

G. Improving management of resource allocation for the environment in Latin America and the Caribbean

ECLAC, in collaboration with the UNEP (\$554,500)

Background

33. The 1992 United Nations Conference on Environment and Development in Rio (Earth Summit) as well as the 2002 United Nations Conference at Monterrey drew special attention to the financial constraints to the achievement of sustainable development in developing countries. The Millennium Summit in 2000 also highlighted the urgency of financial resources to achieve the Millennium Development Goals and the need for fair trade.
34. At the Conference on Sustainable Development in Johannesburg, ECLAC and the UNEP (UNEP) presented an assessment of financing flows for the environment to Latin America and the Caribbean. The assessment also examined the situation and trends of both public and private domestic environmental expenditures and investment based on selected country studies. Some of the conclusions were: (a) financial constraints play against the achievement of environmental goals; (b) countries do not systematically keep track of the amount of resources allocated to environmental management and investment; (c) macroeconomic and sectoral policies and incentives are not coordinated, and frequently run counter to environmental policy goals; (d) there are opportunities for the gradual introduction of “green” taxation and economic instruments for environmental management; (e) the private sector increasingly plays a more prominent role in environmental management (f) the growth of the environment sector can be an economic opportunity, if new innovative financial mechanisms are implemented to support its development; (g) there are few, if any, national or regional efforts to address the environmental issues on a permanent and comprehensive basis to support environmental policymakers.
35. Countries lack accurate data on, among other things, actual expenditure on environmental management and infrastructure, in particular in relation to the distribution of these expenditures among environmental items, the costs of adaptation to climate change and from the impact of natural disasters, the share of environmental expenditures in budgets, and the degree of efficiency and efficacy for these resource allocations.
36. A number of national case studies conducted by ECLAC during the period 2001-2005 provide empirical evidence that policy coordination failures are prevalent in countries of Latin America and the Caribbean. In particular, macroeconomic and sectoral policies frequently create incentive structures that run counter to the environmental and sustainability policy goals that the same countries have enacted. These make countries of the region suffer from severe fiscal constraints in finding ways to allocate resources to achieve their environmental goals.
37. There is an evident gap in Latin America and the Caribbean between the expectations enshrined in constitutional and national legal mandates for environmental sustainability and the persistence of current trends of environmental degradation and inadequate resources of environmental authorities. Improving policy coordination in sectors with environmental incidence provides decision makers with an opportunity to enhance the economic efficiency and efficacy of current environmental policies.
38. This background indicates the need for strengthening the environmental institutions in the countries of Latin America and the Caribbean, and calls for closer cooperation

and coordination among the Ministries of Environment and Finances, development banks and international financial institutions. Overcoming obstacles for environment-friendly investment and promoting social corporate responsibility are also priorities for achieving environmental sustainability.

<p>Objective of the Organization: To improve the knowledge and management of financial resource allocation and coordination mechanisms for environment of the governmental institutions in the countries of Latin America and the Caribbean region, in particular, the Ministries of Environment and Finance.</p>	<p>Summary budget (Thousands of United States dollars)</p> <table border="0"> <tr> <td>General temporary assistance</td> <td style="text-align: right;">48.0</td> </tr> <tr> <td>Consultants</td> <td style="text-align: right;">202.0</td> </tr> <tr> <td>Travel</td> <td style="text-align: right;">45.0</td> </tr> <tr> <td>Contractual services</td> <td style="text-align: right;">84.5</td> </tr> <tr> <td>Operating expenses</td> <td style="text-align: right;">10.0</td> </tr> <tr> <td>Workshops</td> <td style="text-align: right;"><u>165.0</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">554.5</td> </tr> </table>	General temporary assistance	48.0	Consultants	202.0	Travel	45.0	Contractual services	84.5	Operating expenses	10.0	Workshops	<u>165.0</u>	Total	554.5
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<p>Relationship to the strategic framework for the period 2010-2011 and the Millennium Development Goals: ECLAC subprogramme 8 (Sustainable development and human settlements).</p>															

