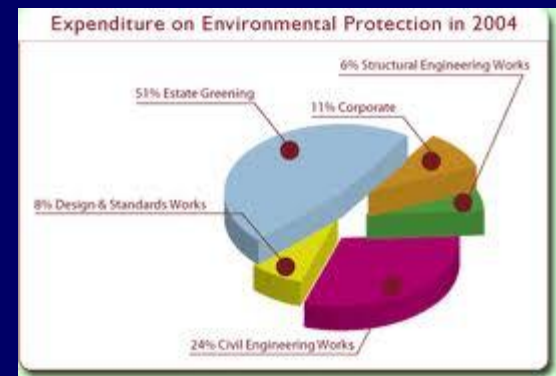


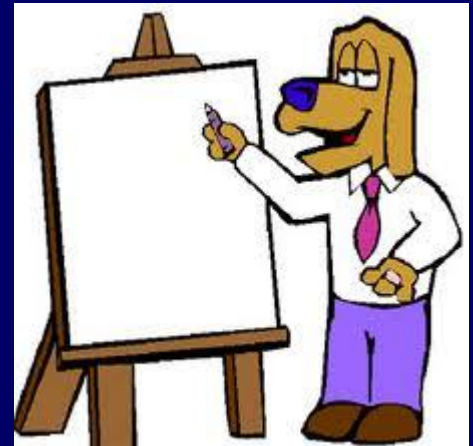
# Public Environmental Expenditure Review (PEER)

Barry Dalal-Clayton, IIED



# **This presentation**

- **What is PEER?**
- **How does PEER help?**
- **Some facts about PEER**
- **What does PEER include?**
- **Standalone PEER – or with PER?**
- **Steps**
- **Example outcomes of PEER**



# What is PEER ?



- Examines government resource **allocations** within and among sectors, and/or at national and subnational levels of government
- Assesses the **efficiency and effectiveness** of those allocations in the context of the environmental management framework and priorities.
- Identifies **reforms** needed to improve the effectiveness, efficiency and sustainability of public spending for environmental management.
- Should be **tailored** to meet country's needs

# How does PEER help?



- Valuable for **designing** policy reforms, government budgets, and investment projects
- Examines whether government expenditures are effectively **matched** to environmental priorities. And areas of inconsistency
- Highlights the **mismatch** between (new) environmental policy and plans and (historical) low levels of spending in those areas of government that are now linked to environmental priorities.
- Helped to **redistribute spending** towards institutions responsible for environmental priorities, towards longer-term goals rather than short-term
- In some cases have helped to considerably **increase environmental budgets.**

# Some facts about PEER



- Experience still limited
- Usually as *ad hoc* documents rather than product of regular procedures, or as sections in other documents
- Undertaken in 3 basic ways:
  - stand-alone analysis
  - part of the wider public expenditure review process
  - within a country environmental analysis (CEA)
- Average cost US \$ 200,000

# What does PEER include ?

- Definition of environmental expenditure
- Levels and trends in environmental expenditure
- Disaggregation of environmental expenditures by type of activity
- Distribution of environmental expenditures according to environmental priorities
- Efficiency and effectiveness of environmental expenditures
- Government capacity for budget execution
- Fiscal decentralization
- Sustainability of the environmental budget
- Assessing types of expenditure
- Links between particular funding sources and environmental expenditures



# Stand alone or with PER ?

- PEER and PER **simultaneously** - can help environment interests take advantage of entrée that PER process provides to central government bodies outside the Min. of Environment, especially the Min. of Finance.
- Cooperation of Min. Finance often crucial for **tracking down information on environmental expenditures** by entities other than the core environmental ministries and agencies.
- But, PER **demands on time and political attention** might sideline the PEER.
- On balance, coordination of PER with PEER will **assist overall mainstreaming process**



# STEPS: 1

1. ***Scope the purpose*** of the PEER – involving finance, environment and development authorities
2. ***Survey the data available*** – helps to finalise (+ limit) the type of analysis that can be carried out, and the most appropriate way of collating the data.
3. ***Compile an environmental expenditure review database*** – often time-consuming - pouring over lists of expenditures from various ministries.
4. ***Understand where environmental expenditures are made*** – spending units include core environmental agencies as well as non-environment agencies such as industry or agriculture authorities and decentralized bodies.
5. ***Understand where the sources of environmental funds are coming from*** – taking care to include donor, off-budget, subsidy and government revenue sources.



# STEPS: 2

1. ***Assess the distribution of sources and expenditure*** – e.g. as a measure of mainstreaming across institutions.
2. ***Compare actual expenditures against declared policy priorities, or against stakeholder preferences*** – trends over time, or international comparisons, may be included.
3. ***Probe relevance, efficiency and effectiveness issues*** – often not a desk-based exercise, examining expenditure at sample project level and assessing preferably against outcome measures.
4. ***Suggest ways to better meet priorities*** – adjust budgets, target areas of fund-raising, change responsibilities, etc.
5. ***Policy-level discussion and decisions*** on the above.

# Example outcomes OF PEER

- **Madagascar** – highlighted financing gap for protected area system and its 50% dependence on aid, + how it could become a net source of government revenue through ecotourism fees;
- **Ukraine** – rationalised many hundreds of separate envir. funds, reducing overall administrative costs;
- **Tanzania** – demonstrated the value of envir. investment for livelihoods, and increased the envir. authority's (then v.low) budget by 5 times;
- **Colombia** – compared current expenditure to results of a stakeholder survey of upcoming priorities, providing justification for a major WB SD Policy Loan;
- **Mozambique** – Demonstrated envir. expenditure only 0.9% of GDP + identified v. weak links between envir. policy and actual budgets, highlighting lack of prioritisation in envir. policy

THANK  
YOU