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Item 6 of the provisional agenda*

**Budget and programme of work for the biennium
2014–2015 and the Environment Fund and other
budgetary matters**

Proposed medium-term strategy for the period 2014–2017

Report of the Executive Director

Summary

Pursuant to the request set out in Governing Council decision 26/9, paragraph 23, the present report sets out a medium-term strategy for the period 2014–2017 with a clearly defined vision, objectives, priorities and impact measures and a robust mechanism for review by Governments, for approval by the Governing Council at its twenty-seventh session. The present document outlines the emerging issues to be taken into consideration in the 2014–2017 medium-term strategy, reviews the programmatic and operational achievements of the 2010–2013 medium-term strategy and identifies lessons learned.

An addendum to the present document (UNEP/GC.27/9/Add.1) sets out the strategic focus for the 2014–2017 strategy; the associated business strategy; a description of the UNEP corporate risk management strategy; and arrangements for the evaluation of the 2014–2017 medium-term strategy.

It is suggested that the Council consider the adoption of a decision along the lines suggested by the Executive Director, as indicated in his report on the proposed biennial programme of work and budget for 2014–2015 (UNEP/GC.27/10).

* UNEP/GC.27/1.

I. Introduction

1. By 2017, five years will have passed since the General Assembly decided, in its resolution 67/213 of 21 December 2012, that the United Nations Environment Programme (UNEP) should be strengthened and upgraded, in accordance with the recommendation of the outcome document of the United Nations Conference on Sustainable Development (Rio+20), “The future we want”.¹ At that time, Member States will be able to observe the changes in the global environment and the economy that a strengthened and upgraded UNEP can claim as the result of its efforts.

2. The UNEP medium-term strategy for the period 2014–2017 plots the direction that UNEP will take in pursuit of that goal. It lays out the vision, strategic objectives and the results which UNEP aims to achieve by 2017. Key to successful attainment of these results will be work by UNEP with stakeholders with very different needs and priorities across multiple sectors of government and society, to enable them better to manage the environment and thereby safeguard the services that it provides for their countries’ development and economy, which are crucial to the eradication of poverty and the well-being of their populations.

3. The business model employed by UNEP in pursuit of its planned results is to work through partnerships. UNEP aims to use partnerships as an opportunity to expand its reach and to leverage an impact much greater than it would be able to achieve on its own. The UNEP business model is also contingent on UNEP taking a leadership role in coordinating environmental matters within the United Nations system, in order to maximize impact by working in a more strategic and coordinated manner with partners in the United Nations system and the secretariats of multilateral environmental agreements.

4. In determining its focus for the period 2014–2017, UNEP employed what was termed a “foresight process” and the findings of the fifth report in its Global Environment Outlook series (GEO-5) to identify global challenges that the world is likely to witness during this period. In that process, UNEP weighed the most pressing global environmental challenges against the priorities of regions and those emanating from multilateral environmental agreements, and arrived at the following focus areas for the organization: climate change; disasters and conflicts; ecosystem management; environmental governance; chemicals and waste; resource efficiency; and environment under review. The medium-term strategy is articulated around the support which UNEP provides to interested countries and partners, to assist them in understanding the concept of the green economy and its role in sustainable development and poverty eradication across all UNEP focus areas, with the aim of integrating environmental considerations into all economic and social agendas.

5. In each of the UNEP focus areas, the medium-term strategy lays out the results that UNEP aims to achieve, ensuring that the organization’s work is commensurate with the targeted changes. At the operational level, the medium-term strategy follows a deepened approach to results-based management. All planning and delivery efforts within the organization – from programme planning, human and financial resource mobilization, allocation and management to partnership management, monitoring and evaluation – will be strengthened to ensure that they have mutually reinforcing objectives that enable UNEP to deliver its services better and to achieve the projected results.

II. Background

6. In 2017, UNEP will celebrate its forty-fifth birthday. That will be an occasion to reflect on what UNEP should have achieved by that stage and, by extension, on what UNEP, the member States and its secretariat, should focus on over the years leading up to 2017 in order to achieve those planned results. In February 2011, in paragraph 23 of its decision 26/9, the UNEP Governing Council requested the Executive Director to prepare for its twenty-seventh session in February 2013 a medium-term strategy for the period 2014–2017 with a vision, objectives, priorities, impact measures and a mechanism for review by Governments. The strategy is designed to guide the organization’s work over the four-year period, with a view to achieving measurable results that UNEP plans jointly with Governments, partners and other stakeholders.

7. What UNEP should achieve by 2017 is inextricably linked to the state of the global environment and the economy at that time, to the way in which people perceive the environment and manage the services that it provides for human well-being and thus for poverty eradication. Notwithstanding the uncertainties surrounding these questions, the global environmental outlook

¹ General Assembly resolution 66/288, annex, para. 88.

process has provided a scenario based on current trends and projections that guides the focus of the medium-term strategy.

8. Assessing demands for services from its stakeholders will be critical in ensuring that UNEP is responsive and client-driven. The goal which UNEP pursues will also be determined by its mandate and by an informed decision as to whether others might be better placed to respond, if necessary with UNEP guidance and support, or whether UNEP has the comparative strength to provide the best service itself. This medium-term strategy provides the guidance which UNEP will follow in focusing its efforts.

9. Midway through the implementation of the 2010–2013 medium-term strategy, UNEP conducted a lessons-learned exercise. It had institutionalized a results-based management approach, where performance is measured on a regular basis, and had also institutionalized evaluation as an independent function of the organization, to provide regular feedback on the design, relevance, efficiency and effectiveness of its work. Complementing its own internal review mechanisms, UNEP also benefited from reviews by the Office for Internal Oversight Services (OIOS) and the United Nations Board of Auditors, as well as from external evaluations conducted by such bodies as the Multilateral Organization Performance Assessment Network (MOPAN). These all helped identify where the organization could best strengthen the design and management of its programme. These lessons have been critical in guiding the development of the UNEP medium-term strategy for 2014–2017.

