



PUBLIC ENVIRONMENTAL EXPENDITURE REVIEW (PEER) OF THE GOVERNMENT OF BHUTAN

MINISTRY OF FINANCE

August 11, 2012

OUTLINE

- Background
 - PEER for 9th FYP
 - PEER for 10th FYP
- Environment classification
- Linkages/integration
- Possible Impacts of PEER
- Findings/Recommendations/Way Forward

Public Environmental Expenditure Review

- Was PEER really required?
 - Constitutional mandate - 60% of forest cover at all times
 - Vulnerable to climate change risks – agriculture sector, hydropower sector, transport sector etc.
 - Understand trends of PE on Environment
 - Gather information to streamline future investments in environment programs, projects and activities.
 - PEER not to correct market failures 9/25/2012
 - Efficiency Effectiveness ?

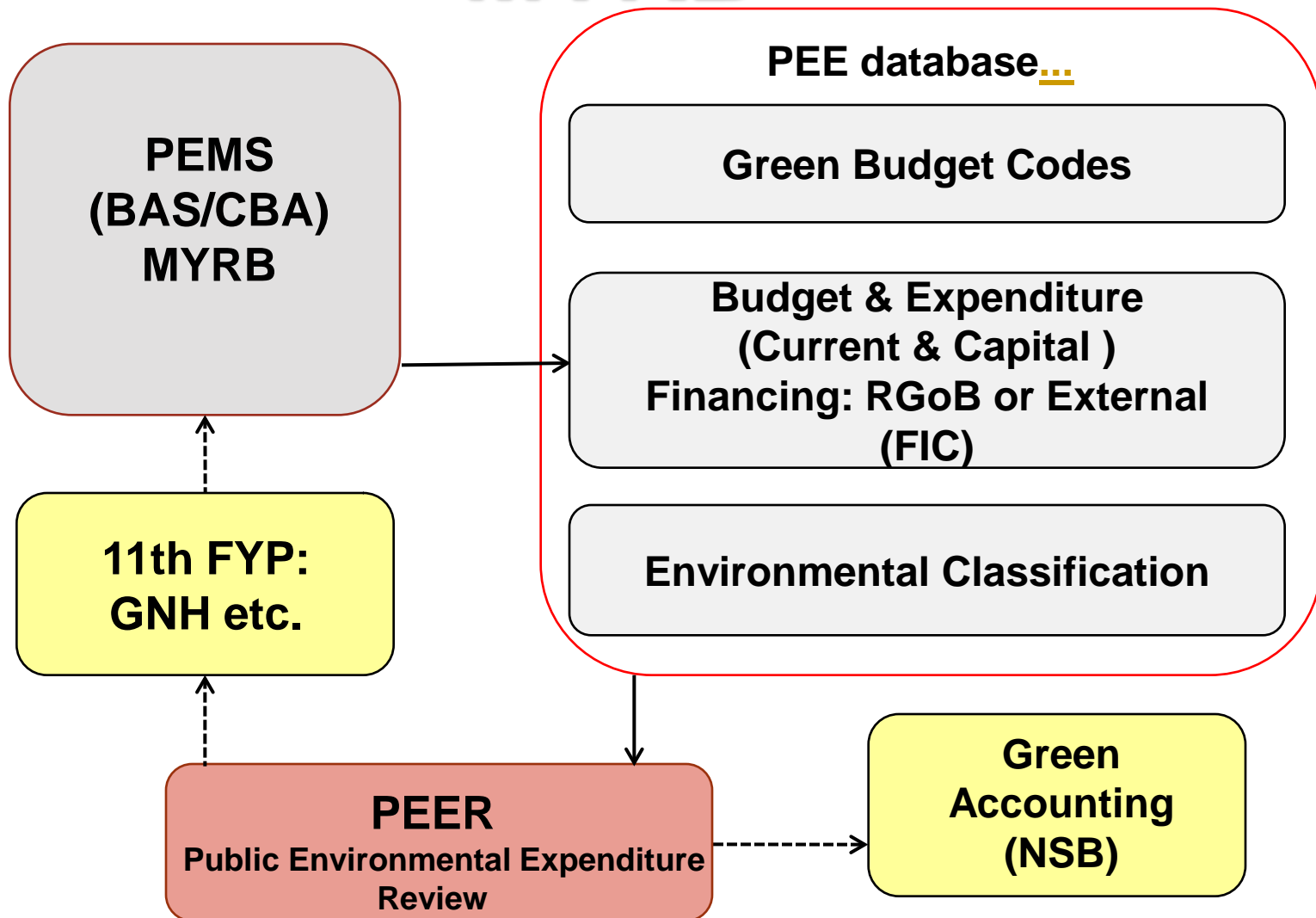
Methodology of PEER

- Definition of Environment –OECD, SERIEE, SEEA, CEPA, COFOG, W/Bank etc.
- Sector development strategies of 9th & 10th FYP
- Annual budgets/Expenditure of budgetary bodies (AFS)
- Identify govt. institutions responsible for environment management.
- Screening of Public Environmental Expenditure
- Development of environment classification

Outputs

- Annual PEE for 9th FYP was Nu. 1.1 billion
- Average PEE – 7.4 %
- Average PEE as % of GDP – 2.8 %
- Dept. of Forestry, RNR, DoE, National Biodiversity
 - 50 % of total PEE
- Donor financing accounted for 34 %
- Soil and water conservation has lowest level of appropriations/expenditure
- Development of eco-tourism to maintain same or

