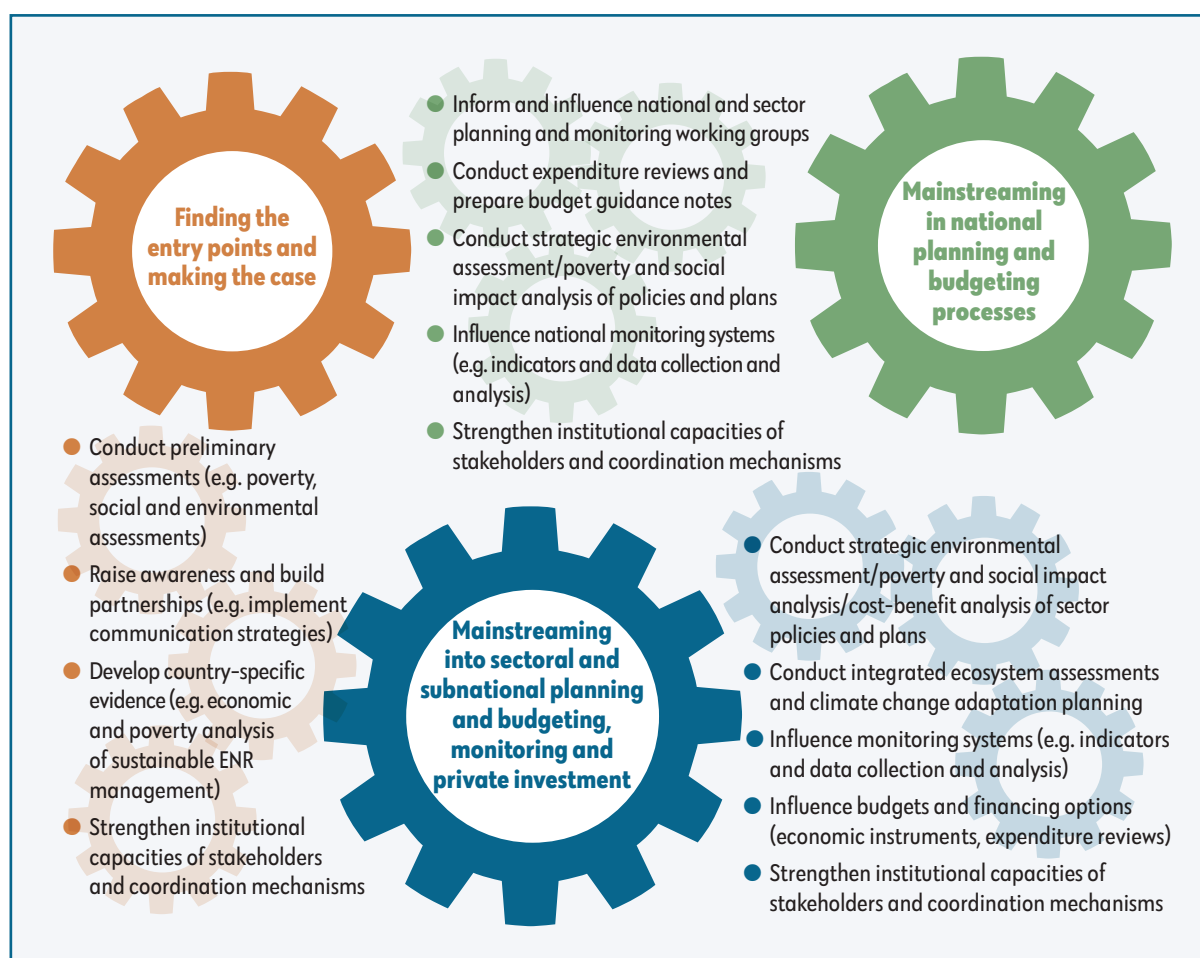
PEI and PEA have been significant drivers of integration in developing countries. They pioneered integrated approaches to poverty–environment

mainstreaming: first in support of national efforts to achieve the Millennium Development Goals (MDGs), with an emphasis on the environment as it was marginal in the MDGs; and now as a model for the integrated approaches needed to implement the more balanced 2030 Agenda and the SDGs. What initially seemed a technical exercise was soon found to be a more complex and demanding process of policy and institutional change requiring a programmatic approach (Figure 1.2) which might take 10–20 years to fully achieve across national, sectoral and local levels.

PEI/PEA provided significant **additionality** in achieving integration, exemplified by the following:

- **The PEI/PEA programmatic approach**—working with strategic entry points in existing decision-making processes, feeding those processes with analysis and ideas, and improving them by bringing in new actors and tools
- **Working with the coordination mandates of finance and development authorities to help them be integration leaders**—because real budgets, taxation, expenditure and investment are the bottom line of development, whereas plans often end up neglected
- **Setting up environmental focal points in most ministries**—integrating horizontally across sectors and ensuring coordination with the finance and development authorities, so that

Figure 1.2 PEI/PEA programmatic approach for poverty–environment mainstreaming



Source: PEI (2015).

relevant environmental issues are always considered, and safeguards are deployed in their planning, budgeting and spending

- **Widening perspectives and metrics on poverty**—with new frameworks, tools and indicators for multidimensional poverty measurement, to strengthen the poverty side of environmental assessment and vice versa, and to get a better handle on SDG planning and monitoring
- **Integrating gendered and other disaggregated social dimensions**—with new data on poverty-environment-gender links that influence many country policies and monitoring frameworks (36 in Africa)
- **Conducting economic analyses including climate and environment expenditure reviews**—to reveal potentials to increase income and revenue and to target public and private investment
- **Taking integration to decentralized levels**—integrating vertically across levels of government from national to local, building context-specific poverty-environment data and capacities for district development plans, green villages, etc.
- **Creating integrated knowledge**—publishing well-researched stories of change, evaluations, and guidance on poverty-environment progress, growing a comprehensive body of knowledge
- **Pioneering OneUN**—mobilizing complementary UN mandates and resources to address both development and environmental authorities and players and to improve coherence
- **Offering continuity of support**—often resulting in two or more five-year plans being influenced (as in Mali and Rwanda), in the process building both country expertise and institutional “wiring” and supporting South-South exchange on poverty-environment mainstreaming

Many countries benefit from the valuable legacy PEI/PEA helped them create. PEI/PEA helped countries begin to embed poverty-environment methodologies and tools inside government systems across the policy cycle. Governments now have new capacities, procedures, data and financial provisions for poverty reduction and environmental management. And all partner countries have national plans—and some subnational and sectoral plans and commitments—that mainstream poverty-environment concerns.

While not yet completely embedded, this legacy has begun the institutional rewiring needed for further progress. It constitutes assets for future integration that make each country fitter for achieving sustainable development. Where in-country entry points for sustainable development were once uncertain, they are now clearer and function better. Where there were limited resources in-country, there are now experienced people, tested methodologies—and sometimes bigger budgets and new funds. The European Commission cites the PEI/PEA programmatic approach as a proven means for mainstreaming within developing country systems and multi/bilateral support (EC, 2016).

The good news is that there are now many more drivers and opportunities for poverty-environment integration than when PEI began. Holistic frameworks such as the SDGs and [Inclusive Green Growth](#) accommodate poverty-environment issues in principle. They do not supersede the poverty-environment framing—but instead enable closer attention to the decisions and actions that work best for poor people and nature. Our guidance and tools should help those in charge of, for example, national SDG plans and green economy strategies to come to grips with poverty-environment issues.

But there is still more to do. Plans need to be implemented. Capacity must be mobilized and incentivized. New procedures should be embedded and streamlined, and pilot projects reviewed and scaled up. To help update the approach, we explore

below the lessons of PEI/PEA and related initiatives in terms of the challenges to integration and best practices in meeting them.

1.3 Lessons on integration: challenges and what works

Extensive and in-depth experience of integration approaches that endure beyond one-off mainstreaming projects has been elusive. Some of the challenges of integration have been clear for some time (see e.g. Dalal-Clayton and Bass, 2009). But now with the multi-year, multi-continent, multi-agency, multidisciplinary, multi-instrument PEI/PEA, we have compelling evidence of good integration practice that overcomes the challenges and mobilizes the drivers of integration.

PEI and PEA have revealed a rich range of lessons. Several documents have been produced in the last few years that draw these out (e.g. Bann, 2019; PEI, 2018a, 2019a, 2019b, 2019c). These lessons offer a credible, proven basis for practical guidance on implementing holistic goals such as the SDGs or inclusive green economies.

Relevant PEI/PEA lessons are highlighted below, presented in terms of the challenges faced in poverty-environment integration. Each of these 10 challenges are explained, followed by good practices that PEI/PEA identified or used for tackling them. Clearly, there is not a simple mapping of one challenge to one best practice. Some of the best practices have been designed to be able to meet several challenges.

1.3.1 Dominant paradigms and knowledge systems that exclude many poverty-environment concerns

The challenge

Prevailing development paradigms tend to ignore the breadth of poverty-environment issues and promote a narrow range of economic goals:

the environment is not seen as core to growth and development. Different world views on the environment are also often difficult to reconcile with the economic paradigm. While the environment is usually a safety net for poor people and sustainable use of natural resources can be a route out of poverty, some environmental paradigms are blind to the fact that, where environmental assets are limited, they can become a poverty trap if relied upon too much.

Good practices

Work within the dominant economic paradigm, informing it with good economic evidence. A vital starting point for making the case for poverty-environment policy integration and investment is the proactive use of the prevailing economic framing, while introducing new economic evidence on poverty-environment issues such as the costs and benefits of unsustainable and sustainable ENR management options.

Recognize diverse perspectives and knowledge traditions and share their value. The three dimensions of sustainable development—social, environment and economic—must be equally emphasized in mainstreaming efforts. This means drawing on knowledge and disciplines beyond economics, which only incompletely recognizes all three dimensions; using the interdisciplinary science that has been deployed by the Intergovernmental Panel on Climate Change, the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services and others; and bringing in other (e.g. traditional) forms of knowledge, especially those that are respected locally.

1.3.2 Fragmented institutions and processes

The challenge

Narrow organizational mandates, processes, disciplines, incentives and metrics need to be overcome, as they lead to separate, siloed work and block integration. Also, the lack of effective

horizontal and vertical coherence and coordination mechanisms makes it difficult to implement cross-sectoral priorities.

Good practices

Target existing processes for integration rather than create parallel systems. The most effective way to promote integrated approaches usually involves targeting the existing planning, budgeting and institutional coordination mechanisms and tools that stakeholders trust most, and enabling them to better respond to the three dimensions of sustainable development. This helps strengthen confidence and institutional capacity, although it will take time. Creating parallel mechanisms outside routine mainstream systems can be tempting, because it can be done quickly under the control of one initiative, but it is usually counterproductive in the long run and is therefore discouraged.

Use analysis and communications to improve vertical and horizontal coordination. Institutional contextual analysis can identify gaps in policy and budget coherence so that planning, budgeting, data and monitoring procedures can be adapted to get the right kinds of information flowing to the right people in key decision-making moments. A special focus is often needed on the barriers to subnational levels acting on national integration decisions. Poverty-environment issues become starkly evident at these levels, but it cannot be assumed that there will be a trickle-down effect between national/sector and subnational policies. This is also a key area for capacity development.

1.3.3 Inadequate leadership for integration

The challenge

Leaders tend to reinforce the siloed institutions that they have developed. It takes a bold and visionary leader to want to see other sectors and other localities sharing in success, and to strip out the barriers to integration. Identifying, linking up and

promoting diverse sources of poverty-environment leadership across sectors, geographies and groups is rewarding but takes time and political skill.

Good practices

Work with and through ministries of planning and finance to integrate poverty-environment objectives into national development priorities. These ministries should take the lead in integration because of (i) the close relationship between poverty-environment mainstreaming and national development planning and fiscal management, and (ii) their formal coordination roles with other ministries. Although ministries of environment often might seem to be leaders in poverty-environment, PEI's shift in attention from them to ministries of planning or finance not only accelerated and strengthened the inclusion of sustainability objectives in national development plans but also, with time, strengthened the environmental sector itself. Environment ministries do need to play roles as environmental champions, regulators and experts—but not always (there are exceptions) as leaders of integration.

Institutionalize mechanisms to plan and track environmental spending to close the financing gap. There is often a gap between the ambitions for environmental protection as articulated in national plans and policies and the resources allocated to this in budgeting and expenditure processes. A deliberate focus on finance and financial decisions throughout the policy cycle is essential. Also essential is ensuring that all planning and finance ministries have strong environment/climate units within them, and ensuring improved collaboration between ministries of environment/natural resources and those in charge of planning and finance.

Mobilize the mandates of other sector and cross-cutting ministries. It is valuable to work with ministries of planning for the national plan, ministries of finance for the budget, statistical bureaus for monitoring priority indicators of success,

civil service authorities for executive decision-making rules—and environment ministries for environmental standards and compliance.

Key sector ministries have important roles in integration, too. Where they adopt and lead on sustainability and inclusive environmental objectives can lead to successful integration—such as agriculture taking on gender-responsive climate change adaptation and environmentally friendly equitable land management and agricultural inputs, or industries adopting sustainable consumption and production.

1.3.4 Lack of trust and weak political will for integrating poverty-environment issues

The challenge

The actors who need to work together for poverty-environment integration tend to have rarely collaborated. Therefore they do not often know or trust each other. There is much to overcome—vested interests, resistance to evidence, resistance to change, and “mainstreaming fatigue” from successive campaigns to pay more attention to environment, climate, gender, etc.

Good practices

Managing relationships is the secret to success in poverty-environment integration. Building and maintaining a collegial and trusted working relationship with key government players is essential, as these are gatekeepers to mainstreaming. Diplomacy can be more important than money, as UNDP and UNEP have found. Even a small contribution and/or a long-term presence can have a big impact if good relations with the government are secured, with technical advisors perceived as part of the government team.

Devote greater attention to the political economy. Political economy analysis can usefully inform integration tactics, identifying a wider range of opportunities to factor poverty-environment

considerations into the entire policy process than if attention is given to just one or two of its stages. Sometimes such analysis will suggest an integration strategy that works with the grain of political economy, i.e. working with current formal systems, powers and vested interests; and sometimes against the grain, where new or marginalized players are beginning to win the argument better and where informal pressures can be exerted. Because such issues may be sensitive, practitioners should seek expert analysis and proceed cautiously.

1.3.5 Lack of policy space for collective poverty-environment debate and action

The challenge

The relevance of poverty-environment issues to accepted mainstream policy priorities is barely recognized, and there are few mainstream policy spaces to debate them—despite growing societal concern and lobbying on the issues.

Good practices

Link poverty-environment issues to high-priority policy areas such as economic growth, job creation or poverty reduction. Poverty-environment issues are often ignored, as they are perceived to be abstract or irrelevant to the imperatives decision-makers are asked to address. Recognizing this reality, at least initially, helps make the case for poverty-environment integration in what it can do for currently accepted national, sector or local priorities such as economic growth and jobs.

Participatory processes, even if initially one-off, are a best bet for beginning collective action and can lead to more permanent forums for integration. Offering participatory processes that enable target stakeholders and relevant government officials to engage can facilitate the acceptance of evidence, even if they challenge current policy discourse and/or practices.

Integration is ultimately a political process subject to institutional and societal dynamics.

Poverty–environment integration is not a formal technocratic process. While aiming at routine in-country planning cycles and policy processes does make sense for influencing the mainstream, there are also many informal processes, as well as political events and one-off major investment decisions outside formal plans, that can strongly affect outcomes and can only sometimes be influenced. Again, it is important to understand the political economy.

1.3.6 Gender discrimination and exclusion of marginalized groups

The challenge

Voice and power imbalances between stakeholders make the environmental needs of marginal groups invisible to policy. Consequently, there is weak understanding that gender equity and other forms of equality are preconditions for both environmental sustainability and poverty elimination.

Good practices

Poverty–environment issues analysis is more likely to generate change if it substantially engages relevant stakeholders. In PEI/PEA experience, integrated social, economic and environmental evidence that demonstrates the links between poverty and environment is more likely to be used for policymaking if it is the result of a consultative process involving target stakeholders and government officials. This practice facilitates the acceptance of evidence even if it challenges current policy discourse and/or practices. The extra time needed here adds value by ensuring the strong ownership of analysis that is critical for driving change.

Multidimensional poverty and vulnerability assessment can expose previously hidden issues. Gender-disaggregated assessment, poverty

and social impact analysis, and poverty impact assessment can help here. Such analyses should address and involve women and men, girls and boys, young and old, rich and poor, in relevant urban and rural settings. They should also cover their different roles—as producers and consumers, as holders of (traditional) knowledge on poverty–environment links and sustainable pathways that could be scaled up, and as drivers and recipients of environmental change. Gender gap analysis can be used to identify disparities between men and women—for example, costing the gender gap in terms of earnings, productivity and access.

Include and empower poor people in the entire process of integration.

Women, minorities and indigenous peoples are not simply the subjects of analysis but also need to be involved in decision-making. PEI/PEA experience highlights the support local communities and governments need in order to compel the private sector to see business success more holistically and to become more environmentally and socially responsible. This is particularly pressing in light of increasing private sector investment in key natural resource sectors.

1.3.7 Incomplete poverty–environment metrics, data and evidence

The challenge

Narrow and siloed metrics mean that poverty–environment links are barely covered in household, poverty and environment surveys and national economic data which are dominated by financial information. Gaps in such data limit policy design and may create biases towards solutions for which there are more readily available data.

Good practices

Evidence needs to be integrated if it is to support evidence-based, integrated and inclusive policymaking, planning and implementation. Evidence needs to be both integrated (clearly demonstrating poverty–environment linkages),

yet also disaggregated (by income, gender and other key characteristics); strategically targeted (policy relevant, addressing national and sectoral goals and targets), yet also accessible (user friendly including for public interest groups to support transparency and dialogue), and credible (in its sources and methods). Governmental action is more likely to be triggered if the analysis is “owned” by government players, using data that are regularly compiled by central government agencies with inputs from local government.

Proactively use economic and financial evidence on the costs and benefits of unsustainable and sustainable ENR management. Targeted, detailed economic evidence of the development benefits of implementing poverty–environment objectives has proven to be a powerful tool. Presenting environmental losses in financial terms also helps provide an entry point to discussions. Public climate and/or environmental expenditure reviews shine a strong light on the gap between the economic benefits of sustainable ENR management and the amount currently spent. **Multidimensional poverty indices** that include environmental aspects can assess if and how increased public expenditure has led to improved poverty and environmental outcomes.

Focusing on critical sectors or localities can motivate policymakers to act. When the negative effects of unsustainable use of, for example, natural resources and gender inequity on the targets and goals of a key economic sector are made apparent, there is more motivation for that sector to adopt an integrated approach to policymaking and budgeting. Evidence demonstrating how poverty–environment linkages in a sector affect its goals and targets—and also, importantly, the objectives of other sectors—can galvanize cross-sector support to address poverty–environment challenges.

Using SDG metrics in routine data systems can support integrated monitoring. The global SDGs and associated targets can offer a holistic view, both horizontally across sectors and themes, and

vertically down from the national to local levels. If national development aspirations are to change substantially and reflect more interdependent outcomes, partnerships between statistics bureaus and their main user institutions need to generate data that provide such metrics. **Natural capital accounting** and **wealth accounting** can form a useful basis in this regard. In practice, it can take relatively little time to begin to develop useful accounts for some poverty–environment issues.

1.3.8 Inadequate capacities and powers, notably at decentralized levels, to handle poverty–environment issues

The challenge

Inexperience, weak skills, and lack of mandate and capacity in the tasks required for poverty–environment integration mean that poverty–environment issues often remain stuck at the broad level of awareness rather than action. The lack of capacity and powers is often especially acute at local levels—precisely where poverty–environment issues are most keenly felt.

Good practices

Targeted capacity building of relevant ministries should be approached with urgency, but also as a long-term process of institutional change. Because institutional weaknesses are a key barrier to effective change, addressing the capacity gaps for vertical (national, regional, local) and horizontal (cross-sectoral) planning and implementation of sustainable development is a foundational need—especially for SDG localization and implementation. While short-term exercises such as training can break some logjams, poverty–environment integration is a longer-term task of institutional strengthening that should be able to withstand personnel and political changes. Continuous but adaptable support over time is vital.

Strengthen the capacity of ministries of environment. While the focus has shifted to ministries of planning and finance as leads in integration, it is nevertheless important to strengthen the analytical and policy engagement capacity of ministries of environment. Ministries of environment need to be able to address poverty–environment issues both within their own mandates and by engaging with planning, finance and key sector ministries.

Establishing environmental and/or poverty focal points in sector ministries can be helpful. Environmental focal points or units in sector ministries can help integrate environmental sustainability into respective sector policies, plans and budgets. Similarly, gender focal points in environmental and natural resource ministries can help weave together environmental and poverty agendas and action.

Objectives must be translated into action. National poverty–environment objectives must be transformed into concrete actions through sector and district plans and the guidelines for producing these plans, if any real change is to be achieved. Realistically, substantive and simultaneous engagement in multiple sectors, districts or provinces is unlikely; it was certainly beyond PEI/PEA staff and financial resources. Engaging in pilot districts and sectors, together with seeking to integrate poverty–environment objectives more broadly by including poverty–environment elements in central government guidelines for planning and monitoring in all localities and sectors, proved to be the most realistic strategy in Africa. In Asia and the Pacific, the strategy selected was to invest in local government, given active decentralization taking place in the region.

The tasks of integration must become embedded in individual officers' work. Many mainstreaming initiatives in the past simply added integration tasks temporarily to the duties of a few officers, perhaps with a project–related incentive. But the tasks were dropped when the project ended. The main lesson

is to include integration tasks in defining new jobs and revising others, and in officers' job descriptions and staff contracts, performance incentives and assessments.

1.3.9 Lack of concerted investment in integrated poverty–environment initiatives

The challenge

The cost of tackling some of the deeper or most widespread poverty–environment problems and associated policy/institutional reform tends to exceed the typically low budgets for mainstreaming.

Good practices

Initiatives for driving integration need to be strategic and catalytic. With its relatively small budget, PEI had to target the most strategic entry points for change as well as for catalysing support from strategic partners to ensure sustainability beyond project end.

Partnerships with larger and better-resourced actors are essential for bringing in more resources. The needs for institutional reform and capacity development, for strengthening data and analysis, and for piloting and scaling new integration approaches demand a major undertaking well beyond the capacity and resources of single programmes. For this reason, PEI/PEA coordinated with UNDP, UNEP, UN Women, and the Food and Agriculture Organization of the United Nations, as well as development cooperation partners at the country level, among others, on joint initiatives and projects. This underscores the need to identify relevant larger entities and programmes engaged in complementary poverty and/or environment initiatives as partners, so each can play to its strengths.

Public environmental and climate expenditure reviews have proven to be particularly useful to leverage investment. These reviews can highlight the discrepancy between investments required for

securing pro-poor environmental sustainability, the actual investments made, and the resulting benefits to the economy and livelihoods. The use of public expenditure reviews has helped design new nationally established funds to achieve linked social, environmental and economic outcomes—as well as successfully attract other sources of funding for concrete action on the ground.

Budget tools can facilitate integration of poverty-environment objectives. These tools—which include budgeting and spending guidelines, budget call circulars and guidelines, sector budget checklists and budget codes/tagging (all discussed in [Chapter 5](#))—have helped to ensure that budget allocations are in line with national and sector policy objectives; improve tracking of both budget allocations and actual expenditures and make transparent any discrepancies between the two; and, once a time series is built up, improve the efficiency of expenditure allocation.

Private sector investment will be needed to achieve economy-wide integration of poverty-environment objectives at scale. This means targeting strategic entry points in a country's investment management system and establishing acceptable terms for private investment in priority poverty-environment sectors. This has been a very active area of PEA innovation. Promising tools include foreign direct investment guidelines and associated social and environmental safeguards, legal templates for investment project agreements, national sustainable finance road maps, sustainable finance forums, green bonds, private bank lending guidance, environmental corporate reporting in stock exchanges, investment tracking tools and training financial regulatory staff.

1.3.10 Lack of continued effort on poverty-environment issues

The challenge

This challenge comprises three systemic weaknesses: (i) short-termism—favouring quick-fix solutions

within development projects or electoral cycles as opposed to the longer time required to undertake institutional reforms; (ii) weak monitoring of critical poverty-environment dimensions; and (iii) lack of follow-up throughout the policy/decision cycle, too often focusing only on the planning stage.

Good practices

Poverty-environment mainstreaming in government systems requires long-term support.

Poverty-environment mainstreaming entails institutional change across government, which is a complex, continuous affair usually taking many years. For promising shifts in the mandates, procedures and capacities of government and business machinery alike to be fully realized and sustainable, long-term technical and funding support is desirable. Moreover, if international organizations are to take the right decision—to support integration primarily through national systems, rather than imposing their own systems—they should be realistic about what they can expect, especially in early phases when the other challenges outlined above will also be prominent.

The national monitoring system is a highly strategic entry point for poverty-environment support.

Regular monitoring of poverty-environment issues is important—and not only through project-based interventions—so that trends both positive and negative can be identified and managed. Poverty-environment monitoring is a prerequisite for truly embedding poverty-environment concerns into institutional behaviour. Central and financial authorities, donors and concerned citizens alike have an interest in how successful development is monitored and assessed. Multidimensional poverty measurement now affords a powerful means of obtaining the comprehensive economic, social and environmental data and analysis required for planning and assessing progress in holistic policies such as the SDGs.

The entire policy cycle should be addressed to fully embed poverty-environment objectives. PEI/PEA's

work, even if it originally focused on integrating poverty-environment issues into assessment and planning tasks, soon moved on to work in the budgeting, expenditure and implementation phases of the policy cycle in order to become fully embedded. This reflects earlier lessons on environmental mainstreaming (e.g. Dalal-Clayton and Bass, 2009) and integrated policymaking for sustainable development (e.g. UNEP, 2009). PEI/PEA stand out for ensuring the longer-term continuity of support to integrate poverty-environment into all decision-making phases.

1.4 The integrated approach—a strategic framework

Informed by the above lessons, we can confidently propose a strategy of using locally mandated decision-making processes/cycles as the main vehicles for integration. This will mobilize multiple actors and their many disciplines to reach robust decisions at the national, local or sector level that will achieve the poverty-environment impacts sought by pursuing holistic goals such as the SDGs.

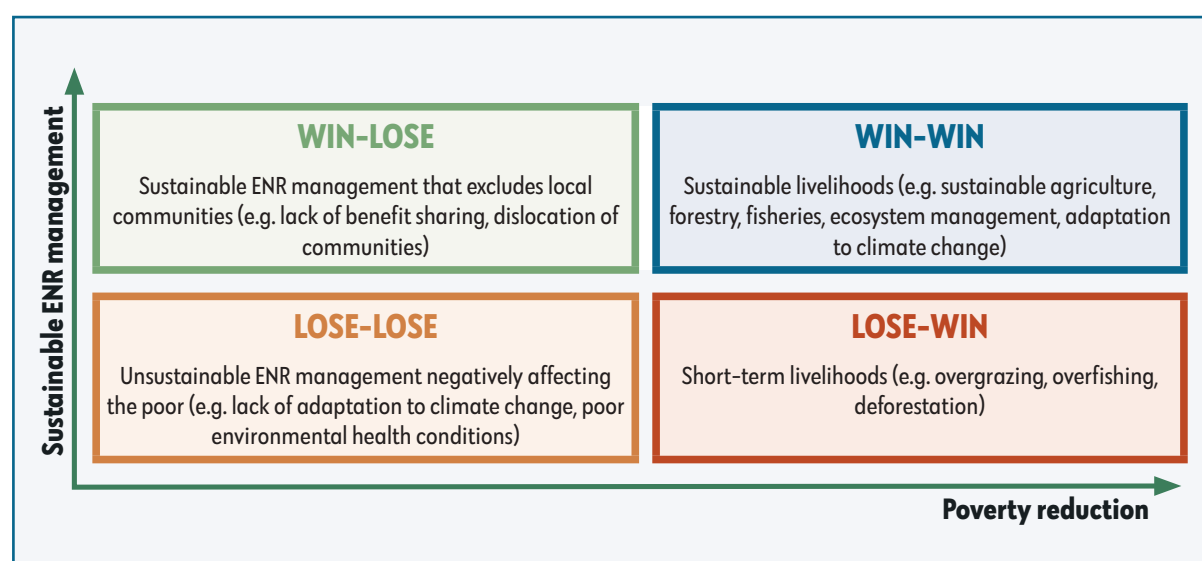
Using existing integration procedures, adapting them and enriching them with tools that are better suited for integration will improve ownership of the integration process and its results.

Figure 1.3 illustrates the desirable trajectory of poverty-environment integration. The aim is to move towards impacts in poverty reduction and environmental sustainability that are mutually supportive, and away from situations where either poor people or the environment (and sometimes both) continue to lose out. The upstream test of integration en route to such impacts would be policy coherence between poverty objectives and environmental objectives. But the downstream test of integration will surely be improved well-being of people and natural systems.

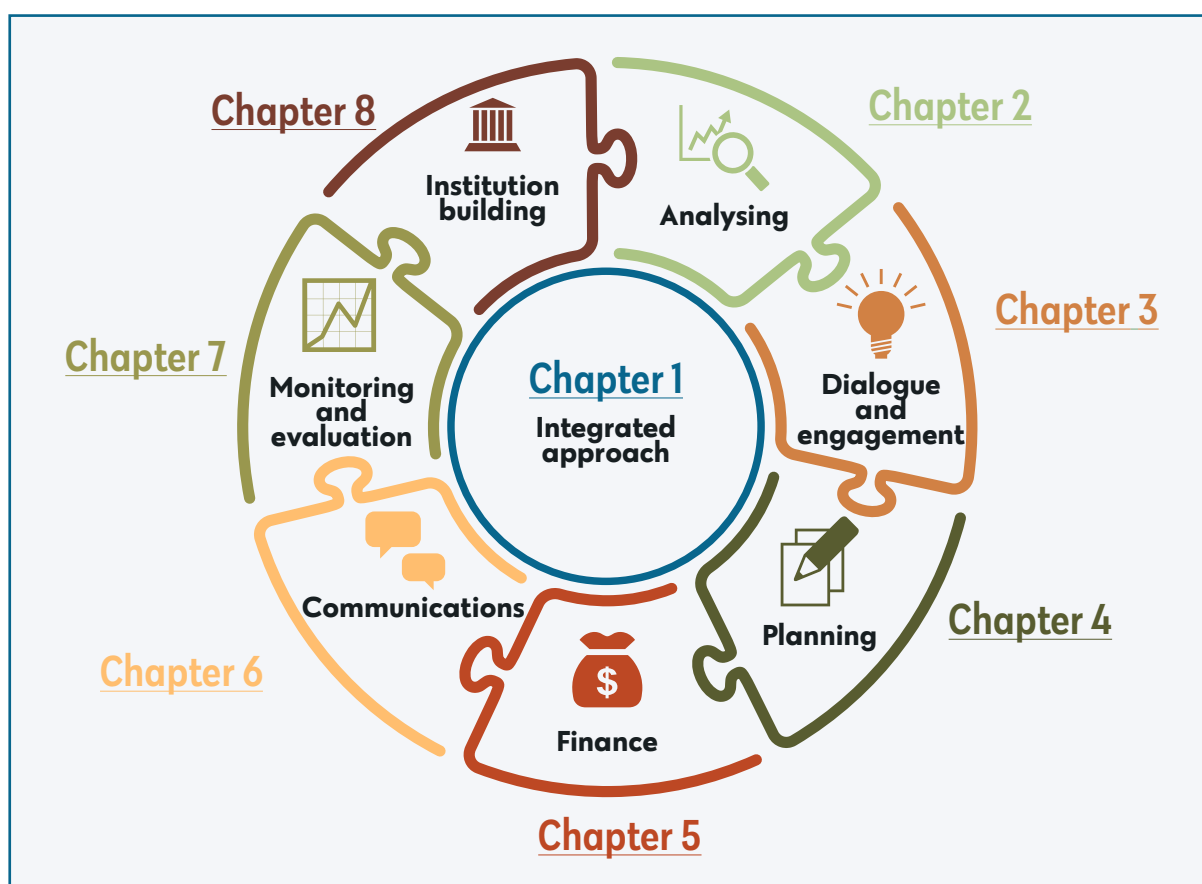
We propose a schematic that embraces all the poverty-environment integration tasks, tools and tactics involved in a typical decision-making cycle.

Figure 1.4 summarizes effective decision-making as seven broadly cyclical activities from analysis to institution building, which are the foundations of an integrated approach; this also anticipates the organization of this handbook.

Figure 1.3 Integration trajectory: maximizing win-win impacts on poverty reduction and environmental sustainability



Source: PEI (2015).

Figure 1.4 The policy cycle: schematic for integrating poverty-environment objectives

Note: This is a generic cycle. Individual governments and ministries will have their own; and so will relevant businesses, civil society organizations/non-governmental organizations and community groups.

The schematic is based on the premise that opportunities for poverty-environment integration may be found at every stage in policymaking. Further, coordination among different policymaking stages is critical to ensuring that an integrated approach is followed through. This framework aims ultimately to lock poverty-environment considerations into policy processes from the onset—before a policy issue is even brought into government agendas and certainly before proposals are put on the table. By internalizing poverty-environment assessment without identifying it separately, the assessment becomes a natural and organic component of the policy process. By thinking about the whole cycle from the beginning, gaps in capacity and procedure between stages are identified in advance. All of this

should improve decision-making efficiency and sustainability, because sustainable development concerns are anticipated and addressed early on rather than reactively.

1.5 Getting started with the integrated approach

The subsequent chapters in this handbook provide practical, operational guidance on the typical tasks, tools and roles for integrating poverty-environment objectives at each stage in the policy cycle. The chapters are addressed to national, sectoral, local and development assistance policymakers and senior officials, particularly those charged with responding to holistic demands such

as the SDGs, green growth, or post-COVID recovery with new policies, plans and reforms.

The handbook is also intended to support practitioners who are designing and/or implementing projects in environment or development who may want to adopt more integrated approaches, such as integrated landscape management, community-based conservation, or joint environmental and social protection schemes.

Following is a **brief scoping checklist** with some initial prompts to help those working on initiatives with poverty–environment implications to scope an action plan towards achieving truly integrated outcomes:

- **List the linked poverty–environment problems** you face and/or outcomes you seek in your sector, social group, locality or ecosystem service.
- **Determine which actors**—authorities, non-governmental organizations, partners, other projects, etc.—similarly aim at these problems and/or outcomes. You may want to engage and potentially work with them.
- **Find out what existing country policies, laws and plans** apply to these poverty–environment impacts. They might be the SDGs and global multilateral environmental agreements or regional agreements (e.g. on river basins or seas). Integrate the country's commitments into the intervention.
- **Identify the decision-making processes** relevant to your selected poverty–environment issues. Assess which already handle some of the holistic policy commitments and plans, or resist them or fail in them. You will want to align your strategy proactively with important procedures, dates and events.
- **Find out what kinds of information** these decision-making processes need; when they need it; and if they are open to a more balanced

set of social, environmental, economic and governance data that will support integrated approaches.

- Armed with this information, **make the basic case for an integrated approach** to your initiative—its benefits, costs and risks compared to a more traditional siloed approach. Show where it will lead to positive poverty–environment impacts across mainstream policy priorities and the SDGs.
- **Identify the best entry point** for influencing relevant decision-making with your case—for example, national, local, sector, organizational—and at which policy cycle stage—for example, monitoring, debating or planning decisions.
- **Select from a range of analytical and communications tools** that suit the entry point and its level of sophistication in handling integrated issues.

Integration is not about a standardized top-down imposition. It should suit national contexts and encourage national and local stakeholders to work together to achieve integration in a bottom-up manner. PEI/PEA were among a minority of international programmes with a participatory approach to integration. In development work generally, the prevailing paradigm has emphasized a trickle-down theory of change that assumes progress will ultimately reach poor people and marginal concerns such as the environment. This paradigm has been dominant for years—yet it has never worked at scale, in spite of occasional drives for mainstreaming particular issues.

In contrast, PEI/PEA aimed directly at helping national stakeholders address integrated outcomes where they are most needed in ways that suit their context and that support authentic institutional reform and long-term capacity. It is therefore now timely to draw on PEI/PEA experience, as well as that of other initiatives, to achieve the integrated approaches that have been called for over the last 50 years.

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Chapter 2

Analysing Poverty- Environment Issues



Chapter overview

Analysing poverty-environment issues seeks to improve the quality of evidence on poverty-environment links, their importance—particularly for achieving social and economic development objectives—and their causes. Such evidence is needed to properly inform dialogue ([Chapter 3](#)), planning and action on poverty-environment (Chapters [4](#), [5](#), [6](#) and [7](#)), and ultimately the shape of institutions ([Chapter 8](#)).

The interactions of poverty and environment are critical but complex and too often have been ignored. Development work and environment work are siloed, with narrow “magic bullet” solutions that often clash with each other—conservation work that excludes poor people, and development that degrades the environmental foundations needed to secure food, water and energy supplies. It is time to better understand how problems of poverty and the environment relate, and to fill significant knowledge gaps on the priority poverty-environment issues of specific countries and sectors. A big-picture analysis of poverty-environment links can get all actors on the same page and point to helpful collaboration.

To ensure we have a clear big picture of the multiple poverty-environment links at the national, local or sector level, we first focus on analytical scoping. This scoping will yield a sound view of the poverty-environment issues in a country or sector, the stakeholders involved, and how the political and institutional context affects their interactions and the prospects for improvement. We need this big-picture view to catalyse the right kind of stakeholder engagement and focus policy dialogue.

The Poverty-Environment Initiative (PEI) and its successor, Poverty-Environment Action for Sustainable Development Goals (PEA), have made major contributions to analysis, including the development of multidimensional poverty analysis linked to the environment and natural resources, environmental and natural resource economic analysis at the national level, and institutional analysis. These PEI/PEA approaches are explained here, along with other methodologies, notably in political economy analysis.

This chapter focuses on analysing:

- **Poverty-environment linkages** using frameworks for scoping out what the relevant issues are and an introduction to ways to analyse them in more detail: i.e. vulnerability, spatial and economic analysis
- **Social difference and impacts on poor groups** using frameworks for understanding who experiences poverty-environment issues and the differences among them, including gender
- **The institutional and political context** by examining the interests and powers of those who create or can resolve poverty-environment interactions
- **Change and change processes** by looking at the policy space, capacities, timing, framing and procedures that enable positive change so poverty-environment objectives are achieved

As far as possible, poverty-environment analysis should be undertaken by existing statutory or regulatory assessment provisions such as environmental and social impact assessment, working with and through the institutions mandated to run these processes. This approach can be more effective than voluntary approaches, but often will need to be supplemented with analysis of poverty-environment aspects to which current procedures are blind.

Analyses are only as useful as their application. While an initial big-picture analysis is useful for framing dialogue, visioning and high-level policy, more detailed analyses also need to be done and applied across the decision-making cycle. These analyses are covered in other chapters, notably [Chapter 3](#) for participatory, field-based inquiry and citizen science; and [Chapter 5](#) for expenditure reviews, environmental cost-benefit analysis, poverty and social impact analysis, and assessing the distributional impacts of fiscal decisions.



2.1 An integrated, inclusive, iterative approach to analysis

The United Nations Development Programme–United Nations Environment Programme (UNDP–UNEP) Poverty–Environment Initiative (PEI) and its successor, Poverty–Environment Action for Sustainable Development Goals (PEA), invested considerable time and resources in improving the level of analysis in many countries. Drawing on lessons from PEI’s experiences in Africa (PEI, 2019), the following elements are recommended for effective analysis of poverty–environment issues. Taken together, these components make for an integrated, inclusive and iterative approach to analysis.

- **Focus on systems.** Poverty issues and environmental issues are each multidimensional, and they interact with each other in diverse and dynamic ways. Single disciplines are blind to many important factors. Some poverty–environment problems have in fact been caused by a “silo” effect, with institutions acting on narrow views—environmental activities that end up pushing poor people off their land, or poverty reduction projects that result in deforestation, for example. A multidisciplinary perspective is therefore a minimum requirement—although some disciplines, often economics, end up dominating. Ideally, an integrated approach to analysis should be established from the beginning.
- **Use interdisciplinary analytical frameworks and tools.** Matrices, checklists, accounting systems and models that include the relevant interactions are among the means and methods that offer ways of understanding how the environment, economic activities, stakeholders and institutional contexts interact.
- **Be inclusive.** By involving stakeholders and government officials, and not only independent analysts, collective ownership of joint analysis is created. Even if this tactic challenges current discourse and practice, it is more likely to motivate action on improving the status quo.
- **Use dialogue.** Engaging stakeholders in inquiry-based dialogue is a very effective way to respond to independently produced analysis and to enrich it (Chapter 3). Indeed, analysis without seeking stakeholder perspectives and validation proves to be of limited value in influencing decision-makers.
- **Be iterative.** While big-picture analysis as here presented as an initial stage in the typical decision-making cycle, it is not a one-off step. It needs iteration when dialogue, plan options or budget decisions require new angles or specific issues to be explored—for example, cost-benefit analysis to generate project- and programme-level evidence for preparing business cases.
- **Generate quality.** It is useful to have a set of criteria for the kinds of analytical outputs required. Typically, we look for credible, integrated, disaggregated, strategically targeted and accessible evidence. The quality criteria will need to be lined up against the typical challenges facing a country or sector—for example, unavailability of adequate data and inadequate capacity—to determine if external support is needed.
- **Integrate analytical machinery with decision-making machinery.** It can be best to start with

the existing mandated analytical and decision-making systems in a country or sector, such as most countries now have in place for projects (environmental and social impact assessment) and many countries have for policies (strategic environmental assessment). This technique is more likely to lead seamlessly into productive dialogue, visioning and planning, because the evidence produced will be expected, relevant and less contested. It is much harder to push and encourage uptake/application of optional or voluntary approaches than to use, build on and improve those that are in place and formally required.

But there will be gaps that will need to be filled using new methods, tools and capacities—which, if successful, will need to be embedded in the machinery of government. Over time, this process will help build the kinds of institutions that regularly generate and embed quality evidence in decision-making. Building a [natural capital accounting system](#) is one way to do this, enabling linked economic and environmental analysis to be recurring and timely, supporting evidence-based policy adaptation.

Armed with this approach, we can turn attention to analysing the linkages between poverty and the environment; social differences and impacts, including gender; and the institutional and political context, including change and change processes.

2.2 Analysing linkages between poverty and the environment

Such analysis begins with **scoping** (essentially mapping out the links to see them at a macro level), and then moves to **more detailed assessment and analysis**. Various tools and methods have been successfully applied in such macro and micro linkage analysis; some used by PEI/PEA and others are described here.

2.2.1 Scoping poverty-environment issues by applying visualizing frameworks

Poverty-environment issues are complex, and it is easy to become overwhelmed by their multiple dimensions. Moreover, poverty-environment mainstreaming is a “wicked” problem that resists resolution: it is non-linear, has several connected elements with many interdependencies and interacting causes, requires action from multiple parts of government, and can become more demanding as progress is made. For example, PEI Africa, in an internal regional team exercise, carried out a problem tree analysis and found more than 80 factors that needed to be addressed for successful poverty-environment outcomes.

We should first begin by defining our terms:

- By **poverty**, we mean the full range of deprivation issues in any given context—deprivations of income, wealth, health, livelihoods, gender and other aspects of equity, and/or other aspects of well-being.
- By **environment**, we mean the full range of natural resource, environmental functioning, environmental degradation, climate change and natural disaster issues that pertain in a given context.

A useful starting point in coming to grips with the complexity of poverty-environment linkages is an integrated framework that puts the different dimensions on the same page. This helps analysts and others with different interests come together on that page. A few such frameworks are suggested in this discussion. Each adopts a systems approach and is based on at least three dimensions (at least one of which will be familiar to each stakeholder and the forms of analysis to which each is most accustomed). By introducing additional dimensions, the framework opens stakeholders up to other analytical traditions. The most useful frameworks tend to be visual in nature, which facilitates group work among analysts, and helps present the analysis effectively to others.

Simple frameworks may often be enough to understand the big picture of poverty-environment issues and to begin to explore these issues. More comprehensive matrices are also available with multiple dimensions, some of which are discussed in this section. The Sustainable Development Goals (SDGs) have an overarching objective of eradicating poverty in all its forms—including environmental and natural resource deprivations—wherever they occur, and some frameworks lay out comprehensive interactions among all the SDGs.

Mapping along three or more dimensions of poverty

Poor groups are dependent on good management of the environment and natural resources for at least three elements of poverty reduction:

- Enhancing **livelihood** security
- Reducing **health** burdens
- Reducing **vulnerability** to climate change and natural disasters (DFID et al., 2002)

Too many initiatives have tended to focus on just one of these elements, assuming its overriding importance. For example, PEI's work initially emphasized livelihood and natural resource links, and PEA later picked up climate change priorities. But today, climate change—although very important—is too frequently the only lens being applied by many initiatives.

It is helpful to scope out all three types of links for a nation, locality or specific livelihood or social group (Table 2.1). The three basic poverty dimensions may be adjusted to suit a country's own mandated poverty definition or monitoring framework.