10. The 2014–2017 strategy consolidates past achievements, with a view to catalysing a process of change to ensure an improved human well-being that is more environmentally sustainable and that contributes to poverty eradication. The strategy also takes on board the global environmental priorities identified by the multilateral environmental agreements, including the Strategic Plan for Biodiversity 2011–2020 and the Aichi Biodiversity Targets, which provide a flexible framework for all stakeholders. At the same time, it reflects the provisions of General Assembly resolution 66/288 on the outcome document of the United Nations Conference on Sustainable Development and is therefore designed to enable UNEP to harness the following opportunities:

- (a) To leverage further impact by maximizing the use of strategic partnerships, capitalizing on mutually supportive mandates and programmes and taking advantage of the lead role played by UNEP in the United Nations system in coordinating environmental issues and of the strategic presence of UNEP at regional and country level;
- (b) Better to serve the priorities of multilateral environmental agreements for the benefit of their parties, given that UNEP provides the secretariat for many such agreements;
- (c) To continue to explore the potential of an inclusive approach to greening economies as a pathway to sustainable development;
- (d) To achieve organizational excellence in UNEP by strengthening results-based management in a comprehensive fashion that integrates organizational risk management.

11. As the lead organization in coordinating environmental matters within the United Nations system, UNEP produces environmental assessments and analyses, norms, guidelines and methods for use by stakeholders seeking guidance on how effectively to manage the environment for their sustainable development and economic growth. Although its remit is global in scope, UNEP operates with a staff complement of only some 1,000 and a biennial budget in recent years of some \$500 million. Accordingly, its ability to achieve a significant impact is based on partnerships – integral to the organization’s strategy to place environment and sustainable development at the heart of everything that it does.

12. The products and services provided by UNEP represent a broad array of tools designed to catalyse change in response to demand. In that process, UNEP forges partnerships with United Nations sister agencies, secretariats of multilateral environmental agreements and other strategically placed institutions, driven by the potential impact leveraged from each opportunity, and is committed to strengthening its operations to enforce results-based management.

III. Emerging issues to be taken into consideration in the 2014–2017 medium-term strategy

13. Twenty years after the 1992 United Nations Conference on Environment and Development – the Earth Summit – in Rio de Janeiro, Brazil, changes to the global environment continue at a rate unprecedented in human history. Data gathered for GEO-5 show that moderate success has been achieved in slowing the rate or extent of change – including through enhanced resource efficiency and

mitigation measures – but this has not reversed environmental degradation. Overall, neither the scope nor the speed of change has abated in recent years.

14. As human pressures on the Earth's systems accelerate, several critical global, regional and local thresholds have already been exceeded or are close to being exceeded. Once these thresholds are crossed, abrupt and possibly irreversible changes to the life-support functions of the planet are likely to occur, with significant adverse implications for human well-being. The resulting complex and non-linear changes in the Earth's systems are already having serious impacts on human well-being. These include:

- (a) Increases in average temperatures above threshold levels in some places, leading to significant human health impacts;
- (b) Increased frequency and severity of climatic events, such as floods and droughts, affecting both natural assets and human security;
- (c) Accelerating temperature changes and sea-level rise, affecting human well-being in some places, particularly in coastal communities and small island developing States;
- (d) Substantial biodiversity loss and the continuing extinction of species, affecting the provision of ecosystem services, with such consequences as the collapse of fisheries or the loss of species used for medicinal purposes.

15. Through a comprehensive foresight process involving a dedicated panel and over 400 leading scientists and experts from around the world, UNEP has identified emerging issues, defined as issues with global environmental impact that are recognized by the scientific community as very important to human well-being, but have not yet received adequate attention from the policy community,² which include:

- (a) Ensuring food safety and food security for 9 billion people: new challenges. Emerging challenges for food security include competition from bioenergy production, diminishing phosphorus supplies and increasing water scarcity. There is an urgent need to increase the safety and security of the world's food supply by improving the food-processing pathway, reducing food waste and boosting agricultural efficiency. The task faced by the 2014–2017 medium-term strategy is to fill the gaps in environmental sustainability by leveraging the best available science and collaborating effectively with United Nations agencies and other bodies playing a leading role in the field of food security. It also aims to promote a resource-efficiency approach across the supply chain, with a view to decoupling food production from environmental impact and thereby helping to increase food security and to promote poverty eradication;
- (b) Climate change mitigation and adaptation: managing the consequences. Climate change could have immediate and unprecedented implications for human populations in such matters as where they can settle, grow food, maintain built infrastructure or rely on functioning ecosystems. Emissions continue to rise and pledges of future action within the process launched by the United Nations Framework Convention on Climate Change currently fall short of the minimum level which, scientists maintain, is necessary to keep the increase in temperature below 2° C. The potential disruption and displacement and the need to adapt to phenomena such as sea-level rise or extreme weather events represent a profound challenge to sustainable development and can reverse hard-won development gains, including those from poverty eradication measures. The 2014–2017 medium-term strategy will promote innovative approaches to environmentally friendly adaptation, particularly ecosystem-based approaches;
- (c) New insights into water-land interactions: shift in the management paradigm. Recent scientific research has generated a better understanding of how water and land interact, including, for example, how changes in land-use affect downwind rainfall patterns. This new knowledge has important implications for the manner in which we manage water and land to ensure the maintenance of minimum ecological flows, and provides new impetus for efforts to boost water-use efficiency and to improve the integration of water and land management. The 2014–2017 medium-term strategy will adopt a more integrated approach to land and water management, and aim at developing options for increased water efficiency;
- (d) Going beyond mere conservation: integrating biodiversity across the ecological and economic agendas. In recent years, two important threads of research have documented how biodiversity is intertwined with development, quality of life, human well-being and nature: one thread

