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Items 4 (c), 4 (e) and 6 of the provisional agenda*

**Policy issues: coordination and cooperation with the United Nations
system on environmental matters: international environmental governance:**

Policy issues: international environmental governance:

**Implementation of the programme of work of the
United Nations Environment Programme and the
relevant decisions of the Governing Council**

**Cooperation between the United Nations Environment
Programme and the United Nations Development Programme**

Note by the Executive Director

Summary

The Executive Director has the honour to present, in the annex to the present note, information on cooperation between the United Nations Environment Programme (UNEP) and the United Nations Development Programme (UNDP), with a focus on the UNDP-UNEP Poverty and Environment Initiative, the joint climate change initiative and the partnership on chemicals. The annex, which was prepared jointly by UNEP and UNDP, has been issued without formal editing.

* UNEP/GC/24/1.

Annex

Introduction

UNEP-UNDP co-operation has significantly increased since the last Governing Council, including in response to the key principles, objectives and recommendations for UN Reform, which, *inter alia*, highlights the need for UN agencies to improve co-operation. (The recent Secretary-General's High Level Panel Report contains specific references to UNDP-UNEP co-operation). The UNDP-UNEP Poverty and Environment Initiative is a leading example of this increased co-operation. Further examples are the recently launched (at the UNFCCC COP held at UNEP Headquarters) UNEP and UNDP joint climate change initiative and the UNEP and UNDP partnership on mainstreaming sound management of chemicals into the development agenda. UNEP is also participating in the review of the Human Development Reports (HDR) especially the HDR 2006: *Beyond scarcity: Power, poverty and the global water crisis*, and will be a contributing partner to the HDR 2007.

UNDP-UNEP Poverty and Environment Initiative

UNEP commenced implementation of its poverty and environment project in seven pilot African countries (Mauritania, Mali, Uganda, Rwanda, Kenya, Tanzania and Mozambique) in late 2004, with funding provided by Norway and Belgium. (Sweden has recently provided funding). UNDP commenced its poverty and environment activities several years before UNEP. While UNEP developed its UNEP poverty and environment project there was little coordination in the early stages by UNEP with the existing UNDP project. This situation was not sustainable and consequently, in 2005, UNDP and UNEP began the process of integrating their respective poverty and environment programmes.

UNEP joined its support to existing UNDP supported poverty and environment projects in Kenya and Tanzania. In Rwanda, UNDP and UNEP worked together from the very beginning and developed a fully joint poverty and environment project in Rwanda. These three joint projects involve integrated work plans, pooled resources and (in Kenya and Rwanda) shared staffing between UNEP and UNDP. In Mauritania and Mali, the UNEP poverty and environment project is implemented through the UNDP country offices. In Mozambique and Uganda, there is increasingly close co-operation between UNDP and UNEP.

At the global level, UNDP and UNEP formed the UNDP-UNEP Poverty and Environment Initiative (PEI), in January 2005. Through this partnership UNDP and UNEP seek to mobilise global and national coalitions to enable countries to more effectively integrate environment into their national poverty reduction strategies and other national development processes. The partnership was formally launched by the respective Heads of Agencies at the 'Environment for the MDGs-event' organised by the Poverty and Environment Partnership (PEP)¹ during the World Summit in September 2005

Since then the UNDP-UNEP Poverty and Environment Initiative has matured into a comprehensive joint programme that is a model for UN reform. The UNDP-UNEP PEI has been referred to in the Secretary-General's report to the General Assembly and the just released High Level Panel report's inclusion of substantive references to UNDP-UNEP co-operation reflect the experiences under the UNDP-UNEP PEI, which were fed into the Panel by, amongst others, the UNDP Administrator

Project Objectives and Activities

The objectives of the project are:

- Including environmental sustainability as a core objective in development planning & operationalising environmental sustainability in the implementation of PRSPs, MDG implementation and plans or the equivalent.
- Building capacity so that decision-makers know :

¹ PEP is an informal network of over 30 development agencies that have worked together for over five years to address the key poverty-environment linkages within the context of national processes to reduce poverty, achieve the MDGs and stimulate growth.

- Ø How environmental sustainability contributes to development &
- Ø How to include environmental sustainability in development planning & implementation

These objectives reflect that experience to date is that poverty-environment linkages have been poorly integrated into national and sectoral development processes, including PRSPs and, critically, have not been operationalized. Consequences of this include increased environmental degradation that, inter alia, makes achievement of development objectives more difficult. The experiences of the UNDP and UNEP partnership show that there is still a generally poor level of understanding of how environment and poverty are linked and/or how to include environmental sustainability in national, sectoral and district development processes, including within environment ministries. But the larger challenge is to convince the planning, finance and key sectoral ministries, as they are responsible for plans and budgets which strongly influence patterns of natural resource use and impacts on the environment.

