



Provisional Financial Report

1 January–31 December 2020

Poverty–Environment Action
for Sustainable Development Goals

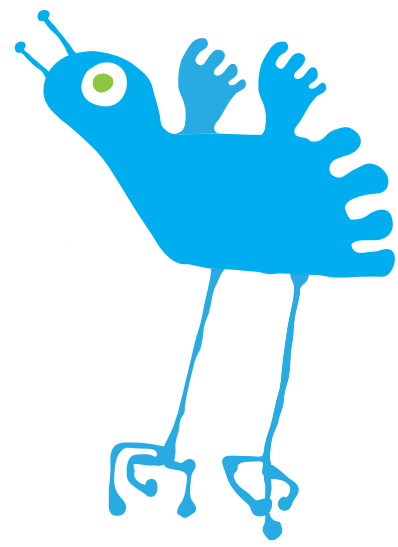
Poverty-Environment Action for Sustainable Development Goals of the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP) promotes an integrated approach which contributes to bringing poverty, environment and climate objectives into the heart of national and subnational plans, policies, budgets, and public and private finance to strengthen the sustainable management of natural resources and to alleviate poverty.

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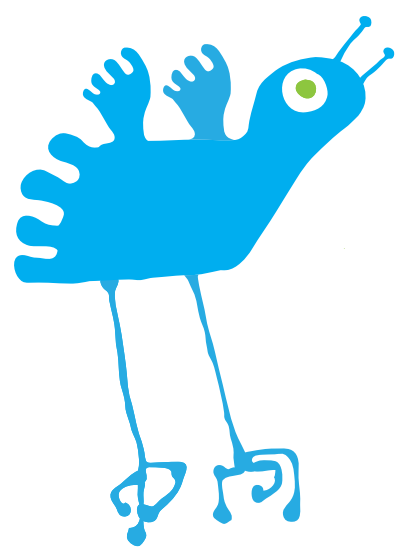
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Contents



iv	Preface
1	Introduction
2	1. Financial Overview
5	2. 2020 Funds Received
7	3. 2020 Expenditure
15	4. End 2020 Financial Status
16	5. Projections for 2021
19	6. Looking Forward



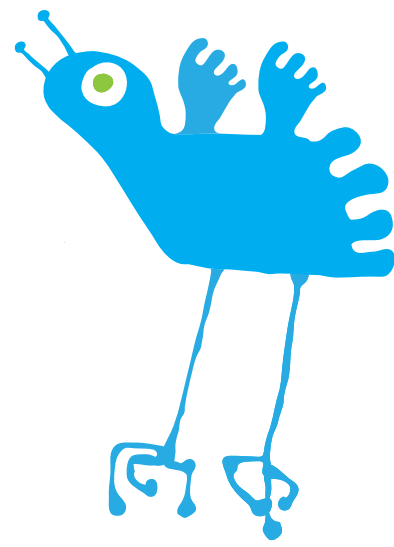
Preface

The Poverty–Environment Action for Sustainable Development Goals (PEA) is a joint project of the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP) financed by three sources of funds: (i) donor funds; (ii) agency contributions from UNDP and UNEP; and (iii) country-level co-financing, comprising UNDP core funding, government contributions and other local funding contributed directly by in-country donors and partners.

UNDP serves as the designated Managing Agent for PEA in accordance with the respective Joint Programme Document (signed in August 2018) and UNDP standard rules and regulations. In this capacity, UNDP manages a fund that pools donor contributions received by UNDP or UNEP in support of PEA. These funds are recorded in UNDP's financial system (Atlas) and then transferred to the respective PEA initiatives for implementation. UNDP core funding (TRAC) dedicated to PEA implementation at the country level is also recorded under the respective Atlas project; other agency contributions (mainly provided in kind) and country level co-finance are generally received and reported outside of the PEA Atlas project.

In 2020, total expenditure incurred under all of the above-mentioned funding sources amounted to nearly \$7 million. Expenditure against donor funds amounted to nearly \$2.5 million (outstanding commitments as of 31 December 2020 – i.e. payments due and committed in Atlas but not yet paid out – of \$353,197 are excluded from this donor expenditure figure). Expenditure against agency contributions amounted to nearly \$3.5 million in 2020. This comprises \$2.1 million from UNDP contributed in the form of in-kind resources for staffing and UNDP core funding, and nearly \$1.4 million from UNEP contributed as in-kind resources for staffing and operational support. Under country-level co-financing, expenditures of nearly \$675,000 were incurred against local donor and partner contributions, and of about \$343,000 against government contributions.

We would like to thank all PEA countries, partners and donors, including the Austrian Development Agency, the European Union and the Government of Sweden (Sida). Their generous financial support and excellent collaboration allowed PEA to deliver planned results in support of poverty–environment mainstreaming as described in the accompanying 2020 annual progress narrative report, *Moving Forward*.



Introduction

This provisional financial report provides detailed information on finances for the Poverty-Environment Action for Sustainable Development Goals (PEA) joint project of the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP) for the period 1 January to 31 December 2020. The financial information contained in this report remains provisional until the 2020 Certified Financial Statements are issued by UNDP's Office of Financial Resources and Management in June 2021. All figures cited in this report are in U.S. dollars.

The remainder of this report is divided into the following sections:

- **SECTION 1** provides PEA's financial overview. This section defines the different funding sources and sets out the financial situation of the project as of 1 January 2020. It also describes the UNDP PEA Atlas project set-up.
- **SECTION 2** details contributions received in 2020 under all funding sources.
- **SECTION 3** provides information on PEA expenditure. It summarizes total 2020 expenditure incurred under all funding sources and details expenditures incurred under each of PEA's three sources of funding.
- **SECTION 4** provides an overview of PEA's financial status as of 31 December 2020.
- **SECTION 5** provides an overview of budget projections for 2021 and funds available for project implementation during 2021 and 2022.
- **SECTION 6** summarizes the way forward.