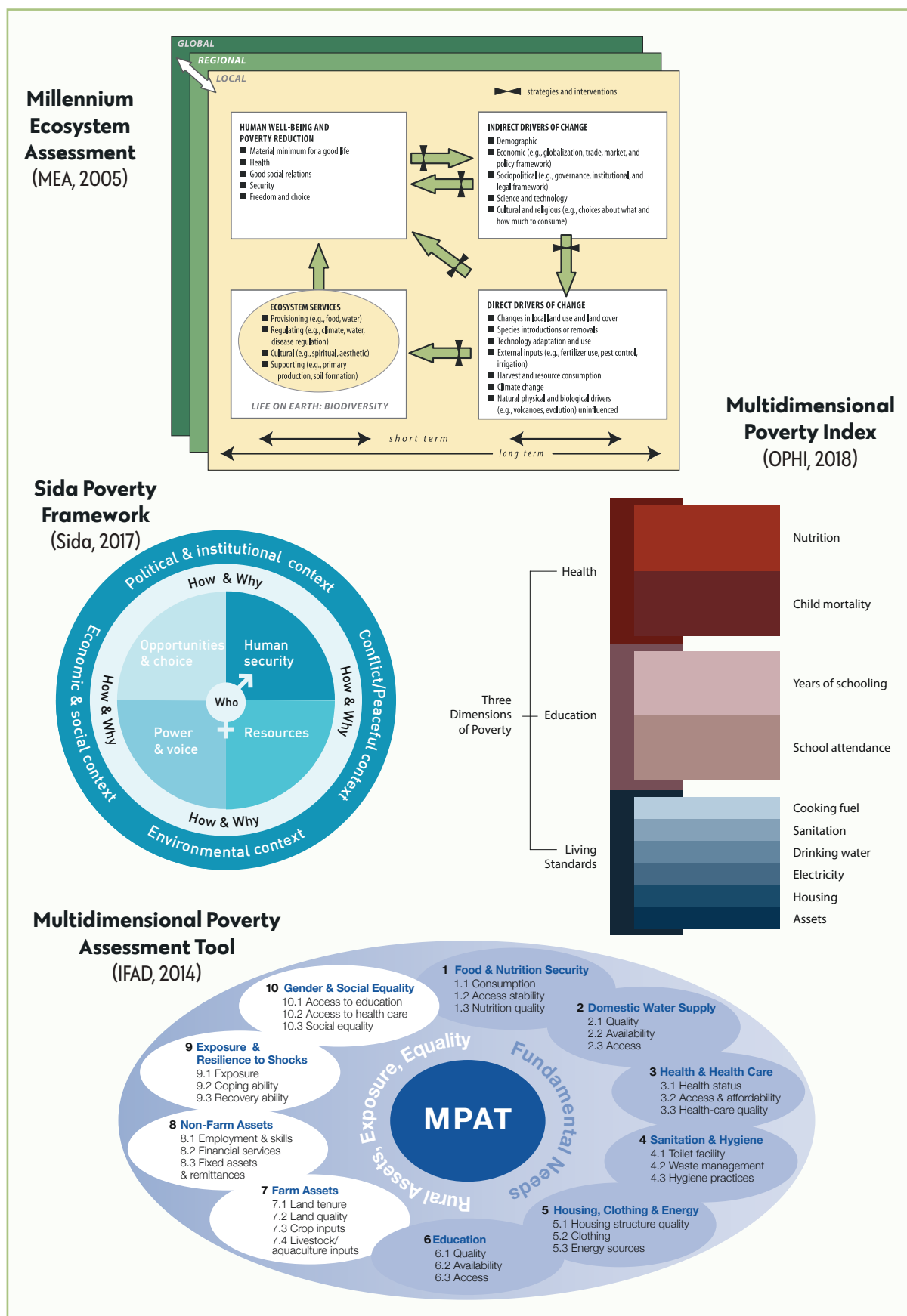
Framing in terms of well-being—livelihoods, health and resilience (rather than vulnerability)—may be used rather than poverty. Such framing can be useful in that

Table 2.1 Environment links to three poverty dimensions

Poverty dimension	Environment links
Livelihoods (agricultural, urban, etc.)	Natural resource quantities and qualities: soil, water, biomass, biodiversity, etc.
Health (nutrition, disease burden, etc.)	<ul style="list-style-type: none"> • Air, land and water pollution • Security of food, energy, shelter, sanitation and water, etc.
Vulnerability (to climate change, natural disaster)	<ul style="list-style-type: none"> • Extreme climatic events of heat and cold • Floods and drought • Natural disasters, etc.

- **Poverty analyses can miss crucial well-being strategies** that underpin the relationship between ecosystem services and human well-being.
 - **Well-being is a well-rounded interpretation of a person's life**, which avoids labelling poor people as hapless victims.
 - **Well-being provides a holistic, person-centred analysis** incorporating social and subjective assessments of life. This was a conclusion of the influential 10-year research programme Ecosystem Services for Poverty Alleviation, funded by the UK Government and involving many scientists from developing countries (Coulthard, McGregor and White, 2018).
- Existing frameworks can be adapted to specific contexts.** Figure 2.1 shows four particularly flexible, tried-and-true frameworks that can be applied in a given country/sector's scoping of poverty-environment linkages:
- The influential **Millennium Ecosystem Assessment** shows the services ecosystems provide to people
 - **Sida's Poverty Framework** adds an emphasis on power and voice

Figure 2.1 Selected poverty–environment analytical frameworks



- The **Multidimensional Poverty Assessment Tool** by the International Fund for Agricultural Development enables assessment based on people's real needs
- The Oxford Poverty and Human Development Initiative's **Multidimensional Poverty Index** elaborates indicators for each poverty dimension

PEI/PEA found approaches to multidimensional poverty analysis to be particularly useful, especially as all the SDGs implicitly address multidimensional poverty. Box 2.1 summarizes PEI/PEA experience in adapting and developing multidimensional poverty analysis tools—both

to strengthen the poverty side of environment mainstreaming and to improve the environment side of poverty measurement. For further detail and guidance, see PEI (2018b).

The nexus approach

In 2019, the United Nations Environment Assembly adopted a comprehensive [UN Resolution on the Poverty-Environment Nexus](#). The nexus approach clusters issues that are intrinsically interconnected and that must also be governed in an integrated way, and shows how they interact (Boas, Biermann and Kanie, 2016). This is a more analytical framework than the simple mapping of poverty-environment

Box 2.1 PEI/PEA experience with multidimensional poverty analysis

PEI/PEA and their government partners developed and tested new approaches and tools for multidimensional poverty assessment in order to **strengthen the poverty side of environment mainstreaming** (e.g. meeting the need for gender- and household-disaggregated data) and, in turn, to **improve the environment side of poverty measurement** (e.g. identifying major environmental dependencies and deprivations). The tools help to highlight the most critical poverty-environment links.

In particular, PEI Africa commissioned the Oxford Poverty and Human Development Initiative to assess whether environmental and natural resource issues could be integrated into its [Multidimensional Poverty Index](#). This work established that it was technically possible to do so, but that there are challenges.

Challenges. Methodologies to integrate environmental and natural resources systematically into multidimensional poverty measurement were essentially not available when countries started asking PEI if this could be done. The challenge was to develop such methodologies. Some key environmental-natural resource-poverty data cannot be practically collected through household surveys, which are the main way of collecting poverty-related data. Such surveys are focused on a limited range of socioeconomic factors, particularly

income and consumption. Important information on soil nutrient levels or the state of fisheries stocks, for example, needs to be collected separately, typically from environmental authorities, and analysed alongside household data at disaggregated levels and then communicated convincingly to decision-makers.

Guidelines. PEI partnered with the UNEP World Conservation Monitoring Centre (UNEP-WCMC), the universities of Cambridge, Southampton, East Anglia and Sheffield, and the [Ecosystem Services for Poverty Alleviation](#) programme in Malawi and Rwanda to develop country-specific poverty-environment indicators, guidelines and capacities to integrate environmental and natural resource concerns into multidimensional poverty measurements. The [guidelines](#) show how poverty-environment indicators can be incorporated in national statistics and reporting, supporting government efforts to achieve the SDGs and monitor progress.

Added value. PEI/PEA's innovative work in measuring multidimensional poverty is highly applicable to the monitoring and achievement of the SDGs, which themselves are multidimensional. Better measurement of what really matters can improve both environmental/natural resource-related programmes and poverty reduction programmes.

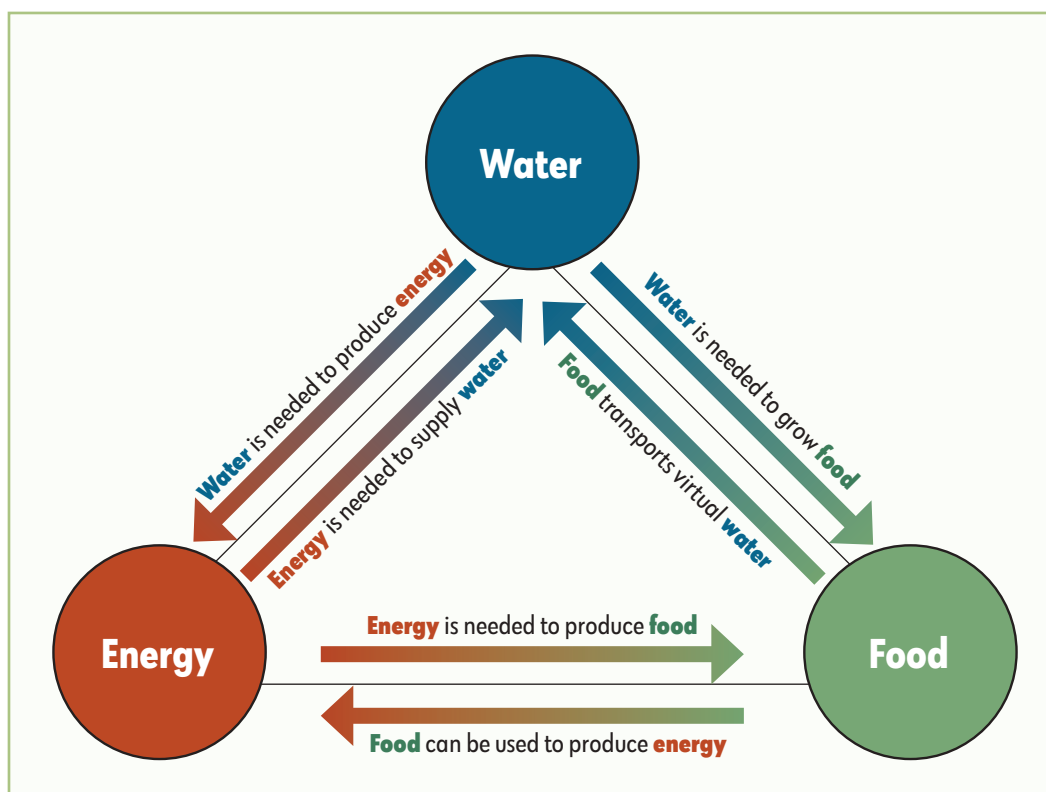
links discussed above, and explores cause and effect interactions. The nexus approach can be used for tracing the interaction of environmental needs significant for poor groups. For example, there are important positive and negative links and feedbacks across three critical needs: water, energy and food security. The [Water, Energy and Food Security Resource Platform](#) offers many resources for visualizing and analysing this nexus ([Figure 2.2](#)).

The nexus approach can, of course, cover more than three needs. The [Global CLEWS \(Climate, Land, Energy and Water Strategies\)](#) model provides useful insights about relationships among five needs: water, energy, climate and land and material use at the global scale. A Stockholm Environment Institute study proposes expanding and applying the nexus approach to improve cross-sectoral integration of all the SDGs (Weitz, Carlsen and Trimmer, 2019), which cover far more than five issues.

The [SDG Interlinkages Analysis & Visualisation Tool \(V4.0\)](#), maintained by the Institute for Global Environmental Strategies, maps potential synergies within and between the SDGs and demonstrates the indivisibility of the targets. The tool can be tailored to examine different nexuses and has the potential to map similar interactions at the national level (ADB and UNEP, 2019).

If used extensively, the nexus approach enables stakeholders to shift their thinking from a simple sectoral perspective to one that is more cross-sectoral, coherent and integrated. As such, it can stimulate multipurpose investments in the environment and natural resource sustainability that realize economic and social synergies. But because the nexus approach often challenges existing siloed structures, policies and procedures, it must be introduced judiciously.

Figure 2.2 The water-energy-food nexus



Source: United Nations University Institute for Integrated Management of Material Fluxes and of Resources.

2.2.2 Detailed analysis of poverty-environment issues

The above-described scoping of poverty-environment issues may provide sufficient information to feed dialogue and planning. It may also point to the need for more detailed analysis.

A lesson from PEI is that leading with environmental assessments alone produces limited results.

Initially, PEI relied on integrated ecosystem assessments to attempt to highlight poverty-environment linkages. However, this concept was often not used—or even understood—by key sector ministries and did not resonate with ministries of finance and planning. The integrated ecosystem assessments had limited impact at the time, and PEI and its partners instead found that using the language and approach of economics to highlight poverty-environment linkages was a much more effective tool. Over time, PEI transitioned to the use of different types of economic and social assessments of environmental sustainability, public environmental policy, and budget and expenditure reviews, and to the development of different types of localized guidelines.

PEI/PEA demonstrated that proven economic analytical tools already accepted by planning, finance and key sector ministries can be readily adapted and applied. Once such in-country success is secured, the potential of ecosystem assessments to raise interest and influence decision-makers may well improve.

In general, it is integrated forms of analysis that are more influential. Here we cover four areas for exploration: the dynamics of social-ecological systems, vulnerability/risk assessment, spatial disaggregation and environmental economic assessments. Another method, cost-benefit analysis, is covered in [Chapter 5](#).

Dynamic social-ecological systems

Current scientific effort, building on the Millennium Ecosystem Assessment, is focused on **exploring**

dynamic, interacting social-ecological systems.

These systems incorporate multiple direct and indirect links between human well-being and the ecosystem services the environment provides to people. The underlying message of this effort is that there is not always a linear and causal relationship between the quality of the environment and human well-being; rather, there are dynamic feedbacks, thresholds and non-linearities which will lead to as-yet unanticipated impacts and surprises in terms of winners and losers (Schreckenberg, Mace and Poudyal, 2018).

Vulnerability/risk assessment

Vulnerability/risk assessments **define the nature and extent of the threat that may harm natural systems** (e.g. ecosystems, natural resources) as well as human society (e.g. livelihoods and economic activities). They therefore provide a basis for devising measures that will minimize or avoid harm. Climate risk assessments are essential for shaping climate change adaptation decisions. They provide a means to understand how different groups will be affected by climate change and to identify adaptation measures based on needs and priorities; impacts on women and women's responses are particularly important.

Various methodologies are available to assess climate risk and vulnerability at different scales, and ideally incorporate local climate data and local knowledge. Members of local communities should participate in local vulnerability assessments—especially the poor and women, as they may provide access to a broader knowledge base, which in turn can improve problem definition and strengthen the analysis.

Spatial disaggregation

Different approaches to the geographic mapping of poverty-environment linkages provide a way to move beyond the aggregate, national-level indicators that can mask important differences between regions or areas. To analyse poverty, its determinants and the impacts of poverty-reducing

interventions requires poverty information to be geographically and socially disaggregated. Poverty mapping—the plotting of such information on maps—is a useful way to display information on the spatial distribution of deprivation and its determinants. It is also useful to simultaneously display different dimensions of poverty and/or its determinants.

Mapping can help pinpoint areas where people are being left behind. It can highlight the location and condition of infrastructure and natural resource assets that are critical to poverty reduction. PEI conducted poverty–environment mapping in Rwanda and Tanzania that proved to be useful not only for analysis and presentation of poverty–environment concerns but also as an advocacy tool to raise awareness of key poverty–environment issues.

Economic assessments of environmental and natural resource issues

These assessments have proved to be some of PEI/PEA's most significant contributions, opening

up engagement with ministries of finance and planning and sector authorities to the twin issues of poverty and environment—which so often are marginalized by these powerful bodies. Such economic assessments at macro levels can achieve much; notably, they

- Determine the contribution of the environment to national wealth
- Assess the costs of environmental damage and inefficiencies
- Determine any associated welfare losses
- Demonstrate the potential contribution of the environment and natural resources to poverty reduction

Moreover, they also speak the prevailing language of power—economics. Decision-makers, the media and the public have responded to often astonishing findings (national-level examples of which are presented in [Table 2.2](#)) with changes to policies and budgets as well as everyday practices.

Table 2.2 PEI's cost of environmental and natural resource degradation in Africa

Country	Cost	Importance
Burkina Faso (2011)	<ul style="list-style-type: none"> • 18–22% of GDP • Equivalent to \$1.7 billion per year 	<ul style="list-style-type: none"> • Loss is equivalent to half the budget needed to implement the entire national development agenda • Every CFA 1 spent on natural resources and environmental management would prevent more than CFA 2 in damages and inefficiencies
Mauritania (2008)	<ul style="list-style-type: none"> • 14% of GDP • \$192.2 million per year 	Costs could be reduced by integrating environmental sustainability in key sectoral policies (water and sanitation, fisheries, agriculture, forests and mining)
Mali (2008)	<ul style="list-style-type: none"> • 21.3% of GDP • Equivalent to \$1.3 billion 	Investment return rates could be positive for projects designed to tackle these costs
Mozambique (2012)	<ul style="list-style-type: none"> • 17% of GDP • Equivalent to \$370 million 	Estimated cost to remediate these damages is 9% of GDP, implying a positive rate of return
Malawi (2011, 2017)	<ul style="list-style-type: none"> • 5.3% of GDP • Equivalent to \$191 million 	<ul style="list-style-type: none"> • Costs are more than GDP allocated to education and health in 2009 • A 1% (\$300,000) increase in public expenditure on the environment and natural resources could increase GDP by \$17 million

Source: PEI (2018a).

Note: GDP = gross domestic product.

PEI/PEA also conducted economic studies at local and project levels that influenced key decisions.

In Rwanda, an environmental economic analysis showed that the degradation of the Gishwati Forest and the Rugezi wetland increased electricity costs by up to 167 percent per unit. Siltation from soil erosion (which also affects agricultural productivity) and reduced water inflows to the hydropower reservoirs decreased electricity generation; this had a direct cost of \$65,000 per day when fossil fuel-generated electricity was needed to replace hydroelectricity (PEI, 2019).

2.3 Analysing social differences and impacts

2.3.1 Understanding the poor

Environmental and development issues are deeply local and can be deeply personal; they affect particular people in particular places. So that development interventions can adequately address these needs of different places and people, we need to fully understand the differences: are we talking about urban communities or rural? Those with assets or the homeless? Men or women? The old or young? What kinds of social differences are there within each group? What are their roles—producers and/or consumers, holders of (traditional) knowledge on poverty-environment links and sustainable pathways that could be scaled up, drivers and recipients of environmental change?

Several methodologies can be used to identify and understand poor people. These include income poverty assessments through household surveys, participatory survey techniques and assessments, gender analysis and multidimensional poverty assessments (discussed above). Household surveys conducted by national institutions have increasingly captured links between income and livelihoods regarding access to and use of natural resources. There is also growing use of a rights-based approach: this underlines the multidimensional nature of poverty, describing it in terms of a

range of interrelated and mutually reinforcing deprivations; and drawing attention to the stigma, discrimination, insecurity and social exclusion associated with poverty. Rights-based approaches also emphasize active and informed participation by the poor in the formulation, implementation and monitoring of poverty reduction and environment strategies as well as access to productive resources and participation in public life.

2.3.2 Understanding gender

Gender analysis aims to identify differences between men and women. This includes, for example, identifying and costing the gender gap in terms of earnings, productivity and access. It draws attention to the conditions needed for equitable and sustainable environmental and natural resource management. UNDP (2016) offers useful practical guidance. Gender analysis can explore the following, ideally using participatory methodologies:

- Differentiated roles and needs of women and men, including gender-based labour division
- Gender-differentiated systems for access to resources, labour, uses, rights, and the distribution of benefits and products
- Gender relations, not only focusing on women but also looking at differences, inequalities, power imbalances and differential access to resources between women and men
- Gender as a factor in influencing how people respond to change individually and collectively
- Gender dimensions of institutions at all levels of society

The basic tasks involved in gender analysis are as follows.

1. **Identify current and potential impacts of policies, processes and institutions on women's and men's livelihood strategies and outcomes.** This analysis should look at policies, legislation

(notably on land and intellectual property rights), incentives, institutions and culture (i.e. the norms and practices that influence access rights, participation and decision-making). It should ideally be done as part of the broader institutional context analysis discussed in [Section 2.4](#). Useful tools include the [Gender and Land Rights Database](#) of the Food and Agriculture Organization of the United Nations, which generates up-to-date information on gender and land rights; and the training package [Improving Gender Equality and Grassroots Participation through Good Land Governance](#) (UN-Habitat, 2010).

2. **Identify and cost the gender gap.** Gender gap analysis can be used to identify gaps between men and women in terms of earnings; productivity; and access to resources, information and technology in various sectors—as well as the underlying reasons for these gaps. In making the economic case for action on poverty-environment issues, studying the cost of the gender gap to the relevant sector is an effective way to promote gender equality. For example, a study by UN Women and PEI (2018) examined the implications of the gender gap in agriculture productivity on gross domestic product and poverty reduction efforts in five African countries.

2.3.3 Understanding differential poverty and social impacts

Poverty and social impact analysis comprises a useful set of analytic tools to apply in policy elaboration, implementation (e.g. midterm reviews) or post-strategy evaluation. These tools can determine the anticipated or actual outputs and outcomes of the sector strategy to intended beneficiaries in terms of poverty reduction, livelihoods and gender, and to the environment and ecosystems. Their findings can lead to refinements in sector policies or programmes to mitigate against unintended negative economic, social or environmental results, and to maximize expected pro-poor environmental benefits. See [Box 2.2](#) for an example of such an analysis.

Box 2.2 Poverty and social impact analysis in Botswana

In 2012, PEI Botswana commissioned a poverty and social impact analysis of the Integrated Support Programme for Arable Agriculture Development (ISPAAD). ISPAAD aimed to achieve household and national food security by supporting agricultural development and incorporating an element of social protection for farmers against agricultural risks, vulnerability and market failure. The analysis looked at programme performance, focusing on key activities and the impact on poor people, vulnerable groups and the environment. This entailed an analysis of survey data collected from a representative sample of beneficiaries and stakeholders, a cost-benefit analysis and an institutional analysis.

Findings revealed that ISPAAD packages reached marginalized beneficiaries and households with stated incomes below the poverty line, including the elderly, the uneducated and women. However, because ISPAAD was not able to increase grain production and yields, these groups remained food-insecure. Annual expenditure on ISPAAD operations exceeded annual proceeds (estimated total value of production) in all crop seasons since the programme's inception. The analysis recommended making ISPAAD more clearly targeted, means-based, and focused on agricultural packages offered on an incremental cost-sharing basis; and for it to distribute seeds (sorghum, maize, millet and cowpea) according to land suitability and resilience to climate change.

Source: Marumo et al. (2014).

2.4 Analysing the context: Institutions and power, politics and change

Having scoped the poverty/environment issues and their interactions (discussed in [Section 2.2](#)) and scoped the players involved (discussed in

Section 2.3—both the main groups influencing those issues (government, civil society and business) and the particular poor people who experience them—we need to understand what drives those issues and what enables or blocks change.

Institutional and context analysis provides a way to identify the most effective entry points for mainstreaming poverty-environment objectives into the machinery of government and other processes. It can help inform who to involve in dialogues and how to involve them (**Chapter 3**). It also helps find potential catalysts for change: changes in the ways institutions are structured; and changes in the ways departments and ministries interact, communicate and cooperate.

Even though politics can be, and often is, a major driver of poverty-environment outcomes (Box 2.3**), people in the environmental field are often reluctant to assess political issues in their work.**¹

We propose a simplified approach to political economy analysis, based on a 2021 guide by the UNEP World Conservation Monitoring Centre (UNEP-WCMC) and the International Institute for Environment and Development (IIED),² that will enable us to scope the issues and produce an initial, big-picture analysis. Where such a scoping reveals a complex range of political issues, professionals with more formal skills in political economy analysis may need to be engaged.

¹ This handbook uses “politics” as a catch-all term that includes simple human nature, how people negotiate with each other and how decision-making processes work, as well as party politics. There are many reasons why such politics need to be understood—and certainly not ignored.

² The guide (Bass et al., 2021), aimed at non-specialists, draws heavily on political economy analysis, a long-standing and broad field of study which provides many tools that can help with institutional and context analysis. It seeks to explain the political, economic, social and cultural reasons why things work the way they do, and the incentives and constraints affecting stakeholder behaviour—including that of decision-makers—in a given context.

There are four linked tasks for context analysis (Bass et al., 2021):

1. **Scope the context analysis**, defining a clear purpose and plan for the analysis, based on scoping of the poverty-environment issues and players.
2. **Analyse stakeholders and their agency**, identifying and understanding key stakeholders, individuals and organizations, their interests and ideas, authority and powers, and the relationships between them.
3. **Analyse change and change processes**, exploring the policy space, capacity, timing, framing and processes that lead to positive or negative change.
4. **Inform strategy**, building on the understanding gained in tasks 2 and 3 above, develop a strategy that will inform decisions of planning (taken up in **Chapter 4**), budgeting (**Chapter 5**), etc., to improve poverty-environment outcomes.

These tasks are not strictly linear or chronological.

Rather, they are iterative and dynamic, which is why we have not called them steps. For example, formulating the precise change strategy (task 4) might appear to be the culmination of PEI/PEA activity, but that strategy may call for a little more focused analysis of the particular actors involved in the strategy (back to task 2) or of a particular change process (task 3). Each task entails a number of activities; these are summarized in **Table 2.3** along with their main outputs and detailed below.

2.4.1 Task 1: Scope the context analysis

The scope of the context analysis should be determined based on project goals, available resources and the specific poverty-environment problem to be addressed. A context analysis is intended to shed light on the causes of problems, so it is important that the questions asked look for **explanations of why and how** rather than only **descriptions of who and what**. When the scope

Box 2.3 The criticality of looking at the political economy of poverty–environment decision-making

Many environmental and natural resource problems have political roots. They relate to the ways power and resources are secured and used in a country or society, and are intimately linked with problems of poverty and inequality.

- **Natural resource ownership, access and use rights, use patterns, and benefit sharing** of associated public goods all have political economy roots.
- **Environmental degradation and the unsustainable use of natural resources are very often associated with inequality.** They are driven either by elites seeking wealth (greed) or by poor people seeking survival (need). What we perceive as people exploiting nature often turns out to be people exploiting other people to access nature.
- Many **conflicts emerge over access and use of natural resources**, and from people weaponizing these resources.
- **The political economy is more complex when there are significant exploitable natural resources** such as forests, minerals and fossil fuels—that is, where there are significant financial gains to be made and transparency challenges.
- **Stakeholders who are most dependent on the environment and natural resources are often marginalized**, lacking resource access and representative, procedural or distributional rights and justice. For too many of them, environmental conservation entails a loss of rights.
- **Policy, fiscal and market measures can create incentives for more sustainable and equitable development.** But they are not “magic bullets,” and their effectiveness is highly context-specific. That context therefore needs to be better understood.
- Progress on **management of public environmental and natural resources requires collective action among diverse players.** Collective action depends upon trust: this may be lacking, but sources of trust need to be identified so they can be nurtured.

There are useful lessons for poverty–environment integration from narrower environmental mainstreaming efforts. For example:

- **Environmental mainstreaming strategies have often not worked**, particularly if they were not built on an understanding of real-world interests, the complexities of politics and power dynamics, and real-world decision-making processes. They have tended to make a technical environmental case, while ignoring key issues that have political backing such as the jobs and growth nature can support. They cite environmental evidence (e.g. species information) rather than the economic evidence (e.g. gross domestic product contribution and job creation) that is more influential in decisions. And those who are behind environmental mainstream strategies often give up prematurely on decision-makers, bemoaning a lack of political will.
- **Successful mainstreaming approaches have had a clearer eye on issues of the political economy.** Being aware of important unwritten rules or those with the power to change things for the better can help in locating political will or creating it, to engage with the right decision processes at the right time, and to develop strategies to mobilize champions and bring blockers onside. Sometimes political economy analysis will point to an integration strategy that works **with the grain** of political economy—such as working with current formal systems, powers and vested interests; and sometimes **against the grain**—where new or marginalized players are beginning to win the argument better and where informal pressures can be exerted. Formal political economy analysis has not been routinely deployed in mainstreaming, but informal or intuitive approaches have also had success; for example, people in-house simply having the right connections, asking the right questions, having conversations about how things really work—in summary, thinking and acting politically.

Source: Bass et al. (2021).

Table 2.3 Context analysis tasks, activities and outputs

Task/activity	Output
1 Scope the context analysis: Define purpose, issues and work plan for analysis	1: Scoping document and work plan laying out the purpose, rationale, audience, issues, analytical questions, and roles and work plan for conducting the analysis
1.1 Establish why the analysis is being conducted	
1.2 Clarify the audience/users of the analysis	
1.3 Scope the political issues	
1.4 Agree on questions the analysis will explore—why and how questions, not simply who and what	
1.5 Write up the work plan for the context analysis	2: Summary institutional analysis of interests for or against good poverty-environment outcomes, institutions and their powers—revealing champions, blockers, etc., and any particular stakeholder analysis that is needed
2 Analyse stakeholders and their agency: Understand key institutions and potentially other stakeholders (e.g. individuals); their mandates, policies and processes that affect poverty-environment integration; their interests and ideas, authority and agency; and their relationships	
2.1 Identify the main interests in support of or against poverty-environment outcomes	
2.2 Map the institutions that hold these interests	
2.3 Identify institutional powers to pursue interests	
2.4 Prepare a synthesis output on institutions	3: Change and change process report including a table outlining those supporting and blocking the environment
2.5 Conduct a supplementary stakeholder analysis if needed on key organizations/individuals	
3 Analyse change and change processes: Explore the capacity, timing, framing and processes behind positive and negative change	
3.1 Identify relevant recent changes that have been positive and negative for poverty-environment outcomes	4: Inputs for political strategy to mainstream poverty-environment
3.2 Map decision-making processes involved in the changes	
3.3 Prepare a synthesis output on changes and the change process	
4 Inform strategy: Use above understanding to achieve desired outcomes for poverty reduction and the environment	5: Applied context analysis report (optional) bringing Outputs 1–4 together
4.1 Summarize big positive and negative issues affecting poverty-environment interactions	
4.2 Identify priority decision-making processes, institutions (and other stakeholders) to target to address these issues	
4.3 Identify strategic entry points to influence key decisions and engage relevant stakeholders	

of the context analysis has been determined, the terms of reference for a research team can be drawn up.

2.4.2 Task 2: Analyse stakeholders and their agency

An institutional analysis involves:

- **Scoping what is actually being done to reduce poverty and improve the environment relevant to poor groups**—that is, assessing the local context in terms of economic and environmental issues, national and sector policies and plans on these issues, political drivers, key institutions, governance processes and actors.
- **Identifying the mandate, roles, responsibilities and structure of relevant institutions responsible for poverty–environment issues:**
 - Finance and planning ministries
 - Environmental ministries
 - Sector ministries and subnational bodies
 - Office of the head of state
 - Parliament
 - National statistics office
 - Media
 - Civil society organizations
 - Development cooperation agencies and United Nations agencies
- **Mapping how the machinery of government works**—how the government makes its decisions relevant to poverty–environment objectives in planning, budgeting, etc., across the whole policy cycle, and the links and coherence between the parts.
- **Assessing both formal institutions and informal institutions**—examples of the former include rules, resource allocation and authorization procedures; examples of the latter include unwritten rules, kinship and patronage systems,

and other power relations and incentive structures that underlie current practices.

- **Identifying constraints within and between institutions that may undermine good poverty–environment outcomes**—in internal processes, relationships among institutions and system–wide: are the tools used appropriate for assessing, planning, managing and monitoring multidimensional poverty?
- **Highlighting the political factors that affect poverty–environment outcomes either positively or negatively**—for example, corruption and rent-seeking around valuable natural resources, which may be controlled by certain political groups for their own benefit with few benefits for poor people.
- **Identifying potential partners**—organizational stakeholders likely to provide technical, financial and political support to a given poverty–environment reform and/or those likely to obstruct it.
- **Determine where more detailed stakeholder analysis is needed to support particular poverty–environment goals**—these goals will likely relate to poverty–environment integration in planning ([Chapter 4](#)) or fiscal processes and budgets ([Chapter 5](#)).

Stakeholder analysis is related to institutional analysis, but places far more emphasis on individual motivation and/or collective interest than on structures and procedures. It is used to identify actors or stakeholders within the rule systems or institutions (both formal and informal) that can influence a particular process and to understand their interests, constraints and ability to influence the outcome of a project. Stakeholders can be individuals, organizations or other groups and can include international actors (e.g. donors), government officials, civil society or faith-based organizations, interest groups and citizens in general.

PEI/PEA found that a complicated process such as poverty-environment mainstreaming is difficult to achieve. An example of one such complicated is if poorly paid civil servants are not well motivated to proactively support integration in addition to their usual work tasks—even if government and senior civil servants have fully endorsed the work and the national development plan includes substantive poverty-environment objectives. Exchange visits, secondments of staff to other organizations and training opportunities can help mitigate this issue.

A stakeholder engagement analysis makes it easier to factor such information on constraints (as well as opportunities) into the integration plan. It identifies the different types of actors, how to engage with them in relation to the goal of improving poverty-environment outcomes and what types of interactions can be promoted.

The stakeholder engagement analysis has three parts:

- 1. Map the stakeholders.** This mapping can include a description of the actors and the role they play in the focus area (such as planning processes and plans, or fiscal processes and budgets, for a country, locality, sector or major project).
- 2. Understand stakeholder powers, incentives and constraints.** Once key actors are mapped to their roles, a more detailed assessment can be made of their interests in achieving (or blocking) poverty-environment outcomes, their powers to pursue these interests and influence the project, and the incentives and constraints they face ([Box 2.4](#)).
- 3. Identify the best way to engage with different types of stakeholders and foster coalitions for change.** Completion of the preceding two activities (mapping and understanding power) enables a good understanding of the individuals or groups that are potential allies of the project objectives and those that can block the project. Additionally, enough information

Box 2.4 Mapping stakeholder powers

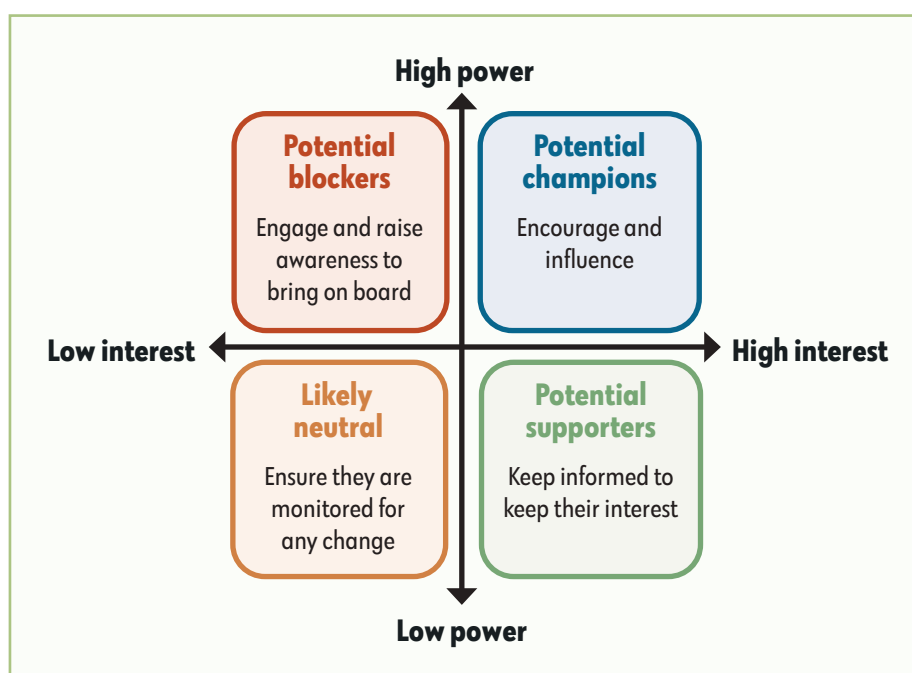
Identify which forms of power are exerted by stakeholders to make or influence decisions in favour of their interests in good poverty-environment outcomes or against them:

- **Financial powers** such as the ability to buy land and natural resources, or to invest in good or bad technology, or to employ or bribe others
- **Positional powers** such as having a recognized mandate, representational role, proximity to decision-making processes and decision-makers, convening role, or ability to control access to resources
- **Public trust powers** such as having recognized cultural or ethical authority that confers influence on others and their ability to change, and the right to speak on behalf of others and have a seat in key processes
- **Knowledge powers** that mean some stakeholders can assert their case with better evidence and ideas

Identify which stakeholders have low power. While it is good to know who has power and is influential, it is also important to know who has a power deficit, especially when they are also the most dependent on natural resources and the environment and vulnerable to its loss. It is also useful to identify any evidence of their attempting to increase power in specific areas and with what effect.

will be gathered to identify which stakeholders may find an alliance mutually beneficial, and to foster dialogue and coalition building towards change.

A simple, annotated four-quadrant diagram can help here ([Figure 2.3](#)). It should show positive/negative interests against high/low powers to pursue those interests. This will divide the stakeholders into four groups according to how their powers and interests align. This diagram will indicate how the different

Figure 2.3 Power/interest matrix for mapping stakeholders

stakeholders may approach the idea of improving poverty–environment outcomes:

- **Champions**—stakeholders you need to encourage and engage with as partners (high-power/high-interest group, whose members have a high potential to be leaders in pushing through effective poverty–environment outcomes)
- **Supporters**—stakeholders you need to keep informed (high-interest/low-power group, whose members may usefully lobby for positive change and influence blockers)
- **Blockers**—stakeholders you should try to influence, as they represent a risk (high-power/low-interest group, whose members may actively block consideration of poverty–environment issues, but through awareness raising and strategic influencing may be won over as allies)
- **Neutral stakeholders**—those you need to monitor for anything unexpected, positive or negative, although they may not influence decisions (low-power/low-interest group)

2.4.3 Task 3: Analyse change and change processes

Change is never simply a matter of different stakeholders asserting their powers. It is also determined by the specific context in which they work, and by the procedures used for discussing, agreeing on and organizing change. It therefore helps to understand how big changes occur in general, as well as how specific poverty–environment changes have been made in a given context. Process (**how things work**) may seem a dull matter, but it is at least as important as content (**what to do**).

1. **Identify relevant changes that have been—or are likely to be—positive for poverty–environment outcomes, and those that are negative.** Examples that might be sought include the following:

- New policies, plans, and instruments/mechanisms that incentivize valuing and sustaining the environment while supporting poor groups. These might come from

government, aid agencies and businesses as well as from civil society organizations.

- New funds and expenditures, principally in government and aid but also in business, that invest more in poor groups' roles in protecting and restoring the environment than in the past.
- Stakeholders' changed understanding, attitudes and behaviours that recognize their dependence on the environment and commit to reducing negative impacts on it.

When you have identified the relevant processes, explore the following:

- How far do stakeholders agree these changes are positive, and what alternative views have been put forward?
- Where is there demand and/or pressure for further positive change?
- What have been the most negative changes recently in poverty-environment impacts?
- What things are on the horizon—for example, elections, expected major foreign investment, and national commitments to multilateral environmental agreements—that could drive further change?
- At what levels do the processes operate—local, sectoral, national, regional or international? Were they separate or did they interact?
- What stages in those processes are the most critical in contributing to change—for example, Information provision, analysis, debate, approval, planning, budgeting, review?
- Which mandated formal inputs into decision-making processes on poverty-environment were particularly useful—for example, public expenditure reviews, environmental and social impact assessments? Were any ignored?
- How did the processes contribute to the positive poverty-environment outcomes? For example, perhaps these were supported by particular entry points, people or criteria that favoured certain stakeholders and/or environments and offered leverage opportunities? Or because there were provisions for ensuring voice, debate and consensus? Or because new capacities and tools were available?
- How did the processes contribute to the negative poverty-environment outcomes? Are these associated with legal or attitudinal precedents that exclude some stakeholders? Or perhaps with a lack of data that would have highlighted the need for change?

2. **Map the processes that were influential in making the above changes.** Knowing how desirable changes have been achieved in a given situation can greatly help in deciding which approaches to take. It is useful to understand which processes of debate, decision-making, review, and so on, contributed to the positive and negative outcomes you have identified. Examples include government policy shifts or pronouncements, multi-stakeholder policy spaces or dialogues, business task forces and lobbying, civil society movements and societal attitudes.

When you have identified the relevant processes, explore the following:

3. **Prepare a synthesis of the change analysis.**

Include a summary table of processes—of analysis, debate, decision-making, review, etc.—that you assess as (i) promising, (ii) presenting surmountable barriers or (iii) having insurmountable barriers that could make desired poverty-environment outcomes impossible to achieve. The synthesis output should be written to inform a strategy for bringing about change towards better poverty-environment outcomes (see task 4).

2.4.4 Task 4: Inform strategy

The synthesis analysis can be used to inform the strategy for engaging the right stakeholders ([Chapter 3](#)); finding the right entry points and influencing decisions in policy and planning processes ([Chapter 4](#)), and financial processes ([Chapter 5](#)); and communicating the poverty–environment narrative and issues in ways that are relevant to stakeholders and processes ([Chapter 6](#)). The synthesis output should also provide a good baseline for monitoring and evaluation ([Chapter 7](#)) and material for planning institutional reform ([Chapter 8](#)).

1. Summarize the strategic aims. These include:

- Positive issues and incentives that require support
- Negative issues and barriers that need to be tackled
- Specific priority outcomes that you would like to see achieved

2. Identify decision-making processes and stakeholders to target to achieve these aims:

- Those with a positive mandate for addressing poverty–environment issues
- Those that are major blocks to poverty–environment outcomes and may need reform
- The amount and type of evidence, data, diagnostics and dialogue needed by these processes and mandated authorities—and that suit the diverse stakeholders involved
- Which of those inputs you will need to be able to supply to target processes effectively
- Stakeholders' likely bargaining positions in these processes—supporting or blocking (from the four quadrants in task 2)
- Tactics for engaging those who feel threatened by change and/or would be most

negatively affected by decisions that favour good poverty–environment outcomes

3. Identify strategic entry points, and leverage opportunities and arguments. Use these to influence key decisions, engage relevant stakeholders and accelerate reforms that are good for poverty–environment outcomes. These might include:

- Capitalizing on issue platforms that have good track records and room to manoeuvre—for example, thematic business forums or multi-stakeholder forums
- Identifying effective ways of framing your narrative to target specific audiences (and not put off other important stakeholders); for example, if your target stakeholders are economists, frame the issue in economic language
- Reaching out to influential stakeholders of all kinds who can be good conveners or bridges to others—for example, independent, respected individuals or think tanks—and not only professional facilitators

4. Identify opportunities for integrating the findings of the context analysis. Strategic entry points for integration include:

- Meeting agendas, presentations or briefings
- Theories of change
- Project documents and work plans
- The design of environment and/or poverty reduction instruments
- Communication strategies

5. Consider a communication strategy for the context analysis. Be sensitive about how to communicate the findings of the context analysis. It is helpful to show where many groups demonstrate a positive interest and incentives in the desired poverty–environment outcomes and to use their terms.

Similarly, avoid contentious terms. For example, in some countries, the use of the word “political” is problematic, as it may connote a narrow political domain in which civil servants are not supposed to engage or where civil society interaction may not be welcome. In such cases, you may want to talk about “context analysis” rather than political economy analysis. Also recognize that particular findings of the analysis may be sensitive or confidential and not appropriate to share with all stakeholders.

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Chapter 3

Dialogue and Engagement



Chapter overview

Participatory dialogue with all relevant stakeholders can expand insights and generate ideas by improving mutual understanding and trust and by bringing about broad agreement. Engaging with and listening to stakeholders to shape poverty-environment analyses, visions and plans ensures their diverse perspectives and demands are heard and their capabilities and insights drawn upon. This process is much more likely to lead to the fundamental reforms needed for poverty-environment integration than top-down policymaking or technocratic efforts alone.

A formal dialogue process is therefore a particularly helpful stage between analysis (Chapter 2) and planning (Chapter 4). It helps to get the vision “right” and broadens understanding, trust and ownership of the poverty-environment strategy. However, dialogue is not just confined to a one-off stage; dialogue approaches and related participatory mechanisms should be brought into the other stages of analysis, planning, review, etc., as they can both enrich them and mobilize stakeholders to act.

This chapter focuses on engaging stakeholders in contributing to the big picture of poverty-environment policymaking at the level of vision and principles. It specifically covers the following:

- **Why dialogue?** In the face of too few people having a voice in poverty-environment decisions, or different world views on poverty-environment issues keeping people apart with resulting poverty-environment decisions being ignored and impotent, dialogue offers an inclusive approach to generating common understanding, vision and commitment that can make real progress.
- **What dialogue is and does.** The chapter explains the range of dialogue functions, levels and types that bring different actors together into a safe space to exchange and generate knowledge and options.
- **Characteristics of effective dialogue.** These characteristics comprise inclusion, respect, agency, exchange, openness, collaboration, practicality, iteration, transparency and embeddedness. The information presented here is based on lessons from the Poverty-Environment Initiative (PEI) and its successor, Poverty-Environment Action for Sustainable Development Goals (PEA), as well as other sources offering strong innovation and experience, notably in forest policy and green economy.
- **Involving stakeholders.** The chapter explores who to involve in dialogue and the barriers to participation that need to be overcome. Distinguishing the different needs for dialogue in “uni-stakeholder” groups as well as multi-stakeholder, tactics are suggested to engage effectively with both well- and poorly represented groups.
- **How to run dialogues.** The chapter explores ways to plan dialogues, tactics to engage specific stakeholder groups and methodologies that work for running dialogue sessions, and the main steps entailed: engage—to build trust among leaders, explore—to seek agreement, and change—to facilitate collective action.



3.1 Dialogue: Creating common ground, vision and commitment

3.1.1 Why dialogue?

When policy interventions fail, any of four major reasons tends to be cited. Each reason is linked to weak or absent dialogue:

- **An apparent lack of political will.** The intervention did not take the time to find political will, to mobilize it or to create it, especially if it engaged just a few officials and imported external ideas. Dialogue is an opportunity to raise the level of common understanding and political will, to generate a vision that many share.
- **An apparent lack of capacity and resources to implement the change.** The intervention did not engage the very groups that could otherwise have been mobilized for implementation. Dialogue is an opportunity to find the right partners and motivate them.
- **Apparent technical failures in the plan.** The intervention did not explore options that were more relevant, better understood and in demand. Too frequently, interventions fail to address fundamental differences in perspective on environment and poverty issues—perspectives that are often deep-rooted and taken for granted. Dialogue is an opportunity to help people see things from others' viewpoints, and so ensure a shared vision emerges with real resonance locally or sectorally.
- **Ineffective consultation, one-off at best.** Interventions in the poverty-environment

field have tended to skip straight from formal analytical work to technocratic planning; in the process, they engage only a narrow range of officials and consultants. They may have included a few participatory processes—such as working groups representing different disciplines and sectors, or brief field consultations extracting some information from certain stakeholders—but did not invest sufficiently in dialogue. Dialogue provides a necessary basis for stakeholder exchange to expose fundamental beliefs and ideas, allow stakeholders the time and opportunity to learn from each other, absorb new ideas and change perspective where needed, and create multi-stakeholder consensus and buy-in.

Dialogue is an essential normative step between analysis and planning. It is needed to build trust, encourage societal ownership, crowd-source inputs and ideas, and generate wider commitment to a high level of ambition. This basis is more likely to trigger the reforms needed for poverty-environment integration than top-down policymaking or technocratic efforts. Above all, it is a manageable way that helps everyone appreciate and work with the world views of others ([Box 3.1](#)).

3.1.2 Learning from dialogue experiences addressing poverty-environment issues

The United Nations Development Programme–United Nations Environment Programme (UNDP–UNEP) Poverty–Environment Initiative (PEI) and its successor, Poverty–Environment Action for Sustainable Development Goals (PEA) have made significant contributions in finding the right entry points for engaging in poverty-environment policy

Box 3.1 Dialogue as a means of bringing world views together

Multi-stakeholder processes usually focus on bringing different types of actors together from different ministries, sectors, professional disciplines, etc. While they can often agree in principle, they are just as likely to remain divided at a fundamental level. For complex, “wicked” problems, airing different world views can be more significant than different sectors or disciplines. Diverging geographic and cultural backgrounds, development or environmental paradigms, values and experiences mean that issues of poverty and environment are often seen in fundamentally different ways. For example, people tend to adhere to one or two standard perspectives on poverty-environment issues, and are biased to solutions that fit these particular views:

- **Scarcity.** There are too many people, so environments are destroyed to meet needs for scarce resources.
- **Power.** Inequalities create environmental problems as rich people grab the best environments and push the poor into marginal places.
- **Capitalism.** Markets incentivize the liquidation of natural capital to produce higher-value physical

and financial capital, driven by profit and economic growth imperatives.