UNEP and UNDP work closely with the national governments, especially with the Ministries of Planning and Finance and the Ministries of Environment, providing substantive and technical advisory services for the design and implementation of country poverty and environment projects. While every country is different, activities in the country projects normally include:

- Identifying the links between poverty and environment in concrete terms through, for example, integrated ecosystem assessments (based on methodology of the Millennium Ecosystem Assessment) and economic analyses of the value of natural resources (e.g. how reducing soil erosion improves agricultural productivity, how water catchment management can save water infrastructure costs etc.)
- Advocating the inclusion of environmental sustainability as a key objective in the national development process, using, inter alia, evidence collected in the above mentioned exercises.
- Supporting operationalisation of environmental sustainability in national and sectoral development processes.
- Building the capacity of relevant national institutions to sustain the mainstreaming of environment in the implementation of development plans through, for example, training, guidelines, production and supporting development of appropriate monitoring and evaluation frameworks, including poverty-environment indicators.
- Promoting South-South exchange of experiences and sharing of best practices between the countries through regional workshops, study visits and publications.

Poverty and Environment Project Implementation Progress

In general terms, the UNEP poverty and environment project, which commenced in late 2004 and is due to end in 2008 in the seven pilot countries, is moving to the mid- implementation stage, where a number of the first country work plans developed under are approaching their scheduled end and thus new work plans are being, or will shortly be, developed. This includes in Uganda, Mozambique, Mauritania, Rwanda and Mali.

The project countries are at different stages in terms of progress in mainstreaming environment into national development processes, and thus the focus of poverty and environment support varies.

UNEP and UNDP have successfully addressed issues to do with initial project design (as referred to in the Belgian Mid-term evaluation report references to sub-project 1 of 'Capacity building programme for the integration and institutionalisation of environmental management into national poverty reduction programmes and related activities'. (Please see: <http://www.unep.org/eou/Pdfs/BelgianEvaluationReport.pdf>). Accelerated implementation in countries has provided sufficient experience to make significant progress in developing an environmental mainstreaming model. Challenges remain at the country level, but UNEP and UNDP are providing energetic support to countries to address these

Details of implementation progress and lessons are in Appendix 1.

Key Issues

Some of the key issues that exist, or are emerging, include:

- Making the case by identifying specific links between environment and development in economic terms at the country level is still the main priority in some countries.
- Even where environmental mainstreaming has been included in PRSP documents, the operationalisation of the written commitment on the ground is an important issue.
- Identifying mechanisms to finance longer term environmental mainstreaming and capacity building
- Mainstreaming environment into the key sectors, such as agriculture and water.

Key Overall Results to Date:

- Network between the seven project countries established and many examples of good South-South cooperation taking place (e.g. study visit from Kenya to Tanzania, participation from other project countries in national workshops etc.);
- Development and application of training modules in Integrated Ecosystem Assessment;
- Increased understanding at a country level of the links between environment and development;
- **The experience at the country level has provided UNEP and UNDP with sufficient experience to draft a summary model for environmental mainstreaming, based on the achievements and lessons learnt to date. (See Annex 1.)**

UNDP-UNEP PEI: Mainstreaming of Environment into National Development Processes: Future Plans

Following requests from a number of governments and other regions, it is planned to scale-up this programme and establish a joint UNDP-UNEP Poverty and Environment Facility in Nairobi. The proposed scaling-up is foreseen to lead to a significantly increased number of country programmes for mainstreaming of environment into national development processes. This has been discussed with donors and other partners and favourably received. Development of the proposal details is under way.

The modality of operating in an increased number of countries would be to set up regional PEI programmes based in UNDP and UNEP Regional Centres/Offices to work with and through UNDP country offices. That is, the scale up would not be centred in Nairobi but rather in the regions.

Thus the Facility, which has the support of both UNDP and UNEP Heads of Agencies, would support implementation of environmental mainstreaming in other regions and in additional countries in Africa – with some direct support in Africa, due to it being located in Nairobi. It would serve as a knowledge and partnership hub, providing support on best practices, raising donor funding and working through UNDP and UNEP regional offices to UNDP country office led environmental mainstreaming projects. The partnerships would be broad based, with both developing country and developed country partners. The facility would have a small core staff of about three each from UNDP and UNEP, using existing vacant posts in UNEP's case. Operational details are being developed and most should be ready by the UNEP Governing Council.