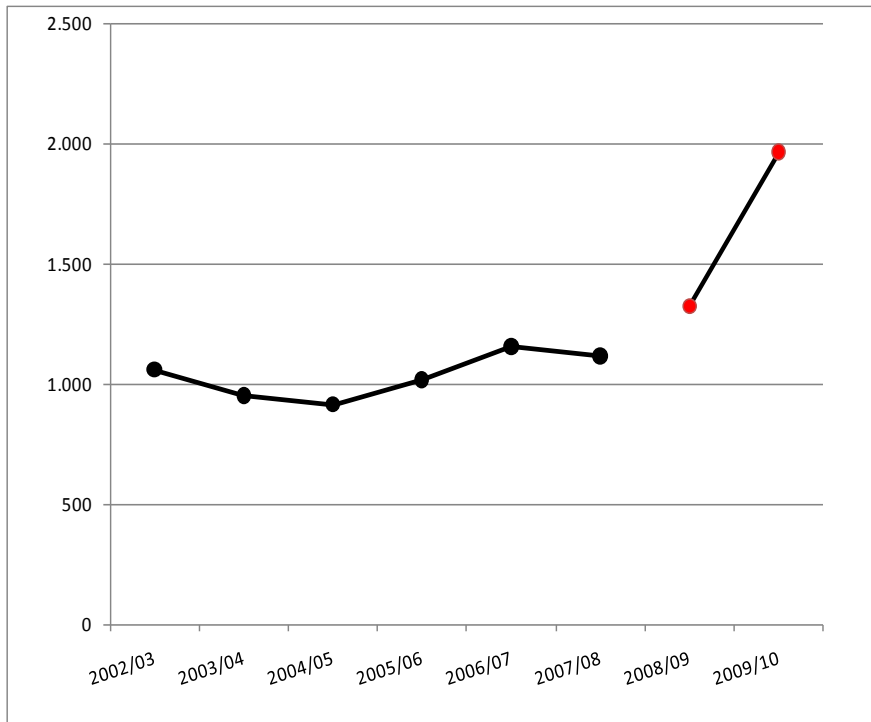
PEER Linkage to PEMS / MYRB



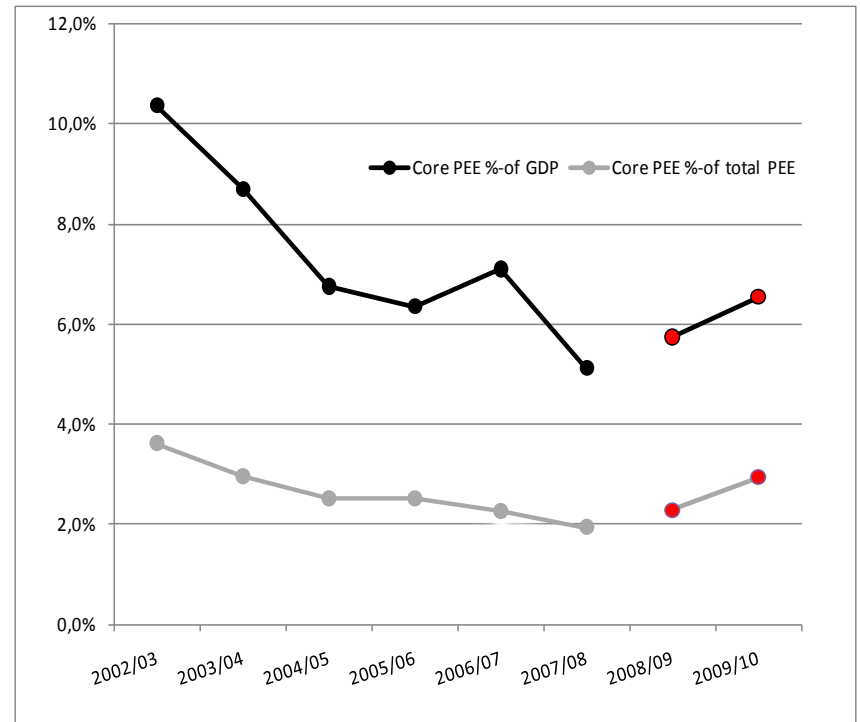
Environmental Classification

Environmental domain	1. Environmental Protection	2. Urban, rural and industrial environmental management	3. Biodiversity conservation	4. Information and knowledge	5. Natural resource management	6. Soil conservation and land management	7. Climate change	8. Environmental mainstreaming	9. Miscellaneous (other)
Classification	1.1 Ambient air quality	2.1 Waste management	3.1 Protected areas and parks management	4.1 Research and higher education	5.1 Forestry and forest products	6.1 Soil conservation and erosion control	7.1 Climate change adaptation	8.1 Mainstreaming in plans and policies	9.1 Eco-tourism
	1.2 Ambient water quality	2.2 Water supply services	3.2 Protected species / plants and wildlife	4.2 Primary environmental education	5.2 Forest fires prevention and control	6.2 Sustainable land management	7.2 Disaster risk reduction	8.2 Mainstreaming in farm roads	9.2 Environmental and occupational health
	1.3 Clean Technology and environmental clearances	2.3 Sanitation services / drainage	3.3 Other biodiversity management, guidelines and	4.3 Environmental awareness and campaigns	5.3 Community level INRM		7.3 Meteorological services and early warning	8.3 Mainstreaming in road projects	
	1.4 Vehicle emission reduction	2.4 Other environmental management services		4.4 Information and statistics	5.4 Watershed management and water resources		7.4 Climate change mitigation	8.4 Other environmental mainstreaming	
	1.5 Regulation of ozone depletion substances			4.5 Human resource development			7.5 Weather related damage		
	1.6 Other pollution regulation and control			4.6 Other environment information and			7.6 Irrigation (adaptation and resilience)		
							7.7 Other climate change related activities		

Public Environmental Expenditure (PEE)



PEE in million Nu.



