

**Status**

Poor to fair

Trend

Mixed

Data confidence

Medium



© Ocean Ventures Fiji, www.oceanventuresfiji.com

PRESENT STATUS

At present, there is no regional target set for the share of environmental expenditure as a share of GDP.

Measuring the amount that a government allocates to the environment is challenging due to overlapping sector plans or integration of environmental management into a larger ministry without a corresponding public budget report that specifies 'environmental' spending. Some countries separate the management of fisheries and marine resources from that of other environmental and climate change response actions.

Mainstreaming environmental management throughout sector plans may be beneficial within a country's holistic sustainable development approach but complicates the external assessment of environmental spending. For example, Fiji included 'Regeneration of indigenous forest species' in its 2017/18 Forestry budget, and Tuvalu places "Ensure sound environmental protection in energy usage" within the national energy budget.

Regional use of this indicator would require national and regional agreement on the data used to assess each country's progress, particularly the type of funding defined as environmental management expenditure, such as funding for protection, conservation, monitoring, and restoration of ecosystems. Reporting on the committed versus actual operating budgets is also essential as there can be significant delays or differences in the funds actually dispersed. Identifying the core work of environmental ministries or departments can be a way forward for monitoring this indicator.

Using the information publicly available and quantifying the budget granted to the institution most similar to an environmental ministry or department, the expenditure on environmental management in 2019 formed 1.3% of the government's budget as an average across 11 of the 21 Pacific island countries and territories.

Based on assessments from at least 2015 to the latest available year for those countries or territories with published national budgets, we consider the present status to be *poor to fair*, based primarily on the presence of a stable or positive trend in at least half of the countries or territories with data. There is little information to address the second desired outcome: "sufficient and sustainable financing to implement environmental programmes" (see below). Trends are *mixed* among countries. The availability and clarity of the data provide *medium* confidence.

CRITICAL CONNECTIONS

The budgetary allocation to ministries or departments of environment is an indication of the priority placed by the state on the sustainable management and preservation of the country's environment and national resources. These resources are generally fundamental to Pacific economies and cultures. Pacific ecosystem resources and ecosystem services provide wealth, rewarding management efforts.

The budget links to enforcement levels, planning, and awareness of environmental issues by citizens and government officials. Although more development projects pass Foreign Affairs Ministries than environment projects, development and environmental health are intertwined.

Grant-based funding for ecosystem-based adaptation (EbA) to climate change is of growing importance in the region, although EbA is insufficient for all environmental management priorities as defined by Pacific leaders (see Regional Indicators: [Climate resilience](#)).

Measuring the investment of Pacific countries in their own environmental management will provide essential data to assess national policies and progress toward the SDGs. Defined priorities and actions must be accompanied by resources, including skilled personnel.

PRESSURES AND OPPORTUNITIES

There is a demand for environmental spending – regulatory, protective, and management – across government departments, but budget allocations still remain low.

Pacific spending on environmental management forms a small share of government expenditure, despite the fact that agriculture, forestry, and fishing account for about 15% on average of national GDP for Pacific island countries, reaching up to 25% for countries like Federated States of Micronesia and Vanuatu (World Bank's World Development Indicators, accessed July 2020). When the indirect income from natural resources is considered, such as from the sale of fishing licences or nature tourism, the contribution of the natural environment to Pacific economies often exceeds 50% of gross national income.

Environmental funding lacks clarity because a distinction is not routinely or comparably made between environmental management and development of an environment-related resource. Management spending can be 'hidden' within multiple sector budgets, such as those for forestry or waste management, and conversely the budget for a sector responsible for environmental management, such as fisheries or environment, can include funds spent on development or extraction (Govan 2015, 2017; SEI 2020).

Govan (2015) assessed recurrent government allocations for coastal resource management by fisheries and environment agencies in Fiji, Kiribati, Solomon Islands, Tonga, and Vanuatu and considered the budgets extremely low, equivalent to:

- USD 2 per person,
- USD 9 per square kilometre of territorial waters,
- USD 165 per square kilometre of reef, or
- USD 215 per kilometre of coastline.

