Country Case Study - Experience of Mauritius

TRACKING PUBLIC SECTOR ENVIRONMENT EXPENDITURE (TPSEE)

BUDGET ESTIMATES 2017 - 2018
Background to TPSEE Study

- Public Environment Expenditure Review (PEER) undertaken for period 2011 to 2014

- Programme Based Budgeting

- Included expenditure under ‘Environmental Protection and Conservation’, and ‘Sustainable Development and Climate Change’ Programmes

- Even though both these programmes appear only in expenditure of the Ministry of Environment, Sustainable Development, Disaster and Beach Management, a number of other ministries are involved in implementing climate / environmental projects
Definition of Public Environmental Expenditure

- Was a challenge since there is no international consensus.

- **OECD**: Includes all pollution abatement and control expenditure plus protection of biodiversity and landscape, research and development in environment.

- **United Nations**: Expenditure which reduces or eliminates pressure on the environment and which aim at making more efficient use of natural resources.

- **The World Bank, 2003**: Expenditure aimed directly at the prevention, reduction and elimination of pollution or any other degradation of the environment resulting from human activity as well as natural resource management activities not aimed at resource exploitation or production.

- For Mauritius, these definitions were adapted in the national context and a larger definition was designed.
PEER report 2016 - Major Findings

- PEER Review 2011-2014 was completed in March 2016
- Findings:
  - Environment and Climate Change related expenditure estimated at 1.8 - 2.2% of GDP, within the 1.4 – 2.5% range recommended by W Bank
  - PEE represented about 7-7.9% of total government expenditure, which is about 1-2% higher than for other African countries
  - Estimated share of PEE towards
    - CC adaptation: 77%
    - CC Mitigation: 23%
PEER Review - Major Findings

- The capital and recurrent expenditure have a linear and slow growth rate over the period 2011-14

- Recurrent environment expenditure increased steadily in 2014 to represent about 90% of the total environmental expenditure.
Regional Comparison of environment expenditure as a % of GDP

- Is an indicator of the importance of environmental protection relative to overall economic activity

<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>Environmental expenditure as a % of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mauritius</td>
<td>2011-2014</td>
<td>1.8-2.2</td>
</tr>
<tr>
<td>Mali</td>
<td>2007</td>
<td>0.8</td>
</tr>
<tr>
<td>Mozambique</td>
<td>2007</td>
<td>1.2-2.5</td>
</tr>
<tr>
<td>Bhutan</td>
<td>2011-2012</td>
<td>2.6</td>
</tr>
<tr>
<td>World bank recommendation for developing countries</td>
<td>2011-2012</td>
<td>1.4-2.5</td>
</tr>
</tbody>
</table>
Tracking Public Sector Environment Expenditure (TPSEE)

- Initiated soon after the PEER in 2017
- Funding from UN-PAGE
- Paris Agreement concluded and INDC target of Mauritius submitted to the UNFCCC
- TPSEE Included 3 components:

  **Component A: Capacity Building**
  Equip administrative, technical, and finance cadre with knowledge and awareness on environment related and climate change adaptation and mitigation concepts

  **Component B: Methodology and tool**
  Methodology for the identification, capture, and tracking of environment and CC adaptation and mitigation projects and expenditure – based on methodology used in PEER

  **Component C: Documentation of the process for internal purposes**
  Devise a coding/tracking system within the Treasury Accounting System

- **Excluded**: State-owned enterprises, Parastatal bodies, Decentralized initiatives by Local authorities, Rodrigues Island, Donor funding and grants
Tracking Public Sector Environment Expenditure (TPSEE)

- Was led by the Ministry of Finance, Economic Planning and Development
- Interactions with Central Macro-Economic Team, Budget Directorate, Accountant General’s Office, Finance Cadre
- Meetings with Permanent Secretaries of key Ministries to elaborate on methodology, discuss budget vote items and clarify issues related to identification, estimates and relevance of Environment and Climate Change related expenditures
Methodology for categorisation of Climate Change Expenditure

<table>
<thead>
<tr>
<th><strong>High</strong> Level of Relevance to CC</th>
<th><strong>Medium</strong> Level of Relevance to CC</th>
<th><strong>Low</strong> Level of Relevance to CC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clear primary objective of delivering specific outcomes that improve climate resilience or contribute to mitigation</td>
<td>Either (i) secondary objectives related to building climate resilience or contributing to mitigation, or (ii) mixed programs with a range of activities that are not easily separated but include at least some that promote climate resilience or mitigation</td>
<td>Activities that display attributes where indirect adaptation and mitigation benefits may arise</td>
</tr>
<tr>
<td>High relevance</td>
<td>Rationale</td>
<td>Clear primary objective of delivering specific outcomes that improve climate resilience or contribute to mitigation</td>
</tr>
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<td>----------------</td>
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</tbody>
</table>
| Weighting more than 75% | Examples | • Energy mitigation (e.g. renewables, energy efficiency)  
• Disaster risk reduction and disaster management capacity  
• The additional costs of changing the design of a programme to improve climate resilience (e.g. extra costs of climate proofing infrastructure, beyond routine maintenance or rehabilitation)  
• Anything that responds to recent drought, cyclone or flooding, because it will have added benefits for future extreme events  
• Relocating villages to give protection against cyclones/sea-level  
• Healthcare for climate sensitive diseases  
• Building institutional capacity to plan and manage climate change, including early warning and monitoring  
• Raising awareness about climate change  
• Anything meeting the criteria of climate change funds (e.g. GEF, PPCR) |
<table>
<thead>
<tr>
<th>Climate level of relevance - Medium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighting between 50% to 74%</td>
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<tr>
<td>Examples</td>
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</table>

