

EXECUTIVE SUMMARY

INTRODUCTION

The Evaluation of UNDP Contribution to Environmental Management for Poverty Reduction: The Poverty-Environment Nexus commenced in May 2009, as part of the UNDP Evaluation Office 2009-2010 programme of work approved by the UNDP Executive Board. The proposition driving this evaluation—that a nexus of issues closely links poverty alleviation and environmental protection—springs from common observations that:

- Development schemes run the risk of sacrificing longer-term environmental sustainability for short-term economic and job creation benefits;
- Over-exploitation of natural resources harms ecosystem health and in time reduces economic output;
- The rural poor disproportionately depend on the availability of natural resources for their subsistence livelihoods;
- Efforts to reduce pollution and conserve natural resources are unlikely to succeed if they unfairly restrict opportunities for local people to work and feed their families; and
- Integrated programmes can improve the livelihoods of the poor while protecting the environment.

These factors underline the reality that the nexus involves impacts in both directions: the effects of poverty reduction on the environment and the effects of protecting the environment on poverty. The evaluation considers the extent to which each set of relations is addressed in UNDP's work.

This evaluation encompasses an analysis of UNDP policies, strategies and programmes at the global, regional and country levels; implementation of related projects; and cooperation with other

United Nations agencies and donors regarding the nexus. The evaluation is both retrospective and prospective, taking stock of the past while looking into the future with respect to the role of UNDP in the field. While the evaluation acknowledges activities on poverty-environment linkages since the United Nations Conference on Environment and Development in 1992, the focus of analysis is limited to the period since 2004.

The evaluation builds from the objectives that UNDP set out in its policy and strategy documents. In the second multi-year funding framework, developed in 2002, the following core goals were established: (i) achieving the Millennium Development Goals (MDGs) and reducing human poverty; (ii) fostering democratic governance; (iii) managing energy and environment for sustainable development; (iv) supporting crisis prevention and recovery; and (v) responding to HIV/AIDS. The current strategic plan (2008-2011, extended to 2013) builds upon the earlier goals and has four focus areas: (i) poverty reduction and achievement of the MDGs; (ii) democratic governance; (iii) crisis prevention and recovery; and (iv) environment and sustainable development. It recognizes gender equality and the empowerment of women as a crosscutting issue.

The evaluation assesses the relevance of UNDP's work with respect to national priorities and the UNDP mandate; the effectiveness of achieving development results; the efficiency of institutional and programming arrangements; and the sustainability of resulting benefits. It includes case studies in nine countries (Bhutan, Kyrgyzstan, Mali, Morocco, Paraguay, Rwanda, Trinidad and Tobago, United Republic of Tanzania and Viet Nam) conducted by national and regional consultants under the guidance of the core evaluation team. These case studies were supplemented by telephone interviews in 29 other countries

and extensive interviews at UNDP headquarters and regional service centres and with key partner organizations.

As part of the strategic framework for the poverty-environment nexus, the evaluation considers the many international conventions and multi-lateral agreements developed over more than 40 years. Together these have established a global commitment to sustainable development. So, for example, it builds on the Rio Declaration¹ that "All States and all people shall cooperate in the essential task of eradicating poverty as an indispensable requirement for sustainable development, in order to decrease the disparities in standards of living and better meet the needs of the majority of the people of the world." Also of particular importance to this topic is the Millennium Summit of 2000, which established the time-bound MDGs to be achieved by 2015, including Goal 7, 'Ensure environmental sustainability'.

The evaluation takes special notice of the Poverty-Environment Initiative (PEI) managed in partnership with the United Nations Environment Programme. It also gives special attention to UNDP's role as an implementing agency for the Global Environment Facility (GEF), the largest funder worldwide of projects to improve the global environment. From 2006 to 2010, UNDP assisted partner governments to secure a total of \$1.146 billion in funding from the GEF, an average of \$286 million per year. This comprises roughly 50 percent of UNDP annual environment and energy expenditures. As part of its GEF implementation responsibilities, UNDP also administers the Small Grants Programme, which focuses on local environmental issues and is especially pertinent to the poverty-environment nexus.