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Another element of future plans is to place more emphasis on support to integration of MDG7 – environmental sustainability – in national MDG implementation plans. This will reinforce UNDP's MDG-Support programme to countries, a programme aimed at assisting governments to achieve the MDGs.

UNEP will also be working closely with UNDP to provide technical advisory services to an increasing number of countries to mainstream environment into the country's UN processes, such as the UN Development Assistance Framework (UNDAF). The UNEP Regional Offices and UNDP Regional

Centres will have a critical role in this context. (It is stressed that UNEP will choose countries strategically and will ensure that it is not overstretched).

UNDP and UNEP Co-operation on Climate Change

UNEP is actively identifying other areas for improved co-operation with UNDP. These include in the areas of climate change, sound management of chemicals and joint preparation of the next Human Development Report.

UNEP and UNDP have launched a joint climate change adaptation initiative (Appendix 2). The UNDP-UNEP Partnership on Climate Change aims to broaden the existing cooperation between the two organizations to help countries achieve sustainable development in the face of a changing climate. The Partnership has two core objectives:

1. Incorporate adaptation into national development plans and UN Cooperation Frameworks
2. Enable countries to access carbon finance and cleaner technologies to stimulate sustainable development.

The UNDP and UNEP Partnership is based on the comparative advantages of each organization. UNDP's focus is on capacity development and integrated policy design and implementation at the country level through its network of country offices. UNEP's focus is on normative development, technical analysis, piloting of innovative approaches at all levels, and the provision of science-based guidance and knowledge services. The Partnership will extend to all LDCs and other developing countries, with a particular emphasis on sub-Saharan Africa.

UNDP and UNEP Co-operation on Chemicals

UNEP and UNDP have furthermore developed a partnership on mainstreaming of sound management of chemicals into the development agenda (See Appendix 3). The mainstreaming of chemicals has been emphasized consistently through the SAICM process and by the Conference of the parties of Rotterdam, Stockholm and Basel Conventions as being crucial for the long term sustainability of sound management of chemicals. Funding for two projects based on this partnership in Uganda and Ecuador respectively has been secured.

UNDP and UNEP Co-operation on the Human Development Report (HDR)

A further area of co-operation include on the Human Development Report. UNEP has informally cooperated with UNDP by contributing to the review of the Human Development Reports (HDR) especially the HDR 2006, *Beyond scarcity: Power, poverty and the global water crisis*, along with other UN agencies and institutions. Considering that the theme of the 2006 report will be Environment, Energy and Climate Change, there will be a major opportunity for UNEP to strengthen its cooperation with UNDP in the report development. In light of the near completion of UNEP's fourth Global Environment Outlook (GEO) whose underlying theme is Environment for Development, UNEP is actively exploring how best to substantively contribute to the HDR 2006 and enhance the synergy between the two flagship reports. The various chapters of the fourth GEO report highlighting, among others, the environment's contribution to sustainable development, human well-being, prosperity and alleviation of poverty could be used to inform the HDR 2006 process. UNEP can further its contribution to the HDR development by providing case studies and lessons learned from its work in the area of energy and transport policies for sustainable development.

UNDP-UNEP co-operation and UN Reform

One of the aims of UN reform is achieving increased inter-agency co-ordination for more effective delivery of support to developing countries. The UNDP-UNEP PEI is arguably a leader in demonstrating how two UN agencies can work together – with a joint programme, joint country projects, pooled funding and shared staff.

As such it is forwarding critical objectives of UN reform.

The key to successful co-operation is commitment and focusing on results, not agency perspectives. Co-operation will be advanced by addressing such issues as the incompatible management software used by the two agencies and administrative procedural issues in UNDP country offices.

A scaled up version of the UNDP-UNEP co-operation has the potential to not only further forward the aims of UN reform, but serve as a platform for broader donor co-ordination on environmental mainstreaming at the country and global levels. This is particularly relevant to the 'One UN' concept, and UNEP and UNDP are working closely together to identify how experiences with UNDP-UNEP PEI can feed into 'One UN' pilot country projects which are being selected for 2007, as it appears some of the PEI countries may also be 'One UN' pilot countries.