Expected accomplishments of the Secretariat	Indicators of achievement
<p>(a) Improved information on national environmental expenditures (environment management and infrastructure expenditure and its distribution among environmental items/concerns, the degree of efficiency and efficacy for these resource allocations)</p>	<p>(a) Increased number of countries tracking environmental expenditure in the context of the measure of progress towards the Millennium Development Goals and regional and international sustainable development initiatives</p>
<p>(b) Existing policy coordination gaps among sectors and levels of government are diagnosed and alternative policy coordination mechanisms proposed to improve the design of integrated policy responses to achieve sustainable development goals of selected countries, with special attention to climate change mitigation and adaptation</p>	<p>(b) (i) Increased number of requests from the region for technical assistance for improving national coordinating strategies for sustainable development and climate change</p> <p>(ii) At least three integrated country overviews have been realized increasing the overall capacity for management of environmental resources</p>
<p>(c) Improved knowledge and management of governmental institutions (Ministries of Environment and Finances, and development banks) of current trends and opportunities in international financing sources for the environment, including climate change, available for countries in the Latin American and Caribbean region</p>	<p>(c) (i) Increased number of country officials knowing international standardized methodologies to measure environmental expenditures</p> <p>(ii) Increased national technical assistance requests to ECLAC on measurement of environmental expenditures, on possibilities for additional sources of financing and on economic instruments for environmental management</p>

Main activities

39. The main activities of the project will include:
- (a) Analysis of the mechanisms to obtain/compile information on environmental expenditures and investment that will be suggested for implementation by

countries in the region. Priority will be given to internationally approved methodologies and conceptual issues, evaluation frameworks, double counting, and data interpretation will be assessed;

- (b) Organizing a regional seminar to develop a common regional approach (pilot country studies will be presented) to account for environmental expenditures and to address the international state-of-the-art in green fiscal reforms, environmental taxation, earmarking, etc., in order to improve the capacities of the countries in the region to calculate environmental expenditures, under international methodological standards, on a permanent basis. This includes pilot country case studies and workshops;
- (c) Supporting the Forum of Environment Ministers of Latin American and the Caribbean with a regional overview on financing for sustainable development;
- (d) Organizing three national workshops on opportunities and challenges of international financing for sustainable development and climate change, aimed at presenting an overview of economic instruments for environmental management and giving technical support to policymakers to include environmental issues in fiscal, sectoral and other economic policies as well as implementing economic instruments for environmental management;
- (e) Developing a regional database of economic policy instruments (e.g., taxes, expenditures, international funds for the environmental conventions, etc.) in order to assess policy coordination gaps and frameworks to improve coherence, coordination and integration of public policies.

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Implementing entities: ECLAC in collaboration with UNEP		Duration: 2010 – 2014
Objective: To improve the knowledge and management of financial resources allocation and coordination mechanisms for environment of the governmental institutions in the countries of Latin America and the Caribbean, in particular, the Ministries of Environment and Finance.		
Summary budget (Thousands of United States dollars)	Detailed budget (US dollars)	
GTA 48.0	General Temporary Assistance 1 assistant x 16 months x \$3,000	48 000
Consultants 202.0	Consultants	
Travel 45.0	<u>International consultants</u>	11 000
Contractual services 84.5	External evaluation	
Operating expenses 10.0	<u>National Consultants</u>	
Workshops 165.0	10 work months x \$5,000 for each of 3 expected accomplishments: information availability; policy analysis; institutional strengthening;	150 000
Total 554.5	Travel for 10 technical assistance missions (\$2,500) and participation in workshops and seminar (2 x 4 x \$2,000)	41 000
	Travel	45 000
	Travel to Seminar, forum and workshops (3 staff x 5 missions x \$3,000 per staff)	
	Contractual services	65 000
	9 publications: 5 case studies (\$4,000 each), 3 country reviews (\$10,000 each) and one regional overview (\$15,000)	
	Contractual services in support of all activities (\$19,500)	19 500
	Operating expenses	10 000
	Communications	
	Seminars and Workshops	
	1 regional workshop with 30 participants	60 000
	Support to Ministerial Forum: travel of national experts (\$45,000) and 3 national workshops (\$20,000 per workshop x 3 workshops)	105 000