² *21 Issues for the 21st Century: Result of the UNEP Foresight Process on Emerging Environmental Issues* (UNEP, 2012), Foreword, p. iv.

articulates the linkages between biodiversity and other ecological issues, and the other explores the interrelationship between biodiversity and economics. It is now time to fully integrate the issue of biodiversity into the global ecological and economic agendas, while continuing to support biodiversity conservation, and integrating biodiversity across ecological and economic activities. While UNEP will continue to support biodiversity conservation and the involvement of local communities, bringing their traditional knowledge, the 2014–2017 medium-term strategy will move further forward in integrating biodiversity across ecological and economic agendas, tackling such problems as invasive species and living modified organisms which pose a threat to the conservation of biodiversity and the maintenance of ecosystem services;

(e) Need to minimize the risks of chemicals and wastes. Societies continue to experience the harmful consequences of unsound chemicals management. This situation reflects the need for comprehensive assessment and management aimed at minimizing significant short or long-term risks to society and nature. The 2014–2017 medium-term strategy will therefore focus on working with partners and countries to manage chemicals and wastes in an integrated manner, through assessments, monitoring, guidance on best use, management and disposal to catalyse transformative change;

(f) Accelerating the implementation of environmentally friendly renewable energy systems. The large potential for renewable energy has not yet been realized, because of the many barriers obstructing the use of such energy worldwide. It is critical that means of removing economic, regulatory and institutional barriers are identified and that enabling conditions are created that make renewable energy competitive in comparison to other conventional sources. The 2014–2017 medium-term strategy will entail a stronger focus on leveraging best science for catalysing the transformation towards renewable energy, while continuing to cover energy efficiency and emission reduction.

16. The foresight process also identified emerging issues that cut across environmental themes:

(a) Aligning governance structures to the challenges of global sustainability and, in particular, to integrate social, environmental and economic objectives in sustainable development policies at all levels of governance;

(b) Transforming human capabilities to meet global environmental challenges and move towards a green economy in the context of sustainable development and poverty eradication;

(c) Reconnecting scientific knowledge and policymaking;

(d) Catalysing rapid and transformative change in human behaviour affecting the environment.

17. These issues correspond to the priorities identified in General Assembly resolution 66/288. As UNEP increases its efforts to bring coherence and synergy to the manner in which the United Nations system addresses environmental issues, the organization will also integrate governance-related activities within all its subprogrammes in the 2014–2017 medium-term strategy, taking into account the links between national, provincial and local levels. Through the medium-term strategy, UNEP will integrate green economy approaches in the context of sustainable development and poverty eradication across the organization, while ensuring coherence across the subprogrammes through the subprogramme on resource efficiency. The proposed new subprogramme on environment under review aims to leverage information as an agent of change and ensure a coherent approach in dealing with the science-policy interface. UNEP work relating to scientific panels such as the International Resource Panel, the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services and the Intergovernmental Panel on Climate Change (IPCC) is intended to strengthen the bridge between science and policy.

18. Within the 2014–2017 medium-term strategy, UNEP will also support the application of Principle 10 of the Rio Declaration to enhance the capacities of countries to generate, have access to, analyse, use and communicate environmental information and knowledge to work towards a better informed society. UNEP will also help enable countries to achieve key international goals and plans, such as the Strategic Plan for Biodiversity 2011–2020 and its Aichi Biodiversity Targets, adopted by Parties to the Convention on Biological Diversity, working in consultation with the relevant multilateral environmental agreement secretariats. UNEP work on sustainable consumption will contribute to addressing the issue of changes in human behaviour.

19. The findings of the foresight process and of the International Resource Panel, through its reports on such issues as “decoupling” and “impacts”, together with the priorities identified in General Assembly resolution 66/288, have provided an important framework for prioritizing action by UNEP itself, which will provide the framework within which the organization will strengthen coordination

and synergy in the United Nations system on environmental issues. Within this framework, the specific needs of countries and regions drive the strategic focus for the 2014–2017 medium-term strategy. Thus, globally significant issues and regional and national priorities all contribute to the medium-term strategy, taking into account the comparative advantages of UNEP and the needs and potential of its regional offices.

20. UNEP also sought the views of the secretariats of the multilateral environmental agreements and of United Nations sister agencies, to ensure that its strategic focus is client-oriented. Concerns have been raised over the growing gap between environmental commitments and obligations under the agreements and their implementation. In particular, the secretariats of the agreements identified opportunities for UNEP to support the implementation of the agreements where UNEP had a comparative advantage through such efforts as systematic or generic capacity-building, which could lay the foundation for specialized and more effective capacity-building directed at the implementation of the multilateral environmental agreements.

21. The medium-term strategy also includes supporting countries in integrating multilateral environmental agreement-related priorities into national planning processes such as the United Nations Development Assistance Frameworks and other national planning exercises; incorporating multilateral environmental agreement priorities into capacity-building efforts through such measures as raising environmental awareness among the judiciaries; and supporting system-wide knowledge management through the multilateral environmental agreement information and knowledge management initiative and other cooperative mechanisms under the UNEP environmental governance subprogramme. The medium-term strategy also envisages the provision of support by UNEP to countries in gaining access to finance from the Global Environment Facility (GEF) and the Adaptation Fund under the United Nations Framework Convention on Climate Change and its Kyoto Protocol, to implement the multilateral environmental agreements in those areas of work that are eligible for GEF support.