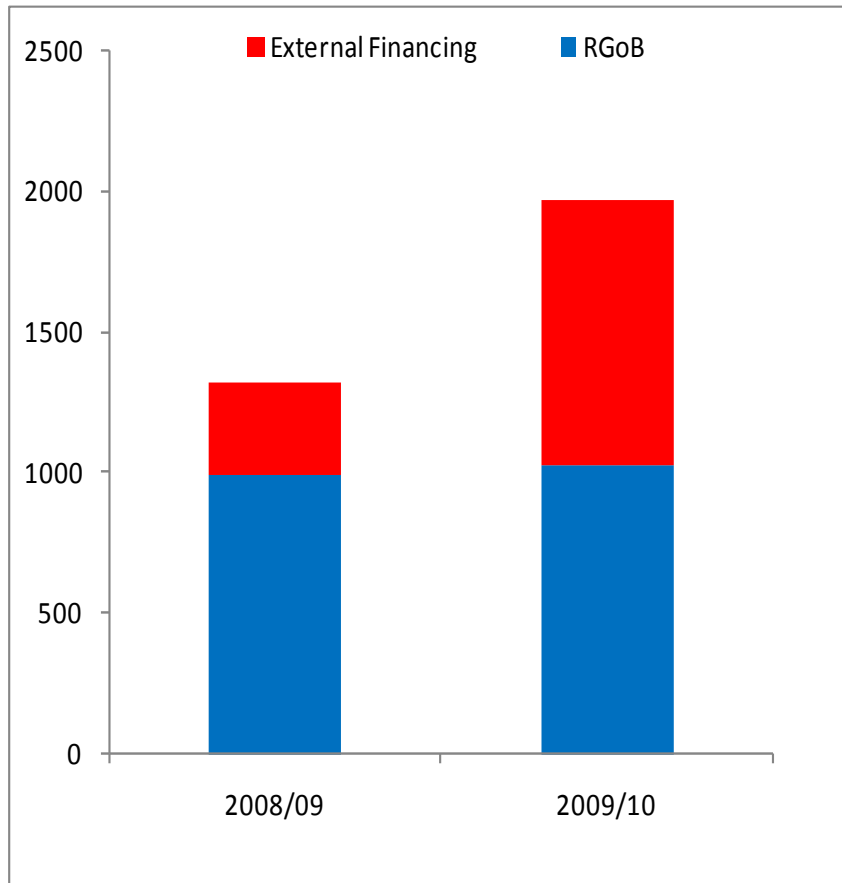
PEE in % of PE and GDP

Main Results

	Total PEE		Core PEE	
	2008/09	2009/10	2008/09	2009/10
Fiscal Years	2008/09	2009/10	2008/09	2009/10
Nu in millions	1,322	1,966	491	756
% of Public Expenditure	5.7 %	6.5 %	2.1 %	2.5 %
% of GDP	2.3 %	2.9 %	0.8 %	1.1 %