One issue that will require consideration if UNEP and UNDP are to deepen co-operation on environment at the country level is that of how UNEP and UNDP can work together to improve the focus of UNDP country office activities on core environmental issues, including through improved UNEP input to CCA/UNDAF processes. Currently, under the UNDP decentralised model, many UNDP country offices have environment portfolios that focus on a number of projects, often funded by the Global Environment Facility.

Despite operational tactical difficulties, the strategic benefits of expanded and deepened co-operation between UNEP and UNDP are extremely clear and UNEP and UNDP will be actively identifying and realising further opportunities for co-operation. Next steps for consideration include how UNEP can deepen co-operation with other UN agencies with key environmental focal areas, such as FAO on sustainable land use and WHO on environment and health.

Appendix 1: UNDP-UNEP Poverty and Environmental Mainstreaming Model based on progress and lessons to date.

The UNDP-UNEP PEI has developed an operational model for mainstreaming environment into development strategies, based on a very detailed understanding of why mainstreaming to date has not succeeded and in-country experience on what works and does not to forward the achievement of mainstreaming.

Lessons from experience

Drawing on recent attempts to identify lessons from mainstreaming², it is clear that there is a set of general lessons that are common to other types of country led development assistance. We focus here on more specific lessons arising from the country-level PEI programmes relevant to the three major challenges mentioned earlier:

- § environmental mainstreaming to date has not succeeded in operational terms
 - § we are attempting to change government priorities and
 - § we are operating in a multi-ministerial framework:
- **Very detailed mapping of government macro and sectoral policy, planning and decision-making processes (ie machinery of government) institutions and individuals relevant to the national development process is required.** Questions include does the Environment Ministry have the mandate to be involved in the development of policy with environmental implications initiated by other departments? Which government departments are on the national development process steering committee? How well is the national development process linked to sectoral planning processes? What are the key entry points in development processes for mainstreaming the environment? Understanding the interactions between the different government agencies in the national development processes are a key success factor.
 - **The Planning/Finance ministry must be an equal or the prime focal ministry in the process from the very beginning.** Thus a focal point from this Ministry must be agreed at the earliest stages and buy-in from the Ministry is vital. It may be necessary to get Ministerial level intervention – e.g. Environment Minister to get the Planning Minister to agree to ensure this. Buy-in is definitely assisted by having substantive amounts of resources for a sustained programme and by donor support for environmental mainstreaming.
 - **A realistic assessment of country commitment at different levels and in both environment and planning ministries is necessary.** It is vital to gauge the level of commitment of relevant ministers, senior officials and those who would be responsible for developing and implementing the country mainstreaming programme. One must also recognize that potential “focal points” within government are likely to be poorly paid, overstretched and unprepared for the complexities of a mainstreaming programme. The incentives applying to key individuals must be understood. Careful attention to aligning the incentives of key individuals with mainstreaming IS required. For example, some form of performance related contract with focal points in key ministries is recommended. And strong support should be provided to the focal points by UNDP and UNEP.
 - **Supporting a country-led environmental mainstreaming process has high transaction costs, because it is new, seeking to change government priorities and involves a number of ministries.** It takes a great deal of staff time and substantive technical support at different levels – e.g., focal points in Environment and Planning Ministries, national coordinator, international technical advisor, specialist teams for e.g. integrated ecosystem assessments, economic studies and preparation of mainstreaming guidelines – to succeed. Provision of this support is essential to address transactions costs and achieve mainstreaming.

² DFID 2005 Environmental Management For Poverty Reduction Through Country Led Approaches Review Of DFID Experience; UNEP 2006 Mid-term Evaluation of the Partnership between the Belgian Directorate-General for Development Cooperation and UNEP.

- **Detailed country-specific concrete evidence on the links between environment, poverty reduction and pro-poor growth is needed to convince sceptical policy makers, economists and planners that investment in environment sustainability is worthwhile.** This evidence should include the costs of environmental degradation and the benefits of investing in environmental sustainability. A number of these costs will be difficult to identify in conventional market terms, but this identification is very important. For example, data on how soil erosion reduces agricultural productivity and how water pollution imposes health and productivity costs.
- **The application of integrated economic and environment project, programme and policy appraisals needs to become a standard operating procedures for planning/finance and sectoral ministries.** Unless the planning and key sectoral ministries apply such integrated appraisals as part of their strategy, policy, programme and project planning, then one cannot say that environment has been mainstreamed. There are a range of available tools that can be applied (e.g. comprehensive cost-benefit analysis that includes environmental costs and benefits) but there is inadequate knowledge or commitment to use them. For successful mainstreaming, it cannot be left to the environment agency to conduct EIA or SEA – planning and sectoral ministries must internalise environmental mainstreaming into their standard operating procedures.
- **Developing a full partnership approach with key in-country donors is vital for long term success on several fronts:**
 - Active support for environmental mainstreaming from in-country donors, is needed. For example, support for environment in donor-government coordination mechanisms to increase the chances of environment being mainstreamed in the development process.
 - Longer term capacity building. UNDP and UNEP are unlikely to have the resources for long term capacity building.
 - Identification and implementation of mechanisms to generate adequate and sustainable resources for environmental agencies and investment in environmental sustainability is vital. For example through environment fiscal reform.
 - Long-term success depends on mainstreaming environment into key sector budgeting and programmes – either as part of the PRSP process itself or during the subsequent implementation phase.