22. Finally, consultations with various stakeholders, including major groups, revealed a desire for the creation at all levels of enabling conditions that will ensure the better participation of the public, in line with Principle 10 of the Rio Declaration. Issues identified from the foresight process and the consultations with stakeholders were also deemed as priorities at regional and country levels. In particular, issues such as climate change, freshwater, land-use, food security, oceans, energy, chemicals and waste, sustainable consumption and production and environmental governance are considered priorities in most regions. These issues constitute the basis on which UNEP determined its strategic focus for the 2014–2017 medium-term strategy.

IV. UNEP internal environment: 2010–2013 medium-term strategy

23. An understanding of what UNEP has been able to achieve and the lessons learned to date from the implementation of the current medium-term strategy, for 2010–2013, are critical in enabling the organization to build on its strengths and to analyse challenges and opportunities for a stronger engagement in the future.

A. Programmatic achievements

24. The first biennium of the current medium-term strategy period marked a new strategic and transformational direction for UNEP as it began implementing its medium-term strategy for 2010–2013 along six axes: climate change; disasters and conflicts; ecosystem management; environmental governance; harmful substances and hazardous waste; and resource efficiency and sustainable consumption and production.

Table 1

UNEP operating budget: 2010–2011

(Millions of United States dollars)

<i>Funding source</i>	<i>Environment Fund</i>	<i>United Nations regular budget</i>	<i>Extrabudgetary sources</i>
Approved budget	180	14	228
Income received in 2010–2011	163	14	268
Expenditure	165	14	250

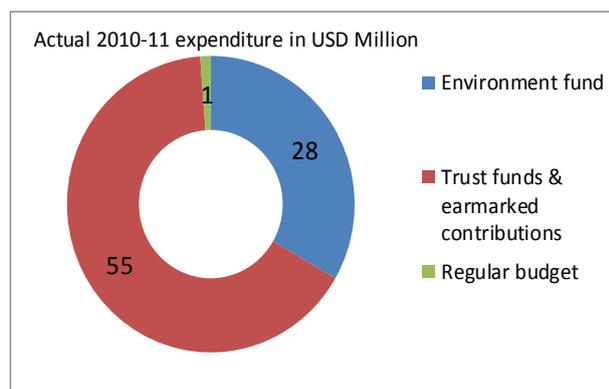
25. UNEP has been implementing the 2010–2013 medium-term strategy through its 2010–2011 programme of work and, from January 2012, the 2012–2013 programme of work. The UNEP programme of work is implemented through a portfolio of 115 projects implemented with a wide variety of partners worldwide. With an operating budget of \$415 million from its Environment Fund,

the United Nations regular budget and extrabudgetary sources in trust funds and earmarked contributions, UNEP has achieved significant results at the half-way stage in the implementation of the 2010–2013 medium-term strategy, despite the global financial crisis. These results are briefly illustrated in the following text-boxes, representing snapshots of its achievements in various sectors.

Box 1

Climate change

Over the period 2010–2013, UNEP aimed to strengthen the ability of countries to integrate climate change responses into national development processes with a planned budget of \$162 million.



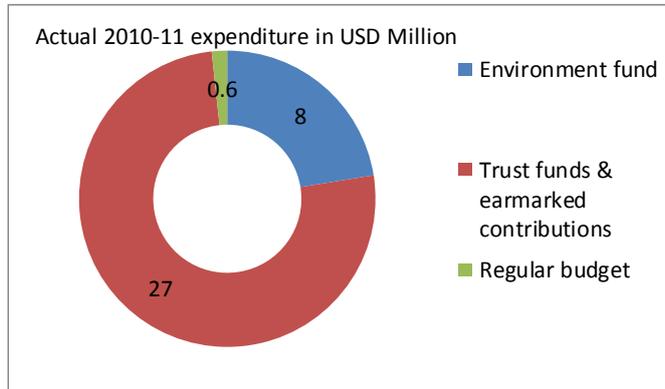
Performance highlights

- UNEP formed partnerships with over a dozen countries to demonstrate the role of ecosystem-based approaches to adaptation and in helping to increase resilience, including in the mountain ecosystems of the Himalayas, Andes and Mount Elgon, in river basins such as the Nile river basin and in coastal areas.
- UNEP supported 36 countries in efforts to prioritize their climate technology needs and actions as a basis for implementing clean energy policies, developing nationally appropriate mitigation actions and moving towards low-emissions growth.
- Forty-six countries joined a UNEP and GEF-supported global partnership, entitled “Enlighten”, with the aim of phasing out inefficient incandescent lamps by the end of 2016, to achieve energy and cost savings.
- UNEP facilitated investment worth over \$200 million in clean energy projects by supporting work by countries to develop carbon asset projects and by helping to remove barriers to the funding of small-scale renewable energy initiatives, including solar water heaters in the Mediterranean.
- Through the UNEP/UNDP/FAO programme to reduce emissions from deforestation and forest degradation (REDD), 16 countries have approved national programmes and another four have received direct support for their efforts to integrate the multiple benefits of forests into their REDD planning, policy and action, making this endeavour a catalyst for the green economy in the context of sustainable development and poverty eradication, and in the process mobilizing over \$150 million for REDD activities.
- UNEP published the third annual assessment of the emissions gap, the *Emissions Gap Report 2012*, to inform discussions on ambition levels – the levels of pledges to which countries are willing to commit themselves.

Box 2

Disasters and conflicts

Over the period 2010–2013, UNEP aimed to minimize environmental threats to human well-being arising from the environmental causes and consequences of conflicts and disasters with a planned budget of \$99 million.