- **Ethics.** Modern societies have lost the traditional values and behaviours that respected nature.

In practice, there are truths behind each of these world views, and bringing them together in dialogue can encourage both more nuanced diagnosis and a richer menu of solutions.

The **significance of an individual's local context**—people's deep knowledge of where they live and work, and their lack of experience beyond it, is well expressed in the famous **Saul Steinberg cartoon** illustrating an archetypal New Yorker's view of the rest of the country and the world. A cartoon view from China—or from one discipline or another—would be similarly skewed. Yet it takes this same diversity of world views, disciplines, religions, languages and culture to generate robust, authentic solutions that are credible to all. This diversity can also lead to distrust between groups unless there are incentives and means to improve the ways that people connect. Good dialogues are designed to enable such improved conditions.

debate. In recommending dialogue methodology, we draw on this work as well as other sources where there has been strong innovation and experience, notably in forest policy and green economy.

PEI/PEA generally relied on existing government dialogue procedures and forums, especially in ensuring that powerful ministries of finance and planning open up the debate to other stakeholders.

To supplement this experience in widening dialogue on poverty-environment issues, this chapter also draws on experiences by:

- **The Forests Dialogue (TFD)**, which has organized over 90 multi-stakeholder dialogues aimed at making policy and investment progress on forest issues all over the world (TFD, 2020)
- The **Green Economy Coalition**, which has organized national dialogues on inclusive green

economy, and forms of participatory inquiry seeking to marry top-down policy powers with bottom-up societal demand to reform policies and institutions (Bass, 2013; Worsley, 2017)

- The **International Institute for Environment and Development's (IIED's)** dialogues on artisanal and small-scale mining, which aim to combine stakeholder energies to reform a sector, starting with field dialogues and ending with national consensus road maps towards sustainable development (Monzani, 2020)

3.1.3 Feeding a process of societal change

Effective dialogues both map out and begin to accelerate societal change. There is a natural process of social diffusion for any positive change (**Figure 3.1**). Dialogues can identify what is needed

Figure 3.1 How progressive action is cumulatively adopted through social diffusion

Note: This example is for climate action, but could apply to other progressive change, such as poverty-environment integration.

Source: Zhao et al. (2021).

for social diffusion to work and catalyse it: getting more people to act faster, increasing the driving forces in favour of positive change and reducing the restraining forces.

Societal change is the opposite of a “magic bullet.”

No single poverty-environment intervention will work for everyone, because people hold different and sometimes opposing views, and their reasons for inaction are different. We need a comprehensive set of interventions that target different subsets of the population—from those most concerned about change to the sceptics—so that no one is left behind and no one stands in the way (Zhao et al., 2021). Dialogues are about exploring this level of social change—bringing the affected actors into a supportive policy space with relevant information for an adequate amount of time to agree on changes needed.

The choice of the policy space to create change needs to have a clear entry point.

Such space can be an established forum for reviewing development, national political processes, mandated planning procedures, etc.; it should welcome the actors concerned, be conducive to considering relevant knowledge, be sufficiently free and creative to generate new knowledge, and allow enough time to go through a process of change.

Time matters. In much development and conservation work, short meetings can sometimes be optimistically labelled dialogues, but rarely afford sufficient time for people to reflect, possibly change views, inquire and together create change.

3.1.4 Eight functions of dialogue

Effective dialogues deliver at least eight functions that can support better poverty–environment integration across the policy cycle. They start with the premise that dialogue is active conversation (Monzani, 2020; TFD, 2020; Worsley, 2017):

- 1. Stimulate relevant and useful conversation.** People from diverse sectors, disciplines and world views make for more challenging—but potentially more productive—conversations than one-way advocacy, two-way consultation, or narrow interest groups talking only to themselves in echo chambers.
- 2. Foster active involvement.** The act of conversation reveals people's interests and energies far more than passive consultation around preset questions. Facilitated well, good conversation leads to commitment and action by more people.
- 3. Offer safe spaces enabling stronger voice of marginalized groups.** Dialogue, especially with field components, improves understanding of local actors' needs, capabilities and motivations; this is important when many poverty–environment challenges are hidden from the view of capital cities.
- 4. Foster mutual understanding and learning.** Conversations with people involved in a particular action enable reflection and evaluation of the action and its consequences. A moment of deliberate pause and conversation stimulates thoughtful reviews of what worked and what did not.
- 5. Generate more credible evidence and ideas.** Interlocutors in conversation can challenge or validate both established facts or new evidence. They can bring ideas together and use their own perspectives and experiences to develop ideas and frame new ones.
- 6. Increase networking.** Conversations enable lessons learned by action groups to become visible to one another. This gives rise to

imitation, avoids the pitfalls of past mistakes and stimulates collaboration. Small-scale interaction becomes translated into large-scale networks.

- 7. Catalyse legitimate leadership and organization.** When people actively converse and purposefully explore what they can do about issues important to them, leaders emerge and action groups coalesce. Their form and actions are subscribed to by affected stakeholders, conferring legitimacy.
- 8. Make for smart policy.** Evidence generated through local inquiry-focused conversations provides important insights for policymakers, especially for bottom-up and alternative solutions. Resulting policy and actions provide important entry points for stakeholders to take the initiative.

3.2 Characteristics and types of effective dialogue

Ten characteristics of constructive and respectful multi-stakeholder dialogue need to be encouraged; these are drawn from Monzoni (2020); TFD (2020); and Worsley (2017).

- 1. Inclusion.** Effective dialogues explicitly include genuine representatives of the groups affected by the issue in question and are especially proactive in engaging with the issues of marginalized groups.
- 2. Safe spaces and mutual respect.** Dialogues are consent-based and recognize stakeholders' rights and views.
- 3. Equity and agency.** Dialogue participants should be able to affect decision-making in the dialogue process and its outcomes. No participant should be favoured over another.
- 4. Exchange.** Dialogues aim to exchange opinions and ideas in a spirit of learning between people with different world views and disciplines; they are not debates between opponents.

5. **Openness.** Dialogues support stakeholders in voicing their opinions and in making their own decisions, and do not prematurely conclude matters before there is adequate agreement.
6. **Joint inquiry.** Dialogues involve a conversation, facilitated with open prompts, that helps to identify, validate and “resonance test” issues. Once validated, the inquiry is used as an agreed-upon basis for action.
7. **Rooted and practical.** Dialogues are shaped by local priorities, kicked off by field visits and engagement with locals where relevant and focused on practical ways forward. They bring to life real-world issues and are not simply theoretical arguments.
8. **Multifaceted and iterative.** Dialogue is long term, continuous and iterative and can switch between different approaches and styles. It takes time to achieve the changes needed for better poverty-environment outcomes.
9. **Transparent and accountable.** All aspects of a dialogue, including the goals, rationale, process and conclusions, should be transparent to all stakeholders. The organizers and all participants should be accountable for the commitments they make and the actions they take.
10. **Embedded in existing processes and capabilities.** Dialogues build on existing processes including entry points in government consultation and planning processes as well as local and traditional forums where they can offer these positive characteristics. They should support these processes and forums, not usurp them; but they should also avoid duplication. If there really is no suitable forum or process on which to build, a special dialogue process may be designed. That process should make provision for reflection on its successes and weaknesses in order to inform improvements to existing forums.

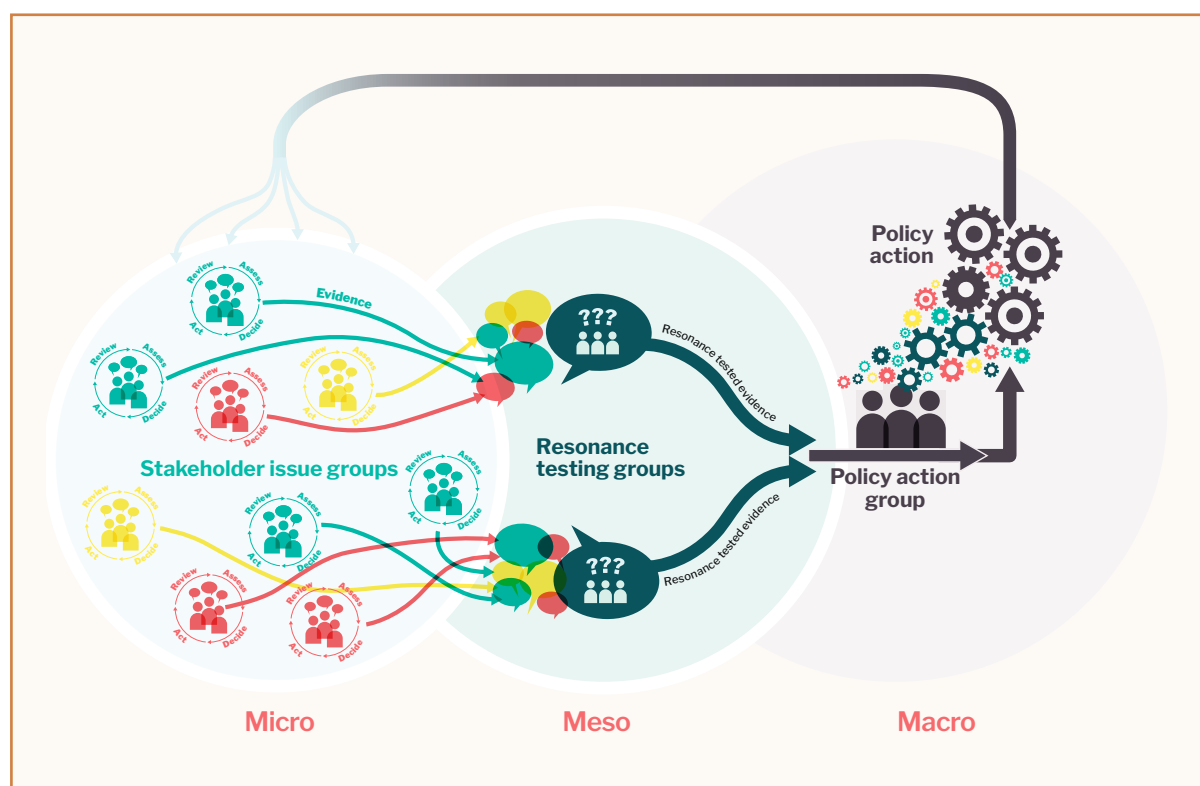
Together, these characteristics help dialogues leave a legacy of mutual understanding, social capital,

joint analysis and collective solutions that live on beyond any single dialogue event. They mobilize people for change.

Dialogues can take many forms. Some dialogues may be a single meeting, while others are a longer sequence of engagements. They may comprise single stakeholder groups or multiple stakeholders. As shown in [Figure 3.2](#), they can be held at three broad levels to bring local and national players together over time (Mohammed, 2020).

- **Micro-level dialogues occur in specific locations where groups of concerned people are mobilized to address issues that concern them.** Issues that arise are typically local problems that people want to address or opportunities they want to exploit. It is important to give such dialogues considered attention, as the results often form the substrate for higher-level dialogues, and micro-level dialogues alone usually will not be enough to shape big-picture visions and major policy changes.
- **Meso-level dialogues focus on a particular sector or theme.** Across a nation, there may be many micro-level dialogues. The data and evidence arising from this sea of inquiry can be overwhelming. Meso-level dialogues are a mechanism to distil the evidence, particularly by looking for the wider resonance of the issues raised at local levels.
- **Macro-level dialogues tend to be national policy platforms where national policymakers and influencers engage with evidence received, preferably from micro dialogues and resonance-tested meso dialogues.** To be effective, macro-level dialogues need a commitment to take some kind of action on the basis of the evidence received, and to feed back to the other levels.

Figure 3.2 Linking stakeholder issues to policy action: Dialogue methodology deployed by the Green Economy Coalition



Source: Mohammed (2020).

3.3 Stakeholder participation in dialogue

3.3.1 Recognizing and addressing participation challenges

While participation is increasingly a norm in policy processes, challenges may stand in the way. These may include a lack of appropriate stakeholder involvement, reluctance of participants to engage openly and unfamiliarity with best practices for dialogue.

- Often, government organizations **struggle to involve relevant non-government interest groups**, such as private companies and marginalized communities in multi-stakeholder processes, in meaningful ways—especially when there are poor relationships and apparent vested interests that resist change.

- If earlier dialogues had not produced useful outcomes, **stakeholders may be unwilling** to engage in further dialogues.
- Any dialogue has the potential risk of dissolving into conflict; opposing views and personalities can cause the process to break down if not managed appropriately. Indeed, **not knowing how to manage** this often explains why the dialogue stage of any policy process is missed or token at best.

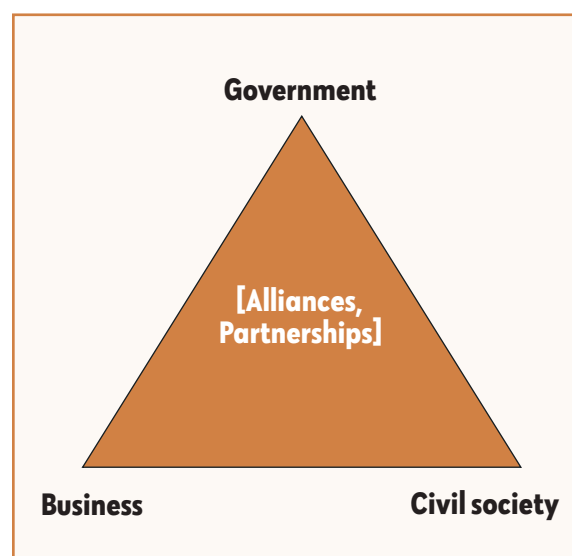
To meet these challenges, dialogues depend on a robust process; clear ground rules and governance; skilled personnel, notably facilitators who are independent but knowledgeable in the subject area; and good leadership to maintain an environment conducive for dialogue success. These foundations are critical because they provide a stable framework for guiding and managing what can be an unstable network of relationships.

3.3.2 Deciding on the breadth of stakeholder participation

When dialogues are planned, the issues and the agenda tend to be what preoccupies people. But dialogues are primarily about the stakeholders: thought also needs to be given to involving the right stakeholders in the right way. There is an increasing presumption for multi-stakeholder consultation in policy processes, typically through one or more one-off meetings. But who to involve will depend on the nature of the poverty-environment issues and the stage the dialogue process has reached. A combination of the following may be needed:

- **Uni-stakeholder participation.** Sometimes meetings with much narrower participation are needed within a dialogue process so specific groups (poor farmers, say, or government ministries or single-interest non-governmental organizations) have the opportunity to come to grips with an issue and rehearse collective ideas before entering into conversations with other groups.
- **Universal participation.** Sometimes it is helpful for representatives of all stakeholders to meet together so a big picture is built—perhaps in opening or closing a longer process of dialogue. Here the notion of the sustainable development triad can be helpful (Figure 3.3). This conceptualization simply reminds us that almost all sustainable development is the product of three basic groups and their interactions—government, civil society and the private sector.
- **Focused multi-stakeholder participation.** This brings together the precise stakeholders affected by a particular issue. Those stakeholders can be identified through the various forms of political economy, stakeholder and context analysis described in Chapter 2. In general, however, PEI/PEA lessons suggest the need to involve the following as priorities:

Figure 3.3 The sustainable development triad



- **Ministries of planning and finance, and local authorities**—hold mandates respectively to lead planning (Chapter 4) and fiscal/finance decisions (Chapter 5)
- **People with limited resources but high dependence on the environment and/or vulnerability to environmental change**—may be rural and/or urban, and could include leaders as well as representatives from different livelihood types and the marginalized (women, people with disabilities, etc.)
- **Sector authorities**—have the authority, information and other resources for the productive and social sectors important to poor groups
- **Civil society**—has recognized knowledge and ethical mandates to engage with relevant stakeholders and areas of policy
- **Private sector**—has the powers, knowledge and resources to employ, invest and create value—or to cause damage—in areas of policy relevant to poverty-environment
- **Parliamentarians**—have the authority and legitimacy to conduct national policy debates, make and change laws, and

approve and promote interventions that uphold laws and standards

- **Experts and peers**—may have similar interests to those leading the poverty-environment initiative, but complementary knowledge, skills or perspectives

3.3.3 Tactics to involve specific stakeholder types

Because the priority stakeholders differ greatly from one other, a single approach to participation in dialogue is needed that works for all (see [Subsection 3.4.1](#)). However, specific tactics may also be needed to dialogue with particular groups and their priorities.

Marginalized and poor groups in general

Access and participation are essential to asserting every person's right to live in an environment adequate to their health and well-being, including future generations, as laid out in the [1998 Aarhus Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters](#). Indigenous peoples and local communities have much to bring to dialogues on poverty and environment, and their **representatives should be invited to dialogues not as objects of the work but as experts and leaders**.

In terms of implementation, the IIED journal [Participatory Learning and Action \(PLA\)](#), through its searchable archive, offers much in the way of tools and tactics to achieve equitable and productive engagement. These are especially useful with decentralized models of local government, or where implementation occurs at the community level or with indigenous peoples.

Women

PEI/PEA staff emphasize the need to take a **gender-disaggregated approach to dialogue**. They repeatedly found that, unless such an approach is taken, women's concerns are not adequately

reflected. For example, in PEI/PEA's multidimensional poverty assessment of some of the districts around Lake Victoria, surveys took a disaggregated approach and identified how single female-headed households had lower incomes and higher food insecurity. But this difference was not reflected in the dialogue design. In the dialogue, the voices of the men dominated, and the workshop outcomes included requests for more government support for raising cattle—the men's preference—but not for growing crops—the women's preference. Yet cattle here are unproductive and non-marketed, resulting in ever-worsening land degradation and neglect of the crop-growing sector that could have provided women with greater food security.

Civil society groups

Civil society covers a huge and non-uniform range of entities. It may include social movements; volunteer, indigenous peoples, mass-based membership, non-governmental and community-based organizations; as well as communities and citizens acting individually and collectively. Civil society participation contributes to three critical objectives:

- Enhancing accountability and transparency on poverty-environment decisions and impacts
- Generating public legitimacy, societal demand and social enforcement for new policies
- Expanding equity and cohesion

Engagement with civil society actors should take place through the national or local platforms they prefer where possible. Ideally, this will include their serving as representatives on national steering committees or as experts and resource persons for capacity-building activities.

Private sector

It helps initially to **work with the networks and organizations that businesses have formed to represent them**, such as business associations, and only then to bring in carefully selected

leading companies. Such networks and umbrella organizations have mandates to represent a wide spectrum of the private sector, there is usually business confidence in them, and they tend to be established to engage in dialogue. However, they may not always represent those private sector actors that have a strong interest in environment and/or poverty reduction. In this case, it is a useful supplement to **seek out leaders** in these fields. Large companies are not the only target here; micro, small and medium-sized enterprises at the local level can have high potential for poverty reduction and environmental stewardship as well.

Parliaments

Parliaments frequently address poverty, climate change and environmental issues as priorities—but not often with the opportunity to explore poverty-environment trade-offs and integration. Parliamentarians will want to see multiple standards upheld, notably human rights and environmental standards. They **offer several entry points** for poverty-environment dialogue in their law-making, scrutiny of government budgets and activities, and as an enabler of civic interaction with government. Public hearings and public meetings organized by parliament, parliamentary cross-party groups—for example, on poverty, environment or audit—and parliamentary caucuses all offer legitimate forums for poverty-environment dialogue. [“Engaging Parliaments on the 2030 Agenda and the SDGs: Representation, Accountability and Implementation: A Handbook for Civil Society”](#) (Together 2030, 2018) provides a comprehensive overview of how parliaments worldwide can and do engage in integrated issues such as those of poverty and environment. It provides guidance on the many established means of engaging through cross-party groups, etc.

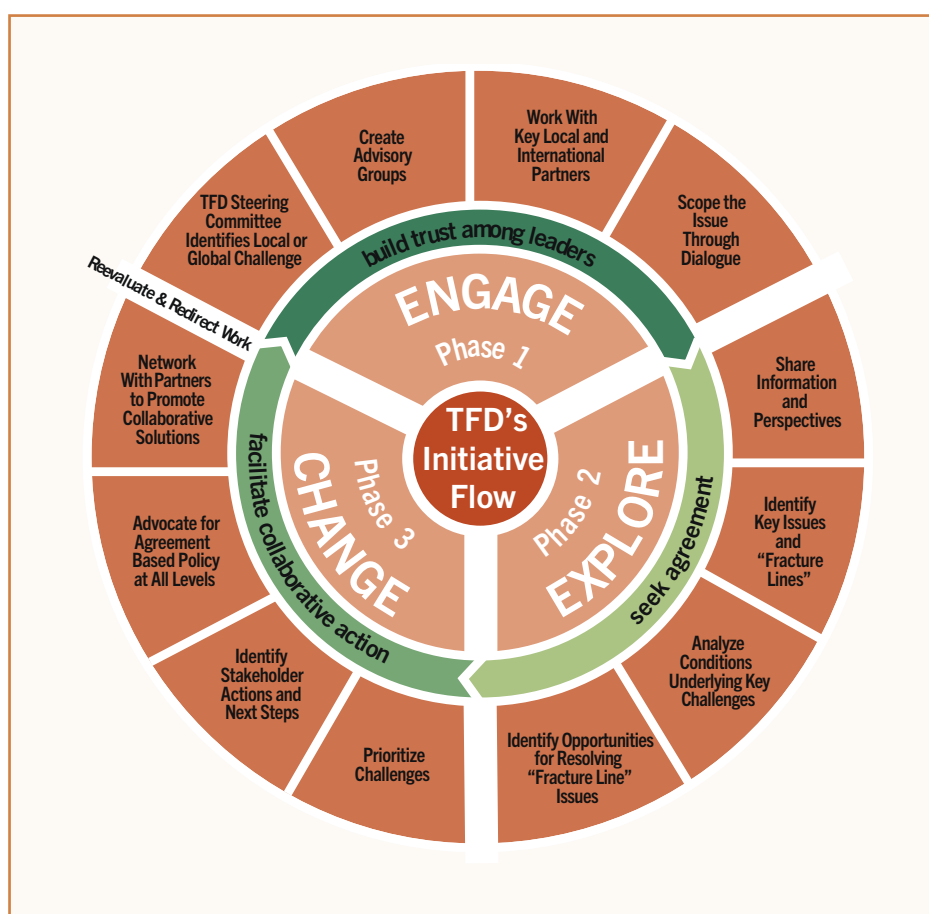
3.4 Three main phases in dialogue: engage, explore and change

Dialogue processes can generally be divided into three phases, each with its own core objective and activities. These activities will sometimes need to be iterated, as it can take more than one dialogue session to build the necessary trust, agreement or buy-in. The following guidance is based on the TFD model (TFD, 2020). TFD’s dialogues are coordinated by an international secretariat, with a local steering committee serving as a reference group to design and steer the dialogue to suit the local or thematic context. A similar means of coordination can be arranged within a country government or by a university or non-governmental organization.

TFD’s tried-and-tested dialogue model has become widely accepted in the forest sector globally. Stakeholders have come to know what to expect of the dialogue process, can identify diverse opportunities to participate, and trust there are equitable chances to influence the outcome. The model is presented in [Figure 3.4](#), which shows the dialogue flow as a wheel to indicate its non-linear and iterative nature. Each phase, has distinct steps (displayed in blue) for achieving its objectives. The objectives are displayed as arrows because they should be achieved in sequence. The three phases are summarized below in terms of the top tasks involved in each.

3.4.1 Phase 1: Engage—to build trust among leaders

Based on an initial stakeholder mapping with a strong political economy lens ([Chapter 2](#)), bring the right people who properly represent stakeholder groups to the table. Select two to four dialogue co-chairs from among the dialogue hosts, field locations and decision-makers. Prepare an **expert scoping paper** that outlines the context of the poverty-environment issues, summarizes good practices to learn from, and suggests the ways in

Figure 3.4 Phases and steps in a typical dialogue: The Forests Dialogue's model

Source: Adapted from TFD (2020).

which dialogue can be useful for moving towards possible solutions. Hold a multi-stakeholder scoping discussion, based on the scoping paper, to look for areas of possible resonance—important issues and their fracture lines (areas riven with conflict), information gaps and the role sought from dialogue. Throughout, have a **neutral convenor** and a multi-stakeholder advisory group to ensure the process is well designed and carried out. As far as possible, have stakeholders co-create the dialogue's rules of engagement. Summarize the conclusions of Phase 1 with a short co-chairs' written statement; at this stage, no solutions are promoted or are off the table.

3.4.2 Phase 2: Explore—to seek agreement on issues and opportunities

This follows the same kind of process as in Phase 1, but is aimed more at agreement (not necessarily consensus¹) on the causes of problems and possible solutions. The phase is informed by a more **detailed independent diagnostic of those issues that were agreed upon in Phase 1 as priorities**. Where relevant, it then moves into field dialogues to get a stronger sense of the real incentives and impacts

¹ Consensus is often very time-consuming or impossible to achieve, and may be compromised or forced by some people on others. A co-chairs' agreement with participants has been found to be the most productive way forward, with as much or even more ownership than formal consensus.

facing poor groups—as well as to generate a more informal atmosphere for sharing and co-creation.

Inquiry facilitation (Worsley, 2017) uses a conversational approach with open prompts that enable people to tell the poverty-environment stories they want to tell within the broad boundaries of the inquiry. It is different from interview questioning or focus group facilitation. The Green Economy Coalition uses an approach of multiple micro-level (field) exploratory dialogues to produce conclusions that are then resonance-tested in meso-level thematic dialogues (Worsley, 2017). This can involve some iterations back and forward between levels of dialogue to ensure validation. Good facilitation results in a set of possible resonance-tested solutions at the end of Phase 2.

3.4.3 Phase 3: Change—to facilitate collaborative decisions and action

This phase reflects on what information and ideas the dialogue process has produced so far, **agrees on prioritization criteria and applies them to identify priority solutions**. Stakeholders then look to who could apply the prioritized solutions and how they should do it. Stakeholder interaction in the full dialogue process to date—hopefully having improved trust (Phase 1 onwards) and agreement (Phase 2)—means specific organizations and people will have emerged naturally as leaders in collaborative change. These leaders then advocate for the agreed-upon changes and may then decide to contribute their own resources to implement the changes.

Through a feedback survey towards the end of this phase, all participants contribute to reviewing dialogue results; this clarifies areas where further iteration is needed to handle tougher issues not yet agreed upon or prioritized.

3.5 Running dialogue sessions

This section provides a sort of checklist of key ingredients of successful dialogue events, drawn from PEI/PEA experience and other key references. For more detailed guidance, see TFD (2020) and United Nations Food Systems Summit (2021).

3.5.1 Dialogue organization

A dialogue process needs skilled steering, so it complements and does not ignore other existing processes in the country or sector. It may involve the following:

- **Two to four co-chairs** from poverty and environment authorities, civil society and local groups should lead the effort, supplemented by a leading expert in relevant poverty-environment issues. All of these should be selected because they are known and trusted in the local or thematic context, and/or they are strong facilitators and able to inspire participants to engage. They must be able to put their personal views aside and faithfully represent all stakeholders in managing the dialogue.
- An **advisory group** can expand this leadership where necessary, drawing from a slightly wider group of stakeholders, and including external people with dialogue experience.
- A **secretariat** is needed to organize the entire dialogue process—the invitations, logistics, presentations, rapportage and outputs. During dialogue sessions, the secretariat supports the co-chairs' facilitation through pre- and mid-dialogue check-ins and guidance.

3.5.2 Careful selection of dialogue participants

Successful dialogues bring together a diversity of voices, especially those who have traditionally been marginalized. The stakeholder analysis done

around poverty–environment issues ([Subsection 2.4.2](#)) helps to select the stakeholders for a dialogue, but questions should now be asked about their willingness to participate in a particular dialogue and any barriers to such participation:

- Who needs to be involved to work on this problem credibly? (see [Subsection 3.3.2](#))
- Would they participate, and under what conditions?
- Who has not participated in the past, or has been excluded, and why?
- What needs to be on or off the table for people to participate?
- Is there an existing process or procedure that can provide for the above, or would a stand-alone dialogue process be needed?

3.5.3 Good group size

It is more important to invite individuals who will actively participate in the dialogue than to have someone attend merely because of institutional affiliation. **A group of around 25–50 makes for a good dialogue**, with a balance of participation and efficiency. More than 100 participants make the event challenging to manage: smaller breakout groups of 8–12 individuals should then be the heart of the event. Techniques such as World Cafés (discussed under [Subsection 3.5.2](#)) can enable individuals to participate effectively.

3.5.4 Background paper

A short research product by the advisory group or a nominated independent expert should **provide relevant facts on the poverty–environment issues and local/thematic context for the dialogue**. It should be in languages and formats conducive to all participants' understanding and be made available to participants before the dialogue.

3.5.5 Inclusive frameworks for kicking off dialogues

With very diverse groups with differing perspectives, it is useful to **kick off dialogue in a way that all can see an entry point for their interests**. While some rather complex frameworks are available to help formal technical analyses (such as those in [Figure 2.1](#)), two frameworks have proven useful for helping non-specialist stakeholders come to grips with poverty–environment issues. These are also broadly acceptable to professionals from different disciplines and agencies. They are the sustainable development **Venn diagram** of environment, society and economy, and the **doughnut economy framework** ([Box 3.2](#)). Both are simple and highly visual, which usefully supports group work on flipcharts and whiteboards.

3.5.6 Pertinent agenda and discussion topics

The co-chairs, advisory group and secretariat should develop the dialogue's agenda, usually with both plenary and breakout group discussions, but with few presentations so as not to prioritize selected perspectives or stifle conversation. Discussion topics should be positive and forward-looking but should not shy away from complex issues and trade-offs. They should **take into account active policy discussions**: the dialogue should draw from and feed into these and not produce something unconnected or in parallel.

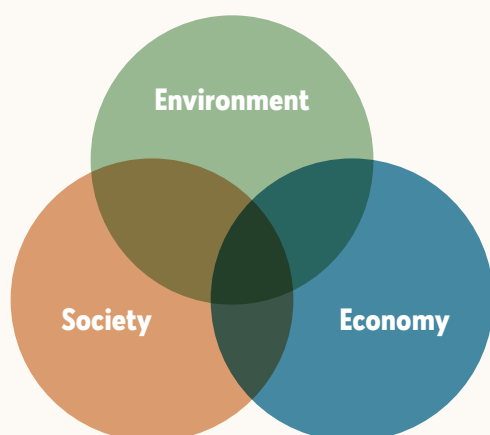
3.5.7 Solid logistics

Participants should have the agenda, background paper and other relevant information in advance, and they should be able to easily join the discussions, regardless of whether the meeting is held online or in person/in the field. **Equity and etiquette** are important for both in-person meetings and online participation; attention should thus be paid to seating plans and to the adoption of user-friendly facilities such as online whiteboards and polling mechanisms.

Box 3.2 Two inclusive frameworks for kicking off poverty–environment dialogue

The Venn diagram of environment, society, and economy. This simple visualization of the three constituent systems of sustainable development is recognized by many disciplines and can help kick off conversations (Figure B3.2.1).

Figure B3.2.1 Constituent systems of sustainable development



The approach puts environment, society and economy on the same page, allowing those who work on, in or with any one of these to contribute to an integrated approach. It can be a useful first step in initiating dialogue—for example, by having economists talk about sustainable development through the economic policy lens that is most familiar to them; then gradually moving the conversation to the intersection of economic and social policy, and economic and environmental policy; and finally to the interaction of all three. Environmentalists and social groups can then be invited to contribute in similar ways, through the lens that is most familiar to them.

The doughnut economy. This is a normative framework (Figure B3.2.2) that looks for effective policies and action within a safe operating space that neither exceeds a ceiling of environmental limits nor descends below a floor of basic human needs. The doughnut economy framework is a useful device for plotting poverty–environment issues and policies that has proven to be rich for dialogue. Doughnut paper tablecloths have been made for groups to map critical issues and develop ideas. For example, a South African doughnut map produced through multi-stakeholder dialogue revealed priority problems that relate to (i) climate, biodiversity, water and marine harvest limits having been breached; and (ii) socially acceptable minima on issues such as safety, income and access to electricity that have still not been met. This helped dialogue around possible solutions.

Figure B3.2.2 The doughnut economy framework



Source: Raworth (2012).

3.5.8 Field days

Where relevant, **dialogues in the field can help highlight the most prominent examples of poverty–environment issues**—both common or representative situations, as well as unusual scenarios. Field visits should feature the poverty–environment perspectives of all relevant

stakeholders and avoid too much “tourism.” They need to allow time for participants to ask questions and converse, and should primarily centre on questions and discussion rather than on lengthy presentations. A well-briefed conversation facilitator who is independent, but knowledgeable on the issues and familiar with the local situation

and the aims of the dialogue can be invaluable. Pre-dialogue visits to design the field dialogues with local stakeholders are strongly recommended.

Site visits not only build rapport and connection between participants but can also help bring to life issues that are less apparent, or ignored, in research. Sometimes this can work in indirect ways. For example, a seasoned dialogue facilitator commented, “In preparing a mining issues scoping study, our researchers did not want to include gender issues because they felt that there were other more pressing challenges. During our first field trip, the dialogue group realized there were no toilets for the women participants. This led to a very fruitful discussion about who makes decisions at the site that we visited and to a much more grounded discussion about how gender issues are felt locally.”²

3.5.9 Ground rules and expectations

Ground rules and expectations should be clear before and during the meeting, and be implemented in a manner that encourages open and deep discussion among participants. For formal meetings, participants should be clear as to whether the dialogue is operating under the Chatham House Rule (discussed under [Subsection 3.5.2](#)), if they can use laptops and phones during breaks only, etc. They should be offered tips to cultivate a spirit of participation—for example, active listening; voicing constructive, solutions-oriented interventions, participating as an individual and not sitting behind institutional mandates or country flags—in all cases referring to previous successful precedents.

It can often be best for participants to co-create principles of engagement to which everyone will have to adhere. “The organic nature of co-creation also helps the group to self-regulate, which is a much better result if we want to create a space to

discuss difficult issues and potential solutions, or begin to unlock issues where progress is stuck.”³

3.5.10 Effective conversation leaders

Inclusion is a sine qua non for dialogues. Conversation **leaders should be selected for their experience in nurturing inclusion**—people who can encourage new connections, ensure that everyone in the group is heard and help the group navigate contentious issues constructively.

3.5.11 Progression through each meeting

Short, inspiring opening and closing speeches can provide the political and strategic context. But dialogue progress is made more through **inquiry-based and facilitated conversation**, delving into the issues raised in the background paper and field visits, and aiming to prioritize key challenges to resolving the issue, often in breakout groups. Rapporteurs and co-chairs should synthesize and communicate key themes back to the group at the end of each day, giving participants the chance to challenge the conclusions. In this way, participants drive the dialogue content and outputs. Successive meetings should test and develop the resonance of the issues discussed at previous meetings. (See [Subsection 3.4.2](#).)

3.5.12 Immediate evaluation after dialogue, closely followed by an accurate synthesis

At the conclusion of a dialogue session, participants should fill out an evaluation form, to be collected and analysed by the secretariat. Using an agreed-upon format, **the organizers should ensure a post-dialogue synthesis is available within a short time frame.** This synthesis should capture not only what was said—key perspectives, discussions, agreements and next steps—but also the mood and spirit of the conversation. A co-chairs’ summary report is a useful approach, as is an engaging way

² Source: Gabriela Flores Zavala, personal communication.

³ Ibid.

of capturing the broad agreement reached, such as a road map for poverty–environment action.

3.5.13 Time

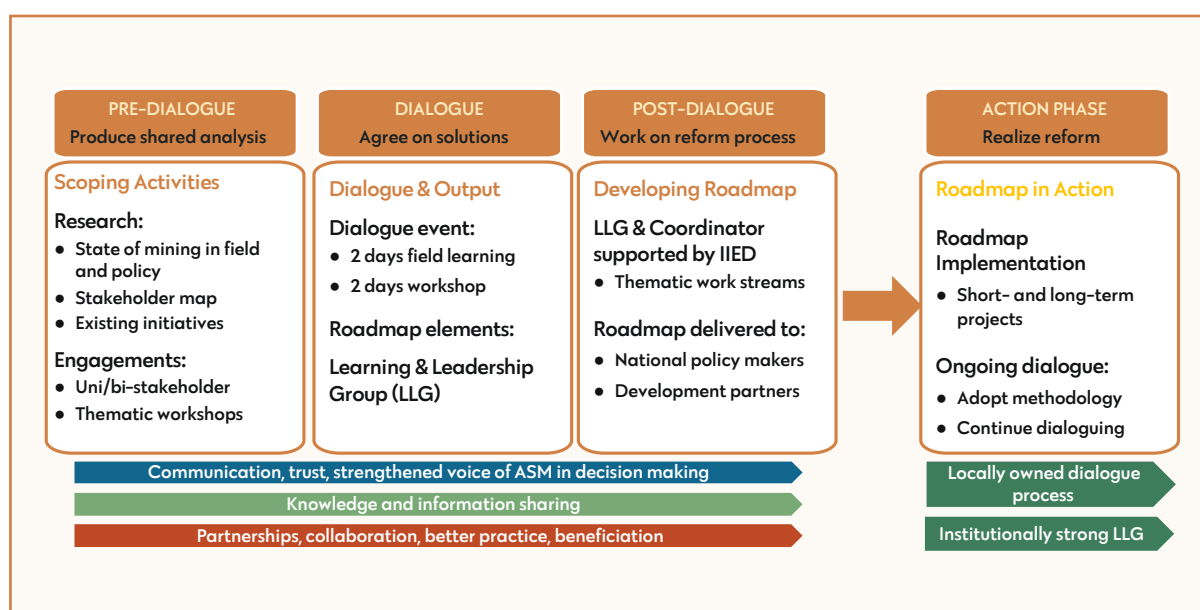
Much can be done in one to three days for the scoping dialogue, field dialogues and issue/thematic dialogues needed to come to agreement on priority poverty–environment actions. However, the whole dialogue process might be spread out over several months between the first scoping meeting and the final dialogues.

The overall timing will not be dictated only by the meetings: the process needs to build in time between meetings for particular stakeholder groups to meet by themselves if necessary, to reflect and possibly change position; and should include key events that are controlled by other processes such as parliamentary meetings. Much depends on context and what else is happening in the field. See [Figure 3.5](#) for an example of a four-stage dialogue process that, over several months, resulted in consensus recommendations to reform the contentious artisanal mining sector in Tanzania.

3.5.14 The Chatham House Rule

The [Chatham House Rule](#) is used around the world to encourage inclusive and open dialogue in meetings that aim to better understand and resolve complex problems. The guiding spirit of the rule is to **share the information you receive, but do not reveal who said it outside the meeting**. In polarized settings, used effectively, the rule helps bring people together, break down barriers, generate ideas and agree on solutions. While many meetings are best conducted “on the record,” as full transparency is usually important to the process, the rule can usefully be invoked for subjects, or for stages in a dialogue, where opinion is too polarized for people to feel bold or comfortable enough to discuss matters freely. It allows people to speak as individuals, and to express views that their organization may not share. People usually feel more relaxed and ready for free discussion if they do not have to worry about their reputation or the implications of being quoted publicly.

Figure 3.5 Dialogue progression: Example from Tanzania artisanal mining



Source: Weldegiorgis and Buxton (2017).

3.5.15 Supporting active involvement: World Café

This methodology can help in running breakout groups during dialogue sessions. It enables a structured conversational process based on predefined questions. The key feature in World Café is that **individuals switch periodically between several simultaneous conversation tables** and are introduced to the previous discussion by the table host. Participants make notes on a large, shared paper covering the table so that when they change tables, participants can see what previous discussions covered. This enables more people to get more closely involved (at any one time, there are only a few people around the table) and creates a cumulative discussion that can shift people's conceptions and encourage collective action. Guidance is provided in "[A Quick Reference Guide for Hosting World Café](#)" (World Café Community Foundation, 2015).

3.5.16 Supporting agreement: Consensus-building techniques

Although agreement rather than full consensus is generally the more feasible aim—since the issues taken to dialogue are often new and rarely conclusive—there are times when multi-stakeholder consensus is needed, for example, on a vision or policy wording. The online [Consensus Building Handbook: A Comprehensive Guide to Reaching Agreement](#) (Susskind, McKernan and Thomas-Larmer, 2012) documents best practices in the field and includes a step-by-step overview of the consensus-building process. Seventeen case studies illustrate successes and failures in consensus building, highlighting the impact of cultural differences in decision-making processes and on handling technical disputes.

3.5.17 Supporting momentum: Learning and leadership groups

One way to leave a useful legacy of dialogue processes, and to generate more continuity between each dialogue event, is to develop and

nurture a learning and leadership group. This technique is based on the theory that **good dialogue will revolve around mutual learning and that, from this learning, leadership will emerge**. Through the dialogue process, the learning and leadership group technique brings together a core group of participants who will increasingly run with the process and its follow-up. [Figure 3.5](#) presents an example of an artisanal mining dialogue in which the dialogue participants voted for some of their members to form a learning and leadership group to converge around a co-constructed road map—a vision for the future of a contentious sector and its stakeholders—and promote its implementation.

3.5.18 Supporting communities as key informants and actors: Participatory learning and action methodologies

Over the last 30 years, a suite of tools and methodologies has evolved that initially challenged existing orthodoxies about the role of local people in the ownership and dissemination of ideas. These methodologies became associated with a political and social movement for transformational change across the development world and is now often mainstream practice. These methods include **participatory mapping, storytelling, timelines, transect walks** (where researchers and other external participants accompany community members on a route through their local area), and **visioning** (where communities map their vision for the future).

Some of these methods use local and traditional consultation mechanisms and forums, but more modern approaches can also help. **Citizen science** has taken off with increasing access to information and communication technologies (ICTs) and is contributing to democratic decision-making. Citizen science is a means of crowdsourcing information, with citizens acting as sensors, perhaps relaying issues such as pest or pollution incidences via mobile phones, or simply responding to surveys. Citizen science and ICTs generally can also crowdsource distributed intelligence,

with citizens serving as basic interpreters of the implications of poverty–environment changes. And in some circumstances, they enable citizens to work in groups with scientists to collect data, define problems and co-construct solutions. However, there are also downsides of social media—notably, in spreading misinformation.

Increasingly, many methods have been developed with or by groups of poor men and women themselves. The IIED *Participatory Learning and Action (PLA)* journal has a searchable archive of downloadable tools and case studies from 25 years of issues. It helped set a radical new development agenda and facilitated the development of a vigorous international community of practitioners (Buytaert et al., 2018). All of these methodologies can be especially helpful with field dialogues, as well as in the detailed analysis discussed in [Chapter 2](#).

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Chapter 4

Integrating Poverty- Environment Objectives into Plans



Chapter overview

This chapter offers guidance on integrating poverty-environment objectives into national, subnational, sectoral and thematic plans, focusing on the mainstream planning processes that are typically in place in a developing country. There are several reasons to focus on mainstreaming planning processes:

- **Influence.** National plans are foundational: they are mandated and tend to shape what comes next, such as sector plans, government budgets and roles, financing and aid.
- **Opportunities.** There are many entry points into planning; some of them now demand, or are at least open to, poverty-environment inputs—especially national Sustainable Development Goal plans, climate adaptation plans and green economy strategies.
- **Neglect.** Many regular development plans do not take poverty-environment issues into account.
- **PEI/PEA legacy.** The Poverty-Environment Initiative (PEI) and its successor, Poverty-Environment Action for Sustainable Development Goals (PEA), effectively supported the integration of poverty-environment issues into hundreds of plans in developing countries, often using the national development plan as the starting point, but also mainstreaming into sector and local plans as well. PEI/PEA's extensive lessons form the basis of the guidance in this chapter.

This chapter covers:

- The importance of understanding existing plans and planning processes, their significance for poverty-environment outcomes and their common drawbacks
- Means of stakeholder involvement in plans and planning processes
- Lessons and three brief case studies from PEI/PEA on the above

It also presents six practical steps for integrating poverty-environment objectives into planning processes, with associated checklists and tools that can be applied in and tailored to individual countries:

1. Identify which plans and planning processes have significant poverty-environment implications.
2. Map the players and procedures involved in the target plan and process.
3. Develop a strategy for integrating poverty-environment issues into the target plan and process.
4. Engage with the target plan process, drawing in poverty-environment stakeholders and information.
5. Write up the plan, integrating poverty-environment objectives and opportunities for implementation.
6. Identify how to embed poverty-environment concerns in planning systems for the future.



4.1 Understanding planning processes

A good understanding of the main plans and planning processes that affect poverty and the environment is essential for integrating poverty-environment objectives. In order to successfully integrate poverty-environment objectives into government-led national development efforts, we need to identify and understand the various planning processes and their associated timelines, institutions and actors. We also need to know what policies and plans are already in place and their status (i.e. if they are due for review or revision). The institutional and context analysis methodology described in [Section 2.4](#) can help in identifying and understanding these.

Here we address national, subnational, sectoral and thematic plans, focusing on the mainstream planning processes that are typically in place in a developing country.

4.1.1 National development plans

National development plans (NDPs) are the umbrella planning framework commonly used in developing countries. They are usually the paramount national planning instrument. They are mandated at high levels, with an established government machinery behind them; they link directly to budget and implementation measures; and they provide an agreed-upon basis for much development cooperation. They are often also a high-profile focus of debate and lobbying.

NDPs are a bridge between vision and action. They may take their overall goals from long-term

national vision statements or policies covering 20 or more years, many of which thus may be quite aspirational in terms of sustainable development. NDPs normally set macro-level targets for a range of economic and social indicators over a period of five years; in many cases, they also set broad sector objectives. NDPs are the main reference document for prioritizing programmes for inclusion in the national public budget and for government's efforts to seek other financing from international and private sector partners. They also inform other plans: annual plans, sector plans and subnational plans through guidance which is usually issued by ministries of finance and/or planning.

NDPs are prepared by groups of technicians who tend to be organized in sector working groups and coordinated by a core secretariat from the ministry responsible for national planning. The plans typically focus on economic growth, poverty reduction, and job creation and incorporate targets that address gross domestic product (GDP), rates of employment and poverty levels. As such, they have implications both for reducing poverty and for how the environment and natural resources (ENR) are managed. Nonetheless, poverty and ENR are not often accorded a high profile in NDPs—a notable exception being the NDPs of several countries that have been supported by the United Nations Development Programme–United Nations Environment Programme (UNDP–UNEP) Poverty–Environment Initiative (PEI) and its successor, Poverty–Environment Action for Sustainable Development Goals (PEA).