Throughout the three decades of effort to enunciate a set of international norms for sustainable development, UNDP has been a key actor in

the United Nations system. The 1990 Human Development Report elaborated on the concept of sustainable development and the linkages between human development and the protection of natural resources and the physical environment. It further recognized poverty as one of the greatest threats to the environment, stating: "In poor countries, poverty often causes deforestation, desertification, salination, poor sanitation and polluted and unsafe water. And this environmental damage reinforces poverty. Any plans of action for environmental improvement must therefore include programmes to reduce poverty in the developing world."

FINDINGS

Within UNDP there is substantial recognition of a poverty-environment 'nexus' and of its importance for countries to achieve sustainable development. However, the articulation of this awareness is uneven and somewhat haphazard throughout the organization. At the field level, the linkages are generally understood to mean taking account of poverty issues in environmental work. At regional and headquarters levels, the understanding of the nexus is sometimes more sophisticated but is rarely translated into a consistent articulation of principles and practices in strategies or guidance. Where good practice is found and replicated, it more often than not arises from individual 'champions' and country office initiatives rather than a coordinated institutional approach.

UNDP's focus area structure promotes a 'silo effect' that makes cooperation across sectors difficult. Since the nexus is not incorporated into UNDP's goals or measures of performance, there is no incentive for staff to take up integrative, cross-sectoral initiatives. Interviews and other evidence from the 38 country offices analysed in this evaluation show that in some country offices there has been very little coordination

¹ 'Rio Declaration on Environment and Development', United Nations Conference on Environment and Development, June 1992.

between the environment and poverty focus areas (e.g. Botswana, Costa Rica, India, Kenya), while in others they have worked together on an ad hoc basis (Malaysia, Mozambique, Papua New Guinea, Viet Nam). In some country offices a close working arrangement can be seen (Bangladesh, Dominican Republic, Ghana, Lao People's Democratic Republic, Sri Lanka, Thailand), while in others the country offices have combined their focal-area structures to better address linkages (Cameroon, Senegal), or simply for greater programme management efficiency (Bulgaria, Syrian Arab Republic, Ukraine).

UNDP's dependence on external funding, especially for environmental activities, reinforces the institutional focus on area-specific work and makes it more difficult to articulate the connections among UNDP priorities. Most donors do not provide incentives to address poverty-environment linkages, although many external funding sources for environment programmes tend to be receptive to their inclusion. The GEF has been seen in the past as an impediment to poverty-environment linkages due to its focus exclusively on global environmental benefits. This has been changing in its past two replenishment cycles. Strategic plans now acknowledge the importance of promoting sustainable livelihoods to build local support, and there has been an expansion of programmes (especially small grants and programmes addressing land degradation) that focus on local impacts. There is evidence that UNDP has influenced GEF policy with regard to mainstreaming global environmental and local development benefits, particularly in the biodiversity focal area.

A systemic impediment to effective integration of poverty and environment in UNDP's work is the absence of monitoring processes and indicators, which affects both the initiation and the design of programmes and projects and the determination of their results. The lack of indicators to track poverty-environment linkages, either qualitative or quantitative, significantly diminishes attention to the related issues. Reduced ability to monitor progress also

reduces incentives. This applies to both programme and project monitoring, as well as to performance reviews of country offices and staff. The absence of monitoring and evaluation eliminates the potential for sharing and learning from best practices, and there is less information to disseminate about what is being done related to the poverty-environment nexus.