- Forestry and agroforestry that is motivated primarily by economic or conservation objectives, because this will have some mitigation effect.
- Water storage, water efficiency and irrigation that is motivated primarily by improved livelihoods because this will also provide protection against drought.
- Bio-diversity and conservation, unless explicitly aimed at increasing resilience of ecosystems to climate change (or mitigation).
- Eco-tourism, because it encourages communities to put a value of ecosystems and raises awareness of the impact of climate change.
- Livelihood and social protection programmes, motivated by poverty reduction, but building household reserves and assets and reducing vulnerability. This will include programmes to promote economic growth, including vocational training, financial services and the maintenance and improvement of economic infrastructure, such as roads and railways.
<table>
<thead>
<tr>
<th>Low relevance</th>
<th>Rationale</th>
<th>Activities that display attributes where indirect adaptation and mitigation benefits may arise</th>
</tr>
</thead>
</table>
| Weighting between 25% - 49% | Examples | • Water quality, unless the improvements in water quality aim to reduce problems from extreme rainfall events, in which case the relevance would be high  
• General livelihoods, motivated by poverty reduction, but building household reserves and assets and reducing vulnerability in areas of low climate change vulnerability  
• General planning capacity, either at national or local level, unless it is explicitly linked to climate change, in which case it would be high  
• Livelihood and social protection programmes, motivated by poverty reduction, but building household reserves and assets and reducing vulnerability. This will include programmes to promote economic growth, including vocational training, financial services and the maintenance and improvement of economic infrastructure, such as roads and railway |
TPSEE Review - Major Findings

- **Period 2017-2018**
- **Total Environment Expenditure:** Rs 10.33 billion
  - equivalent to 7.02% of the Total Government Expenditure (TGE) of Rs 147.2 billion, and 2.16% of GDP, amounting to Rs 478.7 billion,
- **Total Climate Expenditure:** Rs 10.28 billion, representing 6.99% of TGE and 2.15% of GDP.
- The breakdown of adaptation and mitigation expenditures is as follows:
  - **Adaptation:** Rs 7.9 billion (77%)
  - **Mitigation:** Rs 2.3 billion (23%)
Comparison of Findings

**PEER – 2011 to 2014**

- Environment and Climate Change related expenditure estimated at 1.8 - 2.2% of GDP
- 7-7.9% of total government expenditure

**TPSEE FY 2017/18**

- **Total Environment Expenditure:**
  - 2.16% of GDP
- **Total Climate Expenditure:**
  - 2.15% of GDP
- 6.99% of total government expenditure
REPUBLIC OF MAURITIUS

MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT

TRAINING MANUAL
MAY 2018

Tracking Public sector Environment Expenditure (TPSEE)
Tracking Public sector Environment Expenditure (TPSEE)
Objectives to carry the PEER / TPSEE

- Paris Climate Agreement was ratified by Mauritius and firm commitments taken to reduce GHG emissions by 2030
- Bilateral discussions with Development Partners on Government contribution to climate expenditure
- Timely offer of Technical Assistance from PAGE
- Effects of Climate change were being felt in the island – flooding, droughts, drastic temperature increase, climate variability on the island with heavy localized rainfall etc.
- Requests for more funds to tackle climate issues
Bottle necks / challenges met

- Internally within Ministry of Finance of study relevance
- Engagement of top level management together with technical and Finance cadres of Ministries other than Environment
- New Government in power - Issues such as Gender dimension, poverty, law and order, education reforms taking precedence over climate issues
- Programmes of expenditure to be included
- Identification of levels of relevance – often a subjective matter
- Adoption in the budget document as an annual exercise alongside the budget preparation has still not been obtained
- The parallel revamping of the National Environment Fund regrouping projects to address climate change in FY 2018/19 and its publication as an Annex to the budget document
How the findings are being used, plans for institutionalising the approach used

- Nevertheless, figures / conclusions reached remains a benchmark for Government vis a vis discussions with Development partners
- Provides a strong leverage to Government while negotiating for climate finance
- Training Manual remains a valuable document for training of more civil servants in the field of Climate Change by the Civil Service College
- Reports remain a valuable tool for further lobbying on budget tracking of climate expenditure
- Recognition that study horizon needs further expansion to State Owned enterprises, Local Government and the Private Sector
- Report remains a strong leverage for Government to report on SDG goals/Agenda 2030