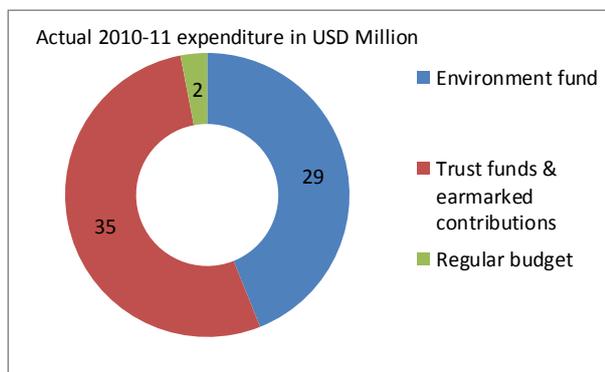
Performance highlights

- Since 2008, of the 16 countries in which UNEP post-crisis environmental assessments led to the identification of environmental risks, 12 countries have taken specific actions to mitigate these risks. For instance, the UNEP assessment of oil contamination in Ogoniland, Nigeria, led the national Government to commit itself to an unprecedented clean-up operation, launched in 2012.
- UNEP is successfully delivering complex multi-million dollar environmental recovery programmes in the most difficult of circumstances, in countries such as Afghanistan, the Sudan and Haiti. The Multilateral Aid Review published in 2011 by the United Kingdom Department for International Development commends UNEP in particular on its work in “fragile contexts”.
- Working with partners in the academic sector, civil society, the United Nations system and the military, UNEP has contributed to the establishment of a vast body of knowledge on the environmental dimensions of disasters and conflicts. A seven-volume compendium of 150 case studies on natural resource management and peacebuilding is being released in 2012.

Box 3

Ecosystem management

Over the period 2010–2013, UNEP aimed to ensure that countries use the ecosystem approach to enhance human well-being with a planned budget of \$131 million.



Performance highlights

- UNEP has supported the process to establish the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services, designed to create a common platform to facilitate improved policy uptake of contemporary science and assessment findings by Member States

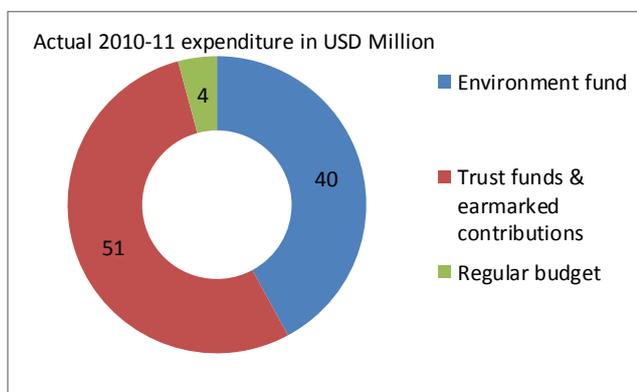
in the field of biodiversity and ecosystem services.

- To that end, UNEP has developed a range of tools to support countries in understanding how to use ecosystem services to achieve their development goals and to generate multiple benefits to support attainment of the Aichi Targets and other biodiversity targets linked to multilateral environmental agreements. For instance, with the assistance of UNEP, Kenya has been able to track forest-related ecosystem services in the Mau Forest and to improve their management. This forest serves as a water tower for much of Kenya, yet a quarter of its area had been lost to illegal human settlements, logging and other causes.
- The UNEP-led initiative on the economics of ecosystems and biodiversity (TEEB) provided the rationale and methodological guidance for the valuation and accounting of ecosystem services by Member States. The TEEB approach has proved to be a cornerstone for the transition towards green growth and green economy.

Box 4

Environmental governance

Over the period 2010–2013, UNEP aimed to ensure that environmental governance at the country, regional and global levels was strengthened, in line with agreed environmental priorities, with a planned budget of \$166 million.



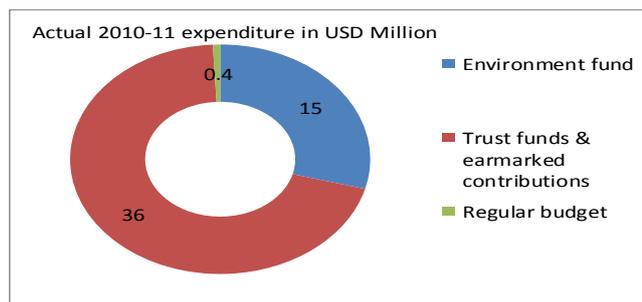
Performance highlights

- UNEP secured agreement within the United Nations system that the United Nations would develop system-wide approaches to environmental and social safeguards, in pursuing the Aichi Biodiversity Targets under the Convention on Biological Diversity and in tackling the drylands agenda.
- UNEP was instrumental in the achievement of synergies and efficiency gains in the operations of the chemical-related multilateral environmental agreements that it administers: the Basel, Rotterdam, and Stockholm conventions.
- Twenty countries have been integrating the environment into their development plans with support from the UNDP-UNEP Poverty-Environment Initiative. In addition, 10 countries are reporting on these objectives through national reporting processes and the associated linkages have been further integrated into 14 budgeting processes.
- Environmental sustainability was fully integrated into 30 United Nations Development Assistance Frameworks and 18 other national development planning processes.
- In addition to its production of the Global Environment Outlook reports, UNEP supported integrated environmental assessments based on the demand from different regions for regional assessments.

Box 5

Harmful substances

Over the period 2010–2013, UNEP aimed to minimize the impact of harmful substances and hazardous waste on the environment and human beings, with a planned budget of \$117 million.