UNDP's efforts to highlight the importance and potential of poverty-environment linkages have been mixed, with significant achievements but considerable variation in direction and priority. In many cases UNDP has used the processes of donor coordination and development of the United Nations Development Assistance Framework (UNDAF) to encourage greater attention to poverty-environment linkages. In Mexico, UNDP has convened multi-sector environmental consultative groups and established 'platforms for debate' at local, state and federal levels. In Dominican Republic, UNDP has taken the lead on environmental sustainability aspects of achievement of the MDGs and used this work to foster poverty-environment nexus issues in its interactions with government. In Sri Lanka, UNDP and the government have worked closely under the UNDAF to promote more attention to the nexus. In United Republic of Tanzania, UNDP has led the pilot 'Delivering as One' and UNDAF activities to expand coordination among donors and ministries regarding poverty-environment issues.

UNDP's cooperation with other institutions on the poverty-environment nexus varies based on opportunities and on the level of interaction between organizations in a particular context. Globally, UNDP is a partner to the major multilateral accords and conventions related to development. At the country level, UNDP plays a pivotal role due to its extensive country office presence and its management role of the United Nations resident coordinator system. This enables it to lead donor coordination and promote integrative activities through the UNDAF. Inter-agency rivalry at country level has sometimes inhibited cooperation, except

where co-funding and donor support have been sought, such as for a GEF project where such cooperation is mandatory. One specific partnership that formally integrates the two focus areas has exhibited high potential: the PEI, with UNEP.

Country studies and interviews have shown that where nexus issues are recognized as critical to achieving sustainable development, there is strong support to address them in programmes and projects. Positive examples have been seen in GEF-funded projects, notably the Small Grants Programme, as well as recent programmes on climate change adaptation.

There is evidence that positive results at country level can be replicated. Favourable outcomes of initial PEI projects in Rwanda and United Republic of Tanzania in 2005 led to a significant scaling up of the programme in 2007. Eighteen countries got involved, including several in Asia and Pacific and two each in Central Asia and Latin America and the Caribbean. A further expansion of the PEI is anticipated.

Country-specific circumstances regarding the nexus play a major role in how poverty-environment linkages are understood and addressed. Results vary by country depending on the commitment of the government, degree of cooperation within the government, efficiency of UNDP advocacy and effectiveness of PEI implementation. Where government officials have recognized their country's dependence on natural resource management as a means to reduce poverty, there is good receptivity to the PEI. In five of the seven case study countries where it is operative, UNDP country offices were found to be supportive of the projects. They were using this approach to promote cooperation among practice groups and integrate poverty and environment into their activities as well as into government planning. Significant progress has also been achieved in other countries where country offices have actively promoted taking account of the nexus.

CONCLUSIONS

Conclusion 1: Addressing the poverty-environment nexus is essential to achieving the UNDP mission. The linkages between poverty reduction, environmental sustainability and progress on achievement of the MDGs have been well established in analyses by UNDP and other major institutions. Poor people depend disproportionately on access to natural resources for their livelihoods, and development and poverty reduction programmes have significant effects on the environment.

UNDP has advocated for consideration of the poverty-environment nexus through conferences, publications and statements from successive administrators. UNDP programme reviews have stressed the value of addressing poverty and environment concerns concurrently and pointed out that poverty-environment linkages move in both directions. Greater attention to climate change adaptation in recent years has contributed significantly to raising awareness and understanding about the importance of addressing the nexus coherently, including its relationship to UNDP's work on preventing and recovering from natural disasters.

Conclusion 2: Strategic planning and advocacy on the poverty-environment nexus are occurring at UNDP, but policy is not yet systematically translated into practice. Conversely, examples of good practice and success at local and regional levels are not being effectively communicated and replicated.

The current strategic plan makes reference to the centrality of environmental preservation for human development and well-being as well as the vulnerability of the poorest countries and peoples to climate change and other environmental factors. However, the emphasis centres primarily on focus areas and performance objectives, with insufficient attention to cross-area coordination. The absence of operational guidance on poverty-environment

linkages limits the willingness and ability of country offices to work with government partners to expand this cross-area coordination.