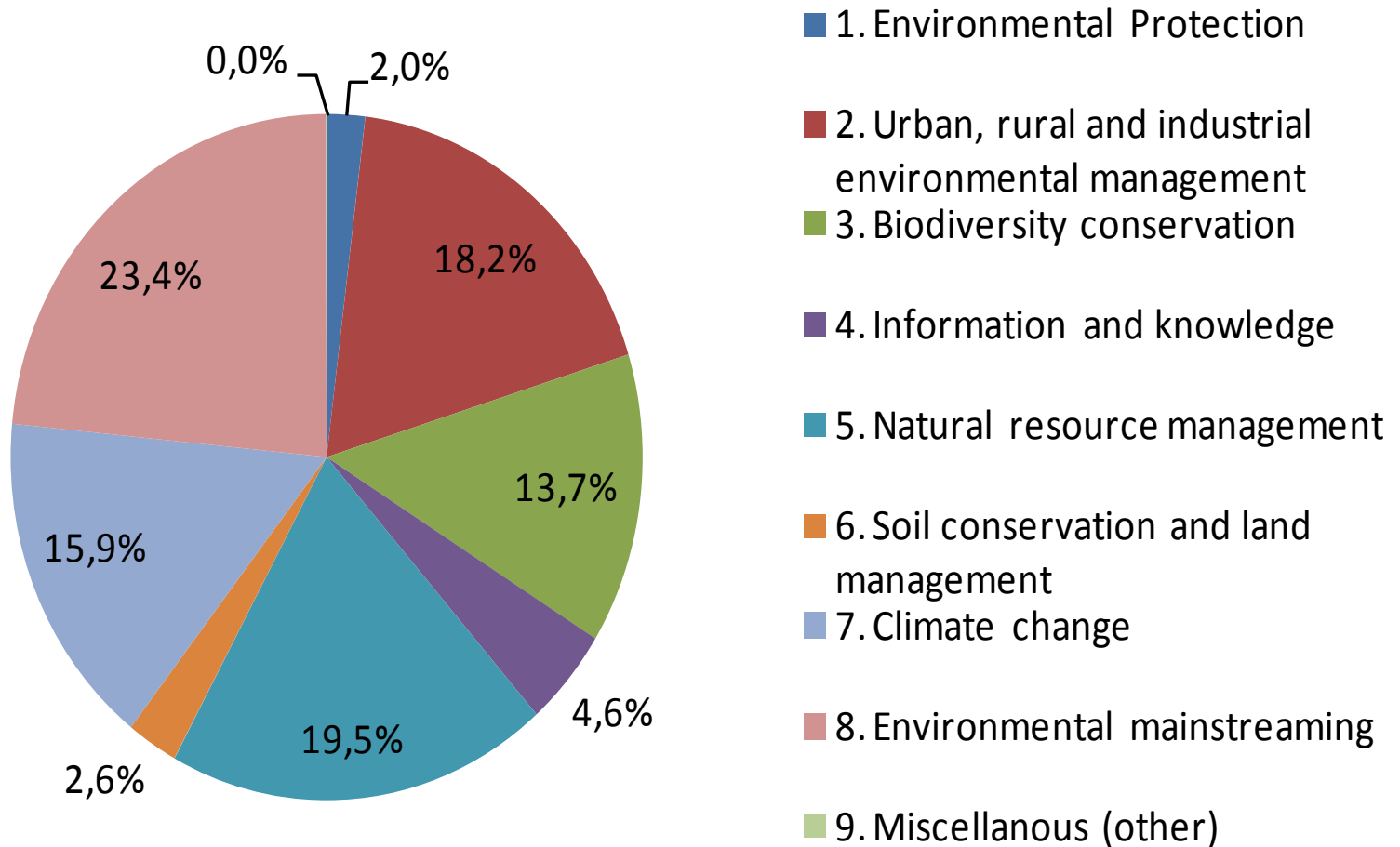
- 30 % of total PEE is with local government (4 % in 9th plan)

Public Environmental Expenditure (PEE)