1. Financial Overview

1.1 Funding sources

PEA is financed through three principle sources of funding:

- **Donor funds.** These are contributed by PEA donors – i.e. the Austrian Development Agency, the European Union (EU), and the Governments of Norway and Sweden (Sida). While UNDP has signed direct contribution agreements with the Austrian Development Agency and the EU, funds from Norway (not received in 2020) and Sida are received by UNEP and pooled to UNDP. All donor funds are reflected in the multi-donor action budget (underpinning the UNDP-EU contribution agreement) and are captured in the UNDP PEA Atlas project.
- **Agency contributions.** These are dedicated to PEA by UNDP and UNEP in the form of in-kind contributions for staffing and operational support (captured outside of the PEA Atlas project). Country-level core funding from UNDP is captured under country-level co-financing, as noted below.
- **Country-level co-financing.** This includes UNDP core funding, in-country government contributions and other local funding contributed by in-country donors and partners. UNDP core resources are mobilized at the country level under the UNDP PEA Atlas project and are counted as part of the agency contribution from UNDP.

Donor funds and UNDP core resources are the funds captured under the UNDP PEA financial or Atlas project. The Atlas project reflects the total cash resources available for PEA implementation that are managed by UNDP as the Managing Agent of PEA. Detailed financial reports are provided for these funds; they are also reflected in UNDP's Certified Financial Statements (donor funds only). Other sources of funding (i.e. government contributions and other local co-financing) are generally captured outside of the PEA Atlas project and present basic estimates. No Atlas financial reports are available for these funds under the UNDP PEA Atlas project.

PEA aims to achieve the following outcome:

Strengthened integration of poverty-environment-climate objectives into policies, plans, regulations and investments of partner countries to accelerate delivery of the 2030 Agenda and the Sustainable Development Goals (SDGs).

PEA project **Output 1** focuses on strengthening the policy and institutional framework and capacities for poverty, environment and climate mainstreaming in partner countries. **Output 2** reflects the PEA focus on shifting finance and investment towards environmental sustainability and climate objectives for poverty eradication and improving the environmental sustainability of current investments. **Output 3** focuses on enhancing the spread (in support of the PEA broadening strategy) and effectiveness (in support of Outputs 1 and 2) of poverty–environment mainstreaming by better capturing, assessing and documenting good practices; by linking with ongoing work of key global and regional actors supporting national SDG implementation and acceleration processes (e.g. national SDG platforms, regional SDG knowledge exchanges); and through South–South cooperation.

Technical assistance initiatives were originally planned to contribute towards PEA project Outputs 1 and 2. In 2020, however, there were initiatives that established partnerships that also contributed to PEA project Output 3. This will be reflected in 2021 in financial terms.

1.2 PEA's financial situation as of 1 January 2020

This subsection sets out PEA's financial situation at the beginning of 2020. It includes the 2019 opening balance, funds received in 2019, expenditures incurred in 2019, and 2020 opening balance figures (see Table 1.1).

In 2019, PEA started its implementation with an available donor cash balance of \$3.8 million. During the year, and as reflected in the PEA 2019 Financial Report, PEA received nearly \$1.2 million in donor funds from the Austrian Development Agency and the Government of Sweden (Sida), the latter pooled to UNDP through UNEP. Total expenditure in 2019 amounted

TABLE 1.1 Financial status as of 1 January 2020 (\$)

DESCRIPTION	DONOR FUNDS	AGENCY CONTRIBUTIONS		COUNTRY-LEVEL CO-FINANCING			TOTAL
		UNDP	UNEP	UNDP CORE RESOURCES	GOVERNMENT CONTRIBUTIONS	OTHER LOCAL FUNDING	
2019 opening balance	3,817,913	0	0	0	0	0	3,817,913
Austrian Development Agency	222,469						
EU (ENV/2018/395-056)	0						
Government of Norway	0						
Government of Sweden (Sida)	976,240						
2019 funds received	1,198,709	239,874	1,195,176	1,387,843	220,994	397,201	4,639,797
2019 expenditure	1,390,123	239,874	1,195,176	1,387,843	220,994	397,201	4,831,211
2020 opening balance	3,626,499	0	0	0	0	0	3,626,499

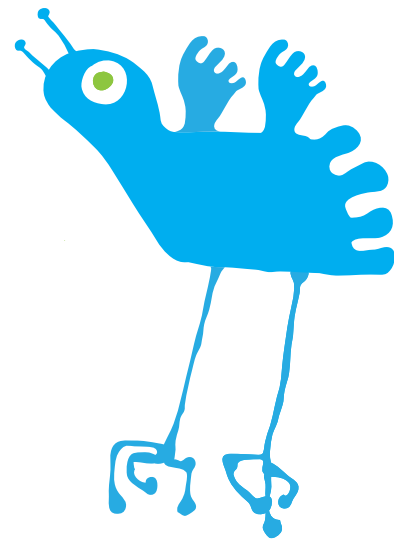
NOTE: Financial details for 2019 were included in the 2019 Provisional Financial Report approved by the PEA Project Board in mid-2020.

to \$4.8 million, with the majority of funds utilized against donor funds and UNDP core resources followed by agency contributions and other country-level co-financing.

Cash balances not utilized in any financial year are carried forward to the next year. All other PEA funds are allocated on an annual basis and cannot be carried over to the next financial year. Therefore, Table 1.1 only indicates the balance of donor funds available under the project as of 1 January 2020, which amounted to \$3.6 million.

In 2020, all eight full-fledged countries with approved annual work plans/budgets (Bangladesh, Lao PDR, Malawi, Mauritania, Mozambique, Myanmar, Nepal and Rwanda), five technical assistance initiatives (in Indonesia and Tanzania; and on the blue economy, gender and green bonds), and the PEA project global component received cash allocations from donor funds to enable full implementation.

2. 2020 Funds Received



When the PEA project document for 2018–2022 was signed in August 2018, a donor resource mobilization target was set at \$20 million. UNDP and UNEP committed to contributing an additional \$12 million in funding from their respective agencies of \$6 million each during the lifespan of the project. The estimated annual project budget stood at about \$5 million.