In spite of the major opportunity for change that NDPs offer, the political and institutional context has tended to resist the kinds of major change needed to include poverty-environment issues.

But if the critical, cross-cutting, complex issues of poverty-environment are not well reflected in an NDP, it is all too easy for them to become invisible and to draw little mainstream attention to them. Rectifying this situation is the challenge that PEI/PEA has addressed in several developing countries, helping them make significant strides towards coherence and coordination of ENR sustainability and poverty-linked issues within their NDPs.

4.1.2 Sector and subnational plans

Sector and subnational plans usually relate closely to the NDP, but also have their own roles and attributes that make poverty-environment integration necessary. In many countries, NDPs are primarily implemented through sector plans and strategies as well as local development plans. PEI/PEA's experience found that poverty-environment integration in NDPs had unsatisfactory outcomes unless it was followed by activities aimed specifically at poverty-environment integration in sector and subnational plans.

Sector plans

In most developing countries, sector plans direct investment within key economic sectors. They are a major determinant of the quantity and quality of ENR management, as well as the quantity and quality of goods and services produced, associated livelihoods, employment and consumer benefits. Integrating poverty-environment issues into sector plans can help tackle the negative poverty-environment impacts of some investment options—and, more positively, improve the quality of planned investments in ENR management. Ways to do this are usually established in a country's NDP and sector planning guidelines.

The sector plan is not simply a more detailed articulation of the national plan, but the result of a two-way process. Sector challenges and objectives come to influence the NDP, the formulation of which is often done with sector working groups set up under the NDP preparation architecture, and with

which poverty-environment integration efforts should engage.

Some countries produce ENR sector plans. Treating ENR as a sector in itself has the advantage of offering clear links to budgets and investments for otherwise marginalized environmental authorities. There is growing experience with integrating poverty issues into ENR strategies and plans. The UNEP World Conservation Monitoring Centre (UNEP-WCMC) and the International Institute for Environment and Development (IIED) have helped several countries integrate development issues into national biodiversity strategies and action plans (NBSAPs) and environmental issues into NDPs—giving rise to reciprocal mainstreaming, which has networked planners across environmental and development authorities. This closer working relationship has helped stakeholders understand the need to treat ENR as both a cross-cutting theme and a sector in its own right (IIED and UNEP-WCMC, 2017).

Local plans

Local authorities and other local organizations are highly significant in ensuring poor people can access and benefit from ENR services. Local plans translate national policy and plans and sometimes sectoral plans. They identify and make the case for government budgets to address local needs, and are the principal framework for mobilizing local resources and capabilities. They also provide an agreed-upon framework for civil society and business to make local intentions clear. All of this can be favourable to prioritizing poverty-environment outcomes, which tend to be deeply local in their manifestation and impacts. Subnational plans may be accorded special priority where there is an intention to decentralize governance, improve equity between regions, and mobilize local populations and their resources. Participatory planning processes involving local stakeholders and intended beneficiaries, sometimes with field-based consultations (see [Subsection 3.3.3](#)), can ensure rights-based approaches and gender

mainstreaming are integral components of ENR-based initiatives featured in village or district development plans.

4.1.3 Other common planning processes relevant to poverty-environment outcomes

Other forms of planning may also have strong implications for poverty-environment outcomes.

- **Thematic national plans and strategies.**

Such plans have become increasingly high profile, typically covering cross-cutting issues associated with national and local public goods such as food, energy and water security. Increasingly, plans also focus on global public goods such as an equitable climate and biodiversity, in part because of the interests of the international community and aid programmes. Various waves of national strategy—addressing biodiversity through NBSAPs (discussed [above](#)), climate change through nationally determined contributions, poverty through poverty reduction strategies, or the green/blue economy—have emerged. Even if these strategies emphasize only one politically significant aspect of sustainable development, they can be holistic and open to poverty-environment issues. However, many are stand-alone strategies outside the main planning system, especially if they address very new concerns; as such, they are less able to influence more mainstream plans.

- **Spatial plans.** Regulatory land use and zoning plans can be powerful tools for discouraging activities with negative impacts on ENR management and poor people's livelihoods—or, alternatively, for encouraging sustainable approaches. In this regard, [integrated landscape management](#) is recognized as a useful framework for balancing poverty, social distribution and many environmental issues within and across diverse land uses.

In conclusion, a country's mandated planning processes are a principal catalyst for poverty-environment integration. They are a recognized, central entry point to an orderly change process. There are existing planning resources and capabilities attached to them, including coordination by powerful central authorities. They present the main acknowledged opportunity for external bodies to engage. On the whole, they tend to be broadly transparent and result in an anticipated and agreed-upon plan around which stakeholders can offer their own contributions. Finally, they provide direct and significant inputs to sector and local plans and—importantly—budgets and investment deals. If implemented well with the right information and stakeholder inputs, national planning processes often provide the best chance of handling otherwise marginalized poverty-environment issues. In the real world, however, outcomes are not determined by formal plans alone, as discussed in [Box 2.3](#).

4.2 Lessons from PEI/PEA

One of the most significant aspects of the PEI/PEA legacy has been making existing national, subnational and sector planning processes work for poverty reduction and the environment.

Hundreds of plans of many types across numerous developing countries have received support in integrating poverty-environment issues, first by PEI and then by PEA. This legacy is amply illustrated by PEI/PEA's experience in Africa ([Box 4.1](#)).

Key lessons on planning from the PEI/PEA experience have been well documented (see e.g. PEI, 2018, 2019a, 2019b, 2019c) and are summarized here:

- **Work with existing planning processes rather than develop one-off stand-alone poverty-environment plans.** Because government budgeting and resource mobilization are directly linked to existing planning processes, aiming at these processes is more likely to lead to action than setting up a separate "satellite"

Box 4.1 PEI/PEA's integrated planning experience in Africa

The African countries that worked with PEI/PEA today have national plans and several subnational and sectoral plans and commitments that mainstream poverty–environment concerns. In the process, they also strengthened planning capacities, procedures, data and financial provisions for poverty–environment outcomes. This legacy has established a strong precedent for poverty–environment inclusion in future planning that makes each country fitter for achieving sustainable development.

- **National development plans with integrated poverty–environment goals and targets were produced in all PEI/PEA countries except Kenya.** Integration in these NDPs was not simply one-off: poverty–environment objectives were mainstreamed into two successive NDPs in most countries; and in Mali and Rwanda, into three NDPs. Since the development path of most African countries remains driven by NDPs, and government machinery revolves around NDPs, this mainstreaming is a real gain—but implementation needs to be ensured.
- **Sector plans with mainstreamed poverty–environment issues and specific goals and targets were developed in Burkina Faso, Kenya, Malawi, Mauritania, Mozambique, Rwanda and Tanzania.** PEI/PEA realized that it was not enough to assume that the NDP would be translated into each sector, and so made special efforts to become fully involved in the planning of relevant sectors, notably agriculture, forestry and fisheries.
- **District and other subnational plans with mainstreamed poverty–environment issues and specific goals and targets were completed**
- in **Burkina Faso, Malawi, Mali, Mauritania, Mozambique, Rwanda, Tanzania and Uganda.** This effort was particularly extensive in Rwanda, with 30 district development plans; and in Mali, with 11 local economic, social and cultural five-year development plans. As with sector plans, PEI/PEA realized that decentralization—while a strong political imperative—was often weak in practice and that “trickle down” from the NDP could not be assumed. PEI/PEA gave considerable support to participatory dialogue and diagnosis in forming the local plans.
- **Green villages are an integrated spatial planning and development approach pioneered with PEI/PEA support in Rwanda.** Centred on participatory planning with the community and cross-government collaboration, green villages aim to improve environmental management alongside strengthening community governance and organizational capacities. The aim was to have at least one green village in each of the country's 30 districts; there were already 44 by late 2018.
- **Gender mainstreaming was driven by the clear identification of women as both the principal focus of, and major solution to, many poverty–environment challenges.** By 2018, 36 policies and monitoring frameworks across Africa had gender mainstreamed into them. The PEI/PEA partnership with UN Women was invaluable in this achievement.

With time, the depth and level of ambition for poverty–environment integration in PEI/PEA countries increased. For example, in Rwanda, integration of these objectives in successive NDP processes led to poverty–environment being central in the National Strategy for Transformation (see [Subsection 4.4.1](#)).

plan. Moreover, there are often mandated environmental and social assessment procedures—such as strategic environmental assessment and environmental and social impact assessment—that can potentially identify poverty–environment issues ([Section 2.1](#)).

Once such objectives are integrated in the respective plans, existing coordination and accountability mechanisms can be used to incentivize and monitor implementation—for example, through job descriptions, staff performance contracts and sector performance reviews. This then feeds into

continual improvement. PEI was able to support up to three successive five-year planning cycles in some countries, with each iteration raising ambitions. With each iteration, too, many countries prioritized new issues that had risen in prominence, such as gender equality, climate change, disaster risk reduction and other cross-cutting issues that will catalyse sustainable development.

- **An effective central coordinating mechanism is critical for poverty-environment integration, with strong leadership of central authorities, notably planning or finance agencies.** Earlier poverty-environment mainstreaming efforts had tended to focus on ministries of environment, but this faltered as such ministries are often poorly resourced and function largely outside the centre of government power. The PEI/PEA emphasis shifted to planning and finance as lead ministries, and to ensuring they had dedicated capacity to understand and handle poverty-environment issues and to communicate with identified contacts in line ministries. This shift also helped ensure that poverty-environment objectives in the national plan were reflected in sector and subnational strategies.
- **Improve the environmental mainstreaming strategy of environment authorities.** To strengthen the capacity of environmental ministries to support poverty-environment issues, it was often necessary to improve their willingness and ability to engage with the main planning and sector ministries, departments and agencies. This entailed PEI/PEA's supplementing environmental authorities' commonly deployed one-way arguments for environmental mainstreaming, and dispelling their assumptions that any funding labelled "environment" or "climate" is best assigned to them alone. The environment is, to a large extent, a shared and cross-cutting affair and not a silo; all agencies need to conduct some environmental work. Moreover, in order to truly

present environmental potentials, environment authorities need to understand mainstream policy aims. Effective poverty-environment integration requires integrating relevant poverty perspectives into environment plans, and not only integrating relevant environment perspectives into poverty plans. This reciprocal mainstreaming ensures the two types of plans are coherent.

- **Poverty-environment integration is an ongoing task that requires dedicated capacity.** Poverty-environment integration does not end when the relevant objectives have been integrated into national plans. Instead, the workload may increase geometrically from a single NDP to multiple local plans and sector plans, with considerable communication and participation tasks entailed. Getting the guidelines and procedures right can help with efficiency, but it is critical to build local capacity so poverty-environment integration is in the job descriptions and key tasks of many planners.
- **Poverty-environment outcomes are not determined by the formal plan alone.** Political attitudes, hot issues in society and the media, transactional opportunities and unforeseen events can all derail preset planning processes and plans. Further, entrenched policies can limit or distort how poverty-environment issues are included in plans.¹ We thus cannot rely on formal planning and plans alone to ensure poverty-environment needs are addressed. For this reason, [Section 2.4](#) emphasizes the informative power of political economy analysis. It is also

¹ Current policies and laws can constrain practical poverty-environment action. Changing them can be catalytic for achieving good outcomes. However, the scope of work needed for policy revision is significant. Depending upon the context it may involve parliament and parliamentary bodies, statutory commissions, civil service reviews, think tanks, public inquiries, public opinion surveys and various forms of lobbying. This handbook does not focus on national policy and legal formulation and review processes, but its guidance can be usefully applied to policy review and development.

why this handbook encourages continual improvement, using poverty–environment evidence judiciously and engaging with other stakeholders tactically to influence politics, policies and transactions.

These and other lessons inform the “how-to” guidance on integrated planning provided in the next section.

4.3 Steps in integrating poverty–environment objectives

Based on PEI/PEA experience, there are six main steps in integrating poverty–environment objectives into national plans and planning:

1. Scope which major plans and planning processes have a significant poverty–environment focus or poverty–environment implications.
2. Map the players and procedures involved in the target plan and process.²
3. Develop a strategy for integrating poverty–environment issues into the target plan and process.
4. Engage with the planning process, drawing in relevant stakeholders and information.
5. Write up and review the poverty–environment integrated plan, highlighting opportunities for implementation.
6. Identify how to embed poverty–environment concerns across relevant planning systems in the future.

These steps need to be adapted to the individual country, local, sector and stakeholder context.

This is especially important so they will work

with ongoing planning processes, mandated procedures and the relevant planning authorities. Where no such processes exist, they may need to be developed—although extensive processes parallel to mandated planning should be avoided. While the steps are broadly sequential, some may need to be iterated; there are no hard and fast rules. Studying relevant case studies, such as those presented in [Section 4.4](#), can help decide the steps to take in a particular situation.

A secretariat, officer or working group should be appointed to coordinate the poverty–environment integration steps. This coordination is generally most effective if linked to, or part of, the secretariat/officer/group coordinating the existing planning process.

4.3.1 Step 1: Identify which plans and planning processes have significant poverty–environment implications

This may involve the following activities:

- **Bring together relevant analyses (from [Subsection 2.4.3](#)).** Sum up the relevant poverty–environment problems and potentials for the country, locality, planning theme or sector.
- **Bring together elements of the stakeholders’ vision (from [Subsection 3.4.2](#)).** Sum up their sense of poverty–environment consensus, preferences and disagreements, drawing on dialogue results.
- **Identify which plan(s) are relevant.** Examine current plan objectives and approaches that touch on the above poverty–environment problems, potentials, debates and visions. Do they potentially help poverty–environment outcomes or hinder them? Look at any previous plans that may have tackled these problems and potentials, identifying what worked and what did not.
- **Identify planning constraints.** Assess if any underlying policy, legal, capacity or resource constraints connected to the identified

² Here and throughout this chapter, although we reference a single target, more than one plan or process may be targeted.

planning processes limit the possibility of deploying them to achieve better poverty-environment outcomes.

- **Select the target plan or planning process.** See [Table 4.1](#) for guidance on prioritization.
- **Write up the results.** Document the results of Step 1 as Strategic Input 1: Scoping.

4.3.2 Step 2: Map the players and procedures involved in the target plan and process

This may involve the following:

- **Identify stakeholders involved in the mandated planning process.** Be clear how they are involved—as planning authorities running the process, technical experts providing advice, local and sector groups being consulted or advocating for change, or process coordinators who can handle multiple linked issues.
- **Identify potential poverty-environment champions or blockers.** See [Subsection 2.4.2](#) for

guidance on who could make a significant difference to the planning outcome.

- **Clarify the mandated planning procedures, stages and timing.** It is helpful to know which stage in the planning cycle is coming up next—for example, evaluation of a plan that is coming to a close, or scoping a new plan—and what the expectations for poverty-environment inputs might be.
- **Reflect on political economy issues that tend to influence the planning process.** Issues to be considered include whose interests are included and whose are excluded, change processes that work, and what the outcomes tend to be ([Section 2.4](#)).
- **Check previous analyses of poverty-environment issues.** This includes determining if they have met the procedural and quality stipulations of the planning process ([Section 2.1](#)). Clarify any differences, and identify further analysis needed.

Table 4.1 Criteria to select priority plans and planning processes for poverty-environment objectives

Criterion	Questions to consider
Risks connected to poverty-environment: level and likelihood	Which plans/processes are likely to cause serious problems for people and ENR if poverty-environment issues are not better considered?
Benefits from integrating poverty-environment: type/magnitude	Which plans/processes offer the greatest prospects to improve conditions for stakeholder groups and for ENR?
Institutional improvements: potentials offered by poverty-environment integration	Within which plans/processes are there good opportunities to effect positive changes in stakeholder power, motivations and relationships to support better poverty-environment outcomes?
Themes: highest current political or public profile	Which plans/processes positively inspire (or cause most concern) to many stakeholders (typically those concerning jobs, poverty or climate)?
Plan tractability: clear mandate, public interest	Which plans/processes are most stakeholders most likely to engage with constructively?
Critical path: value added of this plan	Which plans/processes build on progress to date and complement other ongoing initiatives to improve poverty-environment outcomes?
Critical entry point: for poverty-environment information	Which plans/processes are open to and can benefit from better information on poverty-environment links?

Source: Adapted from UNEP, GEF and IIED (2022).

- **Check previous dialogues on poverty–environment issues.** Show if and how any poverty–environment dialogue ([Section 3.5](#)) has met the requirements of the planning process—for example, for consultation, participation and consensus building. Explain any differences and identify any further dialogue needed.
- **Write up the results.** Document the results of Step 2 as Strategic Input 2: Plan Processes and Players. This should show if and how the target plan process may help or hinder better poverty–environment integration.

4.3.3 Step 3: Develop a strategy for integrating poverty–environment issues into the target plan and process

Using Strategic Inputs 1 and 2 formulated in the preceding steps, develop a strategy for integration into the target plan. This may involve the following considerations:

- **Consider timing.** If the current NDP or related plans are due for evaluation, the strategy may be best focused on getting good evidence of poverty–environment outcomes. If plan implementation is at midpoint, the strategy may be best focused on the poverty–environment impacts of annual plans, links to other sector/local plans and links to budget. If it is nearing the time to discuss a new plan, the strategy may be best focused on generic poverty–environment case-making and engaging poverty–environment actors.
- **Identify the entry points and players.** Use Strategic Inputs 1 and 2 to identify poverty–environment entry points into the targeted planning process (from survey or scoping stage to prioritization to monitoring) and to identify target players to engage with (e.g. plan technical working groups, peer review groups, interministerial steering committees, aid coordination groups, secretariats for the planning process, planning authority).

- **Develop a core script on how attention to poverty–environment issues will add value to the plan.**

- Provide evidence of how poverty–environment issues may affect the plan's principal objectives such as economic growth or jobs.
- Describe how integrating poverty–environment issues can be expected to help the plan in doing no harm, and suggest the safeguards and conditionalities it may be obliged to include (e.g. environment, climate, gender inclusion).
- Describe how integrating poverty–environment issues will help the plan—for example, how this will add to productivity, wealth, resilience, equity and sustainability.
- Draw on existing analyses and discussions by the respective planning process, thereby ensuring ownership. Where necessary, supplement these analyses with specially commissioned assessments.

See [Section 6.2](#) for more on key messages.

- **Consider the need for modifying the existing planning process.** The standard, mandated planning process may be blind to, have a very narrow perspective on, or be biased against issues of poverty and/or the environment. If so, discussions should be held to see how the process could be modified to better reflect poverty–environment needs. Some processes and procedures may seem to be set in stone, but PEI/PEA had demonstrable success in modifying the formal planning regulations or instructions to officials that are the basis for planning in most countries. Such modifications should be done as early as possible, with provision for review and learning about how it worked, and due recognition given to those who pioneered the undertaking of such planning innovations.

- **Write up the results.** Document the results of Step 3 as the Poverty-Environment Integration Strategy.

4.3.4 Step 4: Engage with the target plan process, drawing in poverty-environment stakeholders and information

This step involves implementing the Poverty-Environment Integration Strategy produced in Step 3, usually by supporting the mandated planning process and the players involved. Because pre-existing procedures and those involved in them may not initially be fully receptive to poverty-environment issues, the aim is to improve stakeholder understanding and openness through the process, so that it grows and is capitalized upon.

Be constructively assertive and tactfully persistent, as and when appropriate, based on good evidence and with attention to detail throughout.

- **Nurture the people involved in the process.** For mainstreaming to take hold in public sector processes effectively, some government technicians and decision-makers need to become poverty-environment champions. Champions are clearly most desirable among those working in the planning coordination unit, but sector working group members and sector poverty-environment contact persons can also help drive the process. Individuals in civil society organizations, academia, research organizations, media and private sector associations can also be effective champions for mainstreaming, offering a range of lenses on poverty-environment issues and expressing demands for poverty-environment outcomes. Reliance on any one individual to lead poverty-environment integration should be limited, in part because high staff turnover in public sector institutions could stall integration efforts, and in part because the poverty-environment agenda should be widely owned.

- **Create a compelling vision for poverty-environment integration early on.** The importance and promise of poverty-environment outcomes, and the need to work together, must be made clear to all. This can be critical for motivation—especially in contexts where repeated promotion of single issues has led to “mainstreaming fatigue” and “box-ticking” responses.

All players need a good idea of what differences poverty-environment integration will achieve: for example, higher agricultural productivity and fisheries yields and associated higher incomes, new green jobs, green small enterprises, more rights and rewards for those who look after the landscape. But the vision should be more than a few separate promises. It should also point to the poverty-environment additionality at system and structural levels—changes for the longer term, greater resilience for people and the environments they depend upon, and the power of collective action—which will require all players to work together. (See [Subsection 3.5.2.](#))

- **Offer the kinds of evidence that best fit the planning process, but that also drive the vision.** It is a strategic art to provide the right information that the process and its safeguards and other conditionalities demand, and at the right time. Experience suggests giving weight to the following:
 - **Economic evidence**, including not only the technical information that environmental stakeholders tend to offer (e.g. on species and pollutant levels), but also and especially on the economic costs of unsustainable ENR management and the development benefits of improved sustainability
 - **Gender and other distributive evidence** on who will bear costs and benefits
 - Other evidence that offers a poverty-environment perspective on the **potential and risks of mainstream development priorities** such as jobs and growth

- **Conduct relevant, inclusive and motivating communication throughout the process.**

Communications should profile the poverty–environment integration initiative, so stakeholders know what it is for and how to engage; offer information on poverty–environment issues in non-technical language, including news on which poverty–environment issues are being picked up; call for evidence so communication is not just one way; point to poverty–environment leaders and best practices and encourage others; and engage the media to encourage their commentary.

Expressing poverty–environment issues in formal bureaucratic language may be necessary for some official planning documentation, but it is also useful to **communicate in everyday language** that these issues are fundamentally linked to the well-being of people and the environments upon which they depend. Packaging key messages to suit different audiences is thus important. (See [Section 6.3](#) for more on communication tools.)

- **Ensure interdisciplinary and participatory decision-making.** It is likely that more inclusive decision-making will be needed for poverty–environment issues than had been the case before, especially if there are built-in policy biases against environmental sustainability and/or against poor and marginalized groups. These biases may be addressed by supplementing the decision-making criteria and tools used by the mandated planning process, which tend to be dominated by economics (see [Box 4.2](#) for a list).

4.3.5 Step 5: Write up the plan, integrating poverty–environment objectives and opportunities for implementation

The plan will normally be written by the coordinating secretariat and/or working group and should be peer reviewed to meet both statutory standards and any additional requirements associated with

poverty–environment issues. The checklist in [Box 4.3](#) covers typical items for the writing team and peer reviewers to take into account.

The plan is best presented as a starting point for mobilizing future activities rather than the culmination of the planning process. As far as possible, various opportunities for implementation should be indicated. For example, the statutory planning process typically has a direct link to government budgets ([Subsection 5.1.3](#)) and to some monitoring and evaluation functions. Such links should be addressed when writing the plan.

Where new issues such as poverty–environment integration are concerned, implementation in developing countries typically focuses on government and development cooperation as drivers of innovation. Although governments do need to lead on infrastructure and support programmes, plan implementation at scale can only be achieved through individual farmers, local organizations, micro, small and medium-sized enterprises and market players. Poverty–environment analysis ([Chapter 2](#)) and dialogue ([Chapter 3](#)) should have revealed the potential of mobilizing actors such as these to achieve poverty–environment outcomes.

4.3.6 Step 6: Identify how to embed poverty–environment concerns in planning systems for the future

It is unlikely that Steps 1–5 will achieve a full integration of poverty–environment objectives in the plan and the planning process, at least the first time around. However, they may have revealed system bottlenecks to poverty–environment, as well as opportunities to unblock these. It is worth reflecting on this, so as to offer recommendations on how future plans could better integrate poverty–environment objectives, identifying the bottlenecks to poverty–environment integration as well as any innovations that helped the process if some modifications were already made (in Step 3). This information will be valuable in supporting the kinds

Box 4.2 Interdisciplinary tools for integrating poverty-environment objectives in decision-making

The following list is not exhaustive, but includes useful examples.

- **Multidimensional poverty assessment.** Such assessment widens the lens on poverty, revealing both ENR co-benefits and environmental hazards that entrench poverty. Poor groups and indigenous groups often explain their own poverty in non-financial terms (e.g. lack of access to natural resources, as well as income); this needs to be mainstreamed in decisions. Multidimensional poverty assessment is discussed further in [Section 2.2](#).
- **The nexus approach.** This robust approach shows the interaction among key poverty and environmental aspects affected by the plan. Decision options shown in a nexus context are less likely to be taken in a siloed way. The nexus approach is discussed further in [Section 2.2](#).
- **Foresighting.** This approach prepares for the unexpected in times of increasingly rapid change, growing complexity and critical uncertainty in the future context for poverty-environment. Foresighting uses a range of methodologies—including [horizon scanning](#) for emerging changes, [analysing megatrends](#) and developing multiple scenarios—to reveal and discuss useful ideas about the future.
- **Scenario development.** Following the [Millennium Ecosystem Assessment](#), holistic scenario development has been routinely used to posit futures based on both human and environmental trends. The scenario development methodology explores sets of plausible stories, supported with data and modelling, about how the future might unfold under alternative courses of action. It helps avoid over- or underprediction of poverty-environment outcomes.
- **Modelling tools.** These tools can estimate the quantitative impacts of policy, budgetary and other changes, including external shocks, on the economy. [General equilibrium modelling](#) is a quantitative method for analysing the static/dynamic, direct/indirect and short-/long-term effects of a change or proposed change across the entire economy (although sector-level modelling is also important). PEI/PEA has used general equilibrium modelling to estimate the economic impacts of unsustainable natural resource use on GDP and the poverty impacts of soil erosion.
- **Theory of change development.** This approach supports critical thinking on the causal pathway and sequence of activities to reach the intended long-term poverty-environment change, noting the assumptions that underpin each step. It is able to handle both poverty and environmental issues and their links, and show how common actions can address them. Using a theory of change is discussed further in [Section 7.6](#).
- **Policy coherence analysis.** This analysis looks for attributes of policy that systematically reduce conflicts and promote synergies between and within different policy areas so as to better achieve joint outcomes. Developed by the Organisation for Economic Co-operation and Development (OECD) to align policy so it better addresses the complex, multidimensional and multi-actor challenges faced in development, [policy coherence analysis](#) offers a number of matrices to look across the Sustainable Development Goals (SDGs) to align efforts ([SDG target 17.14](#) itself targets policy coherence for sustainable development).
- **Prioritization tools.** These tools apply various criteria and screens to decide where to focus action (see e.g. those offered by the [US Environmental Protection Agency](#) and ADB and UNEP, 2019). The simplest of these tools involve matrices of two critical dimensions—importance and urgency, likely impact and effort needed, value and risk. Others check against a list of poverty-environment principles or outcomes that need to be included. As a result, although poverty-environment issues tend to point to a comprehensive planning agenda, effective plans can be prioritized over time and space. Many end up with a single priority goal in the long term, such as zero carbon, plus a range of short- and medium-term objectives along the way—such as generating green jobs and halting polluting investment.

Box 4.3 Ten-point checklist: ensuring a plan has integrated poverty-environment issues

- 1. Poverty-environment baseline.** Does the plan include a poverty-environment stocktake for the country/sector/theme, covering the state of poverty and the environment, the main linked poverty-environment issues and the political economy context for poverty-environment integration? (Also see [Chapter 2](#).)
- 2. Case for addressing poverty-environment issues.** Are the positive and negative poverty-environment implications of the plan's main goals, such as jobs and growth, sufficiently clear? Is the economic, social, environmental and governance case for action on poverty-environment issues compelling? Does this case have demonstrated backing from stakeholders?
- 3. Poverty-environment vision and principles.** Is the overall vision and purpose of the plan consistent with poverty-environment objectives? For example, does the vision address sustainable development, inclusive green economy or other normative principles that embrace poverty-environment objectives? If not, is there provision for ongoing dialogue to generate this vision? (See [Box 4.4](#).)
- 4. Poverty-environment safeguards.** Have mandated rules and conditions related to poverty, gender and social differences, and to climate and the environment, been followed in preparing the plan? Have additional means—for example, poverty and social impact analysis, strategic environmental assessment, cost-benefit analysis—been deployed where mandated rules were insufficient to handle poverty-environment risks? (Also see [Chapter 2](#).)
- 5. Theory of change for achieving poverty-environment outcomes.** Is there a pathway showing how the added value of integrating poverty-environment objectives in the plan will be achieved in the political economy context? Are there provisions and guidance on how to continually improve poverty-environment integration?
- 6. Poverty-environment activity work plan.** Are there specific activities dedicated to poverty-environment outcomes and a realistic timetable, preferably of five years? What is the major goal in the long term (such as zero carbon), and what range of short- and medium-term activities have been identified along the way (e.g. generating green jobs, halting polluting investment)?
- 7. Poverty-environment indicators and data.** What targets and indicators will be used in reviewing plan success or failure, and is it clear to which Sustainable Development Goals these relate? Are there adequate data and provisions for assessing them—for example, from natural capital accounts, multidimensional poverty monitoring or household surveys?
- 8. Implementing the plan.** Is it clear how to make the best use of the new mainstreamed plan? Is it clear how the plan links to budget, investment, implementing, monitoring and assessment processes (i.e. the other stages in the policy cycle) and to other related government plans?
- 9. Responsibilities for the plan.** Are coordination, communication, collaboration and accountability roles agreed upon for the plan as a whole, and also for those ensuring poverty-environment integration overall and in specific areas? Are relevant subnational or sectoral authorities supportive and playing central roles?
- 10. Inclusion in the plan.** Are the potential roles for achieving poverty-environment outcomes that are envisaged for civil society, marginalized groups and ENR interest groups appropriate and accepted by those groups? Are their powers and capacities adequate for their roles, and if not, has provision been made to improve them?

Box 4.4 Normative principles that embrace poverty-environment objectives

Today, it is easier to develop poverty-environment plans and/or policies than when PEI started. There has been good progress in generating useful normative frameworks such as the SDGs and inclusive green growth, and common commitments to embody these in a national vision or policy statement or plan. If no such national policy is yet in place, internationally recognized sets of objectives or principles such as the following can be deployed for this purpose:

- **The Sustainable Development Goals (SDGs) and the 2030 Agenda.** These are very comprehensive and include many poverty-environment issues. Many developing countries have now focused on particular SDGs and targets that reflect overall national priorities—a prioritization reflected in national and sector plans to a greater or lesser degree.
- **Inclusive green economy principles.** [Five principles for assessing and planning green economies](#) were identified by the United Nations, civil society and others comprising the Partners for Inclusive Green Economy. Each principle is based on established international conventions and bodies of evidence and law: (i) the well-being principle, (ii) the justice principle, (iii) the planetary boundaries principle, (iv) the efficiency and sufficiency principle and (v) the good governance principle. A poverty-environment plan could be prepared or assessed against these principles.

of institutional strengthening needed to continually improve poverty-environment outcomes.

4.4 Case examples

Planning work is highly contextual. Here we offer three brief cases to illustrate how poverty-environment issues were integrated in plans in three African countries.

4.4.1 Rwanda: Coherence on poverty-environment issues and strong economic analysis across successive national, sector and local development plans

PEI/PEA has partnered with the Government of Rwanda since 2005 to integrate environmental sustainability and poverty reduction in successive national, local and sector plans. By 2018, all of Rwanda's 15 sector strategic plans and 30 district development strategies for 2018–2024 had integrated poverty, environment and climate objectives. This culminated in government making sustainable ENR management a top priority in its National Strategy for Transformation 2018–2024, in order to transition towards a green economy (Republic of Rwanda, 2017). All of this has led to increased investment in inclusive green growth in key sectors and localities.³ For example, the Agriculture Sector Strategy promotes climate-resilient agriculture and sustainable crop production by investing in smallholder farmer access to and use of climate-resilient seeds and composite organic manure.

Notably, district development strategies aim to up-scale green practices piloted in Rwanda's green villages. With PEI/PEA support, 44 green villages had been established by 2018 to demonstrate an integrated approach to tackling Rwanda's environmental and poverty challenges. Sustainable solutions in the villages include rainwater harvesting and water reservoirs; new agricultural practices such as agroforestry, terraces and soil erosion control; and biogas installation. Such practices have enabled community members to earn more money, improve nutrition and food security, protect natural resources, and send children to school (PEI, 2019c).

³ A brief 2018 documentary by PEI Rwanda and the Rwanda Environment Management Authority is available on [YouTube](#) on Rwanda's success in integrating poverty-environment issues.

Rwanda's 2018 national investment guidelines, also developed with PEI/PEA technical assistance, reinforce these environmental and climate policy priorities. They require public projects to demonstrate that environmental and social safeguards are in place before a government institution can receive internal or external finance. Strategic environment assessments and other relevant poverty-environment safeguarding mechanisms are being introduced for public sector investments. This builds on the inclusion of a climate and environment checklist in Rwanda's annual budget call circular for the past several years and provides guidance to sectors and districts in budgeting for environmental and climate actions. Its application has helped sustain an increase in government expenditures on ENR and climate change: from 0.4 percent of Rwanda's total budget in 2009/2010 to 2.7 percent in 2016/2017. This increased expenditure has contributed to progress on broader development goals in Rwanda. Notably, poverty declined from 44.9 percent in 2012 to 39 percent in 2015; 2,400 hectares of natural ecosystems were rehabilitated; and 23 percent more people gained access to electricity (PEI, 2019c).

The work has demonstrated the value of using economic evidence and not simply environmental facts. The economic evidence collected by PEI/PEA Rwanda on, for example, soil erosion costing 2 percent of GDP, and how ENR sustainability could contribute to the achievement of development goals was eye-opening for many other planners. Senior government officials gained confidence in the economic findings and the PEI/PEA work became embedded in official consciousness. Rwanda's environment authority started placing environmental graduates as interns in sector ministries, and several ministries hired their own environmental experts as well. The new consciousness reached the highest levels: President Kagame used information from the Rwanda PEI/PEA economic analysis in an interview with *The London Times* newspaper.

More progress is forthcoming. Building on PEA efforts, Rwanda is broadening and deepening mainstreaming of ENR objectives into sectors and districts, with improved coordination mechanisms that will increase public and private investments in pro-poor sustainability; and the establishment of a national environment and climate fund, [FONERWA](#).

The combination of energetic, adaptive engagement and good economic evidence proved to be a winning strategy for integrating poverty-environment issues into the national plan and, from there, for influencing the shape of sector and local plans and investment as well.

4.4.2 Malawi: Modifying existing national planning directives and guidelines to achieve poverty-environment outcomes

An effective starting point for poverty-environment integration at the sector and subnational levels is to target the official policy directives and guidelines for sector and subnational planning, as well as for associated coordination and accountability. Such directives tend to be issued by ministries of finance, planning and/or local government. Working with these ministries, poverty-environment objectives can be built into policy directives or issued as supplementary guidance and checklists. In a highly decentralized context, village-level planning guidelines, for example, can be highly catalytic in achieving poverty-environment outcomes—at least as much as at the national level.

In 2006, Malawi's Office of the President and the Cabinet identified several policies that were neither comprehensive nor mutually supportive. To make planning and budgeting more integrated, a new *Guide to Executive Decision-Making Handbook* was prepared. PEI/PEA supported preparation of an annex, "[Guidelines for Integrating Environmental Sustainability and Natural Resource Management in Policy-Making and Planning in Malawi](#)." This describes how decision-makers can integrate poverty-environment issues into all eight stages

of Malawi's public planning cycle. It includes a practical checklist with 24 questions that help to assess the environmental and poverty impacts of various policy options. Associated training modules are included in the government's curricula for policymakers. The guide has helped in including poverty-environment issues in Malawi's plans and policies—for example, for the national agriculture policy, balancing agricultural production for poverty reduction with environmental sustainability (PEI, 2019b).

4.4.3 Burkina Faso: Good coordination as key to poverty-environment integration in the routine national five-year planning process

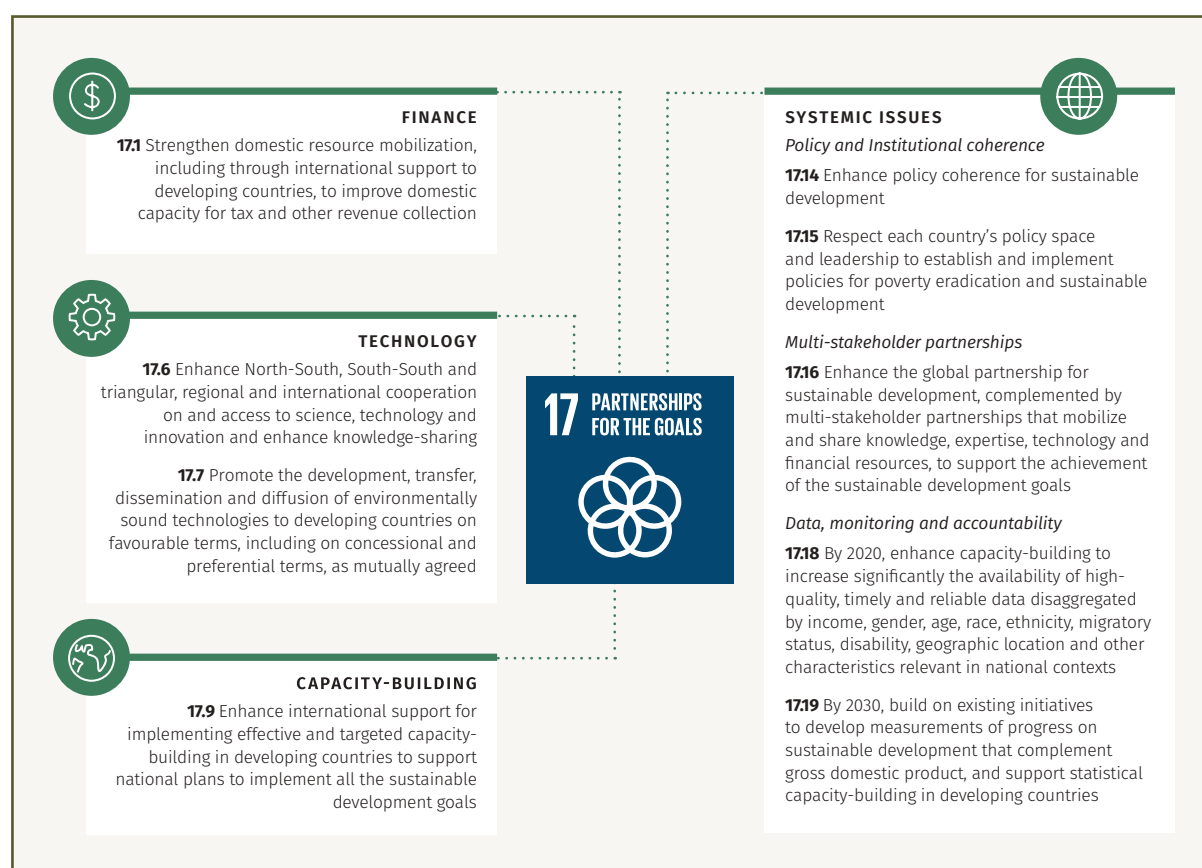
In a country where 85 percent of the population depend on natural resources for their livelihood, and 32 percent of the GDP comes from natural

resource use, plans really need to look for ways to improve economic, environmental and social gains from this use and to avoid environmental damage. PEI/PEA support underlined the urgency of this need with an economic study showing that environmental degradation was already costing 21 percent of GDP, equivalent to half the entire development budget (PEI, 2018).

Burkina Faso's success in integrating poverty-environment issues into plans was due in large part to good collaboration (Figure 4.1). The ministries of environment and planning together embraced the participation of wider sector ministries and non-government players. The plan's implementation was secured through a three-tiered coordination structure comprising:

- A high-level interministerial committee at the national level

Figure 4.1 Cooperation in poverty-environment integration in Burkina Faso's five-year plan



Source: PEI (2018).

- An intersectoral technical committee with national and subnational membership
- Subnational coordination committees led by local authorities

All three structures included representatives from the public and private sectors and civil society organizations. Figure 4.1 illustrates how the players worked together and their main activities in integrating poverty-environment issues into the Five-Year Development Plan 2016–2022. This included some particularly powerful activities:

- Assessing the previous NDP against sustainable development indicators
- A multi-stakeholder study of the (in)coherence of multiple sector strategies in relation to sustainable development
- Studies of the economic costs of poor environmental management and the social and economic benefits of better management
- Applying a prioritization tool to decide where attention to key Sustainable Development Goals would better deliver the plan targets

4.5 References

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Chapter 5

Finance for Poverty- Environment Objectives



Chapter overview

Public finance and fiscal regimes are needed to mobilize finance towards sustaining productive natural assets and tackling environmental problems in ways that benefit poor people. While analysis, dialogue and planning (discussed in Chapters 2, 3 and 4, respectively) do much to integrate poverty-environment issues, finance and fiscal processes are often “where the buck stops.” Plans are not implemented automatically, but depend upon finance processes that have their own requirements and limitations for supporting poverty-environment outcomes, which we address here.

These issues are especially critical in times of financial flux and stringency such as rising government debt, recovery spending and proliferating but inconsistent sustainable finance models. The challenge is to do more good by **raising both the quantity and quality of finance dedicated to the linked goals of poverty reduction and environmental sustainability.**

This chapter offers guidance on integrating poverty-environment objectives into national budgets and public and private investment. We draw on the experience of the Poverty-Environment Initiative (PEI) and its successor, Poverty-Environment Action for Sustainable Development Goals (PEA).

The scope of finance is large, and the field is highly dynamic. In this chapter, we aim to address an audience of environment and development professionals, helping them to understand enough about budget and financial processes to approach finance professionals on poverty-environment issues. We do not address wider public financial management or the technical financial tasks finance professionals will bring to poverty-environment integration. The chapter touches on the following, including a range of tools to achieve these:

- **Budget methodologies and tools that can integrate poverty-environment issues in budget planning, approval, expenditure, tracking and review.** We explain budget circulars, coding, tagging and audit; public environmental/climate expenditure reviews; responsive budgeting; and environmental cost-benefit analysis and economic studies of poverty-environment issues.
- **Fiscal and other means to align public finance with poverty-environment objectives.** We explain environmental fiscal reform to raise revenue, incentivize good practice and distribute benefits equitably; public investment safeguards to protect poor groups and the environment; and sustainable public procurement to benefit poor producers and consumers.
- **Attracting and managing quality foreign and domestic private investment for poverty-environment outcomes.** This includes enabling conditions, green private finance, investment treaties and compliance. We explain investment treaties and monitoring, de-risking mechanisms to attract quality private finance and tools to get money where it matters—local levels.

There is a proliferation of sustainable finance policy frameworks and opportunities—but there are also gaps, notably for investment in nature, particularly for climate and carbon. We do not detail the rapidly evolving field of sustainable finance as it is so fast-changing, but do note the work done by the United Nations, international financial institutions and others to ensure the coherence and interoperability of sustainable finance approaches.



5.1 Poverty, environment and finance

This section highlights experience from the United Nations Development Programme–United Nations Environment Programme (UNDP–UNEP) Poverty–Environment Initiative (PEI) and its successor, Poverty–Environment Action for Sustainable Development Goals (PEA) and offers guidance on integrating poverty, climate and environmental objectives into national budgets and public and private investment.

5.1.1 Why public finance is important for achieving poverty–environment objectives

Poverty, environment, climate and finance interact in complex and often unstable ways. This is especially true in times of economic crisis, as we have seen with the COVID-19 pandemic when debt escalated, government budgets were cut and entire business sectors failed. These developments in turn led to increasing insecurity of food, health, sanitation and education services—leading people back into poverty. Land degradation increased as people sought new sources of livelihood, even if some environmental challenges such as air pollution and greenhouse gas emissions temporarily abated.

The post-COVID recovery stimulus packages represent government budget decisions on an unprecedented scale. However, they risk a return to the “old normal” by reviving economic growth patterns that lock in poverty creation and environmental damage. So far, only a minority of post-COVID recovery packages—18 percent—support net-zero, nature-positive poverty elimination (O’Callaghan and Murdock, 2021); and

almost none of this recovery funding is accessible to poor groups. In the face of mounting government and private debt, it is an urgent task to ensure any financial decision is sustainable and does not place burdens unduly on the poor or create ecological debt. Thus, new patterns of sustainable financing are needed, with an integrated and longer-term perspective on their economic, social and environmental consequences.

Sustainable finance is critically important to meet the joint needs of poverty elimination and environmental sustainability. A growing body of evidence demonstrates that the costs associated with poverty and poor environmental management—the social protection costs, the health costs, the lost production costs and the loss of natural capital—can be more than offset by gains made by shifting finance towards sustainable investment. Examples of such investment include creating long-term green jobs, installing low-cost green infrastructure, and shifting food and energy production systems to sustainability.

Poverty and environmental issues have been persistently neglected by public finance and financial markets. At best, they were treated as risks to achieving financial goals, and no harm safeguards were deployed to mitigate them. Any plans to tackle them in more constructive ways—to do more good—were too often seen as ideals with no systematic links to finance. Even if the sustainability case was well made, decision-makers often balked, assuming that the capital needed to achieve poverty–environment objectives is scarce. Thus investment in poverty–environment issues has remained marginal—until recently.

From a very low base, sustainable finance has recently seen huge increases. For example, green and social bonds are being issued by both countries and companies ([Box 5.1](#)), new financial innovations are being created and applied that de-risk investments connected to global public goods such as climate, and more energy investments are favouring renewables rather than fossil fuels. The market is picking up on opportunities where government enabling conditions and consumer signals may be conducive.

There is potentially no shortage of capital to cover even the boldest of ambitions: it just needs to be attracted and mobilized. The first challenge is to identify and remove the constraints that stand in the way.

5.1.2 Constraints to public finance supporting poverty–environment objectives

Several barriers need to be understood and tackled to help ensure that public finance and fiscal regimes will deliver on poverty–environment objectives and incentivize private finance:

- **Weak coordination mechanisms** between the planning and budgeting processes
- The predominance of **siloed, sector-based approaches** to budgeting
- **Inadequate understanding** of sustainable finance sources
- **Inadequate integration** of poverty–environment objectives, targets or indicators into public financial rules for budgeting, expenditure management and financing instruments
- **Entrenched past expenditure patterns**—for example, in fossil fuels or land use that exclude the poor
- **Lack of performance tracking** to improve the poverty–environment effectiveness of public resource use

Box 5.1 Green/blue bonds

Government agencies are increasingly issuing green bonds. These debt securities are identical to traditional bonds, but with an additional step that tracks, monitors and reports on the use of proceeds for dedicated green projects. These projects can be related to climate (e.g. renewable energy or energy efficiency), sustainable waste management, land use, biodiversity, clean transportation, clean water, etc. They have become a favoured approach to promote capital-raising for green investments. The bonds are supported by standards, certification models and institutions, and active promotion by governments and regulators.