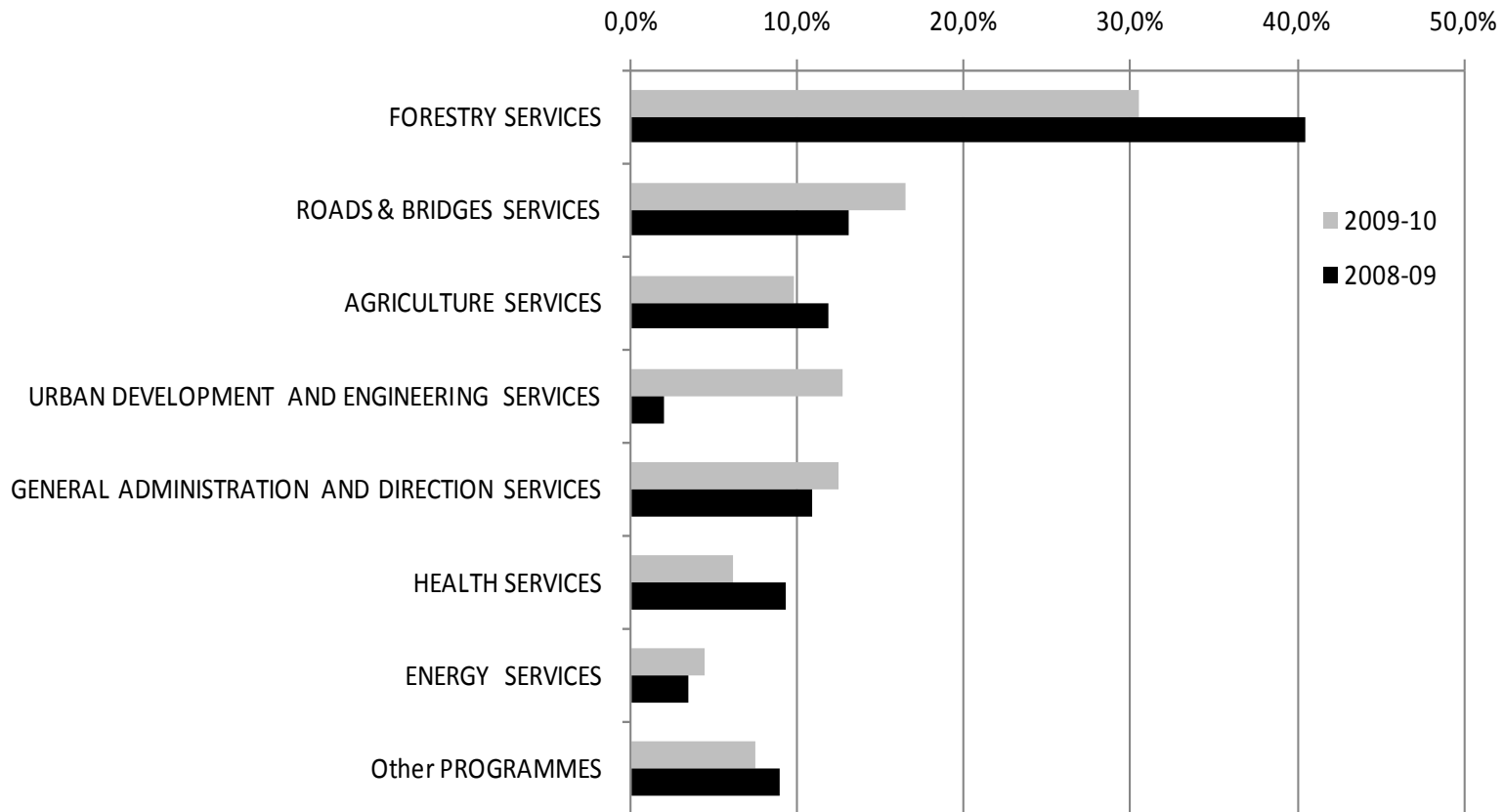


- Total PEE grew by 59 % (public expenditure grew 30% and GDP 15%).
- PEE in RGoB funding grew by 4%; external funding 181%.
- External funding of PEE increased from 25% to 48%.

Public Environment Expenditure, Bhutan (2009-2010)



Programmes and PEE



Possible Impacts of PEER

CONSERVATION OF ENVIRONMENT (Pillar of GNH)

I. Agriculture Sector

- Increased forest cover
- Increased agricultural productivity

- Enforcement of environment clearances;
- formation of environmental committee;
- appointment of environmental officers at local levels

II. Hydro power Generation

- Consistent/Improved power Generation

III. Tourism Sector

- Improved eco-tourism

IV. Others

- Improved awareness to Public, Schools etc
- Promoting clean technology and controlling industrial waste
- Enhanced eco-friendly human settlements & Safety Standards (DoR)
- Enforcement of vehicular emission standards (RSTA)
- Strict monitoring of import/Export of

Central Govt.
(10 Ministries & Depts; 28 Autonomous & Constitutional Bodies)

Local Government

Dzongkhangs
(20)

Gewogs
(205)

1. Environment Protection
2. Urban, Rural, Industrial Environment Management
3. Biodiversity Conservation
4. Information & Knowledge
5. Natural Resource Management
6. Soil Conservation & Land Management
7. Climate Change
8. Environment Mainstreaming
9. Miscellaneous

Recommendations/Way forward

- Classification of 'green' codes in MYRB and PEMS - COFOG classification
- Separate Budget & Expenditure review for NGO's/CSO and Private organizations.
- Updates of the PEER
 - MoF will prepare annual PEER update.

Recommendations/way forward

- Linkage to 11th Five Year Plan
 - Update of PEER approach for 11th FYP
 - Supplement 'green accounting system'
- Policy relevance
 - PEER developed to provide information relevant for environmental policy priorities and validation of policy targets.
 - Integrate PEER with the Bhutan

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