Currently, donor contributions in support of PEA amount to about \$13.6 million based on contribution agreements signed by UNDP with the Austrian Development Agency and the EU, and the Governments of Norway and Sweden (Sida) funds pledged to be pooled to PEA by UNEP. There is thus an unfunded budget amount of \$6.4 million. The difference between the current and original project budget figures is due to the following factors:

- Less financial resources were mobilized from donors than originally planned.
- Less pooled funding was received than expected: the UNEP pooled fund reduction (Norway) is currently expected to amount to \$1.2 million (\$384,900 was not pooled to the project in 2020).¹
- The exchange rate resulted in the decreased U.S. dollar equivalent of agreed donor payment tranches received in euros.

Based on the actual expenditures realized in 2018 and 2019, only part of the second tranche payment could be requested and received from the EU. There is an effort to shift receipt of the remainder of the second tranche (amounting to \$794,000) from the end of PEA implementation (31 Aug 2022) to 2021 and early 2022 to pre-finance planned project activities. Currently, there are no other funds available that could cover this gap.

In response to financial limitations emerging in 2020, it was decided to adjust PEA implementation as follows:² the Mozambique project is to be extended by one year (until August 2022), with an additional \$300,000; the Rwanda project is to be extended by one year

¹ UNEP's direct project costs charged to PEA for a programme management assistant were originally included in the total pooled fund cash allocation planning (\$4 million of UNEP pooled funds). However, in 2020, \$25,000 was deducted from the UNEP pooled fund cash allocation to PEA (in 2019, \$55,000 was deducted). Actual staff costs are reflected as part of the UNEP in-kind contribution to PEA (see [Table 3.7](#)).

² Minutes of Programme Board meeting held in December 2020.

(until August 2022), with an additional \$150,000; Mauritania project implementation is to be extended to December 2021 at no additional cost; the technical assistance initiative on virtual capacity development will be fine-tuned and implemented for \$120,000; and ongoing South-South collaboration and visibility activities in existing PEA country-level projects/technical assistance initiatives will be strengthened by August 2022 with an additional \$30,000.

Four technical assistance initiatives (valued at \$600,000 in total) that were not conceptualized and approved were excluded from further planning and overall PEA implementation.

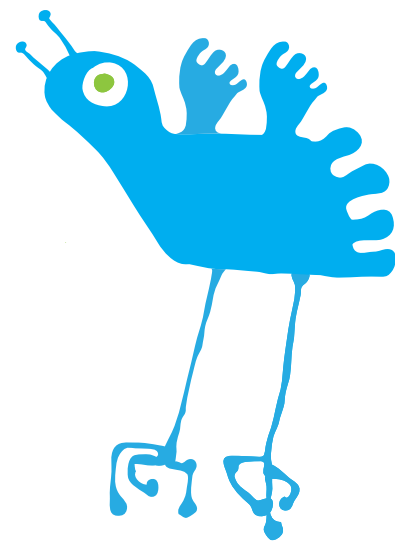
Funds received in 2020 are summarized in Table 2.1. Donor funds available for project implementation in 2020 amounted to more than \$5.6 million, comprising carry-over from 2019 of \$3.6 million and funds received in 2020 of about \$2 million (see [Table 1.1](#)).

Figures for 2020 under all other sources of funding received equal incurred expenditures.

TABLE 2.1 Funds received in 2020 (\$)

DESCRIPTION	DONOR FUNDS	AGENCY CONTRIBUTIONS		COUNTRY-LEVEL CO-FINANCING			TOTAL
		UNDP	UNEP	UNDP CORE RESOURCES	GOVERNMENT CONTRIBUTIONS	OTHER LOCAL FUNDING	
Austrian Development Agency	234,742						
EU (ENV/2018/395-056)	1,758,860						
Government of Norway	0						
Government of Sweden (Sida) ^a	0						
2020 funds received	1,993,602	202,487	1,344,699	1,935,525	343,045	674,239	6,493,597

a. Funding for 2020 was provided by Sida to UNEP in 2020. Sida funding for 2020 of \$590,100 was pooled to UNDP for PEA implementation and received in January 2021.



3. 2020 Expenditure

3.1 Total 2020 expenditure by source of funding

In 2020, PEA total expenditure incurred under all funding sources amounted to nearly \$7 million as outlined in Table 3.1.

TABLE 3.1 Total 2020 expenditure by funding source

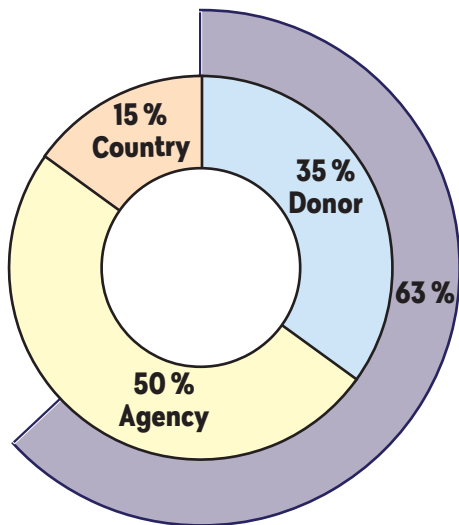
SOURCE OF FUNDING		AMOUNT (\$)	%
Donor funds	Austrian Development Agency, EU, UNEP (Government of Sweden/Sida) (multi-donor action funds under PEA Atlas project)	2,470,363	35
	Subtotal	2,470,363	35
Agency contributions	UNEP in-kind staffing and operations	1,344,699	19
	UNDP in-kind staffing	202,487	3
Country-level co-financing	UNDP core resources (outside of multi-donor action budget under PEA Atlas project)	1,935,525	28
	Subtotal	3,482,711	50
	Government contributions (cash and in-kind)	343,045	5
	Other local funding (other projects & partnerships)	674,239	10
	Subtotal	1,017,284	15
Total expenditure from all sources		6,970,358	100

Figure 3.1 shows expenditures under PEA's three sources of funding. UNDP core resources are included with agency contributions.