Over \$1.5 trillion worth of green bonds and similar instruments had been issued cumulatively by June 2021. Projects related to energy, buildings and transport make up the majority of green bonds globally; land use projects make up far less. Those related to marine assets (blue bonds) are beginning to proliferate (PEA and ADB, 2022).

The Green Bond Principles, voluntary best practice guidelines for sustainable bond issuances, were established in 2014 by a consortium of investment banks. They are monitored and managed by the International Capital Market Association. However, as of January 2022, there were no universally agreed-upon definitions of green, social or sustainable bonds; and the Green Bond Principles do not provide details on what qualifies as such bonds, leaving those definitions largely up to the issuers.

PEA's handbook on green bonds, [Technical Handbook on Issuing Municipal Sustainable Bonds in South Africa](#), summarizes the prerequisites and processes for developing and implementing green bonds that support poverty reduction as well as good environmental outcomes.

Source: World Bank (2022).

A system-wide shift towards integrating poverty-environment objectives demands clarity as to how poverty-environment outcomes can be supported by the main fiscal processes of spending, taxing, and borrowing—the fiscal triangle illustrated in [Figure 5.1](#).

5.1.3 Understanding how public finance works

Opportunity and risk

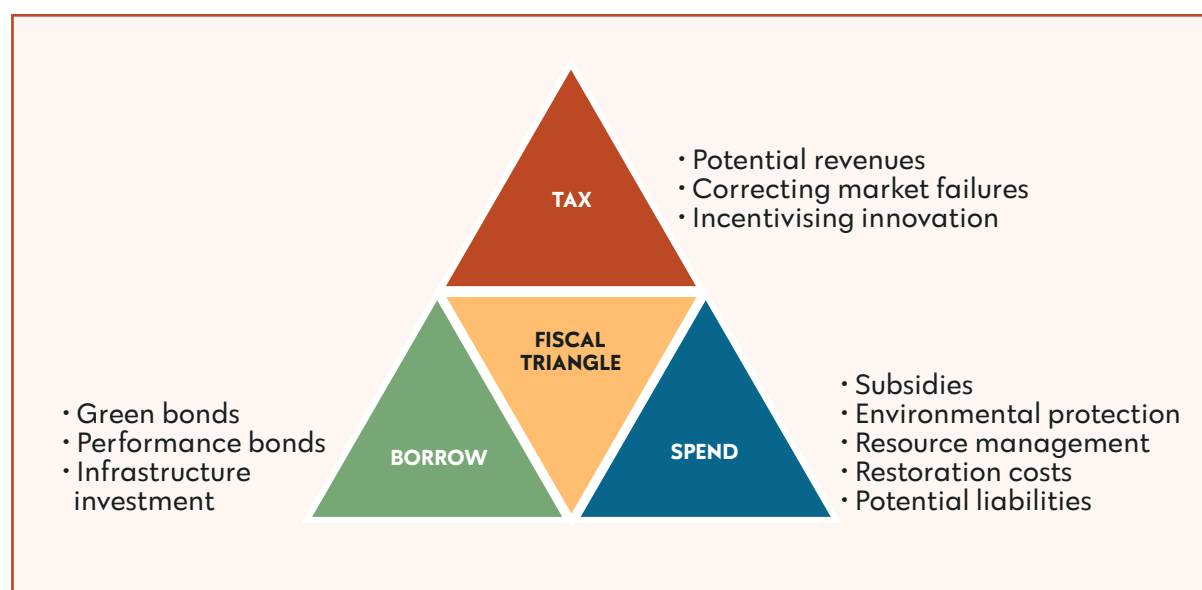
The national budget process is a major opportunity for poverty-environment considerations—and a major risk. The national budget is the single most important public policy for resource allocation to meet development priorities, providing access to the national expenditure and revenue framework. It enables all government spending units to (where relevant) recognize, link to and directly plan for poverty-environment objectives. It offers the opportunity to ensure that taxation, fees and charges mainstream poverty-environment objectives, as do sources of financing such as domestic borrowing and donor partner loans and grants.

In terms of risk, the budget is subject to many political and other contextual changes. If there are weak links between planning and budget processes, budget allocations may not be consistent with planning document priorities. Some development partners choose to bypass the government budgeting process entirely, instead providing support for poverty-environment programmes through non-governmental organizations, with little resulting influence on government resource allocation. Encouraging all resources to be on-budget can help ensure a rounded, comprehensive view of initiatives that are contributing to poverty-environment objectives.

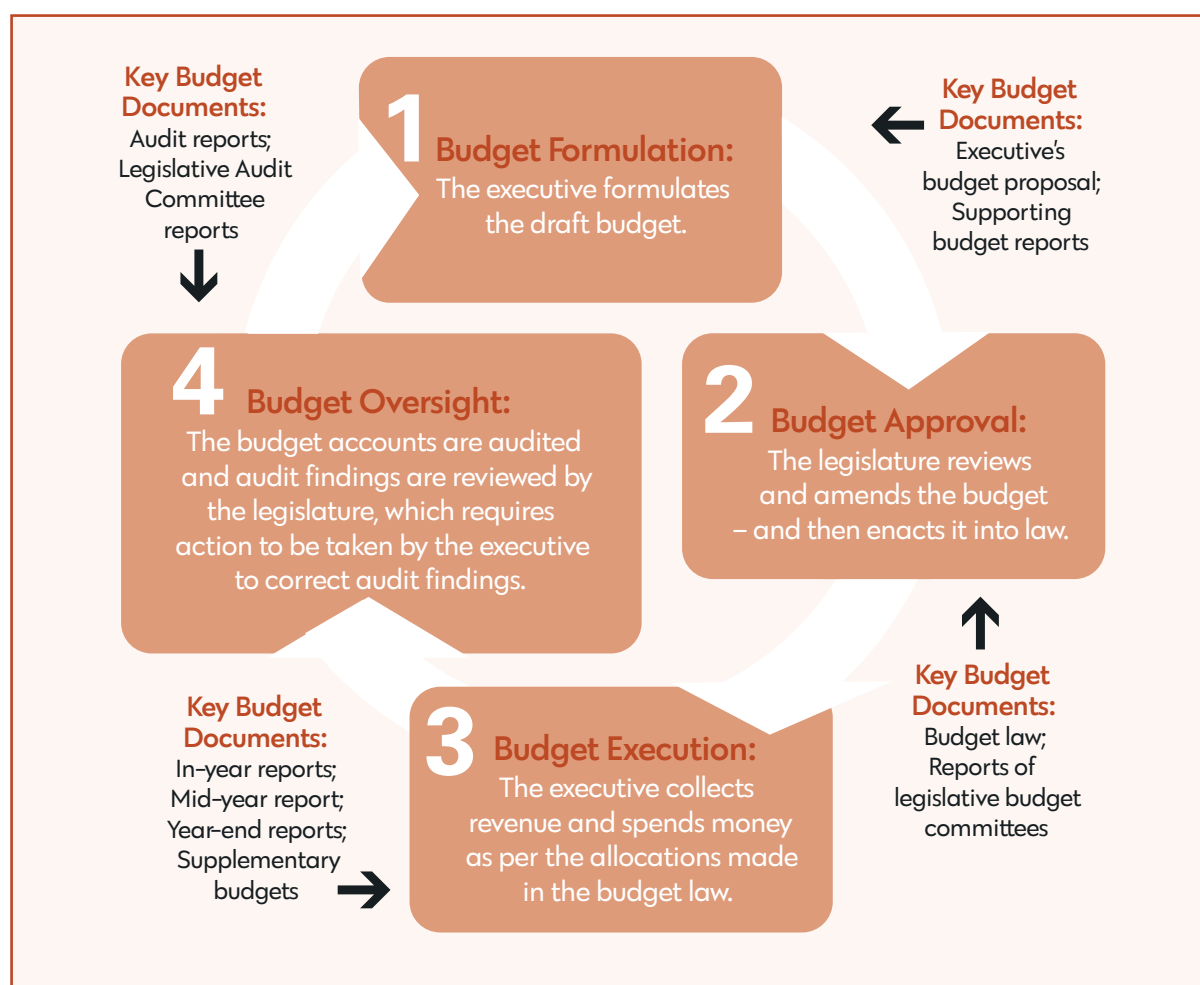
The process

It is important to understand the budget process, because it has its own dynamics relevant to poverty-environment; it does not simply fund agreed-upon plans. The basic characteristics of a typical national budget and how the regular budget process works are illustrated in [Figure 5.2](#) and detailed below (IIED, 2016).

Figure 5.1 The fiscal triangle



Source: Adapted from UN DESA (2020).

Figure 5.2 The national budget process

Source: Adapted from Ramkumar (2005).

The national budget is a financial plan that covers all government functions.¹ Government budgeting uses a budget classification system that clarifies the economic, administrative and/or functional commitments and responsibilities of all ministries, departments and agencies.

Typically, the ministry of finance has a legally mandated responsibility to compile, present, implement and oversee the government's annual budget. Subnational institutions play roles and may also often supplement the national budget

with locally raised revenues within the limitations and powers of their mandates.

The national budget cycle is a legal or statutory process that typically has four stages (Figure 5.2):

- **Budget formulation.** The executive branch puts together the budget plan.
- **Budget approval.** The legislature debates, alters and approves the budget plan.
- **Budget execution.** The government implements the policies in the budget, reports on progress and achievement, and maintains a system of national accounts.

¹ A full list of government functions is set out in IMF (2014), p. 142.

- **Budget oversight.** Through auditing and legislative assessment, a national audit institution and the legislature account for and assess the expenditures made under the executed budget.

Different documents convey the budget specifics.

The annual budget incorporates sources of funding and planned expenditure on an annual basis; whereas the medium-term expenditure framework (MTEF) sets out expenditure plans linked to policy priorities, typically for a three-year period. In many countries, the MTEF is the main link between national plan implementation and planning for public expenditure on a multi-year basis. Administered by the ministry of finance, the MTEF brings together development and non-development (recurrent) budgets into a single resource envelope and aims to match government policy priorities with resource allocation.

Different stakeholders play roles in the budget process. Further, there are diverse access points to influence budget resources, allocations and outcomes within this process. Within institutions, budget committees are often formed to manage the process for the sector side.

If planning systems have a close link to the budgeting and public financial management systems, they have a stronger potential to direct public and donor financial resources to achieve results. If the planning link to budgets (or to realpolitik) is weak, it is likely that budget allocations will not be consistent with planning document priorities.

The budget process is usually subject to context changes and reforms; it is not a static cycle. Budget process changes are often promoted by external organizations as part of wider public financial reforms, sometimes supported by technical assistance. Many of these public financial reforms can be used as a vehicle to integrate poverty-environment issues—for example, increasing

domestic resource mobilization, managing for results and improving efficiency of state enterprises.

5.1.4 PEI/PEA experience with public finance

In circumstances where poverty-environment plans were not being translated into real government spending, PEI/PEA was able to bridge the gap, ensuring budgets were in place to deliver the plans through the following actions:

- **Making ministries of finance, and budget departments where relevant, the key partner.** Following its earlier phase which had focused more on environmental authorities, PEI/PEA's work aimed at being decision-centred, influencing ministries of finance but also engaging with other key stakeholders—many of whom compete for funds and so potentially welcome good evidence and equitable budget processes.
- **Conducting economic analyses that show the costs of (in)action on poverty-environment issues and the benefits of investment.** These can be demonstrated both in macro terms—for example, as a percentage of gross domestic product (GDP)—and micro terms, such as household income. This is further discussed in [Section 5.2](#).
- **Fine-tuning and mainstreaming key budgeting tools.** Notable among such tools are public expenditure reviews on environment (and climate) to provide benchmarks and compare spending with benefits; and budget circular instructions, checklists and coding for poverty-environment objectives. These tools have both been mainstreamed in several countries with PEI/PEA support and are further discussed in [Section 5.2](#).
- **Capacity building for ministries of finance, environment and others.** This capacity building addresses the above considerations to embed poverty-environment objectives in relevant financial systems. See [Subsection 8.4.4](#).

- **Strengthening the links between public and private investment.** This was done, for example, by using public finance to leverage and de-risk private investment, as is discussed in [Section 5.5](#).

5.2 Poverty-environment integration in the budget process

There has been much recent innovation in tools and methodologies for bringing poverty-environment concerns into budgetary processes. We lay these out in this section. An important prerequisite to their use is to agree on the budgetary aims for integrating poverty-environment and identify the opportunities and entry points for poverty-environment throughout the budget cycle.

5.2.1 Establishing budgetary aims for poverty, environment and climate

Budget planning involves projecting and forecasting revenues and expenses, setting revenue and expenditure targets and allocations for a specific period, and financial resource planning. It is guided by well-established procedures that may make it too easy to simply repeat what has been done in previous budget cycles. It is therefore often difficult to integrate poverty-environment issues in the absence of precedent, unless a good strategy has been thought out beforehand.

Budgetary aims for poverty, environment and climate will depend on context, but typically include the following:

- **Increase poverty-environment-positive expenditures**—such as for pro-poor sustainable land management, watershed and forestry management, water supply and sanitation, disaster risk reduction, soil erosion control, climate-proofing of infrastructure, and increased access to clean energy
- **Reduce expenditures that undermine poverty-environment objectives**—such as for government-funded fossil fuel extraction and power generation, fossil fuel subsidies, or land clearance that displaces poor people and their livelihoods
- **Increase sustainable revenues**—through higher rates and more effective collection of forestry, fishery and minerals taxes and charges; and reinvesting revenues in both sustainable natural resource management and equitable diversification of the economy
- **Attract international funds**—notably those aimed at climate adaptation, disaster risk reduction, and forest and biodiversity conservation

5.2.2 Opportunities to integrate poverty-environment objectives into budgets

Fifteen typical opportunities for integrating poverty-environment objectives throughout the budget cycle are summarized below. The International Institute for Environment and Development (IIED) provides extensive guidance on these and other entry points (IIED, 2016). PEI/PEA had significant experience with many of these, as discussed in [Subsection 5.2.3](#) and [Section 8.3](#).

1. **Official budget instructions:** Influencing the preparation or revision of guidelines produced by the finance ministry on budget envelopes and priorities—such as budget call circulars and budget instructions to include poverty-environment issues
2. **Budget classification and coding:** Including pro-poor environment and natural resources and climate change in categorizing and tracking budget/expenditure classifications
3. **Budget committees:** Introducing pro-poor environment and natural resource and climate evidence and expert advice into ministry/department/agency budget committees

4. **Budget rationale and narrative:** Contributing to meaningful MTEF policy narrative requirements in budget submissions
5. **Poverty-environment contacts in each authority:** Ensuring environment or natural resource desk officers are in place in each ministry/department/agency during the budget cycle
6. **Poverty-environment central financial liaison:** Ensuring environment and natural resource liaison points are in place within the ministry of finance
7. **Parliamentary oversight:** Informing the budget review process by parliamentary committees; parliament, the apex democratic and legal authority, approves both the budget and legislation on poverty-environment issues and can thus ensure coherence
8. **High-level budget communications:** Using budget speech passages and references to communicate government poverty-environment commitments
9. **Value for money:** Making finance available, on a competitive bid basis, to encourage innovation for pro-poor environment and natural resource and climate actions
10. **Public procurement:** Introducing standards to ensure pro-poor environment and natural resource requirements are reflected in significant procurements
11. **Investment appraisal:** Ensuring capital project appraisal and approval include compulsory pro-poor environment and natural resource and climate standards
12. **Budget reporting:** Contributing to in-year financial management reports (and mid-year statutory and non-statutory reports) to highlight progress in poverty-environment spending and its achievements
13. **Expenditure review:** Assessing the quantity and quality (efficiency, effectiveness and equity) of

spending allocations in the context of poverty-environment objectives

14. **Audit:** Contributing to audits of expenditure by the auditor general, including to audit committees relevant to pro-poor environment and natural resource and climate outcomes
15. **Aid:** Negotiations with international development cooperation partners on programmes as well as budget support, and notably with donor coordination committees on poverty-environment issues

In addition, Agenda 2030's **integrated national financing frameworks** (INFFs) are intended to be a tool to operationalize the Addis Ababa Agenda Agreement at the national level. A country's national development plan or sustainable development strategy lays out **what** needs to be financed. INFFs spell out **how** the national strategy will be financed and implemented. The development and operationalization of INFFs provides an entry point for initiating and implementing public financing and planning tools.

Guidance is available to member states that intend to design and implement INFFs. It covers four building blocks: (i) assessments and diagnostics; (ii) design of the financing strategy; (iii) mechanisms for monitoring, review and accountability; and (iv) governance and coordination mechanisms. As of April 2021, more than 70 countries were preparing or had already prepared INFFs (INFF, 2021).

The tasks for integrating poverty-environment objectives across the budget cycle will clearly depend on context and on which of the above opportunities are available. IIED (2016) offers detailed guidance on the typical poverty-environment integration tasks around the four stages of the budget cycle. [Box 5.2](#) offers a simple checklist developed from this and PEI/PEA experience.

Box 5.2 Checklist of key requirements for integrating poverty–environment objectives across the budget cycle**Budget formulation**

- Has the ministry of finance included environmental and/or climate sustainability as a priority for public expenditure in its budget call, circulars or instructions to line ministries?
- Is the budget classification system (e.g. by economic, administrative and/or functional responsibilities of ministries, departments and agencies) conducive to capturing relevant poverty–environment expenditure, or adapted to suit?
- Are budgets coded and tagged to identify (and later to track and manage) expenditure on poverty–environment issues?
- Have responsive budgeting approaches that embrace poverty–environment issues been used—for example, participatory budgeting, gender-responsive budgeting?
- Have projects undergone some form of screening to assess their costs and benefits?
- Have line agencies provided prioritized and costed programmes on the environment and climate change in submitting their expenditure plans to the ministry of finance?
- Is donor support to poverty–environment objectives strategically on-budget as well as off-budget?
- Can any ongoing public financial reforms also be used as a vehicle to integrate poverty–environment

issues—for example, increasing domestic resource mobilization, managing for results, improving state enterprise efficiency?

Budget execution

- Are actual expenditures below planned expenditures, contributing to low delivery rates by ministries?
- Do sectors have the capacity to deliver on work in areas outside their traditional scope, such as environmental sustainability, climate change and gender?
- Have budgets been delivered to line ministries on time, as some environmental expenditures may be time-sensitive—for example, afforestation, watershed management and disaster prevention?

Budget approval

- Have parliamentary committees been provided with enough information to ensure coherence between the budget and relevant policy and legislation on poverty–environment objectives?

Budget monitoring and oversight

- Is the government tracking its expenditures on the environment and climate through public environmental expenditure reviews and climate public expenditure and institutional reviews?
- Is the government tracking the quality of expenditures in terms of impacts, in addition to tracking the quantity?

5.2.3 Tools for poverty–environment integration into budgets

PEI/PEA helped develop and extend useful tools that have proven to be of value in the poverty–environment toolkit. Notable among these tools are public expenditure reviews, budget circulars, budget coding and tagging, gender-responsive and similar budgeting, environmental economic studies and cost-benefit analysis. While these

tools have individual utility, when used together, they have been able to (i) establish a baseline for environmental and climate budget allocations and expenditures; (ii) assess budget allocations in relation to poverty–environment policy and planning priorities; (iii) identify significant gaps between budget allocations and actual expenditure; and (iv) improve the overall efficiency, transparency and accountability of budgeting and expenditure processes. We outline each tool below.

Public environmental and climate expenditure reviews

Public environmental expenditure reviews (PEERs)

explore how public funds are spent by government. They can help to identify:

- What money was spent in support of environmental and natural resource management across sectors, activities or localities, or through which ministry/department/agency
- What was achieved as a result
- Whether the results achieved meet pro-poor and environmental and natural resource sustainability objectives
- How well the institutional mechanisms that govern expenditure and its reporting performed
- The potential for strengthening social and economic benefits and institutional efficiencies by making changes to public budgeting and expenditure

The process of conducting a PEER can yield other benefits as well:

- **Align budgets and expenditures** with national environmental and climate policy priorities and targets, establishing more relevant expenditure classification and tagging
- **Provide a baseline** against which future expenditures can be measured and monitored
- **Strengthen ties** between the ministries of finance, planning, environment and other sectors responsible for expenditure areas critical to poverty-environment objectives
- **Improve government's accountability** for the direction of public investments

PEERs are typically divided into two categories: **capital expenditure** (public investment programmes) and **current expenditure** (operations and maintenance). Particularly in difficult financial times, reviews should focus on operations and

maintenance; if such expenditures are not made a priority, much larger expenditures may be needed in the future on environmental rehabilitation or replacement.

Climate public expenditure and institutional reviews (CPEIRs)

are a more recent variant of PEERs with a focus on climate adaptation and mitigation-related expenditures across budgets, as well as institutional coherence in climate financing against pro-poor and environmental sustainability objectives. The CPEIR undertaken in Bangladesh, for example, has led to climate change becoming a new priority in the country's budget system ([Box 5.3](#)).

Other PEER variants include **reviews of expenditure on disaster risk reduction**—another area where poverty and environmental objectives are strongly linked.

PEI/PEA found that PEERs and CPEIRs are a useful early task in integrating poverty-environment issues into budgets.

This is because few people know what the actual budgets, investments and levels of spending are on environmental issues related to poverty. Putting all this information on the same page has improved benchmarks for future budgeting and encouraged rethinking of some plans. The results have often made the case for increased expenditure on pro-poor environmental management and climate change adaptation, since they reveal any inadequacy of funding in relation to the significance of environmental assets or climate change threats to national development.

Combined with economic analysis, the results of public expenditure reviews are very useful in persuading governments to strengthen the inclusion of environmental and natural resource sustainability objectives in budget processes, such as the annual budget call circular and in sector budget checklists, and to increase budgets for poverty-environment issues.

Climate expenditure reviews in Africa have shown that environmental and climate expenditures

Box 5.3 CPEIR in Bangladesh leads to new focus on climate change in the budget system

The 2012 CPEIR in Bangladesh, developed with PEI support, influenced a significant shift in government thinking, as its findings showed that the majority of the country's climate funding is embedded in multidimensional programmes across several government departments, and is not limited to the environment sector. Altogether, Bangladesh was spending \$1 billion in public funds each year—about 6–7 percent of its annual budget—on climate change adaptation. Although a substantial sum, this represents only a fifth of the World Bank's recent estimate of Bangladesh's annual expenditure needs for climate change by 2050, three-quarters of which was to come directly from public funds.

Bangladesh's minister for the environment cited the CPEIR findings in statements made to the Parliament and at international climate change negotiations to leverage the kinds of funds needed to fill the development gap as a result of climate change. Led by its Ministry of Finance, the government then developed a climate change-responsive budget at the national and local levels.

The recommendations of the CPEIR also enabled the government to propose the introduction of a climate budget code with indicators for use in future budgets, so that it can track spending continuously across all government departments. It can thus draw a much clearer picture of how local authorities are grappling with the practical dimensions of protecting communities and livelihoods. Large-scale public investments have begun to be screened using poverty-environment and climate change criteria; consequently, investments are being targeted to those projects that better address the concerns of the poor. All ministries that submit projects for funding must specify the percentage of poor people who will benefit, what the impact on natural resources will be and the extent of resilience of new infrastructure to climate change.

Source: PEI (2014).

range from 1–15 percent of government expenditure and 0.2–1.8 percent of GDP. Although those percentages have been growing, climate-negative expenditure also continues—for example, incentives for clearing forests, subsidies for fossil fuels and building infrastructure on climate-vulnerable flood plains (IIED, 2016).

Expenditure reviews are typically prepared by economists and public finance professionals, with technical assistance from environmental professionals. The reviews require detailed budget and expenditure data, which may be lacking, particularly for environmental themes where spending classifications are not always relevant to poverty-environment objectives. Because periodic expenditure reviews can be time-consuming and costly, and are not generally institutionalized, improving budget tracking through the introduction of **environmental and climate budget codes** should be a high priority. So too should be the establishment of routine data collection and synthesis mechanisms that link data on critical aspects of the environment with relevant economic and social indicators. Regular natural capital accounts and wealth accounts can provide such data and directly support decisions on where investment in nature and its maintenance are most needed.

For detailed guidance, see:

- [A Methodological Guidebook: Climate Public Expenditure and Institutional Review \(CPEIR\)](#) (UNDP, 2015)
- [The Poverty-Environment Expenditure Accounting Framework \(PEAF\)](#) (PEI, 2016)

Budget circulars

A budget call circular is the standard way to match the financial needs claimed by sectors and districts with nationally determined budget ceilings and priorities. Typically, the budget office in the ministry of finance coordinates budget call circulars (which may also be called budget

instructions or guidelines), requesting information from each ministry on its financial needs for the given year(s) within a budget ceiling and against criteria for public expenditure. Resultant “bids” invariably exceed the resources available, so the definition of priorities matters greatly.

Clearly, the poverty-environment objectives in the national development plan or other relevant plans should be reflected in the priority criteria in budget circulars. Guiding principles at least should be set out in the first call circulars, perhaps with checklists—as illustrated by the Rwanda example presented in [Box 5.4](#)—even if subsequent circulars will seek more detail (IIED, 2016).

Budget coding and tagging

Environmental and climate budget coding can help improve both budget allocations and subsequent tracking of actual expenditures.

Tracking makes any discrepancies between allocation and spending more transparent, which can then justify the need for higher (or indeed lower) investments. Once a time series is built up, budget codes can help improve the efficiency of expenditure allocation between national, sectoral and subnational levels and to different institutions and projects, depending on their poverty-environment performance.

Box 5.4 The budget call circular as a catalyst for achieving integrated poverty-environment objectives in Rwanda

In Rwanda, an environmental and climate checklist is included as an annex to the budget call circular issued annually by the Ministry of Finance and Economic Planning. All sectors and districts must not only plan for environmentally sustainable and climate change-resilient actions but, critically, also budget for their implementation.

Like many countries, Rwanda found that mainstreaming poverty-environment issues into the planning process was not enough: the budget machinery also needed to go through a similar process. As the acting Director General for National Budget in the Ministry of Finance and Economic Planning noted, “If the budget call circular does not consider environment and climate change, then most probably environment and climate change are not going to be taken into consideration by any sector or district. But now it is a requirement, it is the role and responsibility of everyone.”

In 2013, Rwanda’s budget statement emphasized five environmental priorities, identified the total cost of the activities budgeted for each, made a commitment for government to finance them, and called for additional (international) financing. In 2017, Rwanda’s Parliament

adopted a resolution calling for all sectors and districts to include an environmental and climate change budget statement when submitting their annual plans and budgets; the intent was to reinforce application of the guidelines in the budget call circular.

Rwanda’s experience has confirmed the importance of having tools that are easily used by sector specialists

(i.e. budget and planning checklists, and environmental and climate change budget statements) and of building sector and district staff capacities for applying such tools. Having the Ministry of Finance and Economic Planning lead and guide the process—with support from environmental specialists—was significant to its success. By 2018, the national investment guidelines also included a section on environmental and social safeguards. Before a government institution can receive internal or external finance to implement a project, it must demonstrate that environmental and social safeguards are in place, the potential impacts and mitigation activities. The Public Investment Committee uses compliance with these guidelines as a criterion for selecting public projects that are to be funded through the national budget or with external finance sources.

Source: PEI (2019).

Development of budget codes that capture relevant poverty–environment issues takes considerable discussion and some technical skill. They may be derived from plan targets and indicators used in monitoring poverty and environment; alternatively, they may be guided by international standard classifications such as the [European standard statistical classification of environmental protection activities \(CEPA\)](#). Developing and correctly assigning environmental and climate budget codes has often required capacity building for the staff responsible for budget preparation, as well as for sector environmental units and focal points (PEA, 2021a).

Work on budget circulars, budget codes, PEERs and economic analysis can be mutually reinforcing in achieving poverty–environment outcomes. Note, for example, Mozambique’s experience described in [Box 5.5](#). Budget tagging can also lay the groundwork for green/climate funds, bonds and other instruments. In Indonesia, the budget tagging supported by PEI and UNDP helped in issuing [Indonesia’s first sovereign green bond](#).

Responsive budgeting for gender, biodiversity and other issues

Methods can be used to make the budgeting process more responsive to certain issues:

- **Gender-responsive budgeting.** Gender-responsive budgeting is a methodology that analyses the impact of actual government expenditures and revenues on women and girls as compared to men and boys. UN Women’s [Financing For Gender Equality web portal](#) features articles, research papers and training tools for specific themes, countries and languages. PEI and the Government of Indonesia analysed the amount and composition of climate change–tagged budget in five ministries (environment, agriculture, energy, transport and public works) over 2016–2018 for gender relationships. Through extensive stakeholder interviews, the research identified what works and barriers

to gender integration in climate change budgeting.

- **Biodiversity budgeting and finance.** For an integrated approach to biodiversity budgeting and finance, the UN’s [BIOFIN](#) methodology offers a highly comprehensive and proven approach (ADB and UNEP, 2019). It enables countries to measure biodiversity expenditures, assess biodiversity finance needs, identify finance solutions and sources that can fill gaps in financial resources for biodiversity, build partnerships for biodiversity finance and develop biodiversity finance plans. The World Wide Fund for Nature’s [Protected Areas Benefits Assessment Tool](#) may also be useful in this regard, offering a way to assess economic values—for example, of national parks—and the benefits brought to stakeholders at global to local levels (Dudley and Stolton, 2009).
- **Results-based or performance-based budgeting.** In this type of budgeting, financial flows are linked to results achieved; this can be greatly helped by poverty–environment budget tagging. It brings clarity to two critical but often marginalized areas of performance—improvements to environmental conditions and poor people’s well-being. Laying out the expected poverty–environment results—for example, number of green jobs created, amount of soil erosion avoided, amount of water supplies secured—can have a profound effect on the quality and efficiency of public service delivery (IIED, 2016).

Environmental economic studies, including cost-benefit analysis

PEI/PEA found that economic analyses are perhaps the most powerful form of evidence to influence plans and budgets. Economic analyses speak the language of officials in ministries of finance and economic planning, who are often economists as well as experts in key economic sectors such as agriculture. These players are often gatekeepers to budgets, and it is vital to demonstrate the economic

Box 5.5 Environmental and climate budget codes in Mozambique

Mozambique's expenditures on the environment and climate change more than doubled between 2010 and 2012, with the most significant increase being for investments in sanitation. Environmental expenditure was thereafter maintained at 0.45 percent of the state budget. Given that the country experienced a severe financial crisis in 2015, with many government priority areas consequently suffering severe budget cuts, the sustained level of expenditure for the environment is an encouraging achievement. The ease with which the Government of Mozambique can now track and analyse public expenditure on the environment and climate derives from a commitment to transparency and budget coherence across sectors.

In 2012, PEI and Mozambique's Ministry of Environment took a close look at how the economy was treating natural resources. They carried out two studies: an environmental economic analysis of natural resource management and a PEER. These assessments identified a huge annual loss—the equivalent of 17 percent of GDP—from environmental degradation and the inefficient use of natural resources. Furthermore, while 9 percent of GDP would be needed to remediate these damages, the average environmental expenditure for the period 2007–2010 was just 1.4 percent of GDP. The study concluded that neglecting to budget adequately for enforcing environmental legislation (such as environmental

impact assessment and management plans for natural resources) can be a deferred cost to the economy, with far-reaching consequences in the medium and long term.

The review findings led to a dialogue between the Ministries of Finance and Environment. They decided to establish a budget classification sub-code in the public financial management system to enable tracking expenditure on climate change. The Ministry of Finance appointed two environmental focal points in its budget department to take the lead in introducing and operationalizing the new budget code. The Ministry of Environment also decided to test the feasibility of a wider range of environmental budget codes. As of 2018, 21 government institutions were using the new budget codes. Thus, the Government of Mozambique can readily assess its environment and climate budget allocations and expenditures.

Noted an official in the National Directorate for Planning and Budget, “I believe that our introduction of budget codes for cross-cutting issues (like climate) was brilliant—transparently responding to the new five-year development plan priorities. With a single click, it is possible to verify allocated resources and who specifically responded to environmental and climate change objectives.”

Source: PEI (2019).

rationale for better environmental and natural resource and climate change expenditure. Such expenditure generates economic benefits for local communities and local and national governments, and underpins poverty reduction. Further, it cuts the risk that unsustainable environmental and natural resource use will damage economic and social benefit streams.

Ministries of environment have often been reluctant to use economic analysis themselves.

Despite its proven power to influence planning/

finance and sector ministries, many environmental ministries have been hesitant to take this approach, including an unwillingness to reduce the environment to monetary terms and unfamiliarity with economic tools. However, Rwanda's success with PEI—where the environment ministry supports and commissions economic analysis and closely engages with planning/finance ministries—demonstrates the benefits of doing so and offers the foundation for building a regular system of environment-economy analysis.

Economic analysis should consider covering at least one of three dimensions:

- **Estimating the annual costs of neglecting pro-poor environmental and natural resource management on livelihoods and the economy.** This cost estimation requires careful data collection and the use of valuation techniques that require expert environmental economics skills—inputs that may be limited in some developing countries. Done well, this can be a spur to action. However, the findings need to be handled carefully: this kind of evidence can be co-opted by those who associate the environment with bad news and costs rather than with valuable benefits.
- **Assessing the direct and indirect benefits of better environmental and natural resource management to livelihoods and the economy.** The indirect benefits can be quite broad: for example, expenditure on providing clean water will reduce health sector costs. Here again valuing benefits relies on data and valuation techniques that require expert environmental economics inputs, which may be in limited supply.
- **Measuring the amount of expenditure on the environment and climate by non-environment sectors or government agencies beyond the ministry of environment.** This analysis looks at the operations and maintenance costs for environmental assets that are mission-critical for jobs and national industries. For instance, the agricultural sector, including livestock and fisheries, may fund programmes and projects that have a direct link to pro-poor environmental and natural resource management. This kind of measurement shows how environmental expenditures span many ministries and are beyond the responsibility of just the environment ministry. Its techniques are intuitively more straightforward than the preceding two types of analysis, requiring accounting skills combined with some

environmental expertise, and avoiding the need for complex valuation techniques (IIED, 2016).

Other economic assessments can be tailored to key sectors. For example, the mining financial modelling tool developed by PEI and the Department of Mines of Myanmar (PEI, 2018) yields an easy-to-read cash flow forecast for the life of a mine that is responsive to changes in economic variables (e.g. commodity price changes, exchange rate fluctuation, delays in construction or ore deposit depletion) and includes estimates of the required costs of environmental management and social development. It allows governments to see if a developer has sufficiently considered the poverty-environment cost/benefit of its mining operations in developing its financial model.

Cost-benefit analyses have been used to good effect by PEI/PEA. Box 5.6 describes what cost-benefit analysis can tackle and how it can be used at different points in the policy cycle.

5.3 Poverty-environment integration in public expenditure

The justification of government expenditure is to produce public goods—notably social and environmental protection in support of healthy societies and economies. This involves both direct government capital expenditure (public investment programmes) and government current expenditure (operations and maintenance). PEI/PEA focused on two approaches to ensure that both investment and operations expenditure effectively integrate poverty-environment outcomes: safeguard systems and sustainable public procurement.

5.3.1 Poverty-environment safeguards in public investment

Integrating poverty-environment objectives into direct public investment is generally assured by the activities described in Section 4.3 and

Box 5.6 Environmental cost-benefit analysis

Cost-benefit analysis is a systematic process for identifying, valuing and comparing costs and benefits of a proposal or ongoing project. It helps determine whether the benefits of a project outweigh its costs and by how much relative to other alternatives. Such analysis can help (i) determine whether the proposed project is (or was) a sound decision or investment and/or (ii) compare alternative project options. In a cost-benefit analysis:

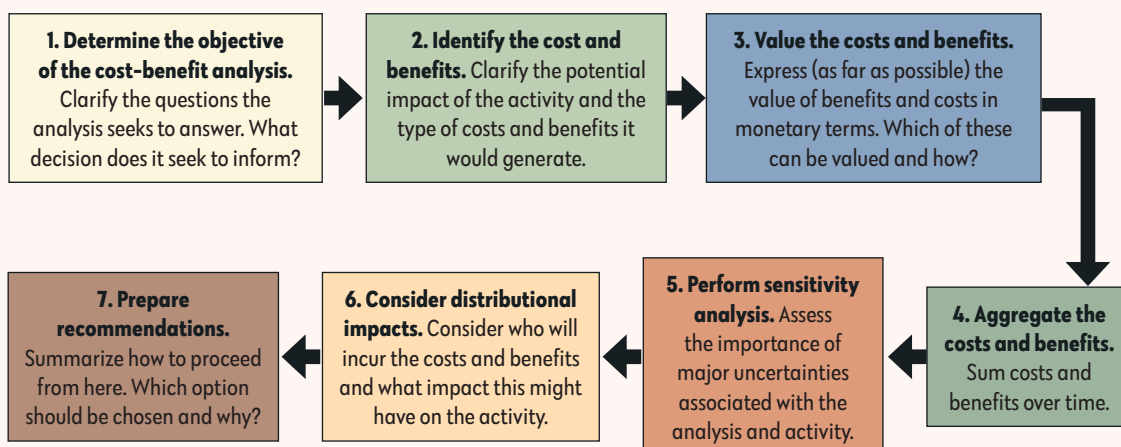
- All related costs (losses) and benefits (gains) of a project are considered, including potential impacts on human lives and the environment.
- Costs and benefits are assessed from a whole-of-society perspective, rather than from the point of view of a particular individual or interest group (i.e. a public and not a private perspective is taken).
- Costs and benefits are expressed to the extent possible in monetary terms as the basis for comparison.
- Costs and benefits that are realized in different time periods in the future are aggregated to a single time dimension (discounting).

Environmental costs include the regulatory costs to the government of implementing and enforcing environmental laws and regulations and the compliance costs of meeting them. Environmental benefits are more challenging to quantify in monetary terms since they do not necessarily have a market

value and may not be tangible, in which case valuation exercises are required. The Organisation for Economic Co-operation and Development has published a [comprehensive guide to cost-benefit analysis and the environment](#) (OECD, 2006) and an exploration of more recent developments in environmental cost-benefit analysis, including ecosystem services valuation (OECD, 2018). Also see ADB and UNEP (2019).

Cost-benefit analysis may be used at a number of points during the project cycle. An **ex ante** cost-benefit analysis is undertaken while a project is still under consideration, typically before a decision is made (by a government or external donors) to support it. Ex ante cost-benefit analyses are primarily done to assess whether a project is worthwhile or feasible, which project option out of several is best and to inform adjustments to project design. A **midterm** cost-benefit analysis is carried out midway through a project to check that the project is on track and to inform any design refinements or adjustments for the remainder of the project period. An **ex post** cost-benefit analysis is undertaken at the end of the project period to evaluate project performance. This can support transparency and accountability in reporting on how well public funds have been spent.

A cost-benefit analysis involves several steps that are not necessarily linear, as shown below:



Source: PEI (2015).

Section 5.2. These activities provide environment and natural resource and climate specialists with an opportunity to ensure their required investments are included. Screening and safeguards are needed that suit the country context and fit into mandated investment processes—from initial notification of investment opportunities to selection, approval and monitoring. Much can be learned from other countries' experiences. For example:

- **Malawi** reviewed the ways to integrate poverty and environment into its Public Investment Programme, and used this work to revise the relevant public investment manual and guidelines; **Tanzania** followed a similar process (IIED, 2016).
- **Bangladesh's** Planning Commission uses a template to appraise all publicly funded capital projects. With UN support, the commission's standard project proforma now mainstreams issues of poverty, gender, climate, environment and disaster management.
- **Bhutan** has screened investments against a [Gross National Happiness screening tool](#), drawing on the nine domains of happiness and applied by a multidisciplinary group.
- **Lao PDR** has developed green growth technical guidelines and criteria for public investment projects for governmental organizations and staff involved in assessing and selecting inclusive green growth public investment projects for the National Socioeconomic Development Plan and associated provincial plans.

The development of screening criteria can galvanize stakeholders. Safeguards work by screening potentially harmful activities—in this context, depending upon their poverty-environment implications. Recent work on green economy has been advancing the kinds of criteria that might be used. For example, the international [Partners for Inclusive Green Economy](#) propose measures that cover not only conventional cost-benefit criteria but also more advanced criteria covering the following, among others:

- Impact on critical (irreplaceable) natural capital and planetary boundaries
- Security of food, energy and water
- Pandemic prevention
- Sustainable use of all capital assets
- Avoidance of stranded assets
- Production of environmental, social and economic co-benefits
- Intergenerational impact

5.3.2 Sustainable public procurement

Governments spend a considerable proportion of their budget on public procurement of goods and services. Sustainable procurement means ensuring that any goods and services bought will achieve value for money on a life-cycle cost basis, and generate benefits not only for the organization but also for the environment, society and the economy.

Public procurement can be a politically high-profile way to encourage innovation for better poverty-environment outcomes. A performance-based procurement specification describes the performance to be achieved by the procured good or service—which can include poverty-environment outcomes. Rather than specifying the exact product or technology that will achieve this, it focuses on needs, and encourages innovation as to the best way in which these needs may be met.

Malawi has placed considerable emphasis on public procurement favouring local labour and sustainably produced goods; this benefits both poor producers and poor consumers as well as society at large.

Typical poverty-environment issues to reflect in a sustainable procurement specification are illustrated in [Box 5.7](#). Additionally, several initiatives offer advice and support on sustainable public procurement:

Box 5.7 Illustrative poverty-environment specifications in sustainable public procurement

For a goods supply contract:

- Origin of materials used—e.g. timber from sustainably managed forests, food from organic agriculture, use of recycled material
- Production methods—e.g. electricity from certified renewable sources
- Performance of the product in use—e.g. carbon dioxide and harmful pollutant emissions from vehicles
- Disposal/recyclability of the product—e.g. whether products contain mercury or are separable into easily recyclable components

For a service contract:

- Consumption of resources in service performance—e.g. energy, water
- Waste/emissions generated—e.g. carbon dioxide emissions from transportation requirements or type of vehicle used, non-recyclable waste generated
- Use of products—e.g. use of organic/fair trade produce for a catering service, use of non-toxic products for a cleaning service, use of energy-/water-efficient equipment
- Working conditions—e.g. employment of disadvantaged groups, payment of minimum wage rates

For an infrastructure contract:

- Materials used in construction—e.g. use of renewable and/or recycled materials, restriction of harmful or unrecyclable materials, efficient use of material
- How works are constructed—e.g. minimizing waste and noise from construction sites, energy/water efficiency of machinery
- Infrastructure performance—e.g. energy use of a building, accessibility for people with disabilities, indoor climate

Source: Clement, Watt and Semple (2016).

- The [Procura+ Manual: A Guide to Implementing Sustainable Procurement](#) (Clement, Watt and Semple, 2016) guides public authorities and others in developing a sustainable procurement policy and implementing it. The manual lays out the costs and benefits of sustainable procurement in different sectors; describes the tendering process; and offers guidance on how to take environmental, social and innovation aspects into account.
- UNEP's [Comparative Analysis of Green Public Procurement and Eco-labelling Programmes in China, Japan, Thailand and the Republic of Korea](#) (2017) compares green public procurement programmes from four Asian countries. It covers challenges and good practices in the legal framework governing the procurement of environmentally preferred products; national eco-labelling programmes, guidelines and procedures; priority product categories; and enforcement and monitoring of green public procurement.

5.4 Poverty-environment integration in fiscal policy

Fiscal policy has particular resonance in a post-pandemic era that has seen large increases in national debt, reductions in government budgets, business failures and lost jobs. Governments are seeking ways to develop new revenue sources, to protect and increase resource rents, and to ensure that all subsidies and government spending produce real value for money—not simply political capital. In the aftermath of the pandemic, with public spending under review and heightened societal expectations for changing priorities, governments have a unique opportunity for significant financial reform.

Government's fiscal role is to create the enabling conditions to encourage private investors (and individuals) to deliver public goods and halt poverty and environmental damage. It thereby secures the long-term reliability of the fiscal

base. For example, energy taxes and subsidies (enabling conditions) influence renewable energy investments; forestry taxes and subsidies influence levels of afforestation and deforestation. Environmental fiscal reform may not always be the most effective way to raise revenues or necessarily the best approach to protect the environment. However, its value lies in its ability to simultaneously raise revenues and protect the environment.

Fiscal policy is a highly technical subject with extensive implications. A full treatment is beyond the scope of this handbook.² Rather, we here highlight viable options towards good poverty–environment outcomes, and some fiscal risks that have poverty–environment implications.

5.4.1 Fiscal options supporting good poverty–environment outcomes

The following are proven approaches that should be explored in country.

- **Removing negative subsidies**, for example, subsidies for extractive rather than restorative forestry and mining management, or for fossil fuels. Subsidy removal will raise net revenue and thus increase the fiscal space, allowing for other types of (potentially poverty–environment–positive) expenditure.
- **Introducing positive subsidies**, for example, for renewable energy or energy-efficient technology. However, this requires increased revenue and is consequently prone to being reduced in times of fiscal constraint, and so must be planned carefully.
- **Taxing negative environmental externalities** (such as fossil fuel production and use). This acts as a strong disincentive to unsustainable

approaches while at the same time raising revenue.

- **Applying environmental charges** rather than taxes. Charges may be levied without complex legal changes, earmarked for local or sector use, and be more readily accepted than taxes.
- **Recycling revenue**, i.e. levying an environmental tax at the same time as reducing taxes on labour, business or income. This can increase economic efficiency and improve employment effects.
- **Using the tax code to incentivize pro-poor green investments**. This can be accomplished, for example, through capital allowances and exemption from income and capital gains taxes.
- **Phasing out preferential taxes**, auditing and regulatory treatment for unsustainable industries. This removes biases to unsustainability, while acknowledging that industries need time to adjust.
- **Mandating risk disclosures** and higher risk provisioning for loans to entities engaged in unsustainable activities that contribute to poverty–environment and climate risks. This ensures industries and their shareholders are better informed about risk and factor in the associated costs.
- **Introducing ecological fiscal transfers** that include environmental performance in fiscal allocation formulas to different localities or sectors. These transfers should be conditional, for example, upon additional income being invested in conservation or restoration, or on engaging communities in management and benefit sharing.
- **Linking taxation and government budgets** concerning social and environmental protection so synergies and efficiencies are realized—for example, by creating jobs for nature schemes.
- **Launching payment for ecosystem services schemes** that conditionally reward good

² For further details, see for example, the Organisation for Economic Co-operation and Development's [Policy Instruments for the Environment \(PINE\) Database](#); Sterner, T., G. Köhlin and K. Seyboth (2019); and World Bank (2022).

practices. For example, such a scheme could be for land management that protects water supplies and biodiversity.

- **Introducing emissions trading** and other tradable permit schemes. Governments give businesses an emissions or pollution allowance; businesses are incentivized to trade excess allowances if they practice cleaner production.
- **Linking sovereign debt to climate and nature outcomes** through innovations in sovereign debt financing. One example would be through debt swaps for nature or climate improvements.³
- **Building coalitions for tax reform** among poverty stakeholders and environment stakeholders. This should also comprise managing perceptions to ensure that the losers are compensated (often by using the revenues from the fiscal measures) or that there is public consensus that any losses are fair.