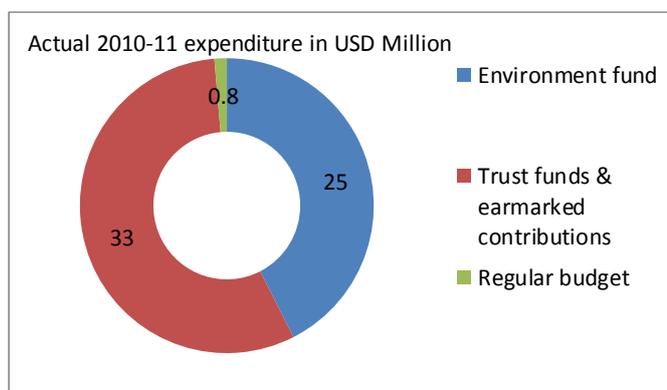
**Performance highlights**

- The intergovernmental negotiating committee to prepare a global legally binding instrument on mercury began work in 2010 while parallel demonstration projects illustrated to stakeholders how to reduce mercury contamination from industrial practices.
- The quick-start programme under the Strategic Approach to International Chemicals Management supported by UNEP provided \$30 million for 143 projects on the sound management of chemicals and waste in 103 countries. The participating organizations of the Inter-Organization Programme for the Sound Management of Chemicals (IOMC), which include UNEP, are jointly developing a resource toolbox for chemicals and waste management.
- UNEP work to eliminate leaded vehicle fuels worldwide is nearing completion. UNEP also provided scientific reviews on lead and cadmium to promote concerted action to address their health and environment risks. With the World Health Organization (WHO), UNEP developed a multi-stakeholder global alliance to eliminate lead paint in response to the identification of this topic as an emerging policy issue for the Strategic Approach to International Chemicals Management.
- A number of UNEP-developed tools have become standard approaches for preparing quantitative assessments of the scale and distribution of chemicals releases – in particular for persistent organic pollutants and mercury.
- With UNEP and UNDP support, 11 countries are integrating sound chemicals management into their national policies and strategies.

Box 6

Resource efficiency

Over the period 2010–2013, UNEP aimed to ensure that natural resources were produced, processed and consumed in a more environmentally sustainable way, with a planned budget of \$140 million.

**Performance highlights**

- The International Resource Panel, with support from UNEP, produced scientific assessments on metal stocks and recycling rates and on priority products and materials and decoupling. In China, Germany, Japan, South Africa and Switzerland, some of these findings were used in either the design or implementation of resource efficiency-related policies. The Panel's work has also helped shape major policy initiatives, such as the European Commission's "Roadmap to a resource-efficient Europe".
- UNEP released its report on the green economy, *Towards a Green Economy: Pathways to Sustainable Development and Poverty Eradication*, which includes 10 sector cost-benefit analyses, policy assessments and case studies. Associated publications by UNEP present common messages on the policies necessary to support a green economy transformation in the context of sustainable development and poverty eradication, and identify ways forward for the United Nations system to support Member States in their efforts to embark on green economy pathways to deliver sustainable development and poverty eradication. Central to this concept are targeted investments across the environmental, economic and social pillars of sustainable development in an integrated and synergistic manner. This work is complemented with technical advisory services to countries requesting support.
- In all, 26 national Governments and 20 local governments changed their policies to integrate resource efficiency with UNEP support and 15 national and two local governments adopted voluntary measures influencing consumer purchase, such as sustainable public procurement and ecolabelling.

B. Operational achievements

26. A key feature of the transition of UNEP to a results-based organization was the endeavour to make its work more strategic and coherent, to meet country needs more effectively and to demonstrate its results in tangible terms. Over the period 2010–2011, UNEP created an enabling environment for the implementation of its medium-term strategy which included the following deliverables:

(a) Strengthened results framework: a results-based medium-term strategy for 2010–2013 and programmes of work for the bienniums 2010–2011 and 2012–2013 that are fully aligned with the results in the medium-term strategy;

(b) Projects designed to deliver the results in the medium-term strategy and programmes of work with clearly defined, measurable and time-bound indicators and milestones, against which progress is reviewed periodically;

(c) Results-based monitoring regime that employs a programme information management system and other data sources for permanently tracking and reviewing progress towards the results of the medium-term strategy and the programme of work and a formal review on a six-monthly basis. This new monitoring regime represents a significant change, as progress is routinely assessed against

planned deliverables and results in projects that are designed to deliver the medium-term strategy and associated programmes of work. The new approach adopted by UNEP harmonized its reporting on both its programme and budget into a single reporting process;

(d) Independent evaluation regime with feedback loops into programme planning. For instance, the recommendations formulated by evaluation of the design of the 2010–2013 medium-term strategy and the 2010–2011 programme of work were fully integrated into the design of the new 2014–2017 medium-term strategy. Subprogramme-specific evaluations, starting with the subprogramme on environmental governance and disasters and conflicts, represented the next step, in accordance with the evaluation policy and plan approved during the 2010–2011 period;

(e) Review of the needs and potential of the UNEP regional offices in assisting countries to mainstream their environmental priorities and maintain the strategic presence of UNEP at the national and regional levels;

(f) Results-based management training, in addition to mandatory leadership and management development training for managers in the organization: 280 UNEP staff members completed project management training under the “Projects in controlled environments 2” (PRINCE2) methodology, with the aim of strengthening project management skills in the organization. Results-based management training will continue throughout implementation of the medium-term strategy;

(g) Revamped policy and procedures on partnerships under implementation that strengthens the approach taken by UNEP to selecting and monitoring its partnerships, and also to managing risks;

(h) Organizational culture that increasingly fosters gender equality: for example, over 78 projects have fully integrated gender perspectives and identified key gender actions that were implemented over the period 2010–2011;

(i) Consolidated resource mobilization approach that enabled UNEP to coordinate its resource mobilization efforts and increase efficiency in its approach to donors, with trust fund and earmarked funding exceeding the budget, and that applied recently established resource allocation criteria;