Expenditure against donor funds amounted to nearly \$2.5 million in 2020 (compared to \$1.4 million in 2019), equalling about 35 per cent of total 2020 project expenditure. Every dollar of global donor funding catalysed another two and half dollars supporting poverty-environment mainstreaming at the country and global levels.

The overview of expenditure by source of funding also shows that expenditure against country-level co-financing amounted to 15 per cent of total project expenditure; this demonstrates a continuous interest and commitment from local partners in supporting PEA at the country level. It is hoped that this category of expenditure will grow even further over the remaining project implementation period.

FIGURE 3.1 Total 2020 expenditure by funding source (%)



NOTE: Outer ring represents percentage captured under UNDP PEA Atlas project.

Table 3.2 presents a breakdown of 2020 expenditures recorded under the PEA Atlas project by country. The Atlas project reflects total cash resources available for PEA implementation in 2020. Other sources of funding (i.e. government contributions and other local co-financing), generally captured outside of the PEA Atlas project, are also shown in the table.

In total, more than \$4.4 million was utilized under the PEA Atlas project. Of this total, more than half was delivered through donor funds; the rest was delivered through UNDP core resources mobilized at the country level. The PEA project in Mozambique reported additional UNDP core resources that contributed towards the PEA activities under other related country projects.

At the beginning of 2020, it was expected that delivery during the whole of 2020 would be high, as unrealized activities from 2019 were scheduled for 2020 implementation. However, due to the global outbreak of COVID-19 in March 2020, 2020 total delivery, although higher than 2019, was below expectations. Overall, total 2020 delivery (exclusive of commitments) under the UNDP Atlas

project stood at about 76 per cent against the final PEA project budget approved by the Board in December 2020.¹

Due to COVID-19-related travel restrictions and in-person meeting and workshop bans, the standstill or slow-down in political processes in the countries (as well as shifting priorities), project implementation in many countries and technical assistance was affected.

Accordingly, project implementation was closely monitored by the PEA Co-Managers to ensure delivery of project results despite the challenges experienced. Concrete adaptive management measures were taken to mitigate risks to project implementation including a proactive switch to virtual meetings and discussions (to avoid in-person meeting bans), recruitment of national consultants (to counter international travel bans) and capacity support where appropriate of national (mainly government) counterparts to work remotely from outside public offices. While efficient in some cases, these mitigation measures could not fully avoid implementation delays; this was partly attributable to cultural limitations regarding virtual meetings and delayed responses due to limited counterpart capacity at times of office shut-downs.

Resources planned for activities in 2020 but not utilized were therefore re-programmed to 2021.

Although agency contributions from UNDP and UNEP support all PEA interventions, expenditure against agency contributions is captured under the PEA global project component only.

¹ The 2020 project budget was revised several times over the course of the year to adjust to the rapidly evolving COVID-19 situation and reflect realistic implementation scenarios.

TABLE 3.2 Total 2020 expenditure incurred under and outside of UNDP PEA Atlas project (\$)

COMPONENT	PEA ATLAS PROJECT			OUTSIDE PEA ATLAS PROJECT				TOTAL
	DONOR FUNDS	COUNTRY-LEVEL CO-FINANCING	TOTAL EXPENDITURE	AGENCY CONTRIBUTIONS		COUNTRY-LEVEL CO-FINANCING		
		UNDP CORE RESOURCES		UNDP	UNEP	GOVERNMENT CONTRIBUTIONS	OTHER LOCAL FUNDING	
Global	563,261	0	563,261	202,487	1,344,699	0	0	2,110,447
Full-fledged countries	1,496,053	1,802,998	3,299,052	0	0	343,045	465,748	4,107,844
Bangladesh	246,232	257,643	503,875	0	0	0	0	503,875
Lao PDR	157,780	98,058	255,838	0	0	178,045	0	433,883
Malawi	159,606	348,372	507,978	0	0	0	465,748	973,727
Mauritania	163,819	74,506	238,325	0	0	65,000	0	303,325
Mozambique	147,877	416,935	564,812	0	0	0	0	564,812
Myanmar	238,328	192,609	430,937	0	0	0	0	430,937
Nepal	97,813	214,912	312,725	0	0	0	0	312,725
Rwanda	284,599	199,963	484,561	0	0	100,000	0	584,561
Technical assistance	411,049	132,527	543,576	0	0	0	208,491	752,067
Blue economy	17,830	0	17,830	0	0	0	20,000	37,830
Green bonds	4,396	0	4,396	0	0	0	90,940	95,336
Gender	0	0	0	0	0	0	0	0
Indonesia	144,094	0	144,094	0	0	0	97,551	241,645
Tanzania	244,728	132,527	377,255	0	0	0	0	377,255
Total	2,470,363	1,935,525	4,405,888	202,487	1,344,699	343,045	674,239	6,970,358

NOTE: Outstanding commitments of \$353,197 (donor funds) and \$324,635 (UNDP core resources) are excluded from the table. Expenditure figures include UNDP general management support (GMS) charges.

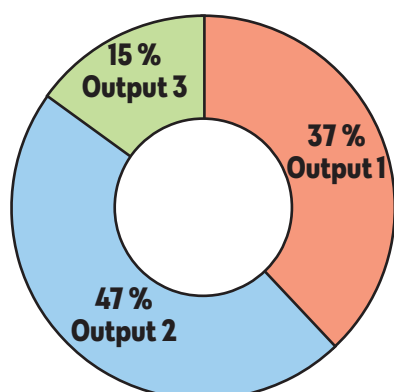
Expenditure at the global level (including UNDP and UNEP in-kind staffing and operation costs) amounted to \$2.1 million.

Total expenditure incurred at the country level implementing PEA full-fledged country projects and technical assistance initiatives amounted to nearly \$4.9 million in 2020. The top countries with the highest financial delivery were, in descending order, Malawi, Rwanda, Mozambique and Bangladesh.