The UNDP-UNEP Mainstreaming Environment Model. (Under development)

The experience of country mainstreaming pilot projects has provided practical experience and lessons indicated above on how to mainstream environment into national development and poverty reduction strategy processes, and on how UNDP and UNEP can most effectively work together at the country, regional and global levels.

Experience to date is that poverty-environment linkages have been poorly integrated into PRSPs and, critically, have not been operationalized. The experiences of the UNDP and UNEP partnership show that there is still a generally poor level of understanding of how environment and poverty are linked and/or how to include environmental sustainability in national, sectoral and district development processes, including within environment ministries. But the larger challenge is to convince the planning, finance and key sectoral ministries, as they are responsible for plans and budgets which strongly influence patterns of natural resource use and impacts on the environment. It is in the context of these two challenges that we have looked for the key lessons and appropriate programmatic model from our country experience so far.

The PEI has taken up the substantial challenge of “operationalizing” environmental mainstreaming at the country level – putting the intent to integrate poverty-environment linkages into operational reality over a sustained period of time. This implies:

- n Looking beyond plans and strategies to implementation processes
- n Determining how mainstreaming can be included in development targets and indicators
- n Addressing budgetary mechanisms and engaging with key planning finance/planning ministries to secure financial resources

- n Engaging with key sector ministries which have responsibility for programmes to which poverty-environment linkages are relevant
- n Tackling the considerable capacity gaps over a realistic time period so that an enduring influence over policy can be achieved
- n Developing financing mechanisms so that environment agencies and environmental investment have a long term sustainable financial base

In developing operational country programmes, the PEI has tested and demonstrated a programmatic model (suitably adapted to the particular country context), which is outlined below. This model has three stages: Country programme preparation, Phase I Country implementation and Phase II Country implementation.

Country programme preparation:

Assessing the chances of success for mainstreaming, identifying the entry points, establishing the necessary implementation mechanisms and designing the detailed workplan for mainstreaming environment into the relevant development process.

- § Set aside at least US\$50,000 for this stage plus substantial UNDP/UNEP/Government staff time.
- § Conduct initial in-country discussions with Ministry of Environment AND Ministry of Planning/Finance, plus UNDP country office to establish interest in mainstreaming programme
- § Fully engage the UNDP Country Office and establishing clear administrative arrangements.
- § Prepare an assessment of local context: country economic and environmental status, prior and ongoing initiatives, key institutions and actors, UNDAF, donor interest in mainstreaming etc. ('development intelligence').
- § Gain a close understanding of government policy and planning processes, including of the role and incentives applying to the key planning and mainstreaming institutions and individuals
- § Identifying the entry point(s) – e.g., revision of the PRSP, annual review, start-up of MDG implementation processes, etc.
- § Identify government, civil society, donor 'champions'.
- § Identify focal points within government (provide appropriate incentives) in both environment and planning ministries.
- § Design effective implementation arrangements, e.g. establishment of an inter-departmental task team/steering committee/working groups that includes environment, planning/finance and key sectoral ministries. This should be linked to the overall national PRS process, e.g through having cross representation on key committees.
- § Specify needs for success in relation to process and specific events, and in relation to knowledge and analysis. (e.g. dates for critical inputs to the relevant development process and knowledge gaps such as on economic links between environment and poverty reduction).
- § Develop a detailed workplan to mainstream environment with tactical flexibility. (See Phase I below for likely activities in workplan).
- § In discussions, planning etc focus on finance, growth, poverty reduction, income generation, i.e. focus on the links between environmentally sustainable resource use and economic priorities in operational terms.
- § Develop operational cooperation with donor and government-donor coordination mechanisms. (e.g. have active input to key donor-government sector and cross-cutting working groups
- § Linking to UN country programming systems (CCA/UNDAF) and ensuring coordination.
- § Identify key CSOs and potential for engagement.
- § Carry out an assessment of main capacity needs.
- § Perhaps one or two pilot activities to highlight the links between environment and development.