It is evident that the UNDP environment and energy units at all levels are increasingly including 'sustainable livelihood' considerations in their environmental work. However, there is less cross-sectoral recognition from the poverty teams. The difference owes to multiple factors, especially the priorities of partner governments and donors. Country offices have considerable latitude to promote cross-sectoral programmes and projects linking environment and poverty priorities. This has resulted in wide variance across countries and focus areas.

Some country offices have effectively used observational results from projects on the ground to demonstrate benefits and build support for poverty-environment linkages. These have raised awareness among government partners about the importance of addressing poverty-environment linkages and demonstrated their critical role in reaching UNDP's goals. This shows how the ability to monitor progress related to nexus issues can significantly improve outcomes.

Safeguard policies and environmental assessment screening mechanisms have been established by other international organizations, especially the international financing institutions, to help ensure that support for economic development does not harm the environment or indigenous peoples. UNDP does not have such mechanisms, but they are now under development. The Bureau for Development Policy has drafted amendments to the UNDP Programme and Operations, Policies and Procedures manual establishing environmental screening procedures for projects, and there are plans to consider new environmental safeguards policies. These mechanisms could enhance cross-sectoral coordination for poverty alleviation and environmental protection.

Conclusion 3: UNDP's institutional and financing architecture serves as a barrier to integrated approaches. Particular problems are dependence on external financing and concentration of substantive capacity in headquarters focus area teams, not in country offices.

UNDP's practice architecture and operational structure reinforce separation of focus areas, encourage individualistic approaches to specific topics and discourage cross-sector cooperation. Even the one programme explicitly focused on the nexus, the Poverty-Environment Initiative, is separate from the UNDP structure and operates through a parallel administration.

The financial system is segmented, and UNDP approaches country support differently in the poverty area versus the environment area. Most poverty-related funding goes to policy support at country level and comes from UNDP's core budget. In contrast, most support for the environment and energy area comes through earmarked donor funds and supports specific projects. This dichotomy has major implications for how the two focus areas can enhance cross-sectoral linkages.

UNDP's programmes for climate change adaptation (in development) hold promise for breaking down these institutional silos; the issues overlap with regard to responsibilities in UNDP's poverty reduction, environment and sustainable development, crisis prevention and recovery and democratic governance focus areas.

Conclusion 4: UNDP efforts to integrate poverty alleviation and environmental protection programmes at country level depend on the interest of countries. All governments are committed to both poverty reduction and environmental sustainability. However, evidence suggests that many partner governments continue to believe there are major trade-offs

between these goals. Given the wide variation in poverty and environment challenges faced by countries, UNDP can demonstrate how to minimize such trade-offs.

The differences between countries regarding reliance on renewable or extractive natural resources, susceptibility to natural disasters, dependence of the poor on the environment and governmental development priorities means that UNDP's approach to the poverty-environment nexus has to be highly adaptable and attuned to country priorities. Furthermore, the opportunities for identifying win-win situations vary considerably depending on the type of environmental issue. For instance, biodiversity conservation, sustainable livelihoods and provision of clean water provide opportunities for poverty reduction. How seriously a country deals with the nexus depends on the commitment and ability of the country office to address these issues and the technical, administrative and financial support available from the UNDP system. It has been clearly demonstrated that country offices can accomplish better results if they have better guidance, support and sustainable funding to develop capacity and demonstrate positive results nationally and locally.

Country programmes that take account of the links with governance and crisis management help UNDP to achieve its goals more effectively. However, in countries that approach or pass middle-income levels but continue to have a high incidence of poverty and environmental degradation, country offices face reduced budgets that further limit their ability to address the cross-sectoral issues. Where governments do not prioritize addressing the poverty-environment nexus, this has contributed to reduced commitment by country offices to incorporate poverty-environment linkages into their programming. Conversely, where country offices have a strong commitment, they can better demonstrate the benefits of integrating environmental management and poverty reduction.

Conclusion 5: UNDP is ideally situated to strengthen partnerships within the United Nations system to coordinate action on poverty alleviation and environmental protection.