While these options have broad application, each country should generate its own options and its own evidence. An ongoing PEER system, natural capital accounts and specific environmental cost-benefit analysis, as described in [Section 5.2](#), will be invaluable in this regard.

5.4.2 Handling distributional impacts

The most striking feature of the economic losses occasioned by the COVID-19 pandemic was that global poverty and inequality both increased for the first time in a generation. Economic “trickle up” has been more evident than “trickle down.” To ensure good poverty-environment outcomes, the distributional impacts of any fiscal changes must be anticipated and addressed.

³ To develop an action plan that links sovereign debt to climate and nature outcomes, see IIED et al. (2021); this [guide for debt managers and environmental decision makers](#) offers seven practical steps for governments to complete a debt transaction linked to their sustainability goals for climate and nature.

Environmental fiscal reform contributes to poverty reduction when it is ensured that poor households benefit. This benefit is either from the revenues raised (e.g. using increased revenues to improve service delivery of water and energy or other environmental improvements), or from the environmental impacts (e.g. health gains from the pollution reductions associated with the reform).

But environmental fiscal reform may also increase poverty, especially through changing subsidy levels for critical livelihood inputs such as water, energy and fertilizers. While such subsidies are defended on the grounds of their social benefits, there are often only limited benefits for poor people who cannot access the subsidies. On the other hand, some poor households will be harmed by any price increases—for example, increased electricity costs or fertilizer costs.

Subsidies can be reformed in ways that do not harm poor people. One such method is targeted compensation, such as reducing the prices of other goods and services to offset the price increases related to environmental fiscal reform. See IIED (2016) for more detail. The checklist in [Box 5.8](#) can be used to make an initial rough assessment of the impacts of subsidies and wider tax reforms on poor people as producers and consumers. This should be followed by a more thorough assessment where critical issues are specifically identified.

5.5 Poverty-environment integration in private investment

While governments can provide catalytic investment, the majority of investment in most countries is from the private sector. The private sector, too, needs to integrate poverty-environment concerns. In this section, we look at the fast-changing specialist green private investment scene and at catalytic approaches to accelerate mainstreaming of poverty-environment concerns across the investment spectrum.

Box 5.8 Assessing the impacts of environmental subsidies on poverty

Production. The subsidies should not affect the ability of people living in poverty to be economically active. Will the planned policy affect:

- Agriculture or the informal sector (sectors with an above-average share of people living in poverty)?
- Poor groups' labour, land and natural resources, financial capital, and human capital—health and education (production factors that people living in poverty require for their livelihoods)?
- Net employment effects, especially for low-skilled or informal labour (employment opportunities on which people living in poverty depend)—notably the green employment opportunities created and the brown employment opportunities lost.

Consumption. The subsidies should not exacerbate poor groups' difficulties in accessing their basic needs. Will the planned policy affect:

- Access to basic goods or services by people living in poverty (e.g. shelter, food, energy or water)?
- Affordability of key goods and services (e.g. shelter, food, energy or water)?

Where negative effects are found, mitigating options can be identified and assessed, for example, creating alternative employment opportunities, retraining, or price subsidies such as electricity lifeline tariffs.

Source: Pegels (2015).

Private capital sources include commercial banks, other specialized lenders (leasing, credit cards), private equity and credit funds, infrastructure funds, venture capital funds, start-up incubators and accelerators as well as corporations. Private capital is particularly important for mining, commercial agriculture and other land sectors with major poverty–environment implications.

Foreign direct investment volumes are significant in developing countries.

In developing countries, foreign direct investment totalled \$11.3 trillion in 2020 (UNCTAD, 2020), with recent growth mostly in large emerging economies with sophisticated financial markets—especially China, but also Brazil, India and South Africa. Foreign direct investment has many implications. It can help create green jobs and value chains involving nature-based and climate-friendly small enterprises and supply chains, and support integrated land use models that meet institutional investors' long-term needs for predictable revenues. It can provide much of the volume of investment required: McKinsey & Company (Kumra and Woetzel, 2022) estimate that achieving net zero emissions by 2050 requires global investments of \$9.2 trillion a year—equivalent to half of annual global corporate profits. But there are also risks from land grabbing or carbon grabbing that may displace local people and reduce food security. Investment treaties and standards are therefore required to make the most of foreign direct investment.

The requirement to realize commercial rates of return means that green private finance sources are not suitable for public goods projects that do not generate a revenue stream.

For example, only 14 percent of investment in nature-based solutions comes from private sources (UNEP, 2021). And there is much that falls through the gaps: the sustainable investment agenda must be broadened from carbon-siloed solutions, for example, to investing in nature and poverty reduction as well.⁴

5.5.1 Why private finance is important for achieving poverty–environment outcomes

Private investment flows are principal drivers of sectors' poverty–environment outcomes. Most investment in sectors critical to both poverty reduction and environmental management comes from private sources rather than from government.

⁴ Even the climate and carbon goals of current green investments are not always guaranteed. The climate

It is therefore important to understand what motivates private finance to invest in poverty reduction and environmental sustainability. Private interest motivations will differ from those of government or the general public, emphasizing:

- **Risk to the company**—exposure of future cash flows to climate, environmental and social risks
- **Business dependencies**—on natural and human assets to sustain production and markets, including dependence on local producers for supply chain inputs
- **Business opportunities**—to access funds and markets that discriminate in favour of good poverty-environment outcomes
- **Time**—both seeking returns in a shorter term than would government, and seeking long-term security of access to supplies and markets
- **Real prices**—the full cost of inputs and waste, including shadow prices of carbon

5.5.2 Green private finance

An increasing proportion of private finance can be defined as green private finance. Green private finance is the financing (through equity or debt) or de-risking (through insurance products, re-insurers and credit guarantors), at commercial rates, of green investments made by companies or individuals. Pension funds and other sources of “patient capital” seek the kinds of long-term, predictable returns that can arise from investing in the environment and those who manage it well, including indigenous peoples and local communities. For example, an increasing number of pension funds invest in forests and their sustainable management.

think tank InfluenceMap (2021) found that 421 out of 593 environmental, social and governance equity funds had portfolios that were not aligned with the Paris climate targets. Moreover, 72 of 130 climate-themed funds were not in line with the Paris goals, including three out of four funds that were actually marketed as “Paris-aligned.”

Sustainable finance policy frameworks and opportunities are proliferating. Many global bodies now seek to support investment in the implementation of international climate, biodiversity and sustainable development goals. This has driven growth in sustainable finance tools, mechanisms and initiatives. Environmental, social and governance (ESG) and sustainability indices have become established in many stock and bond markets.

While multiple initiatives enable innovation, their increasing numbers and inconsistencies pose risk. These risks include market fragmentation, higher transaction costs (from duplicate verifications, data inconsistencies and diverse interpretations) and **green-washing**. Further, across the UN system at the regional and global levels, sustainable finance initiatives are being delivered in ad hoc and uncoordinated ways. The [G20 Sustainable Finance Working Group](#) is consequently seeking to improve consistency and take-up. In such a dynamic context, readers are encouraged to keep up to date with the sources listed in [Box 5.9](#). While much private sustainable finance is well-intentioned, there remains a high risk of greenwashing: all would benefit from increased transparency against globally agreed poverty-environment parameters and locally meaningful poverty-environment indicators.

5.5.3 Attracting quality investment for good poverty-environment outcomes

PEI/PEA supported extensive work to attract private investment into poverty-environment outcomes (Box 5.10). The PEI/PEA experience is valuable for highlighting the challenges that must be faced to mainstream poverty-environment issues in private investment—and especially for innovations that overcame these challenges.

While many countries work hard to attract private finance and foreign direct investment, country-specific challenges often stand in the way of mobilizing it for poverty-environment objectives.

Box 5.9 International initiatives in support of sustainable finance

The [United Nations Environment Programme Finance Initiative \(UNEP FI\)](#) is a partnership between UNEP and the global financial sector—including more than 450 banks, insurers and investors and over 100 supporting institutions—to mobilize private sector finance for sustainable development. It aims to leverage the UN's unique roles to accelerate sustainable finance. Its website is a rich source of information, such as its [Reporting on Nature-related Risks, Impacts and Dependencies](#) with UNDP (UNDP and UNEP FI, 2021) for the G20 Working Group. UNEP FI is also perhaps the most credible source of global principles for catalysing the integration of sustainability into financial market practice. The frameworks it has established or co-created include:

- [Principles for Responsible Banking](#) launched in 2019 with more than 130 banks collectively holding \$47 trillion in assets, or one-third of the global banking sector
- [Principles for Sustainable Insurance](#), established in 2012 and today applied by one-quarter of the world's insurers (25 percent of world premiums)
- [Principles for Responsible Investment](#), established in 2006 by UNEP FI and the UN Global Compact, now applied by half the world's institutional investors (\$83 trillion)

The [Sustainable Stock Exchanges Initiative](#) today involves over 100 stock exchanges, accounting for almost all publicly listed capital markets. It is also supported by UNEP FI.

The [International Platform on Sustainable Finance \(IPSF\)](#) offers a forum to exchange and spread information on best practices in sustainable finance, compare different initiatives and identify barriers and opportunities to help scale-up, and enhance international coordination. It involves governments of countries rich and poor that comprise half the world's population and over half the world's GDP and greenhouse gas emissions.

The [G20 Sustainable Finance Working Group](#) was launched in 2016 to identify institutional and market barriers to green finance and options to mobilize private capital for green investment. It was later mandated to prepare a G20 sustainable finance road map, improving the comparability and interoperability of approaches to align investments to sustainability goals, improving sustainability reporting and disclosure in terms of completeness and consistency across companies and jurisdictions, identifying sustainable investments, and aligning international financial institutions' efforts with the Paris Agreement—thereby providing stable, long-term and countercyclical lending at affordable rates.

These challenges include investment risk aversion in the critical smallholder farming sector; lack of access by poor groups to formal finance; poor governance in many sectors, including unclear laws and high levels of corruption; high levels of subsidies which create a disincentive to private initiative; and the oligopolistic nature of some sectors with a heavy presence of parastatal companies (PEA, 2021b).

A strategic approach to a country's investment strategy is needed to attract higher-quality investment that favours poverty-environment outcomes, and not simply larger quantities of investment. Options to consider for attracting poverty-environment quality investment, validated

by PEI/PEA's and others' experience, include the following:

- **Establishing an enabling economic and institutional environment to attract and manage foreign and domestic private investment.** Several standard elements are invariably needed to attract investment—macroeconomic stability, realistic and predictable exchange rates, adequate and reliable infrastructure, security of rights over assets, and coherent and clear investment legislation. Ensuring these foundations are in place can be a preferable alternative to the often-excessive tax breaks proffered to

Box 5.10 PEI/PEA encouragement of private finance to invest in poverty-environment outcomes

PEI/PEA played a catalytic role in accelerating private sector investment towards poverty-environment outcomes. This work had two primary objectives: (i) effective regulation and management of investments to minimize adverse impacts on the environment and local communities, and (ii) incentivizing the private sector to invest in activities supporting poverty-environment objectives. PEI focused on the first objective, primarily in Asia, and PEA picked up the second, with:

- **Investment proposal screening, appraisal and approval**—using pro-poor environmental and social sustainability criteria and guidelines
- **Investment tracking tools and web-based database tools**—improving the transparency of the approval process and supporting investment monitoring and compliance on poverty-environment issues
- **Annual investment reporting templates**—covering key sectors such as agriculture, hydropower and mining

PEA latterly worked more closely on a third objective: **attracting and mobilizing private finance**, given its potential for significant poverty-environment impacts, both positive and negative.

incentivize investors. Some other options include:

- Subsidizing establishment of special economic zones in poorer and/or ecologically important regions to provide quality infrastructure and services
- Investing in education, skills training and transport infrastructure in poorer regions
- Training civil servants in effective administration of investment regulations, notably environmental and social provisions

- Improving investment marketing of sectors with potential to achieve good poverty-environment outcomes

● Developing integrated financing frameworks that support poverty-environment objectives.

For example, PEA supported governments in producing blue financing strategic documents to serve as a foundation for shaping a credible blue bond framework. These strategic documents offer an agreed-upon definition of what sectors can be classified as blue and financed by blue-labelled bonds to ensure a healthy and productive ocean economy. They identify the types of projects in each sector that could be prioritized based on their poverty-environment relevance. Sample indicators are provided to aid in the development of clear and measurable targets for projects in line with the Sustainable Development Goals, particularly SDG 14, Life below water. Stakeholders are identified whose involvement would be expected in the development and management of the blue bond framework (PEA and ADB, 2022).

● Negotiating investment treaties and investment contracts between governments and investors.

International investment agreements aim to incentivize foreign investment by protecting it from host country political risk. By binding themselves to such agreements, however, host countries could find their policy options for regulating foreign investment are constrained. For example, international investment agreement provisions on expropriation and “fair and equitable treatment” could enable investors to challenge the adoption of more stringent environmental and social regulations by the host government, as these may be seen to adversely affect the economics of an investment project. The prospect of having to compensate investors may discourage host governments from stricter environmental regulations. To avoid investor-state disputes, governments should

explore policies that help achieve their poverty-environment and other development objectives without violating existing commitments. They should also identify rule changes needed to attract quality investment—including model contracts and transparency requirements before signing new agreements—and should actively put their views forward during negotiations (IIED, 2016).

- **Voluntary third-party certification as a credible alternative to government poverty-environment monitoring.** Where credible from a poverty-environment perspective and acceptable to markets, certification avoids the need for countries to develop and enforce their own standards. This approach has emerged in several primary industries. Well-established international initiatives include the [Forest Stewardship Council](#) and the [Programme for Endorsement of Forest Certification Schemes](#), the [Roundtable on Sustainable Palm Oil](#) and the [Marine Stewardship Council](#) for fisheries. Certification has primarily been driven by non-governmental organizations and consumers in developed countries in response to what they perceive to be inadequate labour and environmental regulation in producer countries. The standards are usually high and cover most poverty-environment issues; their prominence has driven debate and progress in upgrading government policy. Certification has been embraced by corporations seeking to ensure credible green and socially responsible branding for their products and has consequently improved market access. But compliance with the social and environmental standards stipulated by certification schemes—and indeed the costs of the certification process itself—have been prohibitive for many small producers. As a result, many certification schemes such as the Forest Stewardship Council have provisions that allow small producers to be certified as a group.
- **Blending public and private finance to de-risk private investment.** Finance originating

from governments, development banks and vertical funds such as the [Green Climate Fund](#) can leverage private capital through blended finance solutions. Concessional public capital in the form of grants, soft loans and guarantees can de-risk investments that may otherwise be considered too risky for private lenders and investors. Private sector projects that have been enabled by blended finance solutions can have a demonstration effect and open the path for future private investment in the same sectors and countries.

- **Mechanisms for reviewing individual investment proposals, feasibility studies and plans.** Requirements must be clear and capacities available to support investment treaties and contracts, covering screening, appraisal, approval and monitoring. See [Subsection 4.4.1](#) for a Rwanda case study and the case study in [Box 5.11](#) for how environmental and social impact assessment has promoted quality investment in Lao PDR.
- **Supporting microfinance institutions.** In low-income countries, the formal banking sector primarily serves wealthier, more resilient households and larger, more established businesses. Low-income households and small businesses are thus less likely to have access to formal bank credit and tend to be more reliant on non-bank lenders such as non-governmental organizations, credit unions and shops (World Bank, 2022). Governments and central banks could consider providing financing to such lenders on preferential terms, conditional on meeting specific poverty, environment or other sustainability targets.
- **Devolving finance to local levels directs money to where it matters.** Governments need to identify and nurture accountable and technically proficient local organizations in addition to microfinance institutions. Less than 10 percent of global climate fund finance is dedicated to local action and less than 2.5 percent of humanitarian aid goes to local

Box 5.11 Environmental and social impact assessment: Early PEI work to promote quality investments in Lao PDR

Lao PDR has risen from a low- to a lower-middle-income economy, with per capita income doubling since 1990. The rapid inflow of foreign direct investment was key to this growth, especially in natural resource sectors such as plantation agriculture, forestry, mining, hydropower and tourism. For decades, the merits of prospective investors' plans were assessed solely on technical and financial criteria, and their impact on environmental protection or poverty alleviation was largely overlooked. Many projects therefore led to some destruction of the environment, land grabs from local communities, and inequitable distribution of profits with very little compensation for local communities.

As the government became more aware of how such investments could and should reduce poverty, it strengthened its commitment both to protect communities and their rights and to preserve the environment. PEI worked with the Ministry of Natural Resources and Environment to develop new ministerial instructions for procedures that investors and government authorities must follow for initial environmental examinations, and for subsequent environmental and social impact assessments for proposed projects. In Oudomxay province, the increased scrutiny exposed 20 projects that were not complying with the law. Four

projects were made to halt all operations, 4 received warnings, and 12 were obliged to make improvements.

PEI worked to strengthen bottom-up development measures. In particular, it shone a spotlight on citizen involvement in environmental and social impact assessment procedures. The welfare of grassroots communities, which are most directly affected by mining, dam construction and plantations, is often compromised in the push and pull between governments and private investors. Taking definitive steps to redress this, PEI trained over 200 central and provincial environment officials on human rights issues, legal frameworks for involving people, conflict resolution and communication initiatives to open dialogues with host communities.

A model contract/template for investments in the agriculture, forestry and hotel sectors has been consistently used by the Investment Promotion Department in contract negotiations, with staff trained in the use of the model contracts. Four provincial investment strategies have conceptualized the poverty-environment needs of the specific province, identified realistic development goals and the systems and tools necessary to achieve them, and aligned them with the National Investment Strategy.

Source: PEI (2014).

organizations. But in both cases it is usually local organizations that know how, where, to whom and when to deliver funds, and that are in a position to scrutinize implementation closely. The [LDC Initiative for Effective Adaptation and Resilience \(LIFE-AR\)](#) and the Global Commission on Adaptation's [Locally Led Action](#) track are leading the way to increase funding for and recognition of locally led adaptation. The [Local Climate Adaptive Living \(LoCAL\) Facility](#), designed and managed by the UN Capital Development Fund, serves as a mechanism to integrate climate change adaptation into local governments'

planning and budgeting systems, and increase the amount of finance available to local governments for climate change adaptation. A new [standard](#) published by the International Standard Organization is based on LoCAL and country implementation experience; it offers a country-based mechanism to increase local government access to climate finance for adaptation. A recent study concludes that international funders will gain much if they follow the lead of such initiatives in getting money where it matters to local organizations, authorities and small businesses (IIED, 2020).

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Chapter 6

Communications on Poverty, Climate and Environment



Chapter overview

Communications is a priority in integrating poverty-environment issues. The issues are simultaneously complex and often invisible to decision-makers. They can seem obscure to some stakeholders, and they can threaten the status quo for others. The way that poverty-environment issues are framed for different stakeholders is critical. This is the task of communications. Yet communications is too often treated as an “end-of-pipe” task—just publications and press. This chapter shows how much more it can do to make the issues real and tractable, so everyone “gets” it; and what it can do to link multiple stakeholders, so they can respond in integrated ways.

Five strategic communications roles are laid out:

- **Reaching people**—catalysing engagement in poverty-environment integration
- **Raising profile**—bringing poverty-environment issues top of mind
- **Sharing information**—getting poverty-environment facts and ideas to people in relevant ways
- **Influencing and advocacy**—building trust and confidence in poverty-environment integration
- **Producing products**—creating a resource to inform better poverty-environment integration

These strategies are useful throughout the policy/decision-making cycle and need resourcing as they involve a range of skills.

Operational guidance and tips are also offered on

- **Key poverty-environment messages**—what the issues are, why they matter and what to do
- **Tools to deliver messages**—different forms of papers, (social) media, events, etc.
- **Stakeholder-handling strategies**—what works for particular types of audiences



6.1 Objectives and role of communications

Communications is the wiring that connects all the multi-stakeholder, multidimensional, multipurpose actions needed for poverty-environment integration. Communications aims to contribute to evidence-based dialogue, policy, planning and action by building a shared understanding that can lead to change in favour of both poverty reduction and environmental sustainability.

The objectives will vary depending on the context.

For poverty-environment integration initiatives, communications objectives may include the following:

- **Creating space** for the voices of the poor to be heard and environmental realities to be understood
- **Making poverty-environment issues real**, visible and actionable to critical actors
- **Attracting and linking stakeholders**, fostering champions and partnerships for poverty-environment objectives
- **Promoting a strategic vision** for poverty-environment integration based on national development objectives
- Taking stakeholders from simple information sharing and learning to **shared understanding, competence and commitment**, and to collective action
- **Expanding commitment** to new poverty-environment policies and initiatives so they have greater impact

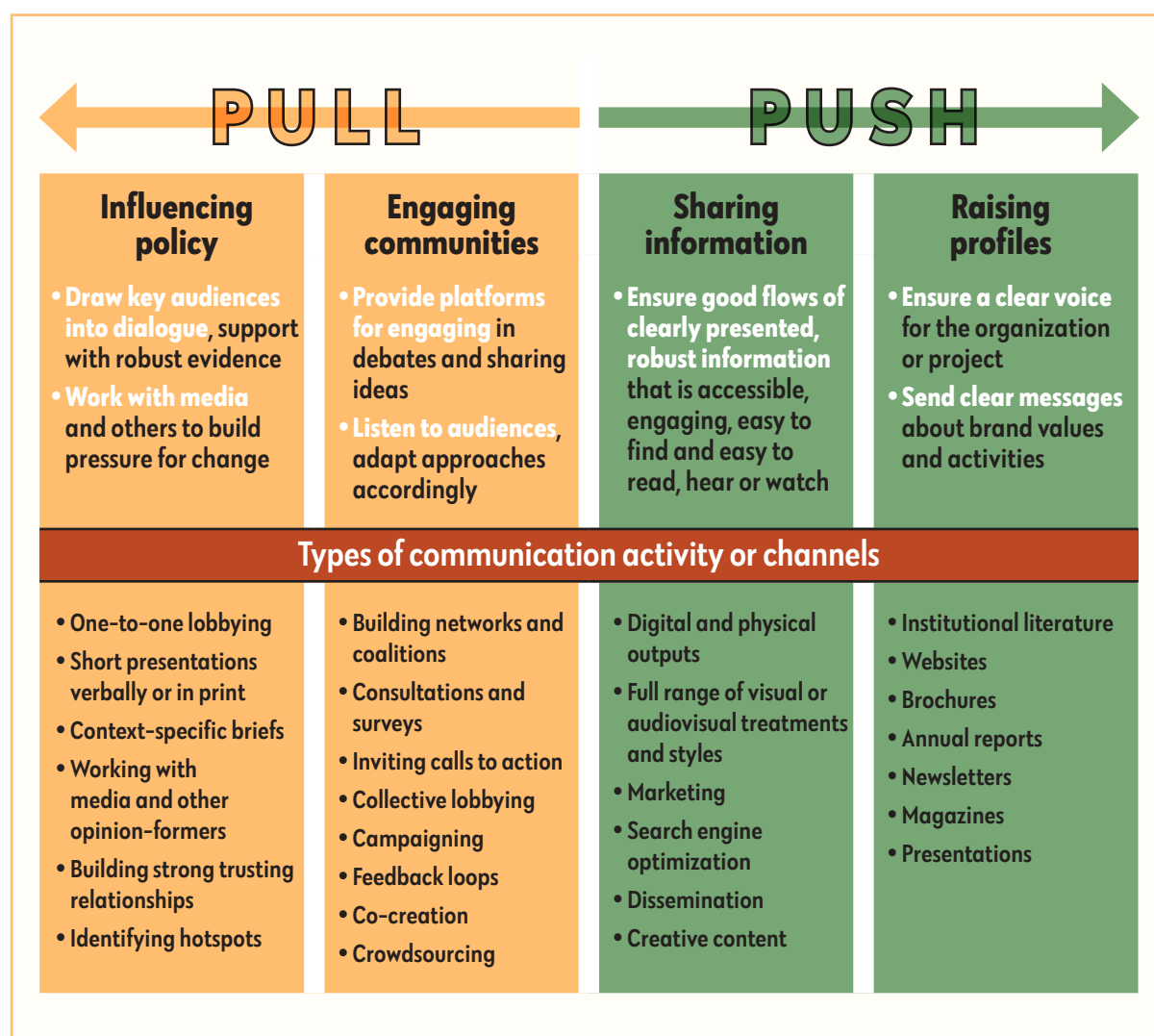
Notwithstanding the urgency of these objectives, communications is frequently seen as simply the end of the pipeline. Its aim is narrowly viewed as the publication of a report or policy, perhaps some messaging to target audiences and occasionally a media event. It is too often only a one-way communications **push**—the broadcasting of information—and considered late in a process. Instead, full integration of poverty-environment objectives should benefit from the **pull** activities that communications can provide—drawing people into debate, analysis, planning and change on the ground ([Figure 6.1](#)).

Communications is also too often focused on standardized messages.

But real poverty-environment issues are deeply local and highly specific, as the United Nations Development Programme–United Nations Environment Programme (UNDP–UNEP) Poverty–Environment Initiative (PEI) and its successor, Poverty–Environment Action for Sustainable Development Goals (PEA), found. Thus, communications should be adapted to the country context using facts and figures from relevant local sources and—especially—locally appropriate channels of communication that engage local actors.

A communications strategy is essential to getting communications right.

This means getting the right information to the right people, at the right time, on the right platform and in the most suitable format. It thereby advances the commitment and advocacy needed to champion the poverty-environment agenda. A practical approach to developing and implementing a communications strategy covers five elements (Carlile, 2011).

Figure 6.1 Pull and push in the strategic communications framework

Source: Based on Carlile (2011).

- **Engaging and mobilizing:** to map, reach, listen to and involve the different stakeholders of poverty-environment issues—providing platforms for dialogue
- **Raising the profile:** to ensure a clear voice for an initiative such as a mainstreaming project—clarifying its purpose and added value, and keeping it top of mind among stakeholders
- **Sharing information:** to access, organize and ensure the flow of information relevant to poverty-environment issues—ensuring knowledge is exchanged in accessible and engaging ways through channels that best reach the target audience
- **Influencing and advocacy:** to make clear, evidence-based cases for poverty-environment action—generating compelling narratives and driving momentum for change
- **Producing products:** to produce publications, services and events that deliver the above for specific audience groups—in government, local organizations and civil society, sector organizations and business, and international organizations—as relevant

The first two elements are covered in [Subsection 3.1.4](#). This chapter concentrates on the three remaining three elements—notably packaging poverty–environment information and messaging to influence key decisions, with guidance on some of the kinds of products that can achieve this.

6.2 Key messages on poverty–environment integration

Once you understand your target audiences ([Chapter 3](#)), you should have a clearer idea of what you can say to convince them to support poverty–environment key objectives. Simple, clear and concise messages are effective everywhere, but to be most effective your messaging should be audience-led.

Different ways of conveying the same information may be needed for different audiences. You should start by reflecting on “What does my audience want to know? What is relevant for them in their current situation? What do they care about, what are their priorities, and what do they want to achieve?” Communicate the message in a way that makes sense to the audience and uses language they will understand (IIED and UNEP-WCMC, 2017).

Less is more. To maximize impact, it is useful to extract two or three main messages. Identifying credible messengers (experts and champions) to convey these messages could also make a big difference.

There are four main poverty–environment messages you can use to tell the story of poverty–environment integration. Note that, while we cite global data below, it will be more relevant to find and cite national, sectoral or local facts instead.

1. Eradicating multidimensional poverty is an indispensable requirement for sustainable development.

- In “The Future We Want,” the United Nations Conference on Sustainable Development (Rio+20) recognized that “Eradicating poverty is the greatest global challenge facing the world today and an indispensable requirement for sustainable development” (UNCSD, 2012).

- A simulation of the impact of the COVID-19 pandemic on multidimensional poverty in 70 countries—including 16 from the Asia-Pacific region—found that multidimensional poverty might have increased by 60 percent in 2020, plunging an additional 490 million people back into multidimensional poverty globally. The increase in deprivations may set back progress on multidimensional poverty by more than nine years (UNDP and OPHI, 2020).

- Across the 5.9 billion people who live in the 109 countries studied, more than one in five—1.3 billion—or 21.7 percent live in acute multidimensional poverty. Nearly 85 percent live in Sub-Saharan Africa (556 million) or South Asia (532 million) (UNDP and OPHI, 2021).

- Globally, the increase in poverty as measured by income that occurred in 2020 due to COVID still lingers. Since 2019, the number of people experiencing hunger has increased by 46 million in Africa, around 57 million in Asia, and about 14 million in Latin America and the Caribbean (FAO, 2021). An additional 77 million people are living in extreme poverty compared to 2019 figures (United Nations Inter-agency Task Force on Financing for Development, 2022).

2. Economic growth alone will not eradicate poverty.

- Twentieth-century development strategies failed to lift the world’s poorest communities out of poverty. About one in five people in developing regions lives on less than \$1.90

per day (United Nations, [Academic Impact: Poverty](#)).

- Despite the 2021 recovery from the previous year's record declines in global economic growth, low-income countries and Sub-Saharan African countries were expected to see further increases in poverty in 2021 (Gerszon et al., 2021).
- The sustainability of the environment—once mistakenly thought to compete with economic development—is now understood to be complementary and necessary to “end poverty in all its forms everywhere” (SDG 1). Indeed, economic development and poverty reduction strongly depend on improving management of the environment and natural resources (ENR)—the natural wealth of the poor.
- New tools for economic analysis and transparency reveal the true value of natural capital and sustainable ENR management.

3. Inequality harms growth and poverty reduction.

- Income inequality increased by 11 percent in developing countries between 1990 and 2010 (UNDP, 2013); inequality hurts growth and poverty reduction.
- In recent decades, income inequality has increased in nearly all countries, but at different speeds, suggesting that institutions and policies matter in shaping inequality (World Inequality Lab, 2018).
- Poverty falls disproportionately on women. As of 2019/2020, of the 1.2 billion people across the world who live in hunger, 7 out of 10 are women and girls. Half of multidimensionally poor people across the globe are children (UNDP and OPHI, 2021).

4. Poverty-environment mainstreaming helps eradicate poverty and reduce inequality, as well as combat environmental degradation.

- The story of mainstreaming poverty and the environment is one of finding integrated solutions to development planning and transitioning to more resource-efficient, resilient forms of growth that help bring multiple social, economic and environmental benefits.
- The close interaction between poverty and the environment is reflected in five interlinked key objectives covered by poverty-environment integration or mainstreaming:
 - Sustainable use of natural resources
 - Adaptation to climate change
 - Poverty reduction
 - Equity, especially for marginalized groups (including women and indigenous peoples)
 - Inclusive green growth
- To ensure that the benefits gained through poverty-environment integration initiatives are sustained, international, regional and national institutions should embed poverty-environment issues in their own systems, procedures and practices.

6.3 Communication tools

The choice of an appropriate communication tool depends on understanding how the target audience receives and understands information.

Some may prefer more technical messages packaged in a report or policy brief; simple slogans or stories that convey the core objectives may be more appropriate for others. Social media has become the predominant media for some people to receive information (University Canada West, 2022), although there are risks of misinformation and some groups do not use it. Visuals such as infographics makes processing complex and linked information easier for non-specialists, which in turn increases the chances that core messages will be

absorbed. Where possible, make communications available in local languages and dialects.

This section provides tips and techniques for using seven common communications tools. The following basic guidance applies to the use of these and all other communication tools:

- **Think about your objective.** What do you want to achieve with the communication product?
- **Define the target audience.** Who do you want to reach?
- **Select the content based on audience interests.** What do they care about?
- **Craft the message to advance your agenda.** Synthesize what you want them to know about your work with what about it is relevant for them. Not all elements need to be included.
- **Choose the platforms that reach the audience.** Not all channels available will be suitable.

6.3.1 Fact sheet

A fact sheet is a short summary, generally a page or two, that quickly and easily answers questions about an issue or set of activities. Fact sheets provide useful background information; help officials focus on key points; and may serve as a summary of a briefing or presentation, helping listeners retain information that has been presented.

Characteristics

- Contains one to three key points
- Points are supported with simple, striking data
- May include one to three policy or programme implications

Tips

- Avoid technical terms.
- Include full contact information for those seeking further details.

- Express linked poverty–environment issues in infographic form to aid quick comprehension.

6.3.2 Policy brief

A policy brief is a concise summary of an issue, the policy options to deal with it and some recommendations on the best option. It is aimed at government policymakers and others who are interested in formulating or influencing policy. Typically, policy briefs are about two pages long (about 700 words); longer briefs can be up to eight pages, or 3,000 words. If possible, policy briefs should be attractively designed and include one or more photographs (FAO, 2011).

Characteristics

- Short and to the point
- Focused on a problem or issue with enough detail for readers to make a decision and enough urgency to compel them to do so
- Based on firm data/evidence from various sources—preferably from several areas/organizations

Examples

- “Poverty–Environment Action’s Integrated Approach” (UNEP–UNEP Poverty–Environment Action, 2022)
- “A Cost–Benefit Analysis of Climate Adaptation Options Supported by the Adapt Plan Project,” policy brief (Ministry of Economic Planning, Development and Public Sector Reforms, Malawi, et al. 2018).
- “Support to smallholder arable farmers in Botswana: agricultural development or social protection?” (PEI, 2013)

6.3.3 Working paper

Working papers are research reports, technical papers, discussion papers and occasional papers covering original research. A working paper is a

useful vehicle for publishing research results quickly and to explore ideas through discussion with practitioners in the field, eliciting their feedback on new findings or methods.

Contents

- Title summarizing the paper in 10 words or less
- Abstract covering contributions, approach and results
- Introduction including background, overview and contributions
- Disclaimer
- Summary of research approach
- Body of the report
- Results and conclusions, including broader implications

Tips

- Organize the paper with a logical flow.
- Use footnotes or endnotes, and include a reference list of works cited in the paper.
- Include tables, graphs or annexes presenting data from the research or giving further details about the research method.
- In general, use plain language; jargon is permissible as necessary.
- Formality does not always add weight. Overly formal language and passive constructions (e.g., “the report was written by the committee” rather than “the committee wrote the report”) do not make materials more authoritative, only longer and harder to digest.
- Do not plagiarize the work of other writers. Cite all sources used in the paper.

Examples

- [“The application of the System of Environmental-Economic Accounting for integrated planning, budgeting and monitoring for poverty related](#)

[Sustainable Development Goals \(SDG\). The Poverty-Environment Accounting Framework](#)” (PEI, 2016)

- “Reducing Climate-Sensitive Disease Risks” (World Bank, 2014)

6.3.4 Media advisory

A media advisory announces an upcoming newsworthy event or activity and alerts the media to prepare their coverage. Advisories are usually issued several days before an event. Press conferences may be organized in cooperation with donor agencies on relevant occasions and major events.

Tips

- Keep it short.
- List the event and its participants, date and location.
- Include the name and phone number of a contact person for the press.
- Spell out the purpose of the event.
- Write a strong headline and lead sentence, but do not reveal the news you will be releasing.

6.3.5 Press release

Press releases are written communications directed at members of the media in order to publicize something newsworthy. Press releases may be issued at the conclusion of major actions—for example, report launches, global meetings, country delegation visits—as appropriate.

Tips

- Confirm the basic facts of the story.
- Write a catchy headline.
- Summarize what is newsworthy in a lead sentence and make the case in the first paragraph.
- Focus on positive outcomes and opportunities.

- Provide background and human interest.
- Get the name of and other relevant facts about people cited (e.g. current occupation, role in mainstreaming poverty-environment).
- Include quotes from relevant people to add authenticity to the story; include their short titles and agency names.
- Use a picture, video or sound bite, if possible, to accompany your written piece.
- Be sure to include numbers (of people assisted, money provided, etc.).
- Include the name and phone number of a contact person for the press.
- Write in the active rather than passive voice.
- Present the most relevant data, especially if the data are new or unusual.
- Stick to concrete details to define problems and illustrate solutions.
- Let the facts tell the story.
- Write simply and plainly; avoid jargon and florid or unusual language.
- Avoid unfamiliar or unnecessary acronyms.
- Give credit where credit is due—name partners and donors.
- Put yourself in the shoes of the reader: Would you want to read this story?

6.3.6 Social media

Social media are interactive web-based applications whose content is usually accessed by users on mobile devices, such as smart phones or tablets. Twitter posts, known as Tweets, are used by organizations to report breaking news or attract a following. TikTok allows users to create and share short videos of up to 10 minutes' length. Instagram is a photo and video-sharing social networking app that allows users to upload photographs and short videos and follow other users' feeds.

Tips for messaging on social media

- Stick to the essentials: Twitter messages are limited to 280 characters including spaces; Twitter Blue, a paid subscription service, has a 4,000-character limit.
- Longer messages can be delivered using "threads" in which the linked messages are enumerated: (1), (2), (3) and so on.
- Include a hash tag to categorize tweets by keyword to help them show up more easily in a Twitter search (e.g. #povertyenvironment).
- Include quotes to boost audience and media interest.
- Use a personal tone or give a first-person perspective where possible/appropriate.
- Illustrate the story whenever possible with a photo or video clip.

Tips for videos

- Twitter video and audio clips are limited to 140 seconds in length.
- TikTok videos may be up to 10 minutes in length.
- Instagram videos may be from 3 seconds to 60 minutes in length.
- Hold your viewers' attention by always giving them something fresh to look at.
- Use trending hashtags that relate to your content (e.g. #plasticwaste, #plasticfree).

6.3.7 Stories

A key way to communicate and share the breadth, importance and impact of poverty-environment integration is through human interest stories which can be used on websites and social media; as well as in newsletters, annual reports and donor reports; and at meetings and conferences.

People-centred/human interest stories should demonstrate the impact and progress made by the poverty-environment integration initiative in

terms that interest the chosen audience, such as implementing the Sustainable Development Goals (SDGs) and leaving no one behind. The stories should also illustrate the challenges faced and how they were overcome.

A “**stories of change**” approach can serve both the need for good communications material and provide evidence that is helpful for monitoring and evaluation.

Tips

Getting the story

- Talk to partners and local governments for suggestions on who to interview, to arrange meetings and to provide translation or local staff who can do the interviews and send materials (including photos).
- When interviewing, explain which agency you are from and ask if you can write about them and take photographs. A consent form should be signed.
- Start interviews with basic details—correct spelling of names, their age, where they are from.
- Take time to get the story. Never assume you will be able to come back or follow up later.
- Talk to other family members and community members or the head of the community.
- To the extent possible, obtain concrete details about improvements in their lives, the difference the intervention has made to their family and the community, the situation before the intervention and now. Focus on the impact as well as on what makes the initiative interesting, innovative or unique.
- If you do not already know, find out from colleagues about the bigger picture, number of beneficiaries, source of funding and timelines. In this context, obtain a quote from a United Nations (UN) and/or government official.

- Another approach is to tell the story of a staff member or implementing partner describing their day and their work; this can be told in the first or third person.
- Similarly, when in workshops and meetings, find one or more participants with an interesting history or background and interview them; make them the entry point into a story about the meeting or workshop.

Illustrating the story. Photographs can make a story and are vital for social media. After asking permission, think about what would look interesting. Here are some points to keep in mind:

- Get pictures of people (five maximum) doing something—ask people to do something active and take various shots.
- Get up close to your subject.
- Children are always appealing, but make sure you have the parent or guardian’s permission before taking photos of minors.
- Do not take photos of people eating, taking selfies, checking their phones or yawning.
- Do not take photos of people drinking alcohol or toasting.
- Capture people engaged in an activity, not staring into the camera or sitting in a meeting.
- Respect the dignity of the people depicted in the photo.
- Be aware of gender balance.
- Limit photos of conference halls, meeting rooms and people in suits.
- Give credit to the photographer. Use this format: Agency name/Year/Photographer’s name.
- Make sure all photos have captions indicating names, place, date and what is happening.

Writing the story

- Remember that the story’s focus is on the beneficiaries and the impact of your initiative’s

work. It should also show how people are overcoming challenges.

- Keep the story simple, with easy language for different audiences; avoid technical language and jargon.
- Avoid an excessive focus on meeting big goals. Success can be in small things as well as in unexpected events and innovations.
- Keep the story brief. Make the opening paragraph and headline compelling and “punchy.” Ensure the story has a beginning, middle and end—or at least a conclusion that hints at future developments if the story is not yet finished.
- Along with conventional, third-person stories, you can also think about first-person accounts, blogs and interviews. This can help ensure human interest.
- Make sure you get the spellings of names and places right, explain where a place is and quote the beneficiaries directly.
- Suggest Twitter/LinkedIn and Instagram text/captions to accompany the story as well as who might be tagged.

Examples

Multiple stories of change from PEI and PEA: these provide both useful stories that can be drawn upon in analogous situations, such as evidence of what is possible from similar countries and context; as well as models to follow in terms of content, structure and type of narrative.

6.4 Communications strategies for different stakeholder groups

This section summarizes strategic communications on poverty-environment integration for two major target groups—high-level national officials and international organizations—with suggested

messages, expected results, actions, methods and tools.

6.4.1 Target group: Ministers, high-ranking government officials and parliamentarians

Key messages/content

- The impact of poverty-environment mainstreaming and integration on:
 - The national economy
 - ENR
 - Biodiversity
 - Poverty eradication
 - Gender equity and equality
 - Climate change adaptation
- The relationships between poverty, ecosystem services and ENR management
- The cost of action/inaction
- The achievements of poverty-environment initiatives
- The current and potential added value of poverty-environment mainstreaming to meet the SDGs and national sustainable development goals and targets

Expected results

- Increased knowledge by policymakers of the relationship between the environment and ENR management and other development challenges, leading to higher prioritization of poverty-environment objectives in national budgets and development planning
- Increased awareness and technical understanding among decision-makers of poverty-environment issues and their various implications
- Increased knowledge of poverty-environment through interministerial collaboration

- Decision-makers address heightened awareness of the global benefits of integrating poverty-environment

Strategic actions

- Tailor messages to produce arguments for finance and planning ministers:
 - Respective investment yields in ENR versus other areas
 - Cost of action/inaction
 - Specific contribution of poverty-environment to solving single issues such as threats to biodiversity, climate change, deforestation, extractive industries, food insecurity, gender equality, health, sanitation, sustainable energy, water and poverty eradication with clear costs for each case
- Share arguments with other line ministers (agriculture, environment, technology, etc.) and heads of government.
- Tailor documents on the same themes for parliamentarians and present them to parliamentary committees.
- Meet one-on-one with government ministers and high-level officials on the above subjects.
- Organize regional and national seminars on the economic, social and environmental benefits of poverty-environment mainstreaming.

Methods/tools

- Policy briefs, fact sheets, workshops
- International, regional and country-level meetings, events, exhibitions and campaigns (e.g. climate summits, other multilateral environmental agreement conferences, SDG conferences, UN Environment Assembly, World Environment Day)
- Websites, social media, newsletters, communities of practice
- One-on-one meetings

6.4.2 Target group: UN system, intergovernmental organizations and bilateral donors

Key messages/content

- The impact of poverty-environment on:
 - The economy
 - ENR
 - Biodiversity
 - Poverty eradication
 - Gender mainstreaming
 - Climate change
- The cost of action/inaction
- The achievements of poverty-environment initiatives
- The benefits for all concerned stakeholders in building communication partnerships and a clearing-house mechanism for promoting poverty-environment mainstreaming

Methods/tools

- Poverty-environment economic studies, working papers, policy briefs, fact sheets, guidance notes, handbook, workshops
- International, regional and country-level meetings, events, exhibitions and campaigns (e.g., climate summits, other multilateral environmental agreement conferences, SDG conferences, UN Environment Assembly, World Environment Day)
- Communities of practice, websites, social media, newsletters, emails
- One-on-one meetings

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Chapter 7

Monitoring and Evaluation of Poverty- Environment Integration



Chapter overview

This chapter provides guidance on how monitoring and evaluation (M&E) can track the integration of poverty–environment issues across the policy cycle—in analysis, dialogue, policies, plans, resource allocation, and activities—and the results of this integration in terms of improved conditions for people and the environment. It draws on the experience of Poverty–Environment Action for Sustainable Development Goals (PEA) and its predecessor, the Poverty–Environment Initiative (PEI).

The chapter is aimed at those involved in poverty–environment mainstreaming initiatives, so they can better track the progress of such initiatives. It is also aimed at national statistical authorities and other agencies involved in routine M&E so they can improve their understanding of why and how to include poverty–environment issues in their work.

The chapter focuses on **national-level monitoring**, as this tends to be intimately linked to national and sectoral planning and resource mobilization and therefore has real potential to feed into better poverty–environment outcomes. Guidance is offered on how to select the poverty–environment issues to be monitored at the national level and how to obtain the requisite information. This will generally mean working with existing whole-of-government monitoring systems, including monitoring at the national, sectoral and local levels.

The chapter’s guidance covers two aspects of monitoring poverty–environment progress:

- Progress in the **process** of poverty–environment mainstreaming through the policy cycle
- Progress in achieving good poverty–environment **results**

The chapter also touches on how to **evaluate** poverty–environment interventions at the local and sector levels, as much can be learned from interventions at the project level.

In line with the maxim that what is not measured does not get done, there are systemic issues that need to be addressed. To this end, the chapter recommends institutional changes to enable national M&E systems to truly embed poverty–environment concerns.

M&E is a specialized field, and this chapter does not attempt to cover all aspects of M&E. However, it does offer a concluding general checklist to help readers shape an M&E strategy best suited to their needs. Some more technical poverty–environment aspects and processes that M&E needs to track are touched upon in other chapters (notably [Chapter 2](#) on integrated assessment processes; [Chapter 3](#) on dialogue processes; [Chapter 4](#) on planning processes; and [Chapter 5](#) on finance processes).



7.1 Need, challenges and opportunities for M&E

7.1.1 The need for, and challenges to, M&E

Policymakers have tended to marginalize poverty-environment issues. Many such issues have been ignored for years, which is part of the reason they are escalating in severity. By not addressing the complexity and feedback loops between poverty and environment that can lead to extreme, uncertain and non-linear changes, decision-makers often mistakenly opt for narrow, “magic bullet” solutions that can make some aspects of interlinked problems even worse.

The solution, of course, lies in delineating and disaggregating big phenomena into their components and tracking and measuring these over time. This is the essence of monitoring and evaluation (M&E). But several issues challenge poverty-environment M&E. For one thing, considerations such as environmental asset quality, pollution loads, and environmental tipping points and their social and economic effects are frequently not embedded in mainstream government planning or budgetary targets and standards. This gives rise to and perpetuates a vicious circle of “what is not measured does not get done.”

Another area of concern is the fact that poverty-environment issues are complex and uncertain; addressing them can be expensive and time-consuming with traditional forms of M&E. Developing countries often lack the protocols and associated metrics for monitoring and evaluating poverty-environment issues, as well as the requisite data and data collection procedures and capacities. They almost certainly lack access to and

familiarity with new and more efficient approaches such as geospatial observation, new forms of citizen science and other big data-based methodologies.