The above process should maximize country ownership and UNDP Country Office commitment

Country programme implementation – Phase I**Implementation of the detailed workplan & preparations for Phase II.**

- § Provision of appropriate technical assistance eg project manager, technical advisor plus backup from UNDP-UNEP PEI.
- § Technical analysis to highlight how environmental sustainability can contribute towards economic development and poverty reduction – e.g. carrying out of MA methodology based integrated ecosystem assessments and economic assessments to highlight in operational, country-specific terms the links between environment and development. (e.g. how soil erosion reduces productivity, food production and incomes, how water pollution imposes health costs and how investing in environmental sustainability can reduce those costs and bring monetary and broader benefits).
- § Supporting specific activities to include environmental sustainability in national development processes, such as preparation of justification papers to Government committees/working groups etc preparing PRSP revision priorities, objectives and content, drafting of relevant sections of PRSPs, design of strategies for mainstreaming environment, input to donor-government coordinating mechanisms, etc.
- § CSO engagement, including activities to promote environmental mainstreaming, e.g. media events and campaigns, awareness raising etc.
- § Build support within government for longer term effort, including by assurances of longer term support.
- § Win support for environmental mainstreaming and the programme from donor coordination processes.
- § Gain improved donor co-ordination on environmental mainstreaming
- § Put in place a monitoring and evaluation component.
- § More detailed assessment of capacity needs
- § Preparation of workplan for longer-term Phase II programme designed to deepen mainstreaming in key sectors and potentially at district level, and to establish financing mechanisms for sustaining mainstreaming in the long term.

Country programme implementation – Phase II**Longer term capacity building and development of sustainable financing mechanisms for the environment.**

- § Details of Phase II depend very much on characteristics and outcomes of Phase I.
- § Support for building long-term capacity within government to (1) identify links between environment and poverty (2) include environmental sustainability in national development processes. (e.g. so Ministries of Environment have the capacity and tools to argue the case for environmental mainstreaming).
- § Support for developing mechanisms to sustainably finance investment in environmental mainstreaming in Environment and other sectors, so that they have the ability to build and maintain capacity and fund environmental programmes. (e.g. environmental fiscal reform, royalties, increased budgetary allocations etc).
- § Support for broadening and deepening environmental mainstreaming in all major government processes and in key sectors and also in districts. (e.g. in government policy development and approval mechanisms).
- § Building co-ordinated donor support for longer term capacity building and environmental mainstreaming.
- § Longer-term monitoring and reporting systems based on, *inter alia*, poverty-environment indicators.

Appendix 2: UNDP-UNEP Partnership on Climate Change

In the spirit of the Secretary-General's High-Level Panel on UN System-wide Coherence, UNDP, as the manager of the UN coordination system at the country level, and UNEP, as the center of excellence for dealing with the environment at the global level, are working together to help countries mainstream environment in their strategies and actions. As part of these efforts, the present Partnership aims to optimize and to unify the many assets of UN system at the country level in the area of climate change.

Climate change poses a serious challenge to social and economic development. Developing countries are particularly vulnerable because their economies generally depend more on climate-sensitive natural resources and because they are less able to cope with the negative impacts of climate change. This is especially true of the least developed countries, where changes in the pattern of rainfall and temperature threaten sustainable development goals related to poverty reduction, water, food, health, and education. If mitigation and adaptation to climate change are not addressed, much of the development progress, and any achievement of the MDGs, will likely be lost.

Accordingly, the Partnership aims to broaden the existing cooperation between the two organizations on climate change to help countries achieve sustainable development in the face of a changing climate. The Partnership has two core objectives:

1. Incorporate adaptation into national development plans and UN Cooperation Frameworks
2. Enable countries to access carbon finance and cleaner technologies to stimulate sustainable development.

The UNDP and UNEP Partnership is based on the comparative advantages of each organization. UNDP's focus is on capacity development and integrated policy design and implementation at the country level through its network of country offices. UNEP's focus is on normative development, technical analysis, piloting of innovative approaches at all levels, and the provision of science-based guidance and knowledge services. The Partnership will extend to all LDCs and other developing countries, with a particular emphasis on sub-Saharan Africa.