Much of the budget was directed to staff salaries, and those staff were also expected to deliver across additional unrelated service areas (Govan 2015).

With the region's vulnerability to natural disasters, government budgets can be volatile. The IMF calculated a 46% average probability of Pacific island countries being hit by disaster in a year, with those disasters causing on average 14% damage to GDP when considering indirect and direct losses (Lee et al. 2018). Pacific islands now face expected annual direct losses of 0.5% to 6.6% of GDP to natural disasters, such as flooding and cyclone damage, with increasing risks under climate change (World Bank 2017, IPCC 2019), with localised damages and losses from individual storms far exceeding these estimates (e.g., 64% of Vanuatu's GDP for Cyclone Pam in 2015). Although Pacific budgets must retain flexibility for emergency response, careful planning is essential to ensure basic services, and creative approaches can bolster funding from other sources (Box 1.1).

A growing number of Pacific countries have introduced levies on polluting products, such as plastic bags, plastic bottles,

BOX 1.1: CREATIVE FINANCING FOR HEALTHY ENVIRONMENTS

Pacific island countries are embracing financial mechanisms to generate funds in country to support biodiversity conservation and climate action on the ground. Examples include:

- The Micronesia Challenge, a government-endorsed commitment in 2005 to conserve 30% of nearshore marine waters and 20% of terrestrial area by 2020. The Challenge came with financial pledges by Parties and was used generate international financial support. A regional financing mechanism was established, the Micronesia Conservation Trust.
- Palau Green Fee (2009, directed toward the Protected Area Network Fund) and Pristine Paradise Environmental Fee (2016, 2018 implementation, toward the National Marine Sanctuary)
- RMI Blue Fee (2016), with portions of tuna licensing fees allocated to finance the RMI Sustainable Finance Plan.
- A variety of levies on polluting materials, such as single-use plastics, or activities, directed toward national ministries for environmental management or climate resilience.

Research and innovation targeted at sustainability is another aspect of environmental management. In Europe, the Horizon 2020 Framework Programme introduced a target expenditure of 60% of the total framework budget¹ on research and innovation directed toward sustainable development. In this way, environmental considerations were built into the actions of a separate programme or sector.

¹ Horizon 2020 had a budget of 80 billion euros covering the period for 2014–2020.

or luxury vehicles with engine capacity over 3000 cc. These measures address Aichi Specific Indicator 3.2.1: Number of countries with national instruments on biodiversity-related taxes, charges and fees. The "polluter pays" principle can be used to support environmental clean-ups alongside sufficient resourcing for environment ministries to actively limit pollution and environmental damage, implement environmental policies, and to achieve each country's multiple environmental objectives. To only make polluters pay does not address broader impacts of an environmental mishap. In some cases, the polluter may not be readily identified, and a hazard must be immediately addressed. Gauging correct amounts for penalties and licencing at national and provincial/island level are important avenues to explore for sustainable finance. Stable, long-term funding in addition to polluter-payment mechanisms provides security for sustainable environmental management.

In most countries around the world, progress toward the SDGs is weakest for the environment-related SDGs (Goals 12, 13, 14, and 15; Sustainable Development Report 2019 and 2020), with environmental management generally receiving less attention and funding than other sectors (Sethi et al. 2017). General government expenditure on environmental protection¹ accounted for 0.8% of GDP in the European Union in 2017 (Eurostat) and 0.15% in Latin American countries in 2018 (ECLAC). For comparison, the global average expenditure on energy is 8% of GDP (Institute for Energy Research 2010), and spending on energy R&D was about 0.04% of the GDP of the major economies in 2018 (IEA 2019).

An analysis of overseas development aid from 2013 to 2017 demonstrated that aid for ‘general environmental protection’ accounted for approximately 2% of the total development aid disbursed over that period, less than half of the amount spent on donors’ administration costs (SEI 2020).

Pacific leaders have adopted the Sustainable Development Goals (SDGs), the Convention on Biological Diversity with its Aichi Targets (2011–2020), and other global, regional, and national commitments that rely on resourced environmental management. The Pacific regional framework supports efficient use of scarce resources through the Council of Regional Organisations of the Pacific², joint environmental project development, and a growing movement toward open environmental data sharing.