Notwithstanding these challenges, good M&E of poverty-environment issues can be a real driver of poverty-environment integration. This is especially true at the national level but also at the sector and local levels. As experience from the United Nations Development Programme–United Nations Environment Programme (UNDP-UNEP) Poverty-Environment Initiative (PEI) and its successor, Poverty-Environment Action for Sustainable Development Goals (PEA) has demonstrated, good M&E can drive this integration by:

- Tracking the process of integrating poverty-environment issues across the policy cycle
- Tracking changes in poverty-environment outcomes and impacts over time
- Identifying policies, instruments and tools that contribute to good poverty-environment outcomes and impacts, and what did not work well
- Contributing to better technical understanding of poverty-environment issues including a baseline of poverty-environment issues and trends over time
- Through all of the above, informing course correction in the poverty-environment mainstreaming strategy
- Improving transparency, dialogue and trust between the stakeholders who are affected by poverty-environment problems and the authorities mandated to tackle these problems

7.1.2 Opportunities for M&E

Existing national M&E and accountability systems are highly strategic entry points for poverty-environment mainstreaming. In most countries, the national bureau of statistics is the institution mandated with regularly producing and coordinating comprehensive official statistics. Its work makes it essentially a guardian of what are considered important environmental and development issues—defining both what matters to the nation and how well the country is doing in this regard. If the statistical bureau provides data on linked poverty-environment issues, there can be regular high-level scrutiny of them. If it does not do so, critical issues are invisible to parliament, government and the public.

Most countries also have, at least on paper, a variety of national, subnational, household and sectoral monitoring systems. While these are often not well coordinated, they have the potential for improving poverty-environment knowledge and progress. Stakeholders involved in national statistics and monitoring systems should therefore be engaged in poverty-environment monitoring. Others who may benefit—both as providers of poverty-environment M&E and users of M&E data—include the following:

- **Planning authorities**—especially their mechanisms to review and revise national development plans, sector plans, and Sustainable Development Goal (SDG) or green economy strategies
- **Environmental authorities and committees**—especially if they are contributing to [natural capital accounting](#) or leading a comprehensive state of the environment reporting process
- **Finance authorities**—especially regarding public expenditure reviews and budgeting processes
- **Audit committees and parliamentary committees**—especially on poverty, environment, climate or poverty-environment issues
- **Government departmental performance reviews**—assessing the performance of organizations and programmes
- **Citizen assemblies**—especially where addressing poverty, environment, climate or poverty-environment issues
- **International donors**—notably mandatory reporting on the Organisation for Economic Co-operation and Development Development Assistance Committee (OECD DAC) [Rio Markers](#) and all efforts to assess poverty-environment issues in more depth than the Rio Markers allow

Some recent advances in national monitoring systems bode well for poverty-environment issues.

For example, some national monitoring systems in developing countries have started to track progress towards SDG achievement. Given the large number of poverty-environment-relevant SDG indicators, this can ensure that many if not all poverty-environment concerns are being monitored. And over 90 countries now have systems for producing natural capital accounts that track the changing stocks of natural capital and benefit flows from forests, fisheries, farmland, waterbodies, protected areas, etc. (UNSD, 2023). Such natural capital accounting is compatible with a country's system of national accounts, so it can correlate economic and environmental performance, showing changes in natural capital associated with specific policies and fiscal measures. Distributive effects can also be assessed in more advanced systems. [National wealth accounting](#) is less common but goes a step further and adds assessment of associated capital—notably human and social capital. Some authorities are extending household surveys to include multidimensional poverty, well-being or other criteria wider than simple income poverty.

Scientific and technical advances can make data collection quicker and easier: New forms of big data, modelling, geographic information systems (GIS) and social media have the potential to improve the quantity, quality, speed and regularity of data on poverty-environment issues.

For example, free-to-user modelling programmes take readily available global satellite data and can automatically create national statistics (Villa et al., 2021). However, global data cannot cover all poverty-environment issues easily and may need external support in most lower-income countries.

The next two sections tease out the respective needs and functions of monitoring and evaluation. [Section 7.2](#) looks at what poverty-environment issues should be routinely **monitored**—in the same way that certain economic and social issues are monitored—so a more comprehensive picture is available of the well-being of a country or locality, its people and its environment. [Section 7.3](#) then offers guidance on how to **evaluate** the success of specific initiatives in terms of their poverty-environment outcomes.

7.2 Monitoring poverty-environment mainstreaming initiatives

Ideally, monitoring will track poverty-environment integration across the policy cycle. Indicators could cover (i) the inputs into each stage of the cycle, (ii) the mainstreaming process activities themselves, (iii) the outputs and (iv) the results of poverty-environment mainstreaming (divided into outcomes and their impacts if possible).

The choice of indicators is critical. Their primary purpose is to assess progress or achievement of a mainstreaming objective or target. But the indicators are also an important communication tool. They help report the progress and success of mainstreaming in a consistent, regular and repeatable way to a variety of stakeholders—including government, funders, business, media and educators. They can demonstrate progress both nationally and for international commitments such as the SDGs. [Box 7.1](#) offers some suggestions for indicators of poverty-environment mainstreaming progress; [Table 7.1](#) offers examples of poverty-environment results indicators used by PEI.

Focus on a few meaningful dimensions of change and check broadly how well change is being achieved. Resource constraints will limit the ability to monitor all aspects of poverty-environment mainstreaming. Instead, keep the focus on the priority desired results, whatever they may be—such as increasing areas under community sustainable management, numbers of green jobs created, etc. Rubrics can help. These are made up of evaluation criteria (the key dimensions of performance on which evaluation focuses) plus merit determination (what performance looks like for each criterion).¹ Useful rubric resources are available on the Better Evaluation website's [Rubrics](#) page.

Indicators should always be agreed upon between the relevant ministries and the national statistics office. Economic indicators must be among these, as most policymakers tend to be better able to relate to such indicators than—for example and at least initially—lists of threatened species (IIED and UNEP-WCMC, 2017).

Existing, relevant multidimensional indicators will help kick-start monitoring. Many countries have begun to monitor SDG achievement, which provides a useful, high-level way to measure poverty-environment progress. UNEP has identified [93 environment-related indicators](#) across all the SDGs that UN agencies track, based on national reporting. A review of a country's overall progress across these indicators can provide a good picture of progress of the poverty-environment dimension of the SDGs. This poverty-environment review could routinely be integrated into SDG [voluntary national reviews](#); this is discussed further in [Section 7.4](#) and [Box 7.2](#).

¹ International frameworks have often relied on targets. But targets in isolation are often misleading: they are rough estimates of what should be achieved, often based on ambitious thinking without considering contextual issues and multiple uncertainties. We thus recommend defining dimensions of desired change; indicators of these; and criteria to assess good, average or bad progress—rather than assess target achievement.

Box 7.1 Possible indicators for monitoring poverty–environment mainstreaming**Input indicators**

- **Coverage:** Measure the resources used in a poverty–environment mainstreaming intervention
- **Question answered:** What financial and human resources are required or have been provided to meet our mainstreaming target or objective?
- **Examples:** Cross-institution mainstreaming team is in place; budget for mainstreaming is secure; relevant skills and data are available

Process or activity indicators

- **Coverage:** Measure the activities carried out to deliver the desired outputs of the mainstreaming intervention, including what is done, how well it is done and for whom it is done (and e.g. how well poor groups can access, participate in and control the programme), as well as obstacles to implementation
- **Question answered:** What have we done or what do we need to do in order to meet our mainstreaming target or objective?
- **Examples:** Number of meetings held; participant composition, including representation of poor groups and environmental interests; activity stage reached around the decision-making cycle (see [Figure 1.4](#)).

Output indicators

- **Coverage:** Measure the products or services resulting from mainstreaming activities
- **Question answered:** What do we want to see as an immediate result of our efforts?
- **Examples:** Number of poverty–environment studies produced; type and number of policies, regulations or plans that have integrated poverty–environment issues; number and scope of natural capital accounts

Outcome indicators

- **Coverage:** Monitor the real-world changes that outputs produce

- **Question answered:** What are the real changes that our outputs have led to that support our mainstreaming target or objective?

- **Examples:** Changes in level of awareness, skills, and capacity of personnel; use of poverty–environment data and studies (uploads and citations); horizontal and vertical coordination on poverty–environment issues; public support for poverty–environment mainstreaming; who gets to make decisions; improvements to existing national M&E systems; levels of investment and public procurement aimed at poverty–environment objectives

Impact indicators

- **Coverage:** Look at how the poverty, environment, climate and governance context is changing as a result of the outcomes by measuring measure the positive and negative and primary and secondary effects produced over time by a mainstreaming intervention, whether directly or indirectly, intended or unintended—these may be highly specific, depending upon the nexus issues in-country (see [Section 2.2](#)).
- **Question answered:** How do the mainstreaming outcomes ultimately contribute to the well-being of people and nature?
- **Examples:** Number of hectares of land under sustainable management by poor groups or with reduced degradation; changes in indicator species, biomass and carbon dioxide emissions

In practice, there are blurred lines between output/ outcome/impact categories. One alternative to these may simply be immediate, medium-term and long-term changes. Another would be to combine outcomes and impacts into a single results category, as PEI did (see [Table 7.1](#)). The choice does not matter significantly, as long as stakeholders agree and are clear on it. The bottom line is that monitoring, at all levels, needs to capture the significant accomplishments and lessons, helping to feed recommendations for improvement.

Table 7.1 Examples of poverty-environment results indicators used by PEI

Main issue	Poverty-environment indicator
Natural resource management and livelihoods	<ul style="list-style-type: none"> • Proportion of poor who depend directly on natural resources for their livelihoods • Distribution and types of property rights/access on natural resources
Food security	<ul style="list-style-type: none"> • Percentage of household income spent on food • Percentage of population below minimum level of dietary energy consumption
Access to drinking water	<ul style="list-style-type: none"> • Percentage of poor with access to safe drinking water • Time/distance spent per day collecting water and trend over time (by women and children) • Percentage of poor households' income spent on water
Access to water for irrigation	<ul style="list-style-type: none"> • Percentage of poor farmers with access to sufficient water
Access to energy resources	<ul style="list-style-type: none"> • Percentage of poor using firewood and/or charcoal as major source of energy • Average time/distance spent per day collecting fuelwood (especially women, children) and trend over time • Percentage of household income spent on fuelwood • Percentage of poor households using improved stoves or cleaner fuel
Land/soil degradation	<ul style="list-style-type: none"> • Percentage of poor living in degraded areas/marginal land (e.g. eroded lands) • Average cultivated area (ha) of poor households • Soil nutrient levels • Soil erosion rates • Average yields • Deforestation rates
ENR-related health impacts	<ul style="list-style-type: none"> • Respiratory infections incidence • Water-borne diseases incidence • Mortality rate for children under age 5 • Disability-adjusted life years lost • Malnutrition • Childhood stunting
Natural disasters (landslides, drought, floods, etc.)	<ul style="list-style-type: none"> • Incidence and severity of environmentally related disasters • Number of deaths from environmentally related disasters • Number of people made homeless by environmentally related disasters • Percentage of population living in vulnerable areas prone to natural disasters • Incidences of conflict in use of natural resources
Inclusion of poverty-environment objectives at national level	<ul style="list-style-type: none"> • Number of poverty-environment objectives in policies and plans • Budget, donor and other financial allocations for poverty-environment objectives

Source: PEI (2015). In addition, PEI's early collected work, available on the PEI website, on [Poverty-Environment Indicators](#) (2005–2011) is innovative and worth exploring.

Note: In practice, PEI/PEA often added further sub-indicators (e.g. for gender disaggregation).

7.3 Evaluating poverty-environment mainstreaming initiatives

Evaluation aims deeper than monitoring. It goes beyond measuring progress and results to evaluate their worth, performance and sustainability. In practice, most existing capabilities and provisions for evaluation tend to focus at the project level. Poverty-environment issues should be integrated into this practice, as well as into the evaluation of national-level changes, so as to build evaluative evidence in the country as well as associated expertise and experience on poverty-environment evaluation.

The standard OECD DAC project-level evaluation criteria are a useful starting point in orienting evaluation to poverty-environment considerations. These criteria are widely accepted and broadly used. The [2019 revised OECD DAC framework](#) is typically applied to assess development projects of any type. Moreover, it has recently been expanded to include issues of sustainability, responding to Agenda 2030 with six evaluation criteria. These play a normative role; together they describe the desired attributes of any intervention:

- **Coherence**—of vision, approaches, relationships, partnerships, and system coordination
- **Sustainability**—including sustaining governance and institutions and not only finance
- **Efficiency**—including timeliness as well as cost-effectiveness
- **Relevance**—to original or changed contexts
- **Impact**—environmental, social, economic, and higher-level governance changes, their significance, and their transformational potential²

² The Independent Evaluation Office of the Global Environment Facility defines transformative change as “deep, systemic, and sustainable change with large-scale

- **Effectiveness**—the results and their distribution, including equity issues

To these six, we suggest further adding:

- **Equity**—reaching, benefiting and empowering different groups of men and women, covering social inclusion measures such as (i) gender, (ii) disability and (iii) leave no one behind, as in the updated (2021) [UNDP evaluation guidelines](#).

[Figure 7.1](#) shows the recommended six criteria and top-level evaluation questions. Given the diversity of potential application, it emphasizes that the evaluation criteria need to be contextualized and tailored to suit the intervention being evaluated.³

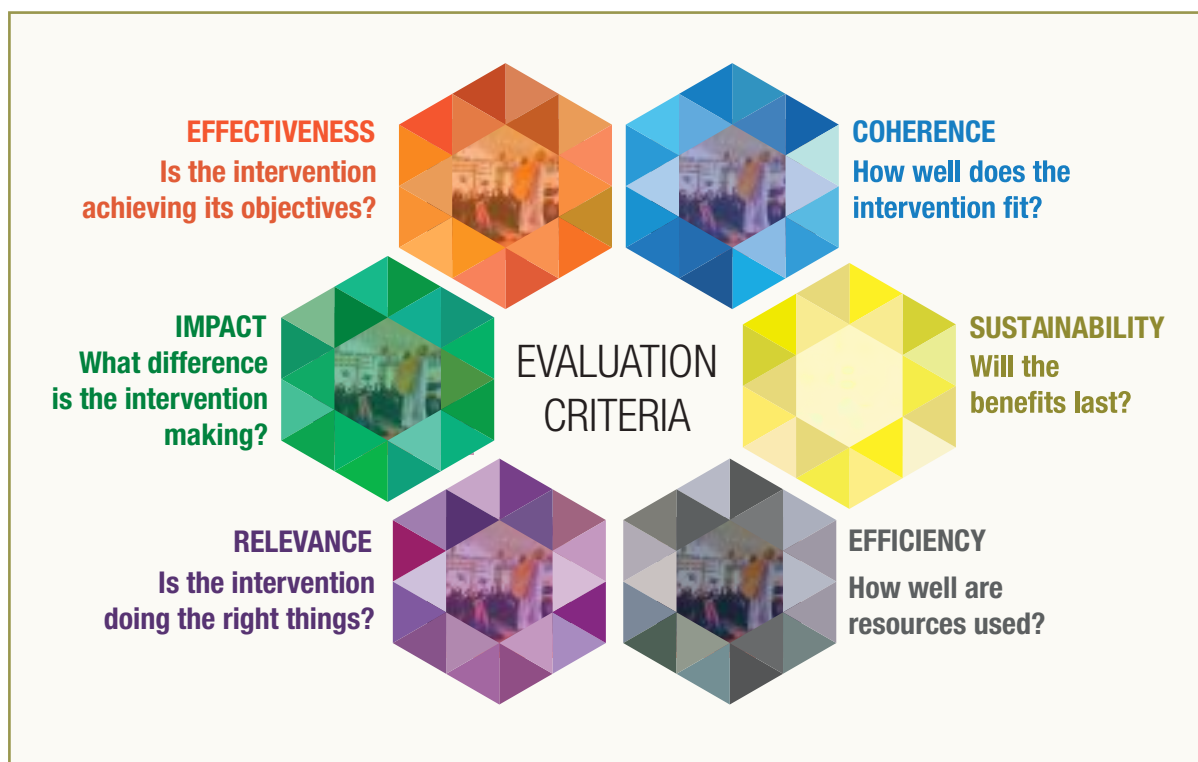
Seven criteria to help national-level evaluations of SDG achievement beyond the individual project level have been proposed. These criteria and guidelines for their use were developed by the International Institute for Environment and Development (IIED), the network [EVALSDGs](#), the UNICEF Evaluation Office and the Finnish Ministry for Foreign Affairs based on experiences in partner developing countries (D’Errico, Geoghegan and Piergallini, 2020). This pragmatic, real-life approach to evaluating progress in the SDGs can be handily applied to evaluating progress towards poverty-environment objectives.⁴ As with the OECD project evaluation approach, the approach is derived from the 2030 Agenda principles. However, its advantage is that it is specifically concerned with sustainable development

impact” (GEF IEO, 2018)—that is, change that “flips” market and government systems.

³ An intervention may denote a project, programme, policy, strategy, thematic area, technical assistance, policy advice, an institution, financing mechanism, instrument, or other activity. See OECD (2021).

⁴ The criteria and the guidelines set out by D’Errico, Geoghegan and Piergallini (2020) are aimed at evaluation commissioners and professional evaluators to help them create tailored plans for SDG evaluation in their specific national context. Like the present handbook, this material is framed around the policy cycle.

Figure 7.1 OECD project evaluation criteria



Source: OECD (2020).

(poverty-environment) outcomes at the national level rather than measures of individual project performance. It seeks to encourage national-level M&E systems to broaden what they routinely look at, so SDG achievements or lacunae become more visible.

The seven evaluative criteria reflect the core principles of Agenda 2030 that might be expected at national level: integration/coherence, leave no one behind, equity, resilience, environmental sustainability, universality and mutual accountability. These criteria are laid out in [Table 7.2](#), with typical evaluation questions to inform national-level SDG evaluations suggested for each. Four criteria—equity, leave no one behind, resilience and accountability—are given stronger emphasis than in the OECD DAC criteria, as they are highly relevant to poverty-environment outcomes at the national level.

Four steps for national-level evaluation are recommended; detailed guidance on these is provided by D'Errico, Geoghegan and Piergallini (2020):

- 1. Define the precise evaluation objective(s)**—to report progress, to learn how progress was made, to revise policy, etc.
- 2. Design the evaluation**—its scope, and the participatory and multi-sector methods used
- 3. Develop the evaluation criteria and questions**—preferably addressing the principles of the 2030 Agenda
- 4. Frame the evaluation**—reconstruct the theory of change or logic that underpins policy choices to better understand the cause-and-effect relationships between a policy and observed changes

Table 7.2 Criteria and typical evaluation questions to inform national-level SDG evaluations

Criterion	Evaluation questions
Integration/coherence	<ol style="list-style-type: none"> 1. Do national policy frameworks consider the interconnected nature of sustainable development? 2. Are the implementation mechanisms adequate to ensure effective integration? 3. Do they require or encourage interdepartmental or public-private sector collaboration? 4. Has the policy/plan/programme resulted in unconsidered negative environmental or social externalities? 5. Has it produced any unexpected economic, environmental or social co-benefits? 6. What is the level of coordination between government departments and the different geographic levels of government?
Leave no one behind	<ol style="list-style-type: none"> 1. What public policies and plans have been adopted to leave no one behind? Who is benefiting from national priorities? Are they increasing inequality? 2. Do poor and vulnerable people and those living in economic, social and/or geographic exclusion benefit? 3. Were the needs of the poorest and most vulnerable and excluded, as defined by themselves, considered during design and implementation? 4. Are data on impact collected and disaggregated to ascertain the effects on the poorest and most marginalized?
Equity	<ol style="list-style-type: none"> 1. What groups or individuals have benefited? What groups have experienced negative effects? 2. To what extent were the interests of affected stakeholders considered in the design? How were conflicting interests negotiated and accommodated? 3. Did the programme/policy design take account of longer-term social, environmental and economic effects? 4. Have adequate measures been taken to mitigate immediate or long-term impacts on specific stakeholder groups? 5. Have measures such as affirmative action been taken to bridge the gaps between groups?
Resilience	<ol style="list-style-type: none"> 1. Does the policy/plan/programme make individuals, communities, social groups and ecosystems vulnerable to social, economic and/or environmental disasters, shocks and other unexpected change? 2. Does it include actions that aim to increase human and/or environmental resilience to such changes and shocks? 3. To what extent does it contribute to improving resilience of poor, vulnerable and excluded communities, households and individuals?
Environmental sustainability	<ol style="list-style-type: none"> 1. Does the policy/plan/programme contribute to the depletion or degradation of any natural resources or environmental services? 2. If so, what measures have been taken to mitigate those impacts? 3. Are the long-term effects on natural resources and ecosystems positive, negative or neutral?
Universality	<ol style="list-style-type: none"> 1. Does the policy/plan/programme support or undermine other countries' efforts to contribute to the SDGs and national progress towards sustainable development? 2. Does it facilitate collaboration with other countries on shared goals?
Mutual accountability	<ol style="list-style-type: none"> 3. Are the roles and responsibilities of all partners clearly stated and agreed upon? 4. Are mechanisms in place to hold partners accountable for honouring their responsibilities? 5. Have partners negotiated institutional arrangements in a fair and equitable way?

Source: Adapted from D'Errico, Geoghegan and Piergallini (2020).

7.4 Where to obtain M&E information on poverty-environment progress

The entry points described in [Subsection 7.1.2](#) are also excellent sources of M&E information.

- **Existing national statistical organizations and monitoring systems.** These are the best source of information for M&E, as mainstream statistical systems already produce the principal data on the economy, environment and society that are used by high-level decision-makers. Examples include the system of national accounts, public expenditure reviews and household surveys.

Other sources should be reviewed and included where helpful:

- **Bespoke integrated initiatives that capture data on poverty-environment.** Voluntary national reviews, [nationally determined contributions](#), SDG dashboards and the UN Statistics Division's [SDG Monitoring and Reporting Toolkit](#) for UN Country Teams all collect and require data that can be used in monitoring poverty-environment mainstreaming efforts. For example, PEA found that a focus on the SDG voluntary national review process was an effective way to ensure many M&E needs for poverty-environment issues were met ([Box 7.2](#)). Natural capital accounting efforts and similar approaches that link data on the environment and economy are another useful resource.
- **National environmental monitoring.** Such facilities tend to be updated fairly regularly, comprehensively linked and generally used. They should be both drawn upon and further strengthened. These could include Earth observation systems using satellite data and geographic information systems that link data on a geographic basis.
- **Monitoring by civil society and academic groups.** Such efforts can provide complementary perspectives, especially on

Box 7.2 Bangladesh SDG voluntary national review

PEA supported Bangladesh's National Planning Commission in preparing its 2020 SDG voluntary national review, [Accelerated Action and Transformative Pathways: Realizing the Decade of Action and Delivery for Sustainable Development](#).

The high-profile voluntary national review enables increased visibility for poverty-environment issues and an opportunity to ensure better monitoring of these. To conduct the review, 59 public sector planners were trained in integrating the SDGs into national policy plans. PEA then helped train 118 officials, including 66 SDG focal points from 22 relevant government organizations, in M&E with a focus on poverty-environment issues. Twelve technical sessions on M&E covered an explanation of environmental indicators, mechanisms to enhance policy coherence, poverty linkages to the environment and disaster management, economic and non-economic damages and losses from climate change impacts, the use of meta-data, and developing a national approach to SDG monitoring. PEA also supported Bangladesh in sharing the lessons with the UN's High-Level Political Forum.

Bangladesh has mainstreamed much of this. Notably, it collects M&E information on the SDGs through a tailored [revised M&E evaluation framework](#). It has also developed, with PEA support, a comprehensive development results framework for SDG M&E in the context of its Eighth Five-Year Plan implementation. This incorporates 63 SDG indicators and is intended to enhance policy decisions.

Source: PEA (2021).

granular issues concerning livelihoods and well-being—for example, reviews by citizen assemblies or indigenous peoples and local community groups, and [gross domestic product of the poor](#) assessments.

Using these resources and, where particular types of poverty–environment data are weak, investing in their improvement can help with poverty–environment mainstreaming. Additionally, tools described in the previous chapters of this handbook can be applied to yield detailed M&E information:

- **Multidimensional poverty assessment** (discussed in [Subsection 2.1](#)) pinpoints policy nexus issues.
- **Poverty mapping** and geographic identification of poverty–environment linkages (discussed in [Subsection 2.2.2](#)) identifies where people are being left behind and environmental hotspots.
- **Well-being assessment** (discussed in [Subsection 2.1](#)) covers what people have—livelihoods, health, social capital and resilience—and not simply deprivations and vulnerability, which can provide a more positive and broader framing than poverty assessment.
- **Political economy analysis** (discussed in [Section 2.4](#)) identifies drivers of change and analyses formal policy change provisions (how change happens)
- **Dialogue** (explored in [Chapter 3](#)) can supplement, challenge and/or verify M&E findings to improve their transparency and strengthen the culture of using evidence.
- **Stories of change** (discussed in [Subsection 6.3.7](#)) provide evidence that is helpful for M&E in the absence of strong baselines as well as serve as good communications material.⁵

⁵ Note that some funding agencies have specific M&E requirements as to what stories of change should cover, and it is useful to build these requirements in from the beginning.

7.5 Embedding poverty–environment into existing national monitoring systems

Over time, effective M&E can help to draw separate M&E mechanisms together. This process demonstrates the potential for more holistic M&E across sectors and hierarchies, and encourages a more systematic approach to M&E that is essential for improving the resilience of a country in tackling complex integrated policy issues (IIED and UNEP–WCMC, 2017).

As discussed in [Subsection 7.1.2](#), the national monitoring system is a highly strategic entry point for poverty–environment M&E support; however, three tasks are generally needed to modify and orient the system for maximum utility.

1. **Improve government planning and M&E guidelines.** A good first step is to inform both government planning and government M&E authorities at the national, local and sectoral levels so they all include relevant and consistent poverty–environment indicators ([Box 7.3](#)). Indeed, getting poverty–environment issues reflected in a consistent way in departmental instructions for planning and M&E has proved to be one of the most effective mainstreaming tactics for PEI/PEA.
2. **Improve the availability and quality of data.** The second step tends to be a longer-term initiative. As [Subsection 1.3.7](#) emphasizes, to support evidence-based, integrated and inclusive decisions, data both need to be integrated (clearly demonstrating poverty–environment linkages), and disaggregated (by income, gender and other key characteristics). Data must be strategically targeted (policy-relevant in addressing national and sectoral goals and targets), yet accessible (user-friendly, including for public interest groups to support transparency and dialogue) and credible (in its sources and methods). To do this, requires enlightened, long-term, enabling investment.

Box 7.3 Integrating sustainable development evaluation into government decision-making cycles

Governments can use evaluative tools and approaches at each stage of the policy cycle to provide SDG-relevant evidence to inform policymaking, help decision-makers reflect on the rationale behind their policy choices and identify ways to improve these choices.

In **agenda setting**, evaluation can help identify cause-and-effect relationships between previous policies and national or subnational sustainable development challenges. Analysing data across different evaluation studies can play a similar function, helping decision-makers identify the reach and effectiveness of policy and programme options. For example, the findings of a mapping and structured synthesis of evaluations conducted by 17 UN and bilateral evaluation bodies helped researchers assess the effectiveness of different initiatives to achieve progress towards SDG 4, Quality education.

At the **policy formulation** stage, evaluative evidence analysis can help question assumptions that underpin different policy choices. After identifying the issues, planners can use evaluative tools to identify processes or social mechanisms that affect positive or negative outcomes. Planners can use theories of change or system mapping to explore different pathways to change. In-depth assessment of positive or negative cases can shed light on the contextual conditions that support or hinder sustainable development.

Source: D'Errico, Geoghegan and Piergallini (2020).

At the **approval and adoption** stage, forecast-based evaluation that uses participatory approaches—such as stakeholder mapping and engagement—can help gather multiple perspectives to create consensus among stakeholders. It can also shed light on different stakeholders' interests by facilitating participatory assessment of possible benefits and trade-offs of different policy solutions.

At the **implementation** stage, evaluations can help planners develop interventions by assessing their relevance, efficiency and integration with other initiatives. This can shed light on how best to use resources, help identify initial outcomes and provide recommendations to adjust plans.

At the **integrated assessment** stage, evaluation can help assess the validity of claims once a policy has been implemented. There are several tools available for this, including performance assessment and multi-method impact evaluation design.

Finally, at the **revision or termination** stage, planners can use the findings of previous evaluative activities to decide how to support and refine a policy, or to take a new policy direction that maximizes synergies with other policies, and accelerate the achievement of sustainable development outcomes.

3. Grow government ownership of the M&E process and its results.

Government action is more likely to be triggered if the analysis is “owned,” incorporating data that are regularly compiled by government agencies themselves that seek routine feedback, and using it at all points in the policy cycle (see [Box 7.3](#)). Natural capital accounting and wealth accounting are increasingly becoming the principal basis of regular data linking economic and environmental parameters. Many countries are

institutionalizing a natural capital accounting system to link routine data provision with policymaking in environment and development (Vardon and Bass, 2020).

[Box 7.4](#) illustrates how M&E, learning and knowledge management on biodiversity mainstreaming through the South African National Biodiversity Institute has enabled biodiversity mainstreaming to become embedded in South Africa.

Box 7.4 Embedding a continuous improvement approach to biodiversity mainstreaming: The South African National Biodiversity Institute

The South African National Biodiversity Institute (SANBI) has been working on mainstreaming biodiversity into national and sector policies and plans for many years. Its mainstreaming approaches have included promoting spatial biodiversity planning and integrating biodiversity issues into national water plans and mining guidelines. SANBI monitors mainstreaming success through assessing:

- **Policy impact**—looking at changes in the policy and practices of the sector it is working with and the impact on the ground in terms of the status of key ecosystems
- **The mainstreaming process**—looking at changes in the awareness, behaviour and willingness of key stakeholders to embrace biodiversity concerns; a measure of success is requests by a particular sector for a sustainable utilization tool to be developed on its behalf

SANBI maintains a hub for theory and practice on biodiversity mainstreaming. This enables each project to build conceptually off the mainstreaming lessons of its predecessors in a strategic way.

Housing all mainstreaming projects at SANBI has created a career ladder and professional development in biodiversity mainstreaming as a discipline. Numerous examples exist of junior staff on one project taking a more senior role on a subsequent one. In this way, in-house knowledge of mainstreaming is further developed rather than lost between projects. On a topic as complex as mainstreaming, this is a critical ingredient of success.

Another successful tool in mainstreaming biodiversity is SANBI's learning approach and active publishing programme. Individual staff are encouraged to publish their efforts. In fact, a study performed for the Global Environment Facility's Scientific and Technical Advisory Panel concluded that SANBI has created the largest single body of literature in mainstreaming practice in developing countries (Smith, Bass and Roe, 2020). SANBI's mainstreaming success has also been ascribed to its very good data and spatial mapping capabilities and to a credible, science-based approach to the active development questions of the day.

Sources: Smith, Bass and Roe (2020); IIED and UNEP-WCMC (2017).

7.6 Checklist: A strategic M&E plan for poverty-environment mainstreaming initiatives

M&E is best planned in tandem with the mainstreaming initiative itself, so that the poverty-environment outcomes being sought are consistent and the means of assessing them appropriate. The following steps for preparing an M&E plan for poverty-environment mainstreaming initiatives draw on IIED and the UNEP World Conservation Monitoring Centre (2017) and Capitals Coalition (2022):

4. Develop a theory of change for your poverty-environment mainstreaming intervention. As described in [Box 4.2](#), the theory of change will lay out the kinds of progress anticipated in terms of inputs, process/activity, output, outcome, and ultimate impact (or immediate, medium-term and long-term results). The theory of change will help to formulate the questions for M&E's interrogation of progress.

- Mainstreaming begins when poverty-environment issues and targets are included in mainstream debates and analysis—for example, in development planning processes.

- Mainstreaming deepens when poverty-environment issues are included in the plans resulting from these debates and analyses—especially if specific activities and investments are included in the plan, rather than poverty-environment issues being reflected only in the plan’s problem statement.
 - The fruition of mainstreaming efforts is when budgets are influenced and finance is secured.
5. **Ensure meaningful timing of M&E activities in your poverty-environment mainstreaming plan.** Time scales should be appropriate—for example, quarterly monitoring for water use or pollution discharge or three-year monitoring for indicators such as species abundance.
 6. **Identify and consult potential M&E users.** Environmental, climate and poverty reduction stakeholders and authorities need information on the progress and success of poverty-environment mainstreaming. Mainstreaming M&E, particularly indicator choice, should meet their decision-making needs.
 7. **Define the objective of monitoring and/or evaluation.** Formulate an M&E objective suiting the purpose and scale of the poverty-environment intervention. [Table 7.2](#) offers a brief checklist that can help inform M&E objectives. Objectives and timing need to be “owned” by an identified accountable person.
 8. **Identify key dimensions of change and criteria.** Typically, the dimensions are environmental, economic, social and governance; the criteria are used to assess progress in making the change. Identify possible indicators to track progress and successful achievement for each dimension of change. Examples are provided in [Box 7.1](#) and [Table 7.1](#).
 9. **Establish a baseline so changes associated with mainstreaming initiatives can be tracked.** Without a baseline, it is impossible to monitor progress and assess the added value of mainstreaming. Lack of data inevitably means there will be gaps, and it is important to highlight what is not known.
 10. **Set aside sufficient financial and human resources for M&E.** Where the national statistical agency endorses poverty-environment mainstreaming, its need for indicators and continuing data will provide a strong resourcing case.
 11. **Report on progress made towards poverty-environment mainstreaming.** Use methods and means of reporting aligned with the major reporting standards of the national statistical agency and authorities concerned with specific poverty-environment issues. The more an indicator meets a real decision-making need (e.g. levels of dirty drinking water) and is effectively communicated, the greater the likelihood poverty-environment mainstreaming will become embedded.
 12. **Communicate the findings to stakeholders.** Findings need to be published if they are to make a difference. First check the findings with key environment, climate and poverty reduction stakeholders, seeking their validation and making revisions as needed.

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Chapter 8

Building Integrated, Transformative Institutions



Chapter overview

A country's institutions are critical to its economic, social and environmental success—at least as much as its resource endowments and geography are. However, today's institutions show significant limitations in tackling new and burgeoning poverty-environment problems.

This chapter addresses the need for institutions to be much more integrated and transformative if collective poverty-environment goals are to be achieved at scale. Based on cases from the Poverty-Environment Initiative (PEI) and its successor, Poverty-Environment Action for Sustainable Development Goals (PEA), and other research, it identifies the kinds of institution that have proven effective at transforming poverty-environment outcomes, and their characteristics. Such institutions will catalyse changes in the wider institutional ecosystem to better tackle poverty-environment issues and achieve inclusive, sustainable development.

All types of institutions in many sectors and localities will, of course, need to work more closely together to achieve poverty-environment outcomes. But this chapter focuses on four types of catalytic institutions that can transform poverty-environment outcomes:

- **Established top-down coordinating institutions**—often government finance or planning authorities
- **Bodies mandated to develop and deliver holistic policies**—usually multi-stakeholder in composition and often new bodies
- **Bridging organizations, networks, alliances and movements** that link government, businesses and civil society
- **The growing body of sustainable development law** that provides a solid legal foundation for building institutions that can achieve poverty-environment outcomes

Based on learning from PEI, PEA and others, we lay out a dozen broad characteristics of integrated, transformative institutions—both for diagnosing current institutional arrangements and to design new institutions. Integrated, transformative institutions are:

- **Inclusive and authentic**, rooted in local contexts
- **Legitimate** to poverty and environment stakeholders, with a clear mandate to deliver on linked poverty-environment issues
- **Highly networked** vertically across governance levels and horizontally across sectors and disciplines
- **Holistic and systemic**, with clear poverty-environment goals
- **Future-oriented** in outlook, building natural capital and other wealth for poverty reduction

The functions of such institutions are covered in other chapters:

- Analytical functions: [Chapter 2](#)
- Institutions' work in inclusion and dialogue: [Chapter 3](#)
- Planning: [Chapter 4](#)
- Budgeting and financing: [Chapter 5](#)
- Monitoring and evaluation: [Chapter 7](#)



8.1 The importance of institutions

A country's institutions determine whether it thrives or struggles—at least as much as its resource endowments and geography do. There is good evidence that institutions have a very significant impact on a country's gross domestic product (GDP) and **Human Development Index** (Acemoglu and Robinson, 2012; Rodrik and Subramanian, 2003). Institutions determine how quickly and how well a country can come to grips with major, complex problems and enable people to work together to solve them.

Diverse and interlinked poverty–environment issues demand institutional transformation.

Facing multiple crises of climate and environment, inequality and poverty, humanity needs effective institutions more than ever (**Box 8.1**). We need institutions that can shape the future rather than react to the past; that can embrace complexity and context; that can demand, deliberate, decide on, deliver and be held accountable for resulting collective action; and that embed equity and solidarity. In short, we need institutions that deliver holistic ambitions—whether that be for the Sustainable Development Goals (SDGs), for socially just transitions to net zero, for circular economies or for nature-positive development.

Institutions are therefore important social capital and need to be recognized and supported. As the Rockefeller Foundation (2022, p. 1) notes:

Big ideas can change the world, but only if institutions convert them to action. Bigger than policy, but more concrete than systems change,

Box 8.1 What are institutions?

Definitions of institutions are diverse, but in practice, we can divide institutions into two basic types, which are in line with all the diverse definitions:

- **Organizations such as governments, companies, multilateral processes, financing and funding models**—groups of people bound by a common purpose, along with the governance arrangements they create
- **“Behavioural” institutions such as customs, norms or practices**—the underlying “rules of the game” for decision-making and for sharing costs, benefits and risks

Organizational and behavioural institutions are interdependent—together providing the social capital that enables people to work collectively to solve complex, linked problems such as we face with poverty and the environment (Rockefeller Foundation, 2022).

institutions can provide a practical way of thinking about creating new paradigms.

Countries with institutions that can work together to grasp poverty and environment issues in “joined-up” ways will find many opportunities become open to them. For example, delivery on food security can also achieve health and poverty reduction.

8.2 The challenges of institutional change

Too frequently, we say policies and plans have failed due to lack of political will or weak capacity; these are institutional challenges. But institutions are also challenged. Many are struggling in rapidly changing social and economic contexts, and consequently made moribund or redundant. The prevalence of narrow organizational mandates, processes, disciplines, incentives and metrics leads to separate, fragmented work and blocks integration. The way financing is organized matters, too: for example, the United Nations Development Programme–United Nations Environment Programme (UNDP–UNEP) Poverty–Environment Action for Sustainable Development Goals (PEA) found that, in many countries, environment authorities may refuse to take an integrated approach because they wish to keep control of climate finance. The lack of effective horizontal and vertical coherence and coordination mechanisms between institutions makes it difficult to implement the kinds of holistic priorities we now seek. Too many of our institutions are evidently too slow, isolated, irrelevant, mistrusted or ineffective in relation to the problems we face, and there is too much inertia to change them in the short term (Rockefeller Foundation, 2022).

The legal foundations for poverty–environment integration are not yet in place. Sustainable development vision statements, policies and strategies have proliferated. But the legal foundations for implementing them have not kept pace. Many policies are rendered impotent by legal anomalies from earlier eras which do not allow the integrated progress that is now so urgently required. For example, energy sector laws tend to entrench fossil fuel technologies, centralized grids and energy sector monopolies—all of which constrains the growth of decentralized renewable electricity generation (Fullerton and Sorie, 2022).

One-off poverty–environment mainstreaming is no longer enough to ensure good outcomes.

Because institutions have not been truly integrated, mainstreaming programmes and tools have been used to push poverty–environment issues as far as possible, so that the environment is considered in poverty reduction decisions and vice versa. Reflecting on 18 years of work of PEA and its predecessor, the Poverty–Environment Initiative (PEI), it is clear that this kind of mainstreaming can only take us so far (Box 8.2). We now need a more overt approach to institutional reform—indeed transformation. Table 8.1 highlights the shifts involved in moving from a mainstreaming approach to poverty–environment issues towards an institutional transformation approach.

Institutions may appear fixed and impossible to change, but they are almost always dynamic, and they evolve to survive. Since the 1972 Stockholm Conference, there has been a broad shift from “government” to “governance.” Relatively centralized and single institutions are no longer the means to achieve ambitious goals. Instead, we see a state of polycentric governance and regime complexity in which many more actors participate (SEI and CEEW, 2022). Early attempts to establish umbrella sustainable development ministries have usually been superseded by multi-actor arrangements for collective goals such as sustainable development. Indeed, in many places there has been a gradual institutional evolution from siloed approaches towards complete poverty–environment integration (the four levels of integration are described in Subsection 1.1.3 and illustrated in Figure 1.1). We need to look for these trends, learn from them and accelerate them where appropriate.

The growing imperative to implement the SDGs means that attention to institutions is likely to increase. Agenda 2030 calls for institutions to mainstream all the SDGs into the machinery of government, business and civil life. While all the SDGs imply the need for significant institutional change, SDG 16 (Peace, justice and strong institutions) identifies priorities for “effective, accountable and inclusive institutions” (Box 8.3).

Box 8.2 Reflecting on PEI/PEA experience: Towards a more transformative institutional agenda

Neither PEI nor PEA aimed overtly at changing institutions as a primary goal. Instead, they worked with existing institutions, introducing tools and tactics that would change systems—initially the national development planning system, then budgeting and financing systems, and measurement and monitoring systems. PEI/PEA also used existing decision-making cycles and procedures, albeit with some capacity development to adopt new tools and methodologies. As an independent review of UNEP's contribution to poverty reduction noted, "Sustainability is highest where countries applied [PEI's] more ambitious approach of engaging with the entire national planning, policy and budgeting processes of the country" (Noij, 2021).

This process helped national and local institutions change in organic and authentic ways. No institutional change was imposed. Existing institutions broadly owned the process, rather than being threatened by it. At times, further cross-cutting institutional issues were included as well: introducing rights-based approaches and gender

equity entailed gaining good understanding of the political context.

PEI realized the importance of exit and sustainability strategies to ensure that the institutional DNA that evolved in individuals and organizations had a good chance to be sustained. In many PEI/PEA countries, there is now broad recognition that the new institutional "wiring" that has emerged needs to be formalized and embedded. It has become timely to consider supporting institutions in their own right—a prospective theme for PEA follow-up work.

There are parallels with the SDGs. The in-country implications of the SDGs are intensely challenging to most institutions. Yet to have presented the SDGs as an institutional change agenda early on might not have been politically acceptable as it could threaten power relationships. Only now, with growing agreement in many countries to implement the SDGs, is there greater appetite to question and improve institutional readiness and capability.

There is, however, no single way to do this. As Biermann et al. (2022, p. 797) note:

Several case studies, for example, on Bangladesh, Belgium, Colombia, Germany, India, the Netherlands, Sri Lanka, and small island developing states indicate that synergies and trade-offs in the 2030 Agenda manifest differently across political systems and governmental levels.

- A government that is resource-efficient with sound public financial management
- A government that is representative, builds consensus, and is participatory and inclusive
- A civil service that is effective and capable
- Institutions grounded in the rule of law—transparent and accountable, with adequate oversight mechanisms and separation of powers

8.3 Integrated, transformative institutions

Sound and resilient institutional foundations are needed for all institutions to become better integrated and transformative. Some basic structural factors need to be in place (UNDP, 2017):

A spectrum of institutions is almost always involved in achieving good poverty-environment outcomes. All kinds of institutions in many sectors and geographies—especially those where poor groups live and work—will need to play their roles and work together more closely. This should include some of the major institutions in a country, such as in the agricultural, urban and finance sectors.

Table 8.1 From mainstreaming to institutional transformation

From mainstreaming	To institutional transformation
Supply-push mainstreaming: poverty-environment arguments are pushed onto people who may be unreceptive	Demand-driven integration: stakeholders in environment or development seek to meet their own needs better through poverty-environment integration
Complex and marginal: only experts and poor groups themselves are interested in poverty-environment issues	Routine and accepted: poverty-environment issues are expressed in mainstream development/economics language and discourse
Abstract concept of poverty-environment integration: promoting a general overall case	Specific, costed business cases for poverty-environment integration: action in real places on what matters to people
Poverty/environment is bad news: pollution, poaching, deforestation, constraints, etc.	Poverty/environment is good news and “can-do”: livelihood, business and growth opportunities from poverty-environment action
One-off poverty-environment data: collected from isolated cases but constrained by siloed data sets	Organized data system and accounting: on many poverty-environment dimensions, regularly used in decision-making
One-off dialogue led by environmental authorities or poverty civil society organizations: few mainstream players are involved	Continuing national poverty-environment forums and learning groups: drawing in mainstream players in learning and leadership
Separate mainstreaming projects: for biodiversity, climate, gender, poverty, etc.	Integrated institutions: mobilizing and coordinating many actors in environment and development, fully linked throughout the policy cycle
Top-down integration: through mandating and executing major policy initiatives	Bottom-up demand, too: through connecting plural interests in shaping policy and practice

Four types of institutions can play critical roles in catalysing integrated, transformative engagement in poverty-environment issues:

- **Established top-down coordinating institutions with the power and legitimacy to convene and coordinate across separate policy arenas.** These are principally governmental entities. PEI and PEA found that, with guidance, the coordination roles of development planning and finance ministries, the office of the president or prime minister, and local authorities could drive the appropriate integration of others' work on poverty and the environment. Parliamentary bodies can also play a high-level role to ensure inclusion, integration and appropriate trade-offs.
- **Bodies that are mandated to develop and deliver holistic policies, such as sustainable development or green economy at the national level, or landscape management and livelihoods at the local level.** These entities may be new bodies and are usually made up of multiple stakeholders, such as national councils and commissions for sustainable development. While there is a risk of their being sidelined by more established authorities, there is increasing political demand to ensure their policies are matched with strong institutional muscle.
- **Bridging organizations, networks, alliances, and movements that link government, businesses, and civil society and catalyse their integration.** These work through convening, dialogue, multidimensional analysis and

Box 8.3 What does SDG 16 require from institutional change?

SDG 16 includes several targets regarding institutions needed for the transition to sustainable development:

- 16.3:** Promote the rule of law at the national and international levels and ensure equal access to justice for all
- 16.5:** Substantially reduce corruption and bribery in all their forms
- 16.6:** Develop effective, accountable and transparent institutions at all levels
- 16.7:** Ensure responsive, inclusive, participatory and representative decision-making at all levels
- 16.8:** Broaden and strengthen the participation of low-income countries in the institutions of global governance
- 16.10:** Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements
- 16.b:** Promote and enforce non-discriminatory laws and policies for sustainable development

learning, and bringing in those who have been excluded such as poor groups and informal economic actors (which may make up 80 percent of the workforce in some developing economies). Much institutional innovation often exists in such entities, as organic, open-source, crowd-sourced, decentralized movements in social justice and environmental sustainability come together in ways that are authentic to local poverty-environment needs. “Meso”-level organizations that operate between local levels and higher policy levels often fall in this category of institution; these may be civil society organizations, non-governmental organizations, think tanks, or a formal contact network such as:

- **Impact hubs**—issue-specific institutions that link actors working on a particular holistic issue, coordinating their work towards collective outcomes
- **Environment or sustainable development focal point units or contact officers in sector authorities**—for example, such as those PEI helped establish in Mozambique and Rwanda, with mandates to communicate and collaborate on cross-cutting poverty-environment issues

- **The growing body of sustainable development law that provides a solid foundation for institutional ecosystems that deliver poverty-environment outcomes.** This institutional category includes a number of increasingly accepted legal principles—such as polluter pays; precautionary approach; free, prior and informed consent; intergenerational equity; and access to information, public participation and justice—and is often evidenced by accession to international sustainable development treaties.