(j) Institutional structure that combines the quality assurance responsible for programme quality at the planning and monitoring stages in the programme cycle, with sections dealing with finance, human resources, information and communication technology and resource mobilization under a single umbrella entity known as the Office for Operations. The aim is to enhance the alignment between strategic planning, programme and project review, finance, information and communication technology and human resources over the period of the 2014–2017 medium-term strategy and its associated programmes of work;

(k) Integration of the GEF-funded portfolio into the UNEP divisions, which has already started enhancing coherence and synergy between the UNEP medium-term strategy and its programmes of work and projects funded by GEF;

(l) Strengthening the accountability framework within UNEP with clear lines of responsibility and delegation of authority to line managers, including division directors;

(m) Clarifying the accountability of and delegation of authority to the heads of multilateral environmental agreement secretariats, taking into account the memorandums of understanding between the governing bodies of the agreements and the UNEP Executive Director;

(n) Enhanced and more cost-effective operational arrangements with United Nations entities and service providers, including the United Nations Office at Nairobi and others.

C. Lessons learned

27. By delinking thematic subprogrammes from divisional structures, the medium-term strategy for 2010–2013 marked a major directional shift towards results-based management within UNEP. Overall, UNEP has been substantially strengthened as an institution since its reform process began in 2009, as evidenced by the findings of the performance monitoring, evaluations and audits that have been conducted over the previous biennium (see table 2).

Table 2
Reviews and evaluations of UNEP in 2010–2011

Type of review	Objective
UNEP internal	<ul style="list-style-type: none"> • Task team reviewing programme delivery • Task team reviewing partnerships • Six-monthly programme performance reviews
UNEP internal – Evaluation Office	<ul style="list-style-type: none"> • Evaluation of the design of the medium-term strategy and programme of work, medium-term strategy mid-term evaluation
UNEP internal	<ul style="list-style-type: none"> • Review of the needs and potential of the UNEP regional offices
United Nations Evaluation Group	<ul style="list-style-type: none"> • Evaluation of the effectiveness of the evaluation function of UNEP
United Nations Secretariat: OIOS	<ul style="list-style-type: none"> • Inspection of UNEP monitoring and evaluation • Audit of UNEP delivery via partnerships • Review of the relevance, efficiency and effectiveness of UNEP
United Nations Board of Auditors	<ul style="list-style-type: none"> • Performance audit of UNEP
External: MOPAN	<ul style="list-style-type: none"> • Review of the organizational effectiveness of UNEP
External: Australia	<ul style="list-style-type: none"> • Review of multilateral aid effectiveness
External: UK (Dept. for International Development)	<ul style="list-style-type: none"> • Review of multilateral aid effectiveness

28. These reviews and evaluations outlined significant progress within the organization and achievements; important lessons were also derived from these exercises in clarifying the 2014–2017 medium-term strategy.

29. A key lesson is that UNEP must take full advantage of its unique role and position within the United Nations system in coordinating environmental matters. UNEP must therefore take full advantage of coordination mechanisms such as the Environment Management Group, the United Nations Development Group (UNDG), United Nations country teams and regional coordination mechanisms, and the High-level Committee on Programmes (HLCP) and the High-level Committee on Management (HLCM) of the United Nations System Chief Executives Board (CEB). The aim for the 2014–2017 medium-term strategy is therefore to help leverage impact from a more coordinated approach to environmental and development challenges, starting within the United Nations system.

30. A strong corporate strategy and business model will enable the organization to play an increasingly strategic role within the United Nations, catalysing change and leveraging impact from partners, and go a step further in identifying new or strengthening existing strategic partnerships. Clearly identifying UNEP service lines in the 2014–2017 medium-term strategy will help inform partnerships and ensure that UNEP builds on its comparative advantage, while relying on partners to occupy other niches, thereby yielding a stronger impact than could be achieved by any one partner alone.

31. Another key lesson is the need for an iterative process to ensure that the expected accomplishments (UNEP results) and outputs (UNEP products and services) are driven by demand for services by countries, priorities of the multilateral environmental agreements and other stakeholders, and consistent with the resource base of UNEP. In determining how UNEP responds to demand for its services from United Nations partners, countries and other stakeholders, it is also important for UNEP to assess the political value that it adds for partners and countries. A key factor would be the extent to which UNEP will improve countries' and partners' perceptions of the utility of its products and services and, in turn, the ability of UNEP to sustain and scale up its results at the international level.

32. In respect of planning, the causal pathways that link projects and expected results in the UNEP medium-term strategy can be further strengthened. Programme frameworks should continue to be used to help determine which projects will be required to deliver the programme of work, and to ensure that there is both a causal logic between the projects and the results in the medium-term strategy and programme of work, and synergy between projects. Lessons learned show that it is critical that the expected accomplishments which UNEP aims to achieve through its medium-term strategy and associated programmes of work are directly attributable to its actual work. This entails the requirement that the expected accomplishments are realistic in terms of the organization's level of ambition, and that the indicators used to measure achievement against the expected accomplishments allow for attribution to UNEP.

33. The strategic objectives of each subprogramme would identify the larger goal to which UNEP will contribute. Subprogramme evaluations have also been instrumental in shaping the design of the

subprogrammes in the programme of work. For instance, the subprogramme on disasters and conflicts has been designed to focus on risk reduction in set (a) and recovery in set (b) of the expected accomplishments, rather than having three sets of accomplishments, as in the previous programme of work. The evaluation also helped in rethinking the design of indicators for this subprogramme, to ensure better tracking of the country-level impact attributable to UNEP support.