¹ *Environmental protection* defined as expenditure on waste management, water waste management, pollution abatement, protection of biodiversity and landscape, and research and development related to environmental protection.

² The CROP Agencies include Pacific Community, Pacific Islands Development Forum, Pacific Islands Forum Secretariat, Secretariat of the Pacific Regional Environment Programme, and the University of the South Pacific.

REGIONAL RESPONSE RECOMMENDATIONS

The range of economic demands on small, developing economies vulnerable to natural disasters necessitates a flexible approach grounded in strong partnerships. To ensure joint actions in their countries remained Pacific-driven, Pacific Leaders laid out key principles in the *Framework for Nature Conservation and Protected Areas in the Pacific Islands Region*, including Principle 4: financial sustainability.

Mainstreaming environmental sustainability throughout the line ministries is valuable. Quantifying the funding directed toward environmental management can be adapted to suit each country’s governance system, but a clearly defined metric will help identify status and trends. The South-South cooperation and sectoral briefings facilitated by a mechanism like the Pacific Floating Budget Office could be used to support policy decisions regarding national budgets.

Using these approaches and existing national budget systems, countries can:

- Identify priority needs to be addressed with environmental management funds;
- Measure spending on environmental management, distinguishing national domestic and project funds and distinguishing committed and disbursed funds;
- Plan environmental spending, including preparedness such as disaster risk reduction and biosecurity as well as pollution levies; and
- Partner for environmental management, resourcing, and skilled teams.

INDICATOR IN ACTION SDGs 15.a.1, 15.b.1 · Ramsar (strategy 40) · SAMOA Pathway (article 90c) · Noumea Convention · Waigani Convention · Regional Environment Objective 4 · Pacific Islands Framework for Nature Conservation Objective 6

FOR MORE INFORMATION

National budgets are publicly available from official national websites for most Pacific islands. For regional budgets used here, please see Eurostat and the UN Economic Commission for Latin America and Caribbean.

Govan H (2015) Area-based management tools for coastal resources in Fiji, Kiribati, Solomon Islands, Tonga and Vanuatu. Volume 1: Status, capacity and prospects for collaborative resource management. Suva, Fiji: Report for the Marine and Coastal Biodiversity Management in Pacific Island Countries (MACBIO) project.

Govan, H (2017) Ocean Governance – Our Sea of Islands. In: Katafono R (ed.) *A Sustainable Future for Small States: Pacific 2050*. Commonwealth Secretariat, London.

Institute for Energy Research (2010) A primer on energy and the economy.

IEA (2019) Spending on energy RD&D as of share of GDP in selected countries, 2014-2018. Paris: International Energy Agency.

IPCC (2019) *Special Report on the Ocean and Cryosphere in a Changing Climate*. Intergovernmental Panel on Climate Change.

Lee D, Zhang H, Nguyen C (2018) The economic impact of natural disasters in Pacific island countries: adaptation and preparedness. IMF WP/18/108. Washington, D.C.: International Monetary Fund.

Sethi T, Custer S, Turner J, Sims J, DiLorenzo M, Latourell R (2017) Realizing Agenda 2030: Will donor dollars and country priorities align with global goals? Williamsburg, VA: AidData at the College of William & Mary.

SEI (2020) Five things we learned about development finance while building Aid Atlas. Atteridge A, Savvidou G (authors). Stockholm Environment Institute. SEI Brief June 2020.

World Bank (2017) Pacific Possible: long-term economic opportunities and challenges for Pacific Island Countries. Pacific Possible series. Washington, D.C.: The World Bank Group.



The Secretariat of the Pacific Regional Environment Programme (SPREP) supports 14 countries and 7 territories in the Pacific to better manage the environment. SPREP member countries and members of the Pacific Roundtable on Nature Conservation (PIRT) have contributed valuable input to the production of this indicator. www.sprep.org

National and regional environment datasets supporting the analysis above can be accessed through the Pacific Environment Portal. pacific-data.sprep.org

For protected areas information, please see the Pacific Islands Protected Area Portal. pipap.sprep.org