Objective 1: Incorporate adaptation to climate change into national development plans and UN Cooperation Frameworks

Mitigation and adaptation are two sides of the same climate change risk reduction coin. Mitigation aims to stabilize CO₂ levels below a threshold that reduces the likelihood of abrupt climate change and lowers the need for adaptation. Adaptation is the other side of the coin, wherein the focus is to develop strategies to cope with the climate change that society is already committed to, based on past emissions and future trajectories.

Climate change is becoming more evident, and its expected repercussions, which include worsening droughts, crop failures, water shortages, rising sea levels, more frequent and intense storms, and extinction of species, are already impacting countries. The poor are most exposed and vulnerable to natural disasters and climate change. Given its implications on human security, adaptation to climate change is likely to become one of the main development challenges of the coming decades.

The UNDP-UNEP Partnership will mainstream climate change concerns into national development strategies through a three-pronged approach:

- *National development strategies:* UNDP and UNEP will help countries assess their vulnerability to climate change and incorporate adaptation concerns into the formulation and implementation of their national policies and investment plans. Strong synergies between climate change risk reduction and sustainable development can be realized by mainstreaming adaptation concerns into efforts to achieve development priorities such as water availability and quality; land management and tenure; food security and especially water availability and quality; as well as broader development priorities such as governance and gender issues.

- *UN Country Programming:* The Partnership will help United Nations Country Teams integrate climate risk into the formulation and implementation of key UN cooperation frameworks such as the United Nations Development Assistance Framework. UNDP/UNEP efforts will help countries address practices that increase vulnerability to climate change and strengthen their capacity to cope with both present weather variability and a changing climate.
- *Pilot projects:* Adaptation is a new and complex field of work, requiring decisions about long-term investments in the face of high uncertainty. As the manager of the UN coordination system at the country level, UNDP will bring to bear the collective expertise from all concerned UN agencies to pilot adaptation measures in key affected sectors such as agriculture/food security; water resources and coastal development. UNDP and UNEP will also facilitate the access of all concerned UN agencies to GEF-managed climate change funds. These projects will help countries to assess climate change impacts, evaluate adaptation options, develop policy and response measures and prioritize follow-up investment. Findings from these pilot projects will feed back into policy advisory services that mainstream adaptation into national development plans and UN cooperation frameworks.

Objective 2: Enable countries to access carbon finance and cleaner technologies to stimulate sustainable development

To date, the benefits of the Clean Development Mechanism have largely by-passed the Least Developed Countries. Only a handful of countries account for the bulk of registered CDM projects, and there are concerns that the types of CDM projects registered so far provide limited development benefits. To realize the full potential of the CDM as a financing mechanism for sustainable development, a key challenge for developing countries is to remove the institutional, legal and capacity barriers that limit their access to the flourishing and dynamic carbon finance market. To help developing countries address this challenge, UNDP and UNEP will increase their current collaboration in carbon finance, directly supporting the Nairobi Framework on Catalyzing the CDM in Africa agreed at COP12 by six agencies. Specifically, the Partnership will support the following elements:

- *Public and private sector capacity to implement the CDM:* Fully operational DNAs are a pre-condition to expand developing country engagement in carbon markets. UNEP and UNDP will help establish and train DNAs, particularly in countries that have received limited carbon finance capacity development support so far.
- *National capacity to develop project proposals:* UNDP and UNEP will develop capabilities of public and private sector actors to identify promising CDM sectors and project technologies, particularly for projects with high sustainable development benefits. This component would include provision of general and sector-specific project development training and development of new methodological guidelines. Carbon revenues complement but do not substitute the need for traditional debt or equity project financing for the underlying projects. In this context, UNDP and UNEP will also help financial institutions – including those providing development finance – to understand better the potential afforded by carbon and other environmental finance opportunities. Activities under this component will be closely coordinated with those conducted by other public and private national, bilateral and multilateral organizations.
- *Investment opportunities in specific carbon finance projects:* In pre-market situations, project management services to individual project developers might be required to demonstrate market potential of CDM initiatives with high sustainable development benefits. In the absence of existing commercial alternatives, UNDP's MDG Carbon Facility will provide a one-stop-shop project development facility to individual project proponents and investors, providing as needed services ranging from project design to access to carbon finance. Most project proponents in low income countries find it difficult to advance the funds for the preparation and registration of the carbon project document. MDG Carbon will establish a donor-financed Carbon Project Development Trust Fund to advance these costs, which will be recovered from carbon revenues.
- *Information sharing and outreach mechanisms:* With an increasing number of CDM projects approved and in the pipeline, there are more opportunities for sharing information about successful approaches. The Partnership will expand information exchange, particularly information that helps government officials, project developers and carbon sellers better understand and participate in evolving carbon markets.