3.2 Total 2020 expenditure by project output

The PEA Joint Programme Document defines the project outputs against which PEA activities are implemented. Figure 3.2 and Table 3.3 summarize total expenditure by project output.

FIGURE 3.2 Total 2020 expenditure by project output (%)



In 2019, implementation at the country level focused on delivery under Output 1 as it is prerequisite in nature, prioritizing essential capacity building, assessments, institutional mechanism set-up and strengthening, and analytical work laying the foundation for subsequent PEA efforts. In 2020, implementation prioritized delivery of Output 2-related project results. Despite slow progress and the affects of the pandemic on the overall project, the majority of expenditure incurred under all funding sources were dedicated to achieving Output 2-related project results. Expenditure in 2020 dedicated to achieving Output 2-related project results amounted to nearly \$3.3 million.

It is expected that activities towards PEA project Output 3 will be increased in 2021 through South-South cooperation learning and knowledge exchange efforts, technical assistance initiatives that established partnerships in 2020 and a technical assistance initiative on capacity building.

TABLE 3.3 Total 2020 expenditure by project output (\$)

PROJECT OUTPUT	DONOR FUNDS	AGENCY CONTRIBUTIONS		COUNTRY-LEVEL CO-FINANCING			TOTAL
		UNDP	UNEP	UNDP CORE RESOURCES	GOVERNMENT CONTRIBUTIONS	OTHER LOCAL FUNDING	
Output 1: Development planning, budgeting and monitoring systems integrate environmental sustainability and climate objectives for poverty eradication	626,764	67,496	448,233	1,234,370	82,500	133,907	2,593,269
Output 2: Public finance and investment frameworks incentivize shift in public and private investments towards environmental sustainability and climate objectives for poverty eradication	1,280,339	67,496	448,233	701,155	260,545	540,332	3,298,100
Output 3: SDG implementation and acceleration processes leveraged to scale up use of integrated poverty-environment mainstreaming approaches and tools	563,260	67,496	448,233	0	0	0	1,078,989
Total	2,470,363	202,487	1,344,699	1,935,525	343,045	674,239	6,970,358

NOTE: Agency contributions from UNDP and UNEP are split equally across each output.

3.3 Total 2020 expenditure by cost category

In this report, expenditure incurred under all sources of funds are analysed across six broad cost categories:

- **International staff and consultants.** Recruitment open to candidates from duty stations other than the recruiting duty station; this includes international United Nations Volunteers (UNVs).
- **National staff and consultants.** Recruitment restricted to candidates from the recruiting duty station; this includes national UNVs and internships.
- **Operational costs.** Day-to-day running costs including communication, office supplies, equipment and furniture, rent and maintenance, and sundry.
- **Training/workshops/conferences.** Meeting-related travel costs, venue costs and payments to meeting facilitators.
- **Travel.** Daily subsistence allowance at standard United Nations rates, air ticket costs, visas and any other travel-related costs.
- **Contractual services.** Services engaged with companies to provide specialized skills to facilitate project delivery.

As a project delivering policy advisory services, the human resource-intensive nature of PEA is reflected in its expenditures, with the highest percentages dedicated to international and national staff and consultants, usually followed by operational costs, training/workshops/conferences, contractual services and travel. However, due to the outbreak of the COVID-19 pandemic in March 2020, the share of trainings/workshops/conferences and travel-related costs of total expenditure was significantly reduced in 2020 compared to 2019. Instead, the share of total expenditure for national staff/consultant costs increased, reflecting the fact that international consultants were often not hired as planned due to imposed travel bans. Operational costs are generally financed by UNDP core resources, UNEP and government contributions and other local funding. Figure 3.3 and Table 3.4 detail expenditure by cost category.

FIGURE 3.3 Total 2020 expenditure by cost category (%)

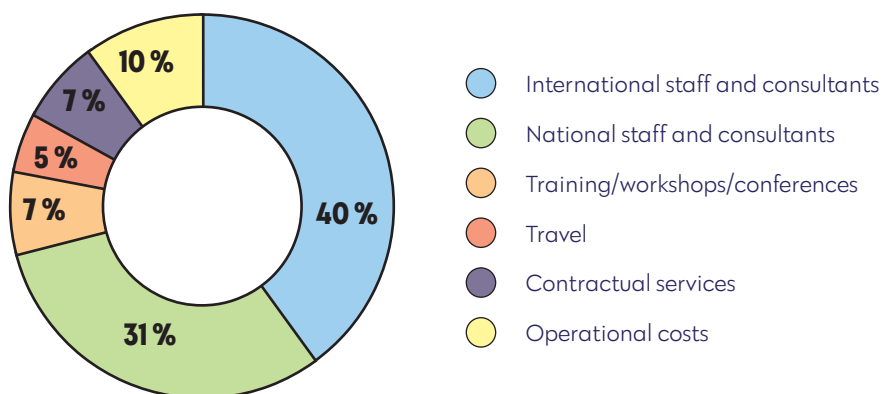
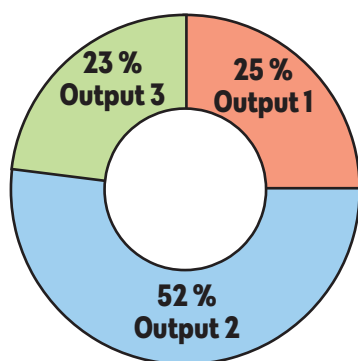


TABLE 3.4 Total 2020 expenditure by cost category (\$)

