UNDP-UNEP
POVERTY & ENVIRONMENT ACTION FOR THE SDGS (PEA): EXPERIENCES WITH PUBLIC ENVIRONMENTAL EXPENDITURE REVIEWS (PEER)
UNDP-UNEP POVERTY & ENVIRONMENT ACTION (PEA) AND THE PREVIOUS POVERTY-ENVIRONMENT INITIATIVE (PEI):

The UNDP-UNEP PEA and the previous PEI supports governments to:

- Include pro-poor sustainable environmental and natural resource management as a core objective in development planning & implementation, including budgeting

- Build capacity for the above

- The rationale for this is that unsustainable management of environment & natural resources and climate change impose economic costs that make it more difficult to achieve priority development objectives.
  - E.g. soil erosion reduces agricultural productivity, thus hindering achievement of food security and rural poverty reduction.
PUBLIC ENVIRONMENTAL EXPENDITURE REVIEWS: INTRODUCTION

• Public expenditure reviews measure how public funds are spent by Governments across sectors, nationally & sub-nationally

• Purpose is to identity what was spent, where & by whom

• Help to assess what has been achieved and also assess institutional mechanisms governing expenditure and reporting.

• Environmental (including climate) expenditure reviews aim to identify the level of public expenditure on environment, natural resources (ENR) & climate change (Depending on TORs for the expenditure review).

• Highlight shortfalls in expenditure & help identify how funds can be more effectively spent, when combined with other analysis e.g Cost-benefit analysis, economic modelling, project evaluations.

• Covers recurrent and development expenditure

• Can be effective in making the case for increased expenditure – when combined with analysis that demonstrates the economic and environmental benefits of increased investments in ENR sustainability & climate resilience.

• Should be part of a comprehensive approach to reviewing & improving public finance management in relation to ENR and CC
UNDP-UNEP Poverty-Environment Initiative (PEI) & Poverty-Environment Action (PEA) Experiences with Public Environmental Expenditure Reviews (PEERs)

- Applied in a range of PEI/PEA project countries – with varying success
- Key findings: The reviews highlighted how expenditure on environment was significantly lower than the economic benefits of additional, appropriately targeted expenditure on sustainability.

Other findings/lessons:
- PERs are very useful in general & provided some very interesting findings
- PERs are time consuming and expensive to carry out
- Some expenditure data may be difficult to identify, due to issues with the national public finance management (PFM) system
- It is important to take a whole of government approach.
- Off budget expenditure complicates the analysis
- PEERs need to be carried out periodically unless the PFM has ongoing expenditure tracking systems.
UNDP-UNEP Poverty-Environment Initiative (PEI) & Poverty-Environment Action (PEA) Experiences with Public Environmental Expenditure Reviews (PEERs)

Main Recommendation based on PEI/PEA Experience:

• Integrate environment & climate change budget codes into the PFM system to track environment & climate change expenditure.

• Rationale: This allows ongoing tracking of expenditure without having to conduct periodic PEERs.

• Mozambique will give a presentation on their use of environment & climate change budget codes
Thank you

European Union

Austrian Development Agency

Norwegian Ministry of Foreign Affairs

Swedish International Development Cooperation Agency