Appendix 3. The UNEP/UNDP Partnership Initiative on sound management of chemicals

Introduction

Following the adoption of the Strategic Approach to International Chemicals Management (SAICM) in Dubai, February 2007 UNEP and UNDP have developed a partnership initiative to help client countries to:

1. Assess their sound management of chemicals regimes relative to the strategic objectives of the SAICM Overarching Policy Strategy, and put in place a plan to begin addressing gaps in the national regime; and
2. Improve the incorporation of national sound management of chemicals priorities into the national development planning agenda (e.g. Poverty Reduction Strategic Plans, Country Assistance Strategies, UN Development Frameworks, etc.).

This partnership initiative will draw on the unique support services that can be provided by the cooperating agencies, including guidance that is being developed applicable to the second and third QSP strategic priorities.

Based on support from the Trust Fund under SAICMs Quick Start Programme, the initiative will be implemented in Uganda and Ecuador.

The Initiative Concept

The steps that countries typically go through to advance their national sound management of chemicals regimes can be described generically as:

- (a) Initial chemicals profiles/inventories (i.e. what chemicals, where, how much, produced, used etc.)
- (b) Basic data on areas of high risk/exposure for the environment and human health within the country (e.g. serious chemical contamination of a major fishery, contaminated sites impacting food production, stockpiles destroying ground water, etc.);
- (c) Qualification of the links between major chemical problem areas and human health and environmental quality (i.e. analyzing and explaining the linkages in understandable language for policy decision-makers);
- (d) Developing or filling-out an integrated chemicals management program (i.e. understanding what is needed to enhance SMC-related governance capacity relative to the countries chemicals profile so that current problems can be addressed and future problems prevented);
- (e) Quantification/estimation of the costs of inaction/benefits of action in major chemical risk areas from (c) above (i.e. the economic analysis that can be compelling for national planning and finance ministries; speaking the development planner's language); and
- (f) Mainstreaming in development planning to foster national budget commitments in partnership with donor assistance to address the most serious problems/potential benefits at the nexus between sound management of chemicals and sustainable forms of development.

Different countries will, of course, have different starting points for these steps depending upon how well developed their current SMC regime is. The UNEP/UNDP partnership initiative, however, is being advanced to support countries that:

- i) Already have a national chemicals profile/inventory in place; and
- ii) Have a strong sense of where they have or at least suspect having major chemicals management problems/exposure risks.

The rationale for this approach is that if countries are too early in the generic a-f steps outlined above, they are unlikely to be successful candidates at this time for movement all the way to mainstreaming (step f) in just one project.

UNEP and UNDP Support to the Country

To support this initiative, UNEP and UNDP will bring their extensive and well known experience in providing support to client countries with respect to chemicals management issues including, for example, being implementing agencies for the POPs Focal Area of the Global Environment Facility. In addition to years of accumulated experience, UNDP has, since the adoption of SAICM in 2006, invested in the development of a guidance document to assist national governments and UNDP Country Teams to recognize and assess opportunities for incorporating the SMC into national development priorities, processes and plans. The guide is one tool within the UNDP's new Integrated Package of Services (IPS) mechanism for enhancing its assistance to partner countries through a holistic approach to sustainable development.

In addition, UNEP will bring to the partnership initiative its recent work done jointly with WHO on the Health and Environment Linkages Initiative (HELI), which aims to provide a coherent approach to value the services that ecosystems provide to human health, and ensure that they are reflected in decision-making processes. The initiative promotes an intersectoral approach to decision-making that includes consideration of the full range of environmental and health impacts of decisions and emphasizes that efforts to protect environmental health should be integrated with, and support, national development plans as well as sustainable development objectives.

Other Applicable Criteria for Country Participation

This partnership initiative is also stressing the additional criteria for country participation, such as geographic distribution, cross-sectoral balance, engagement of stakeholders, significant and sustainable follow-on activities, co-financing from other sources and contribute to risk reduction

Lessons Learned Report

Because this project is part of the broader UNEP/UNDP initiative, which will test guidance materials and advance practical examples that can be replicated by other countries to advance the second and third QSP strategic priorities, a "Lessons Learned Report" will be produced in the interests of continuous improvement with respect to work in other developing countries.

UNEP/UNDP will discuss the "Lessons Learned Report" with the SAICM QSP Implementation Committee to advance shared experiences among the IGOs that will continue to work with developing countries on SAICM implementation.