CATEGORY	DONOR FUNDS	AGENCY CONTRIBUTIONS		COUNTRY-LEVEL CO-FINANCING			TOTAL
		UNDP	UNEP	UNDP CORE RESOURCES	GOVERNMENT CONTRIBUTIONS	OTHER LOCAL FUNDING	
International staff and consultants	782,516	202,487	1,158,028	370,576	0	110,940	2,624,547
National staff and consultants	934,001	0	65,855	733,475	153,790	152,570	2,039,692
Training/workshops/conferences	199,387	0	0	175,960	32,478	56,865	464,690
Travel	164,724	0	0	90,143	49,911	16,949	321,727
Contractual services	124,675	0	0	109,033	0	192,189	425,897
Operational costs	27,680	0	120,816	298,460	106,866	118,470	672,292
Publications/translation/reporting	69,202	0	0	157,878	0	19,035	246,114
General management support	168,178	0	0	0	0	7,221	175,399
Total	2,470,363	202,487	1,344,699	1,935,525	343,045	674,239	6,970,358

NOTE: Contractual services – individuals, national UNV and national internship included under national staff and consultants

FIGURE 3.4 Donor fund 2020 expenditure by project output (%)**TABLE 3.5 Donor fund 2020 expenditure by project output (\$)**

PROJECT OUTPUT	EXPENDITURE AGAINST DONOR FUNDS
Output 1	582,613
Output 2	1,193,758
Output 3	525,814
Subtotal (net expenditure)	2,302,185
GMS	168,178
Total	2,470,363

3.4 Total 2020 expenditure incurred against donor funds

Total expenditure incurred against donor funds amounted to nearly \$2.5 million in 2020.

The 2020 delivery of donor funds stood at about 68 per cent against the PEA project budget approved by the Board in December 2020. The amount of legal commitments currently in place between UNDP and a third party totalled \$353,197; calculation of delivery rate excludes the amount of these commitments.

Figure 3.4 and Table 3.5 provide an overview of net expenditure – excluding UNDP general management support (GMS) – incurred under donor funds by project output, GMS charges and total. GMS fees are charged to all donor contributions received by UNDP in line with the respective cost-sharing agreement and in accordance with the decisions of the UNDP Executive Board as reflected in its [Policy on Cost Recovery from Other Resources](#).

As with total expenditure incurred under all funding sources (see [Table 3.3](#)), 2020 expenditure incurred against donor funds was utilized mainly towards Output 2–related project activities, which amounted to nearly \$1.2 million; this was followed by Output 1, with expenditure of more than \$580,000.

Figure 3.5 and Table 3.6 provide a detailed overview of donor expenditure by cost category.

Similarly to the total expenditure incurred under all funding sources (see Table 3.4), the highest cost category incurred against donor funds in 2020 was dedicated to securing national and international staff and consultants, followed by training/workshops/conferences, travel, and contractual services. Due to the COVID-19 pandemic, the share of the trainings/workshops/conferences and travel costs in total expenditure decreased significantly in 2020.

FIGURE 3.5 Donor fund 2020 expenditure by cost category (%)

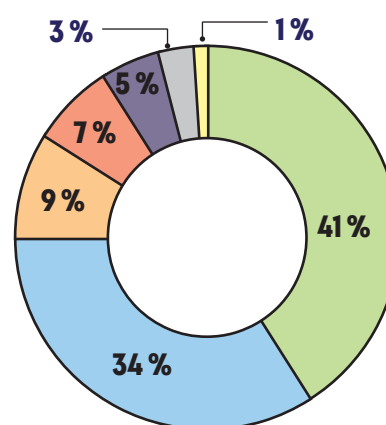


TABLE 3.6 Donor fund 2020 expenditure by cost category

CATEGORY		AMOUNT (\$)	%
	National staff and consultants	934,001	40.6
	International staff and consultants	782,516	34.0
	Training/workshops/conferences	199,387	8.7
	Travel	164,724	7.2
	Contractual services	124,675	5.4
	Publications/translation/reporting	69,202	3.0
	Operational costs	27,680	1.2
Subtotal		2,302,185	100.0
General management support		168,178	
Total		2,470,363	

NOTE: Contractual services – individuals, national UNV and national internship are included under national staff and consultants

3.5 2020 expenditure incurred under agency contributions

UNDP and UNEP provided essential funding and support to PEA at global and country levels in the form of in-kind staffing, operational support and UNDP core funds (see Table 3.7). By combining their complementary strengths and capacities, UNDP and UNEP enhanced their joint engagement, accomplishing planned results and impact on the ground. Agency contributions dedicated to PEA implementation in 2020 reached nearly \$3.5 million.

3.6 2020 expenditure incurred under country-level co-financing

Total 2020 expenditure incurred against country-level co-financing amounted to nearly \$3 million, as summarized in Table 3.8.

TABLE 3.7 2020 expenditure incurred under agency contributions

SOURCE OF FUNDS	AMOUNT (\$)
UNDP	2,138,012
In-kind resources	202,487
Core resources (cash)	1,935,525
UNEP in-kind resources	1,344,699
Total	3,482,711

TABLE 3.8 2020 expenditure incurred under country-level co-financing

SOURCE OF FUNDS		AMOUNT (\$)
Country-level co-financing	UNDP core resources	1,935,525
	Government contributions	343,045
	Other local co-financing (outside of UNDP PEA Atlas project)	674,239
Total		2,952,809

UNDP core resources expenditure. The amount of expenditure funded by UNDP core resources outlined in Table 3.8 increased significantly in 2020 compared to 2019. In 2020, the highest financial delivery was recorded by PEA full-fledged country projects in Malawi, followed by Rwanda and Mozambique. [Table 3.2](#) provides a detailed overview of expenditure incurred against UNDP core funds by project/country.

Other local donor and partner expenditure. Table 3.9 outlines the partnerships and mobilization efforts undertaken by PEA full-fledged country projects and technical assistance initiatives. It was estimated that other in-country partners and projects will contribute about \$275,000 in 2020. In total, nearly \$700,000 was reported as expenditure utilized by PEA against local donor and partner funding mobilized in-country in 2020.