34. An important lesson related to results-based monitoring is that strong programme monitoring will include identifying indicators and means of measurement at the time that the expected accomplishments are formulated – rather than subsequently – in order to ensure that the expected accomplishments, indicators and means of measurement are all adequate and properly aligned. Experiences from previous bienniums indicate that identifying these various elements sequentially can weaken the means of measurement. The design of the UNEP programmes of work associated with the 2014–2017 medium-term strategy will require concerted efforts to ensure alignment between expected accomplishments, indicators, means of measurement and budget.

35. In response to paragraph 21 of UNEP Governing Council decision 26/9, the Executive Director prepared a review of the needs and potential of the regional offices in assisting countries in mainstreaming their environmental priorities and maintaining the strategic presence of UNEP at the national and regional levels and submitted the results of the review to the Governing Council/Global Ministerial Environment Forum at its special session in February 2012. The report indicated that, first, UNEP would endeavour to establish a clear business model and business processes for its engagement at regional and country level in developing and implementing the 2014–2017 medium-term strategy and programmes of work; and, second, that UNEP would continue to pursue an incremental approach in implementing its strategic presence policy within available means. In the follow-up process, accountability for delivering results in the programme of work must be further strengthened, including by enhancing the engagement of the regional offices, clarifying what UNEP will deliver regionally and nationally, and what will be delivered at the global level.

36. UNEP will show clearly how its budget and human resources are aligned with programmatic priorities. Resource allocation criteria and priorities will also be clarified in the programme of work, so that it is clear what UNEP will deliver with its Environment Fund resources, what it could deliver by mobilizing extrabudgetary resources and which mechanisms are in place to ensure a transparent prioritization of extrabudgetary funding. The manner in which UNEP handles its resource allocation will help enhance predictability in financing for activities that underpin all UNEP subprogrammes.

37. Finally, given that projects are the main delivery vehicle used by UNEP to achieve the results in the medium-term strategy and the programme of work, project management capacity will be improved throughout the organization, including through training; an annual review of the quality of project management and supervision; a revised programme manual; an enhanced Project Review Committee; and improved project formats focusing on key issues such as sustainability, replicability, theory of change, partnerships, budgeting, monitoring and evaluation.

D. Strengths, challenges and opportunities

38. The fundamental purpose of UNEP – to be the leading environmental authority that sets the global environmental agenda – has remained relevant, as reaffirmed by the 1997 Nairobi Declaration on the Role and Mandate of UNEP and the 2000 Malmö Ministerial Declaration, and enshrined in the Bali Strategic Plan for Technology Support and Capacity-building. The programmatic achievements described in section A above show that UNEP can achieve results in many of the areas described under emerging issues that are likely to become even greater challenges for the period 2014–2017.

39. For example, the programmatic achievements describe how integrated ecosystem management can help countries maintain the ecological foundation on which production systems depend. UNEP has also endeavoured to show how better natural resource and environmental management, along with changes in production and consumption patterns, can improve the food pathway, contribute to reducing food waste, increasing agricultural efficiencies, boosting sustainable food production along supply chains and enhancing ecological services.

40. UNEP, through the International Resource Panel, has also shown that the prospect of much higher resource consumption levels is “far beyond what is likely to be sustainable”, and that this challenge can be addressed by “decoupling” natural resource use and environmental impacts from economic growth (i.e., doing more with less).³

41. As demonstrated in section A above, on programmatic achievements, work by UNEP on harmful substances has helped countries reduce risks from chemicals and waste. UNEP has also

³ *Decoupling Natural Resource Use and Environmental Impacts from Economic Growth* (UNEP, 2011), p. 73.

proved its ability to support countries in reducing risks to human health, livelihoods and security from the environmental causes and consequences of disasters and conflicts, and to catalyse environmentally sustainable recovery from disasters and conflicts. Finally, achievements flowing from UNEP work in the field of climate change show that UNEP can support efforts by countries to capitalize on opportunities for low-emission growth and apply novel solutions that increase their resilience. Catalysing transformative changes through a more strategic use of coordination mechanisms within the United Nations system represents a major opportunity for the 2014–2017 medium-term strategy.

42. In choosing its strategic focus for the 2014–2017 medium-term strategy, UNEP is therefore building on the body of knowledge accumulated in the organization over the years. UNEP is also strengthening approaches that help integrate social, environmental and economic objectives more effectively in dealing with complex and interrelated challenges, and embed the integration of environment and the economy within its strategic areas of focus over the period 2014–2017.

43. The UNEP 2014–2017 medium-term strategy can therefore be characterized as a strategic approach of “continuity with improvement” – continuity in terms of the choice of focus, given that it already has at its disposal a range of achievements from the 2010–2013 medium-term strategy that can be built upon and that respond to the needs described in the sections above – but it will still seek improvements in terms of the potential impact of these achievements. For instance, a clear focus on securing greater effectiveness will allow UNEP to achieve more with available resources, by using partnerships more strategically thereby boosting the use of its products to leverage greater impact. In addition, by making effective use of its coordinating role in the United Nations system, UNEP will be able to tap into economies of scale to achieve transformational change.

44. In this regard, the 2014–2017 medium-term strategy must establish clearer causal pathways between the actions taken by UNEP itself and the actions that it aims to catalyse with its partners to contribute to the higher objectives of each subprogramme. This will ensure that the levels of ambition of the expected accomplishments are commensurate with the influence that UNEP can exert from its own products and services. UNEP will also need to ensure that its operations and corporate services are closely aligned with the results that it plans to achieve by 2017. Lastly, UNEP human and financial resource planning must also be more closely aligned with planned results in the programme. The two programmes of work to be adopted over the next medium-term strategy period will be designed in a manner that reflects these principles.

45. UNEP will seek synergies across its subprogrammes on ecosystem management, climate change and disasters and conflicts, to demonstrate the effectiveness of ecosystem-based approaches to reducing vulnerability to climate change-related disasters.