Cooperation and partnerships are an intrinsic part of the United Nations system at country level through the UNDAF. UNDP plays a key role in managing the resident coordinator system at country level and has the most extensive network of country offices. With its ubiquitous country presence and mandate to support achievement of the MDGs and meet international environmental convention obligations, UNDP is thrust into a prominent position in terms of building United Nations partnerships. In addition to its formal partnership with UNEP on the PEI and other environmental issues, UNDP cooperates with other agencies in the UN-REDD, climate change adaptation programmes, Drylands Development Centre and local donor coordination mechanisms. These collaborations improve understanding of the nexus issues and contribute to results. Yet there are examples of overlap or working at cross purposes, given the separate programmes and inconsistent cooperation among United Nations agencies and donors regarding poverty-environment linkages.

UNDP can help upgrade coordination among United Nations agencies. The UNDAF process in itself can improve cooperation and coordination among the agencies in support of government priorities. More attention to the poverty-environment nexus in UNDP contributions to UNDAFs can enhance its ability to assist governments address nexus issues and improve the overall effectiveness of the United Nations.

RECOMMENDATIONS

Recommendation 1: UNDP should ensure that practices follow principles. In addition to following policy and advocacy, UNDP needs to learn from good practices and replicate successes.

UNDP should build on its analytical work and successful programmatic experiences to integrate poverty reduction and environmental management in its operations at the country level. UNDP's policy work and advocacy on the poverty-environment nexus should be more systematically incorporated into its programming.

This will also require identifying good practices and lessons from operations at the headquarters, regional and country levels and analysing success factors that can be scaled up and replicated. An important part of this work will be enhancing knowledge management across the various units, regions and country offices to ensure dissemination of good practices and lessons.

Recommendation 2: The Poverty-Environment Initiative represents good practice and should be scaled up to provide a model of how UNDP does business at the country level. It should also be used as a model for working together with UNEP and other agencies.

UNDP should formalize the largely successful PEI, scaling it up from a stand-alone programme managed primarily as a part of the environment and sustainable development focus area to a cross-sectoral approach that informs the organization's work across the poverty reduction and environment and sustainable development focus areas, especially at country level. The PEI model should be used to develop effective ways of integrating the concerns of poverty reduction and environmental management in UNDP programming. It should also inform other programmes and initiatives, such as climate change adaptation, that integrate poverty reduction and environmental management.

The PEI approach should also be used as a model for collaboration with other agencies. Lessons from both substantive and organizational cooperation between UNDP and UNEP under the PEI should be analysed and used to inform future collaboration with other members of the United Nations family.

Recommendation 3: UNDP should provide guidelines and create verifiable indicators to further integrate poverty reduction and environmental protection into other UNDP operations. It must also invest in developing staff capacity.

UNDP should develop guidelines on how to integrate poverty reduction and environmental management goals into programming at global, regional and country levels. However, such guidelines will only be effective if staff understand the rationale for and importance of such integration and have appropriate incentives to work towards it. Therefore, UNDP must develop the substantive capacities of its staff in the regional bureaux and country offices to analyse poverty-environment linkages and integrate them into programming where appropriate. Furthermore, verifiable indicators should be developed to monitor and evaluate poverty and environment integration in programmes.

Recommendation 4: UNDP must overcome the functional silos that prevent cooperation and integration between focus areas. Analysis of poverty and environment priorities should be incorporated into governance and crisis prevention and recovery, as well as gender support activities, and vice versa.

UNDP should encourage cross-practice cooperation, recognizing that achieving results often requires integration and joint programming between focus areas. The design of country programmes should include a systematic analysis to help identify areas where results will be aided by integrating environmental management with the poverty reduction, democratic governance and crisis prevention and recovery focus areas. This analysis should comprise one aspect of UNDP's proposed environmental assessment screening process, and it can be a useful tool when UNDP develops new environmental and social safeguard policies. Addressing integration should be required in designing programmes where the importance of such linkages has been established.