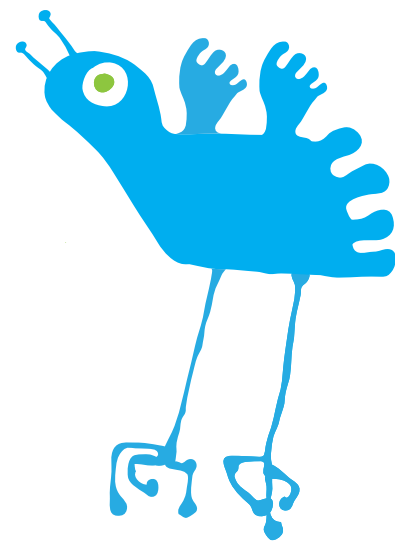
Expenditure against government contributions. National governments made cash or in-kind contributions in support of PEA. It was estimated that governments would contribute about \$210,000 in 2020. As shown in Table 3.10, the support received from government counterparts amounted to \$343,000 in 2020, demonstrating a solid increase in ownership at the country level.

TABLE 3.9 2020 expenditure incurred under in-country co-financing: other local donors and partners

COUNTRY/TECHNICAL ASSISTANCE	DONOR	AMOUNT (\$)
Malawi	Food and Agriculture Organization of the United Nations (FAO)	82,800
	UN Women (KOICA and Standard Bank)	382,948
Blue economy	Asian Development Bank (ADB)	20,000
Green bonds	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	90,940
Indonesia	Government of Sweden (Sida)	97,551
Total		674,239

TABLE 3.10 Government 2020 cash and in-kind contributions (\$)

COUNTRY	CASH	IN-KIND	TOTAL
Lao PDR	0	178,045	178,045
Mauritania	50,000	15,000	65,000
Rwanda	0	100,000	100,000
Total	50,000	293,045	343,045



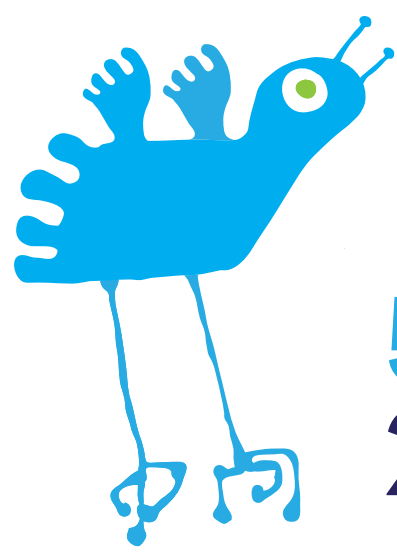
4. End 2020 Financial Status

Donor funds available in 2020 exceeded \$5.6 million, comprising the 2020 opening cash balance of more than \$3.6 million and donor funds received in 2020 of about \$2 million (see [Table 2.1](#)). Expenditure in 2020 against donor funds amounted to nearly \$2.5 million, resulting in a balance of about \$3.1 million as of 31 December 2020.

Table 4.1 presents a summary of the financial status of the PEA project as of 31 December 2020. Donor funds not fully spent in 2020 are planned to be utilized in 2021.

TABLE 4.1 Financial status as of 31 December 2020 (\$)

DESCRIPTION	DONOR FUNDS	AGENCY CONTRIBUTIONS		COUNTRY-LEVEL CO-FINANCING			TOTAL
		UNDP	UNEP	UNDP CORE RESOURCES	GOVERNMENT CONTRIBUTIONS	OTHER LOCAL FUNDING	
2020 opening balance	3,626,499	0	0	0	0	0	3,626,499
2020 funds received	1,993,602	202,487	1,344,699	1,935,525	343,045	674,239	6,493,597
2020 expenditure	2,470,363	202,487	1,344,699	1,935,525	343,045	674,239	6,970,358
Balance carried forward to 2021	3,149,738	0	0	0	0	0	3,149,738



5. Projections for 2021

PEA project budgets are based on allocations from the global project component complemented with locally mobilized UNDP core funding (and other country-level co-financing where applicable) under country-level projects. Proposed budgets are based on annual work plans for full-fledged country projects, technical assistance initiatives and the global project component. These are in line with country-level project documents and the global PEA Joint Programme Document, respectively. As shown in Table 5.1, budget implementation through UNDP Atlas project funds is expected to exceed \$8.2 million in 2021, including donor funds of about \$4.7 million for full-fledged country activities and technical assistance initiatives, and about \$1.2 million for the global project, amounting to more than \$5.9 million in total. UNDP core resource allocations for country-level implementation are expected to reach nearly \$2.3 million in 2021.

The 2021 budget is ambitious given the challenging context. PEA project management will continue to closely monitor country implementation progress and delivery through regular virtual meetings with the respective project teams. Targeted efforts will continue to be made to remove delivery obstacles beyond those related to COVID-19; further trainings and clinics with countries on operational issues are planned to be held as needed in 2021.

Budgets in Atlas match the agreed annual work plans. However, funds for these work plans can only be disbursed once all anticipated funds have been received by UNDP under the PEA Atlas project. Table 5.1 presents the 2021 budget based on full funding availability. Remaining 2021 funds need to be received in a timely manner to cover anticipated 2021 expenditure and ensure smooth project implementation.

Some cash flow issues might occur in late 2021/early 2022 due to the timing of remaining contributions to be received from the EU and UNEP/Sweden. Currently, only 60 per cent of total 2021 budget is covered by cash, which might create a cash flow issue later this year (depending on actual delivery). Given the lower than originally anticipated delivery in 2020 – resulting in a request for a lower third EU tranche payment – a discussion with EU colleagues was initiated to unblock payment of EU balances from previous payment tranches and shift payment requests from 2022 to 2021 to ensure sufficient cash availability in early 2022 depending on 2021 delivery. UNEP will also make particular efforts to ensure timely transfer of pooled funds to PEA as soon as received from the respective donors (i.e. Norway and Sweden).