Three challenges must be addressed to ensure these catalytic institutions are effective:

- **The four types of catalytic institutions must work well together.** For example, while the coordinating role of ministries of finance or planning can be a great way to convene diverse poverty and environment interests (they were PEI’s target institutions for this reason), their established procedures can be rigid and not always open to, say, the interests of civil society. Hence the value of complementary bridging innovations to address power asymmetries as well as technical gaps.
- **Work on institutional transformation needs to fit well with local political, social and economic contexts, but also have the power to change them.** Efforts to build integrated institutions have principally had a technocratic focus to date, sometimes pinning hopes on specific “magic bullet” institutional models, instruments

and technical capacities. Ensuring a good fit with the wider institutional context is critical, while ensuring sufficient room to challenge that context. The result must be institutions that are rooted and authentic in their context.

- **The focus needs to be on transformative change.** There is no single model for how to achieve transformative change—a change of systems, not just singular developments, that involves multiple actors at multiple levels. Such change constitutes “deep, fundamental change that disrupts the status quo, and sustains that change over a long period” (ICAT, 2020, p. 13). This may be by convergent evolution ([Figure 1.1](#)), by emergent processes or occasionally by a quantum leap forward. Any one or more of the four types of catalytic institution could potentially lead the change process, depending on context.

Integrated, transformative institutions that contribute to poverty–environment outcomes share several characteristics. Based on the lessons learned from PEI/PEA and from case studies of institutional change in support of inclusive green economy, a dozen characteristics describe institutions that are fit for delivering good poverty–environment outcomes in diverse contexts ([Box 8.4](#)). A variety of institutions in government, business or civil society—or meso institutions that span these—could exhibit such characteristics. There is no standard institutional form, and not every characteristic is needed in every constituent institution. However, their absence across the full institutional ecosystem could make institutional reform very fragile. Hence the need to identify and build on these institutional characteristics. We explore this in the next section.

8.4 Good practices for evolving integrated, transformative institutions

This section offers guidance on selecting, mobilizing and supporting institutions for transforming poverty–environment outcomes. As with the transformative characteristics, this material draws on lessons learned from PEI/PEA and from case studies of institutional change in support of inclusive green economy.

8.4.1 Conduct an institutional analysis

Begin your exploration of integrated, transformative institutions by looking at the wider institutional ecosystem. Developing a simple organogram of how the main institutions relevant to poverty–environment issues link along lines of communication and accountability is a useful start in creating a picture of the institutional ecosystem. Identify the following:

- **Mandates**—the main institutions responsible for tackling poverty–environment issues; their roles, resources, responsibilities
- **Collaboration**—trends in working together and the main areas of competition and collaboration
- **Legal foundations**—accession to international treaties on poverty–environment issues and the application of sustainable development legal principles
- **Characteristics**—institutions that stand out as demonstrating key integrated, transformative characteristics (e.g. as in [Box 8.4](#))

[Figure 8.1](#) offers a checklist of the basic points to scope. [Chapter 2](#) (notably [Section 2.4](#) and [Table 2.3](#)) provides more details on mapping how the machinery of government makes its decisions relevant to poverty–environment issues, and ways to understand the political economy that affects how institutions treat poverty–environment issues.

Box 8.4 Characteristics of integrated, transformative institutions

These 12 characteristics provide a basis both for diagnosing current institutional arrangements and for designing new ones.

1. **Inclusive**—participatory, trust-building and rectifying power imbalances, especially of poor and marginalized groups; demonstrating clear social purpose and participation in governance
2. **Rooted in local contexts and in local capabilities and needs**—embracing domestic cultural, political, economic and social processes, and thus are owned by stakeholders
3. **Future-oriented, with clear vision and long horizons**—responsive and adaptive, not only focusing on short-term stability but also long-term well-being of future generations
4. **Holistic and systemic**—integrated and interdisciplinary because poverty-environment problems are complex and interlinked
5. **Linked horizontally and vertically and across knowledge systems**—supporting coherence, collaboration and coordination, and not overly centralized
6. **Building true wealth**—helping stakeholders understand, manage, grow and track the capital needed for inclusive green economy and to make sustainable trade-offs
7. **Resilient, effective means for feedback, learning, adaptation, prioritization and resourcing**—and the ability to do the right thing for poverty-environment outcomes in spite of changing pressures
8. **Legitimate mandate**—rooted in the constitution and legal regime, accepted as right and proper, reflecting societal demand and consensus, and autonomous from short-term political pressure and vested interests
9. **Upholding the rule of law**—protecting rights and fundamental freedoms, reducing bribery and corruption, and promoting informed consent and the body of sustainable development law
10. **Evidence-based and -sharing**—founded on sound science and local knowledge, ensuring access and welcoming and responding to diverse information and learning loops
11. **Accountable and transparent**—able to account for performance, transparent and open about the quality of that performance, and subject to independent oversight
12. **Competent and adequately resourced**—finance and expertise are secure but responsive to need, with mechanisms to mitigate risks and adapt appropriately

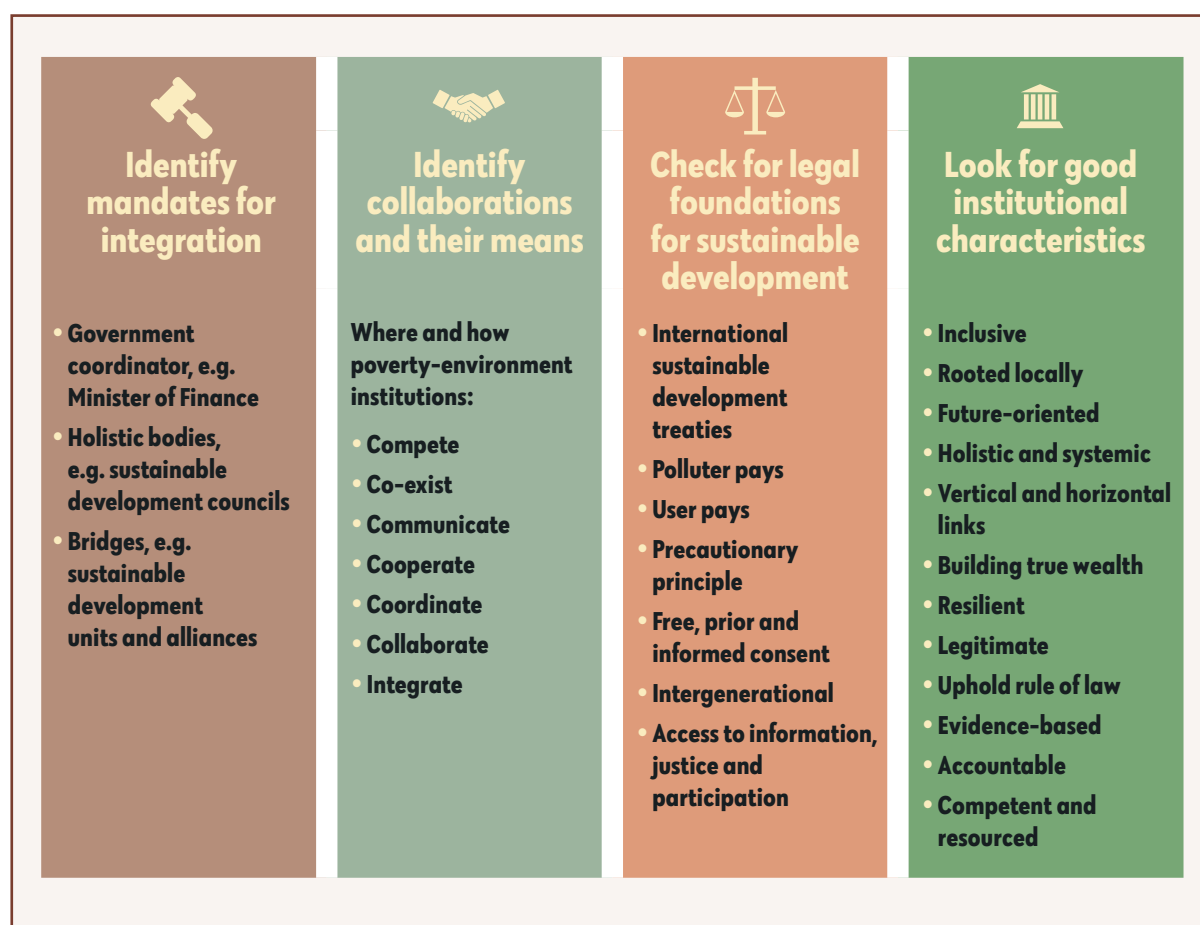
Source: Bass (2019); Noij (2021); UNDP (2017).

8.4.2 Work with existing institutions and do not create parallel systems

The most effective way to promote integrated approaches usually involves targeting the existing planning, budgeting and coordination systems stakeholders are most used to and, ideally, trust the most. This mobilizes existing capacities and strengthens confidence in tackling poverty-environment issues. Creating parallel mechanisms outside routine mainstream systems

can be tempting to do—because it can be done quickly under the control of a single initiative—but it is usually ineffective in influencing mainstream players and may be counterproductive in the long run.

Pushing quickly for a single, monolithic, comprehensive sustainable development institution might seem reasonable. But this is rarely the best initial step. While a sustainable development ministry might look on paper as if

Figure 8.1 Analysis of institutions' integration: a basic checklist

it could single-handedly address all a country's poverty-environment issues, many countries where this solution has been attempted have viewed it as somehow outside the "real" system and with inadequate powers.

A national poverty-environment institutional forum or platform that engages and mobilizes the existing institutions involved in poverty-environment issues can be a better basis on which to build than a replacement comprehensive institution. And, over time, it might even evolve towards a sustainable development ministry, if there is consensus and commitment to this working in context.

8.4.3 Establish inclusive means for coordination

No one institution can tackle the interlinked challenges of poverty-environment issues, yet each institution potentially wields the power of its own mandate and budget. The ability of many institutions to work together systematically in **vertical** coordination (across levels of government) and **horizontal** coordination (across sectors) is therefore important. A variety of coordination mechanisms can work, depending on context and the current state of integration:

- **Parliaments.** Parliaments have legislative, oversight and budgetary functions and powers and, through representation, cover various localities and interest groups. Usually the most representative decision-making

body, parliaments must try to ensure that all groups within society are represented, no one is left behind and decisions further the common good. They can offer an inclusive approach to coordination through, for example, parliamentary commissions, audits and consultative exercises—especially if they are innovative. For example, with PEI, Burkina Faso established a parliamentary committee for priority poverty–environment and green economy issues. More than 30 countries now have children’s parliaments, too—in some countries championed by non-governmental organizations as in Ethiopia and India, and in others supported by government as in Finland, Ireland and Scotland. These have been found to be a valuable additional means for deliberation on poverty–environment issues (Tisdall, 2021).

- **Local government and other organizations that represent, serve and regulate local stakeholders.** Although local authorities have significant influence (except perhaps on elites), they are not uniformly supportive of inclusive and green approaches. Those that are supportive need to be sought out to play coordination roles; these entities are characterized by (Satterthwaite and Sauter, 2008):

- High levels of transparency and accountability to local groups
- An understanding of the close dependence of poor groups on environmental quality
- Well-established work programmes with low-income groups
- Giving such groups central roles in defining priorities and undertaking initiatives
- Mobilizing resources (skills, natural resources and finance) to build the local economy
- Openness to influencing central government policy based on the above

Other forms of local institutions beyond government can also exhibit these

characteristics and play poverty–environment coordination roles. For example, beginning in 2010 in Rwanda, PEI worked with local women-led cooperatives to provide much of the ongoing governance needed for the green villages established with the Ministry of Local Government and District Councils (see [Subsection 4.4.1](#)).

- **Land use planning departments and soil and water conservation bodies.** Such entities are potentially part of the institutional ecosystem delivering good poverty–environment outcomes. Their associated legislation and staff could promote synergies among diverse environmental and developmental objectives. New demands—for example, to grow local and national green economies, or improve the value realized by poor groups from natural capital—could potentially transform their purpose, use their skills and mobilize their resources.
- **Interministerial coordination and communication mechanisms for holistic policies.** Most countries are experienced in establishing interministerial committees. This has been the commonest route so far to planning for the SDGs and climate change. This approach can be effective if, like the climate change coordinating mechanisms in China and India, they are established under the highest-level authorities (UNDP, 2017). A special focus is often needed on helping sectors and subnational actors respond to national integration decisions.
- **National councils for sustainable development (NCSDs).** Such councils were set up in most countries in the wake of Agenda 21 to steer national sustainable development strategies. These have evolved in diverse ways and play many coordinating roles. Most NCSDs operate as an advisory body to government, examining sustainable development issues and providing advice on the evolution and success of sustainable development strategy and policy. This role has often been

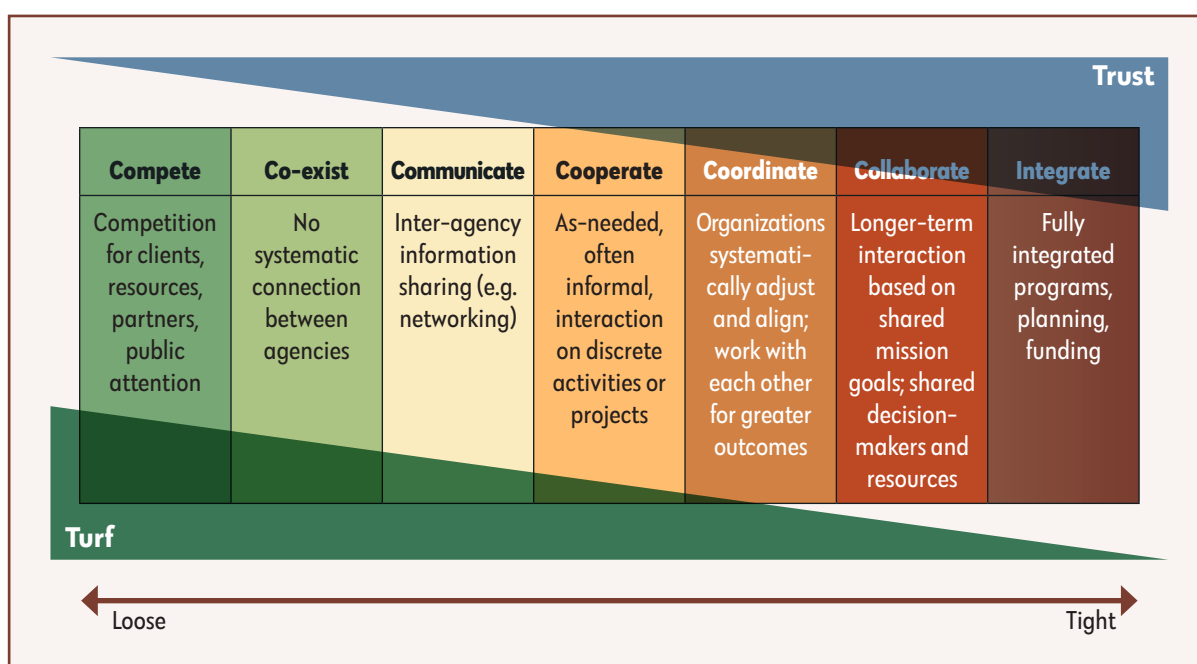
highly productive—especially if legislation requires government to respond to NCSD recommendations within a stated period—moving policy and action forward decisively into priority areas. Many NCSDs are tasked with regular reporting and review of progress on a national strategy. A small number of NCSDs also play a role in implementation, principally in smaller countries and where NCSDs are very closely linked to government action. Countries with NCSDs located under the office of the president/prime minister benefit from that high-level mandate, which has ensured effective coordination—more so than if under one ministry. But NCSDs that have multi-stakeholder membership from beyond government alone tend to be most effective, taking a participatory approach that produces more enduring, widely owned strategies. UNDP (2017) describes many examples.

- **Poverty/environment focal points and units within sector and local authorities.** These decentralized bodies can take different forms: some take their power from an umbrella

authority (top-down power), others from sustainable development councils and committees (cross-sector), or a sustainable development commission (independent); others from the agencies in which they sit (bottom-up legitimacy).

- **Platforms and spaces for learning, leadership and improving collaboration on poverty-environment issues.** Where institutions learn and adapt together, they can build the experience and confidence to be more ambitious in their collaboration, leading to more transformative change. The Tamarack Institute in Canada has identified a collaboration spectrum stretching from competition (no collaboration) to complete integration (Figure 8.2). A stepwise approach along the spectrum can help find the best level of collaboration; note that there is no reason for all organizations to move to complete integration.
- **A regular multi-stakeholder poverty-environment forum, community of practice, or learning and leadership group.** This last is

Figure 8.2 The collaboration spectrum



Source: Weaver (2021).

described in [Box 8.5](#); all such entities can help pool perspectives for tackling the many uncertainties that surround poverty–environment issues, share solutions and build trust.

8.4.4 Strengthen capacities and powers for poverty–environment integration

Capacity development is a huge subject, much of it outside this chapter’s scope. However, given PEA’s consistent finding that a lack of capacity and powers constrains progress with poverty–environment integration, we here introduce some aspects of capacity development and empowerment specific to poverty–environment issues. We focus on the capacities to undertake the

poverty–environment integration tasks required across the entire policy cycle.

Capacity is typically needed at three levels:

- **Individual capacity**—knowledge and skills that help people understand poverty–environment links; build relationships, trust, legitimacy and leadership (soft capacities); and employ interdisciplinary technical and managerial skills (hard capacities)
- **Organizational capacity**—especially to manage implementation of poverty–environment objectives; the organizational structures, systems and teams that bring

Box 8.5 The African Leadership Group on Biodiversity Mainstreaming

The African Leadership Group on Biodiversity Mainstreaming (ALG), facilitated by the International Institute for Environment and Development (IIED) and the UNEP World Conservation Monitoring Centre (UNEP-WCMC), has helped members across eight countries successfully mainstream biodiversity in different ways, as well as “development-proof” their respective national biodiversity strategies and action plans.

Several replicable lessons emerge from the ALG experience; these suggest that mainstreaming learning and leadership groups can be effective due to their (IIED and UNEP-WCMC, 2017):

- **Inclusion**—people from biodiversity, finance and development authorities participate as co-equals; and deliberately bring in those from civil society and business whose rights and needs are underrepresented
- **Recognition**—group members are seen as mainstreaming “champions,” whether they be from biodiversity or development sectors, from authorities or other stakeholders
- **Shared voice**—constructive narratives and principles for integrating biodiversity and development are co-produced and co-promoted, for example, the

ALG has made annual declarations on biodiversity mainstreaming at Convention on Biological Diversity Conference of the Parties meetings

- **Focus**—group members take a lead in defining and identifying priority mainstreaming entry points, targets and implementation plans for mainstreaming
- **Group dynamic**—the informal nature and relatively small size of the group means members can get to know one another
- **Peer approach**—group members both learn from one another in a safe space and are motivated to share their experience with peers
- **Purposive meetings**—face-to-face meetings and workshops share mainstreaming progress made, lessons learned and challenges and develop solutions
- **Demand-driven tools**—mainstreaming tools and guides are co-developed, tested and implemented to meet country mainstreaming capacity needs
- **Technical and financial facilitation**—provided in the ALG’s case by IIED and UNEP-WCMC, this enables activities to take place in spite of members’ busy schedules and serves to catalyse cross-country lesson-learning, guidance development and synthesis

individual capacities together effectively, preserving continuity through staff turnover

- **Enabling environment capacity**—especially the cross-sectoral policy, legal and regulatory, economic and scientific information and social support systems that encourage and require individuals and organizations to contribute to sustainable development

Generic guidance on capacity development is outside the scope of this handbook. But PEI/PEA's experience points to several approaches that are particularly helpful for supporting poverty-environment outcomes. Some of these are based on traditional, formal training and instruction manuals. Others work with interactive platforms to mobilize people, share experiences, learn, innovate and validate transformative approaches. Particularly useful approaches are highlighted below:

- **Capacity rosters.** These enable the identification and mobilization of poverty-environment capacities and skills that already exist in a country and let these be tested before deciding what and whose capacities to develop.
- **World-view sharing.** Think-tanks and workshoping opportunities allow diverse world views to be shared, building capacity to understand the concerns and roles of others in tackling complex problems.
- **Interdisciplinarity.** Familiarity with interdisciplinary approaches, such as environmental economics and multidimensional poverty and well-being measures, enables complex problems to be treated in a systemic way.
- **Public administration guidance and training.** This entails integrating poverty-environment issues into government executive orders and instructions, training courses and manuals, and training civil servants in public service training colleges.

- **Training provided in partnership with local actors.** Involving local trainers and sources of traditional knowledge can contextualize training and build a local community of practice.
- **South-South-North cooperation on poverty-environment.** This refers to mechanisms that draw on and build the above capacity assets in similar contexts, and that help validate and spread good practices.
- **Community of practice.** All of the above can contribute to growing a poverty-environment community of practice, providing fertile ground for champions and leaders to emerge.

Beyond training and experience sharing, institutional empowerment entails bringing those institutions with a real interest in poverty reduction and environmental sustainability closer to centre stage. Just as poverty reduction and environmental sustainability tend to be marginalized agendas, these institutions also are typically marginalized. PEI struck a careful balance between focusing on finance and development authorities for their coordination and coherence mandates, and empowering (weaker) environmental authorities, local authorities, and other local organizations representing poor groups to undertake their specialist roles in achieving poverty-environment outcomes.

8.4.5 Ensure legal foundations for integrated approaches are in place

A new generation of laws is required to achieve transformative outcomes for poor groups and the environment. This need is recognized in SDG 16, Peace, justice, and strong institutions, which cites justice as one of the six essential elements for all the SDGs. Without justice, achieving the SDGs is difficult and impossible to sustain.

The SDG Legal Initiative, created by Advocates for International Development (A4ID), sets out a legal guide for each SDG. Those completed thus far set

out the relevant legal advances at the international level, provide numerous national examples and offer guidance to lawyers. The coverage is wide, with many technicalities beyond the scope of this handbook. We note, however, two legal trends that can be built on.

First, there is a unique and progressive body of sustainable development law. This has accumulated at the international and national levels over the last few decades, and that is increasingly common in operation. It covers both hard and soft law and is expressed in various legal treaties, instruments, norms and regulatory guidance, supported by distinctive procedural elements. It covers principles and mechanisms for the following, among others:

- **Polluter pays**—which makes polluters liable for the costs of environmental damage
- **User pays**—a variation of the polluter pays principle which holds the user of a natural resource liable for the cost of running down natural capital
- **Precaution**—which disallows an activity if there is a high chance that its consequences are irreversible, even if there is not yet conclusive scientific proof of harm
- **Free, prior and informed consent**—which refers to the right of groups of (indigenous) people to give or withhold their consent for any action that may affect their lands or rights
- **Intergenerational equity**—which articulates a concept of fairness among generations in the use and conservation of the environment and resources
- **Access to information, access to public participation and access to justice**—which form key pillars of sound environmental governance, so that all may live in an environment adequate for health and well-being in accordance with [Rio Principle 10](#)

These principles are, of course, affected by other contexts, arguments and interpretation. There is much current debate on how far any of them are (or should be) embedded in rights. For example, child/youth climate activists demonstrate that present children intersect with future generations, and that intergenerational rights are children's rights.

Second, there has been a trend across many types of countries to embed holistic issues, and sustainable development in particular, in law. This embedding is at levels from the constitution downwards:

- The **constitution** is important for setting an overall national vision, promoting societal awareness and enabling change—thus defining a social contract for sustainable development.
- **International legislation** entails accessions to international agreements on the environment, poverty reduction and sustainable development, and enables national contributions to global collective action.
- **National legislation** directs government action and establishes appropriate rights and the responsibilities of all actors.
- **National, local and sector rules** interpret sustainable development legal principles through investment regulations and treaties, public-private partnership rules and operating rules (see also [Chapter 5](#)).
- **Customary law** recognizes and promotes long-standing cultural norms and traditions that enable joint social and environmental protection, and engages indigenous peoples and local communities.

Strengthening the legal foundations for integrated approaches goes beyond adopting legal principles and passing related national and local laws. To implement the laws, progress is also needed in:

- **Building the institutions** that are capable of guiding, regulating, administering and enforcing laws—especially at the local level

such as local courts which have to implement laws that handle poverty–environment trade-offs and synergies

- **Empowering people** so they are able to uphold a balanced set of rights and responsibilities—notably for resource use and participation in decision-making.
- **Engaging lawyers** in the institution-building covered in this chapter, and ensuring they become familiar with the tasks laid out in other chapters. As noted in [Section 8.2](#), outdated and biased laws and their interpretation are common roadblocks to poverty–environment integration.

8.5 References

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Glossary

Budgeting. The process of deciding how much public spending should be committed in the future and how it should be spent. The budgeting process differs enormously from one country to another and entails budget review, preparation, submission, allocation, approval, execution, and monitoring and reporting (The Economist, 2009). See also [Medium-term expenditure framework](#).

Capacity assessment. An analysis of current capacities against desired future capacities, which generates an understanding of capacity assets and needs. That in turn leads to the formulation of capacity development strategies (UNDG, 2008). See also [Institution and capacity strengthening or development](#).

Champion (poverty-environment). Practitioner who takes on the role of advocating the integration of poverty-environment considerations into development planning at national, sectoral and subnational levels. Champions include high-level decision-makers and government officials who serve as ambassadors for poverty-environment mainstreaming.

Civil society. The voluntary civic and social components of society. In 1992, at the United Nations Conference on Environment and Development, governments agreed on the following definition of major civil society groups: farmers, women, the scientific and technological community, children and youth, indigenous peoples and their communities, workers and trade unions, business and industry, non-governmental organizations and local authorities. In relation to the environmental field, civil society can be categorized under the following groups: service delivery, representation,

advocacy and policy inputs, capacity-building and social functions (UNEP, 2004). See also [Stakeholder](#).

Climate change. “A change of climate which is attributed directly or indirectly to human activity that alters the composition of the global atmosphere and which is in addition to natural climate variability observed over comparable time periods” (IPCC, 2018). The United Nations Framework Convention on Climate Change thus makes a distinction between climate change attributable to human activities altering the atmospheric composition and climate variability attributable to natural causes.

Climate change adaptation. Adjustment in natural or human systems in response to actual or expected climatic stimuli or their effects. The adjustment moderates harm or exploits beneficial opportunities. Various types of adaptation can be distinguished, including anticipatory, autonomous and planned adaptation (IPCC, 2018).

Climate change mitigation. A human intervention to reduce the sources or enhance the sinks of greenhouse gases (IPCC, 2018).

Climate public expenditure and institutional review (CPEIR). A methodology that allows an analysis to be made of how expenditures related to climate change are being integrated into national budgetary processes and helps ensure that money spent for climate change is allocated more effectively. This analysis has to be set within the context of the national policy and institutional arrangements that exist to manage the response to climate change. Three key steps in the methodology include (i) policy development, (ii) institutional

structures and (iii) tracking of expenditures in the context of public financial management.

Communications. The media employed for getting the right information to the right people, at the right time, on the right platform, and in the most suitable format. Effective communications advance the commitment and advocacy needed to champion the poverty–environment agenda. Its five elements are (i) engaging and mobilizing stakeholders, (ii) raising the profile among stakeholders, (iii) sharing information in accessible and engaging ways, (iv) Influencing and advocacy through evidence-based cases for action and (v) producing products for specific audience groups.

Cost-benefit analysis. A systematic process for identifying, valuing and comparing costs and benefits of a project (Buncle et al., 2013) over some defined period of time (the time horizon). It helps determine whether the benefits of a project outweigh its costs and by how much relative to other alternatives. The objective is to determine whether the proposed project is (or was) a sound decision or investment and/or compare alternative project options and make a decision on the preferred option. The results of the cost-benefit analysis are usually presented in terms of a net present value, a benefit–cost ratio, or an internal rate of return, which is the discount rate at which the present value of benefits exactly equals the present value of costs. If the internal rate of return is higher than the cost of capital or a predetermined rate of interest, the project, programme or policy measure is profitable (Dixon, 2008). See also [Economic analysis](#).

Costing. The process of evaluating, through estimates, mathematical models and prediction of future needs, how much the implementation of a specific policy measure or the achievement of a goal or target through a set of policy measures will cost.

Economic analysis. The broad process of studying and understanding trends, phenomena and information that are economic in nature.

Economic analysis can quantify the contribution of the environment to a country's economy, through revenues, job creation, and direct and indirect use of the resources by the population. By demonstrating the multiple values of the environment, expressed both in monetary and broader non-monetary terms, economic analysis can help persuade key decision-makers that sustainable management of the environment will help them achieve development goals, such as poverty reduction, food security, adaptation to climate change and other measures of human well-being. See also [Cost-benefit analysis](#) and [Environmental valuation](#).

Economic development. Qualitative change and restructuring in a country's economy in connection with technological and social progress. The main indicator of economic development is increasing gross domestic product per capita (or gross national product per capita), reflecting an increase in the economic productivity and average material well-being of a country's population. Economic development is closely linked with economic growth (Soubotina, 2004).

Ecosystem. A dynamic complex of plant, animal and micro-organism communities and their non-living environment interacting as a functional unit (MEA, 2005). Ecosystems have no fixed boundaries; instead, their parameters are set according to the scientific, management or policy question being examined. Depending on the purpose of the analysis, a single lake, catchment area or entire region could be an ecosystem (Seymour, Maurer and Quiroga, 2005).

Ecosystem services. The benefits people obtain from ecosystems, among them (i) provisioning services—the products obtained from ecosystems, including for example, genetic resources, food and fibre, and freshwater; (ii) regulating services—the benefits obtained from the regulation of ecosystem processes, including for example, the regulation of climate, water and some human diseases; (iii) cultural services—the non-material benefits people obtain from ecosystems through spiritual

enrichment, reflection, recreation and aesthetic experience, including for example, knowledge systems, social relations and aesthetic values; and (iv) supporting services—the services necessary for the production of all other ecosystem services, including for example, biomass production, production of atmospheric oxygen, soil formation and retention, nutrient cycling, water cycling and provision of habitat. The human species, while buffered against environmental changes by culture and technology, is fundamentally dependent on the flow of ecosystem services (MEA, 2005). See also [Environment](#) and [Natural resources](#).

Entry point. An opportunity for influencing decision-makers to consider poverty-environment issues in the process at stake. Possible entry points include the formation or revision of a poverty reduction strategy paper, a national development plan, a national development strategy based on the Millennium Development Goals, or 104 related implementation processes. The development and revision of sectoral strategies or plans, such as an agricultural sector plan, constitute another opportunity. Similarly, the start of the national budget allocation process or review (e.g. medium-term expenditure review) or the launch of relevant national consultation processes can prove to be excellent entry points for poverty-environment mainstreaming.

Environment. The living (biodiversity) and non-living components of the natural world, and the interactions between them, that together support life on Earth. The environment provides goods (see also [Natural resources](#)) and services (see also [Ecosystem services](#)) used for food production, the harvesting of wild products, energy and raw materials. The environment is also a recipient and partial recycler of waste products from the economy and an important source of recreation, beauty, spiritual values and other amenities (DFID et al., 2002). On the other hand, the environment is subject to environmental hazards such as natural disasters, floods and droughts and environmental degradation (e.g. soil erosion, deforestation).

Environmental fiscal reform. Taxation and pricing instruments aimed at improving environmental management, including taxes on the exploitation of natural resources (e.g. forests, minerals, fisheries), user charges and fees (e.g. water charges, street parking fees, permits or licenses on energy and natural resources), taxes or charges on polluting emissions (e.g. air pollution), and reforms to subsidies (e.g. on pesticides, water, energy).

Environmental impact assessment. An assessment of the intended and unintended environmental consequences of a proposed investment project. The purpose of an environmental impact assessment is to ensure that environmental impacts are taken into account during project approval.

Environmental mainstreaming. The integration of environmental considerations into policies, programmes and operations to ensure their sustainability and to enhance harmonization of environmental, economic and social concerns (EC, 2011).

Environmental sustainability. The longer-term ability of natural and environmental resources and ecosystem services to support continued human well-being. Environmental sustainability encompasses not just recognition of environmental spillovers today, but also the need to maintain sufficient natural capital to meet future human needs (Seymour, Maurer and Quiroga, 2005).

Environmental valuation. The process of placing monetary value on environmental goods or services that do not have accepted prices or whose market prices are distorted. A wide range of valuation techniques exist and are suited to address different issues (e.g. survey-based techniques, changes in production, hedonic approaches and surrogate markets) (Dixon, 2008; Dixon and Sherman, 1991). See also [Economic analysis](#).

Fair and equitable treatment. A standard of treatment in international investment agreements that requires host governments to accord full

or constant protection and security to foreign investments and not to impair the management, maintenance, use, enjoyment or disposal of foreign investments by unreasonable or discriminatory measures (UNCTAD, 2009).

Gender-responsive budgeting. Government planning, programming and budgeting that contributes to the advancement of gender equity and the fulfilment of women's rights. It entails identifying and reflecting needed interventions to address gender gaps in sectoral and local government policies, plans and budgets (UNFPA and UNIFEM, 2010).

Governance. The processes by which institutions provide outcomes. In the case of the state, that means the processes that determine goals, deliver and enforce expected outcomes, and exercise economic, political and administrative authority to manage a country's affairs at all levels.

Green economy. An economy that results in improved well-being and social equity for its people, while significantly reducing environmental risks and ecological scarcities (UNEP, 2011). In its simplest expression, a green economy can be thought of as one which is low-carbon, resource-efficient and socially inclusive.

Green growth. Growth that fosters economic expansion and development while ensuring that natural assets continue to provide the resources and environmental services on which our well-being relies. Green growth provides a practical and flexible framework for achieving concrete, measurable progress towards a society's economic and environmental goals, taking full account of the social and economic consequences of greening a society's economy—or not greening it (OECD, 2011).

Gross domestic product (GDP). The total final output of goods and services produced within a country's borders, regardless of whether ownership is by domestic or foreign claimants (Dixon and Sherman, 1991).

Household poverty assessment. Collection and analysis of data on the determinants of poverty. Increasingly this includes environmental factors, such as access to water and energy (Brocklesby and Hinshelwood, 2001).

Institutions. The organizations and norms that provide the systems, rules and processes (formal and informal) that enable or hinder human activity. Institutions are usually driven by power and shaped and given direction by incentives and norms. The impact of these drivers determines the degree to which institutions reflect inclusion, accountability and effectiveness (UNDP, 2012). Successful institutional transformation leverages drivers of integration across environmental and development institutions and builds trust among organizations, networks, alliances and movements that link government, business and civil society.

Institution and capacity strengthening or development. The processes through which the abilities of individuals, organizations and societies to perform functions, solve problems, and set and achieve objectives in a sustainable manner are obtained, strengthened, adapted and maintained over time. It entails building relationships and values that enable individuals, organizations and societies to improve their performance and achieve their development objectives. This includes change within a state, civil society or the private sector and changes in processes that enhance cooperation between different groups in society. Capacity development is a concept broader than organizational development as it includes an emphasis on the overall system, environment or context within which individuals, organizations and societies operate and interact. See also [Capacity assessment](#).

Institutional and context analysis. An analysis that helps identify the most effective entry points for poverty-environment mainstreaming. It focuses on political and institutional factors, as well as on processes related to the use of national and external resources in a given setting and how these

have an impact on the implementation of poverty–environment objectives.

Integrated approach. An approach involving (i) thematic integration, which brings together issues that had been separate, but that need to be treated as linked; (ii) horizontal integration, which links experts and issues across sectors and disciplines; (iii) vertical integration, which links global to national to local; (iv) stakeholder integration, which builds trust and collective action between players; and (v) temporal integration, which enables continuous improvement throughout the decision-making cycle.

Integrated ecosystem assessment. An assessment of the conditions and trends in an ecosystem; the services it provides (e.g. clean water, food, forest products and flood control); and the options to restore, conserve or enhance the sustainable use of that ecosystem through integrated natural science and social science research methods (MEA, 2005).

International investment agreement. A treaty between two or more countries that addresses protection, promotion and liberalization of cross-border investment (including foreign direct investment). International investment agreements include bilateral investment treaties, regional economic agreements with provisions on foreign investment, and multilateral agreements with direct implications for foreign direct investment.

Investment contract. A written agreement between a foreign investor and the host government or a local community that (i) grants rights with respect to natural resources or other assets controlled by the host government or a local community; and (ii) is relied upon by the foreign investor in establishing or acquiring a covered investment (UNCTAD, 2004).

Land tenure. Rules, whether legally or customarily defined, among individuals or groups with respect to land. Rules of tenure define how rights to use, control and transfer land are to be allocated in a given society (FAO, 2002).

Least developed country (LDC). The descriptor given to a country which, according to the United Nations, exhibits the lowest socioeconomic development of all the countries in the world.

Livelihood. The assets and activities required to sustain a living. The assets might consist of individual skills and abilities (human capital), land, savings and equipment (natural, financial and physical capital, respectively), and formal support groups or informal networks that assist in the activities being undertaken (social capital). A livelihood is sustainable when it can cope with and recover from stresses and shocks and maintain or enhance its capabilities and assets both now and in the future, while not undermining the natural resource base (DFID, 2001).

Mainstreaming. The process of comprehensively and methodically integrating a selected value, idea or theme into all domains of an area of work or system. Mainstreaming involves an iterative process of change in the culture and practices of institutions (DFID et al., 2002).

Medium-term expenditure framework. A budgeting system comprising a top-down estimate of aggregate resources available for public expenditure in the medium term consistent with macroeconomic stability; bottom-up estimates of the cost of carrying out policies, both existing and new; and a framework that reconciles these costs with aggregate resources. It is called “medium-term” because it provides data on a prospective basis for the budget year ($n+1$) and for following years ($n+2$ and $n+3$). The term used differs by country; other terms that may be applied include multi-year expenditure framework, multi-year budget, forward budget, multi-year estimates and forward estimates (Petkova, 2009). See also [Budgeting](#).

Monitoring and evaluation (M&E). A systematic means of tracking how poverty–environment issues have been integrated across the policy cycle—in analysis, dialogue, policies, plans, resource

allocation and activities—and what the review of that tracking shows. The tracking is typically done through national-level monitoring, although it also often involves sectoral and local monitoring. Poverty–environment interventions at sectoral and local levels may generate lessons about project impacts and also lead to course corrections in the poverty–environment mainstreaming strategy. Indicators of poverty–environment mainstreaming take account of the financial and human resources required to meet a given mainstreaming target or objective. Evaluation criteria include effectiveness, coherence, sustainability, efficacy, relevance and impact.

National development planning. A comprehensive process from elaboration of a plan until implementation, by which economic development is organized around a coherent framework of objectives and means. In the context of poverty–environment mainstreaming, planning encompasses preparatory work (e.g. carrying out assessments and setting up working mechanisms); policymaking (including public and policy reforms); and budgeting, implementation and monitoring at various levels: national, sectoral and subnational.

Natural resources. Resources occurring naturally within and derived from the environment. These can be divided further into renewable resources (those that can be replenished or reproduced easily, such as water and forests), and non-renewable resources (those that exist in fixed amounts or are consumed much faster than nature can recreate them, such as metals, coal, oil and gas).

Non-renewable resources. See [Natural resources](#).

Payment for ecosystem/environmental services. Any of a variety of arrangements through which the beneficiary of ecosystem services compensates the providers of those services. Payment schemes may be a market arrangement between willing buyers and sellers, an arrangement intermediated by a large private or public entity, or a government-driven arrangement (WWF archived [website](#)).

Policy. A high-level strategic plan embracing general goals, targets and implementation.

Policy measure. An intervention supporting new policies or changes to existing policies, as well as broader sectoral reform (e.g. agriculture policy) and public reforms (e.g. participation in the decision-making process), aimed at improving environmental management for the benefit of those who have few resources. Policy measures can take place at the national, sectoral or subnational level.

Political economy analysis. An analytical approach to help people understand the underlying political, economic, social and cultural reasons why things work the way they do and to identify the incentives and constraints impacting actors' behaviour in a relevant system (McCloughlin, 2014).

Politics. The processes of conflict, negotiation and cooperation between different interest groups that determine the use, production and distribution of resources—or “who gets what, when and how” (Heaven et al., 2021).

Poverty. A multidimensional concept of deprivation, including lack or loss of: (i) income and other material means; (ii) access to basic social services, such as education, health and safe water; (iii) personal safety and security; (iv) empowerment to participate in the political process and in life-affecting decisions; and (v) a protective buffer against external shocks, resulting in extreme vulnerability (DFID et al., 2002).

Poverty and social impact analysis. An analysis of the distributional impact, intended and unintended, of policy reforms on the well-being of different stakeholder groups, with a particular focus on the poor and vulnerable (World Bank, 2003). The analysis can be conducted in advance on a proposed policy reform or ex post to assess the actual impact arising from implementation of a policy reform.

Poverty-environment issues. The full range of environment issues—natural resources, environmental processes, climate change, etc.—that relate to the range of poverty issues in any given context. These include deficits of income, health, livelihoods, gender equity and other kinds of equity, and/or deficits in other aspects of well-being.

Poverty-environment linkage. The close relationship between poverty and environmental factors, as reflected in sustainable use of natural resources; adaptation to climate change; a focus on poverty reduction and equity especially for marginalized groups, including women and indigenous peoples; and a focus on inclusive green growth. Poverty-environment linkages are dynamic and context-specific, reflecting geographic location, scale and the economic, social and cultural characteristics of individuals, households and social groups.

Poverty-environment mainstreaming. The iterative integration of poverty-environment objectives into policymaking, budgeting and implementation processes at national, sectoral and subnational levels. It is a multi-stakeholder effort that entails working with state actors (such as ministries of planning, finance, environment, sector ministries, parliaments and local authorities) and non-state actors (such as civil society, academia, the private sector, the general public and communities, and the media).

Poverty-environment monitoring. The continuous or frequent standardized measurement and observation of poverty-environment linkages, e.g. for warning and control (OECD, 1997).

Poverty-environment objectives. Objectives that governments must incorporate into their development planning to address poverty-environment linkages. These objectives include using natural resources sustainably; adapting to climate change; focusing on poverty reduction and equity, especially for marginalized groups such

as women and indigenous peoples; and working towards inclusive green growth.

Public environmental expenditure review (PEER).

A way of systematically assessing the equity, efficiency and effectiveness of public environmental spending. The data and insights the review yields can be valuable for the design of government budgets, policy reforms and investment projects (Markandya, Hamilton and Sanchez-Triana, 2006).

Public expenditure review. A key diagnostics instrument used to evaluate the effectiveness of public finances. A public expenditure review typically analyses government expenditures over a period of years to assess their consistency with policy priorities and the results achieved. It may analyse government-wide expenditures or may focus on a particular sector (agriculture, education, infrastructure). Public expenditure reviews help countries establish effective and transparent mechanisms to allocate and use available public resources in a way that promotes economic growth and helps reduce poverty (World Bank Boost Open Budget Portal, [Public Expenditure Reviews](#) web page).

Public goods. Services that benefit all members of society, such as environmental protection, and that are provided by nature and/or by the government, sometimes for free through public taxation. Public goods are the opposite of private goods, which are inherently paid for separately by individuals. Public goods have a free-rider problem. People have no incentive to pay for the good when they can consume it without paying for it.

Renewable resources. See *Natural resources*.

Resilience. The ability of a social or ecological system to absorb disturbances while retaining the same basic structure and ways of functioning; the capacity to adapt to stress and change (IPCC, 2007).

Stakeholder. Any party involved in a particular process, including any organization, group or individual with something at stake in the process.

Stakeholders include (i) government actors (those who work in the head of state's office and those active in the environment, finance and planning bodies, sectoral and subnational bodies, political parties and parliament, the national statistics office and judicial system); (ii) non-governmental actors (civil society, academia, business and industry, the general public and local communities, and the media); and (iii) the development community. These groups are rarely homogeneous, so it is important to disaggregate them. They include those with power who participate in bargaining processes, those who are excluded from the processes, and networks and constituencies who may be connected simply through association with each other and with those who have power and money (the "elites").

Strategic environmental assessment. Any of a range of analytical and participatory reviews that aim to integrate environmental considerations into policies, plans and programmes and evaluate the interlinkages in terms of economic and social considerations. These reviews use a variety of tools adapted and tailored to the context or policy process to which they are applied (OECD, 2006). In the context of poverty-environment mainstreaming, a strategic environmental assessment can be useful in systematic review of a policy process or a document, helping to identify poverty-environment contributions and refine priorities accordingly.

Sustainable consumption and production. The production and use of goods and services that respond to basic needs and provide a better quality of life, while minimizing the depletion of natural resources, reliance on toxic materials, and emissions of waste and pollutants so as not to jeopardize the environment's ability to meet the needs of future generations (UNEP, 2015).

Sustainable development. Development that meets the needs of the present without compromising the ability of future generations to meet their own needs (Brundtland Commission, 1987). Sustainable development includes economic, environmental and social sustainability, which can be achieved by rationally managing physical, natural and human capital (UN, 2010).

Sustainable Development Goals (SDGs). A universal and broadly integrated set of goals, targets and indicators that United Nations member states are expected to use to frame their agendas and political policies from 2016 to 2030.

Valuation. Economic assessments of the value of inclusive natural resource sustainability. Providing economic evidence of how environmental sustainability contributes to poverty reduction and other national development goals, such as gender equity, is an important component of the poverty-environment mainstreaming process. Economic-based analysis and systematic reasoning focused on anti-poverty and sustainable environmental investments can be most effective in convincing decision-makers that poverty alleviation can be achieved through social development goals.

Vulnerability. The degree to which a system is susceptible to and unable to cope with the adverse effects of climate change, including climate variability and extremes. Vulnerability is a function of the character, magnitude, and rate of climate variation to which a system is exposed, the system's sensitivity and its adaptive capacity. Vulnerability can be reduced through any combination of reduced magnitude of climate change, reduced exposure or sensitivity, and increased adaptive capacity (IPCC, 2001, 2007).

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Poverty-Environment Action for Sustainable Development Goals (2018–2022) was established as a joint initiative of the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP). It promoted an integrated approach that contributed to bringing poverty, environment and climate objectives into the heart of national and subnational plans, policies, budgets, and public and private finance to strengthen the sustainable management of natural resources and to alleviate poverty.



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