TABLE 5.1 PEA 2021 ATLAS budget (\$)

COMPONENT	SOURCE OF FUNDING		
	DONOR FUNDS BUDGET ^a	UNDP CORE RESOURCES BUDGET (TRAC)	TOTAL
Global	1,216,161	0	1,216,161
Full-fledged countries	4,027,916	2,127,743	6,155,659
Bangladesh	390,802	400,000	790,802
Lao PDR	469,704	50,000	519,704
Malawi	435,261	300,000	735,261
Mauritania ^b	580,442	253,452	833,894
Mozambique	553,724	73,988	627,712
Myanmar	498,070	500,303	998,373
Nepal	701,028	350,000	1,051,028
Rwanda	398,884	200,000	598,884
Technical assistance	684,019	160,000	844,019
Blue economy	60,630	0	60,630
Capacity-building	120,000	0	120,000
Gender	130,812	0	130,812
Green bonds	115,604	0	115,604
Indonesia	116,451	0	116,451
Tanzania	140,522	160,000	300,522
Total	5,928,096	2,287,743	8,215,839

a. Budget figures include UNDP GMS charges.

b. \$40,230.52 funds still available for 2021 in case of budget revision.

Based on mid-term review recommendations, PEA will carry out actions to deal with the funding shortfall/gap between resources pledged at project design and what has actually been received/committed. These actions are dependent on implementation of the PEA Resource Mobilization Strategy.

Table 5.2 summarizes projected PEA funds from all sources for 2021 and 2022. The commitment of \$1.5 million to be contributed by each agency – UNDP and UNEP – continues in 2021. The total 2021 budget reflects this accordingly on the UNDP side and significantly exceeds the original commitment. UNEP has tried to address its contribution shortfall from the previous periods to the extent possible and will try to meet the agreed commitment before the end of the project. To ensure sustainability of PEA interventions, full-fledged countries are committed to mobilizing 40 per cent of their total country budgets through country-level co-financing including UNDP core funds and other in-country co-financing. In 2021, it is estimated that governments will contribute about \$380,000 and other in-country partners and projects about \$400,000 in kind or in cash.

Total funds available for the entire project duration from 1 September 2018 to 31 August 2022 are estimated at about \$30 million (see Table 5.3), which is \$1.9 million more compared to 2019 reporting. Country-level co-financing contributed to the increase in total funds. At the time of formulating the PEA Resource Mobilization Strategy (presented to and accepted by

TABLE 5.2 Projected total funds for 2021 and 2022 (\$)

SOURCE OF FUNDING	DONOR	2021	JAN.-AUG. 2022	TOTAL
Donor funds	EU (ENV/2018/395-056)	2,147,500	2,901,677	5,049,177
	Government of Sweden (Sida)	1,180,200	317,560	1,497,760
	Subtotal	3,327,700	3,219,237	6,546,937
Agency contributions	UNEP in-kind (staffing and operations) ^a	1,424,280	1,593,534	3,017,814
	UNDP in-kind (staffing)	166,500	111,013	277,513
Country-level co-financing	UNDP core resources	2,287,743	1,170,858	3,458,601
	Subtotal	3,878,523	2,875,405	6,753,928
	Government contributions	383,097	196,945	580,042
	Other local co-financing (outside of UNDP PEA Atlas project)	404,902	158,250	563,152
Subtotal	787,999	355,195	1,143,194	
Total		7,994,222	6,449,837	14,444,059

a. Based on planning as total for 2022 (indicative annual amount).

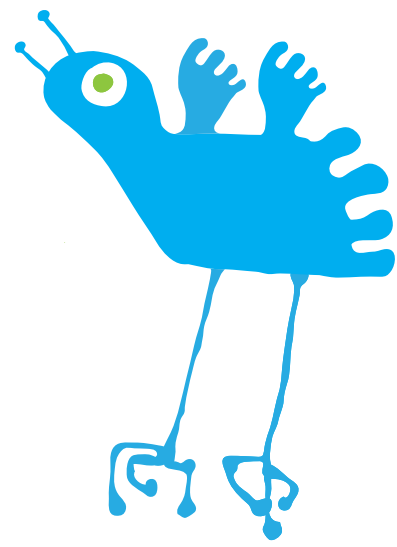
TABLE 5.3 Received and projected total funds 2018–2022 (\$)

DESCRIPTION	DONOR FUNDS	AGENCY CONTRIBUTIONS		COUNTRY-LEVEL CO-FINANCING			TOTAL
		UNDP	UNEP	UNDP CORE RESOURCES	GOVERNMENT CONTRIBUTIONS	OTHER LOCAL FUNDING	
Austrian Development Agency	691,129						
EU (ENV/2018/395-056)	10,212,056						
Government of Norway	196,000						
Government of Sweden (Sida)	2,474,000						
Total	13,573,185	762,900	5,700,111	7,138,716	1,158,151	1,919,377	30,252,440

the Board in September 2019), it was estimated that about \$8.9 million in local co-financing would contribute to and support PEA. Current estimates of country-level co-financing resources stand at \$10.2 million. This demonstrates continuing strong interest in poverty-environment mainstreaming in national contexts at the country level.

As of this writing, discussions are under way with other potential donors on providing additional funds (about \$2 million) to implement PEA priorities and narrow the current funding gap.

6. Looking Forward



In 2021, PEA plans to accelerate project implementation with a particular focus on achieving results/targets missed in 2020, in addition to delivering on approved 2021 work plans. South-South cooperation learning and knowledge exchange efforts, and visibility measures have been prioritized in 2021 in line with mid-term review recommendations.

The COVID-19 pandemic continues to present a challenge to PEA implementation in 2021. However, proactive measures are being taken by the PEA Co-Managers to mitigate the potentially negative impacts on ongoing project implementation as best as possible.

PEA looks forward to continued support from its existing donors and partners and to bringing on board new support through targeted resource mobilization efforts to close the current funding gap.

Poverty-Environment Action for Sustainable Development Goals of the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP) promotes an integrated approach which contributes to bringing poverty, environment and climate objectives into the heart of national and subnational plans, policies, budgets, and public and private finance to strengthen the sustainable management of natural resources and to alleviate poverty.

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