

# Building Coalitions for Change to Implement Pro-Poor Environmental Fiscal Reforms (EFR) in Pakistan

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# IUCN-The World Conservation Union

- What is the World Conservation Union?
  - Founded in October 1948 following an International Conference in Fontainebleau, France, it is the World's largest and most important conservation network
  - Presently, IUCN has 1056 members comprising 84 States, 108 Government Agencies, 831 National and International NGOs, 33 Affiliates and some 10,000 experts and scientists from 181 countries in a unique worldwide partnership
  - The Union's mission is to influence, encourage and assist societies throughout the world to conserve the integrity and diversity of nature and to ensure that any use of natural resources is equitable and ecologically sustainable
  - The World Conservation Union is a multicultural and multilingual organization with 1100 staff located in 40 countries. Its headquarters are in Gland, Switzerland.

# IUCN-The World Conservation Union

- Why does the World need the World Conservation Union?
  - Importance of well-functioning ecosystems in helping reduce poverty and improve livelihoods, societies and economies increasingly clear to scientists
  - This knowledge needs to be integrated into the decisions and actions of local, national and international policy makers in all sectors, as well as business leaders
  - The World Conservation Union continues to improve scientific understanding of what natural ecosystems provide to humans
  - But the Union also seeks to ensure this knowledge is used in practical ways by bringing together scientists, policy makers, business leaders and NGOs to impact the way the world values and uses nature

# IUCN-The World Conservation Union

- What does the Union do?
  - The Union supports and develops cutting-edge conservation science; implements this research in field projects around the world; and then links both research and results to local, national, regional and global policy by convening dialogues between governments, civil society and the private sector
  - The priority of the Union's current programme (2005-2008) is to build recognition of the many ways in which human lives and livelihoods, especially of the poor, depend on the sustainable management of natural resources
  - IUCN Programme (2009-2012) will focus on five thematic areas: Conserving the Diversity of Life; Greening the World Economy; Naturally Energizing the Future; Changing the Climate Forecast; and Managing Ecosystems for Human Well Being

# Environmental Issues in Pakistan

- **Natural resources**-forests and biodiversity, water, sand, stones and minerals—over exploited
- **Social services**--provision of safe drinking water and disposal of municipal and hospital wastes--limited coverage and low quality
- **Pollution**--air, water and soil--at socially undesirable levels

# Why These Issues?

- Operators not paying a cost that reflects the full social value of the resource they extract
- Services users not paying the capital and O&M costs of the service being provided
- Polluters do not pay the external cost they impose on the society as a whole

# Environmental Fiscal Reforms (EFR) Project in Pakistan



## Brief Project Profile:

- Financial support: SDC
- Cost: US\$ 890,000 (Pak. Rupees 53.450 millions)
- Duration: May 2006 to April 2009
- Research Partner: PIDE
- Pilot District: Abbottabad

# EFR Rationale and Instruments



- EFR Rationale:
  - No Free Lunch
  - Payment of Full Costs
  - Users Pay Principle
  - Polluters Pay Principle
- EFR Instruments:
  - Taxes on NR extraction
  - User charges or fees and subsidy reform
  - Environmentally related taxes-no cost shifting

## Poverty Reduction

- Improving **environmental quality** mean improved livelihoods, health and less vulnerability to environmental shocks because poor depend on environment for livelihoods, health, and risk/vulnerability reduction
- **Fiscal revenues**: revenues for pro-poor expenditure on education and other needs
- **Protection or compensation** to protect poor from price rises, etc

## Environmental Benefits

- Incentives for sustainable natural resource management
- Incentives for curbing pollution (air, water, soil)
- Funds for environment agencies and investments

## Fiscal Benefits

- Revenue mobilization
- Reduced distortions
- Reduced drains on public finances

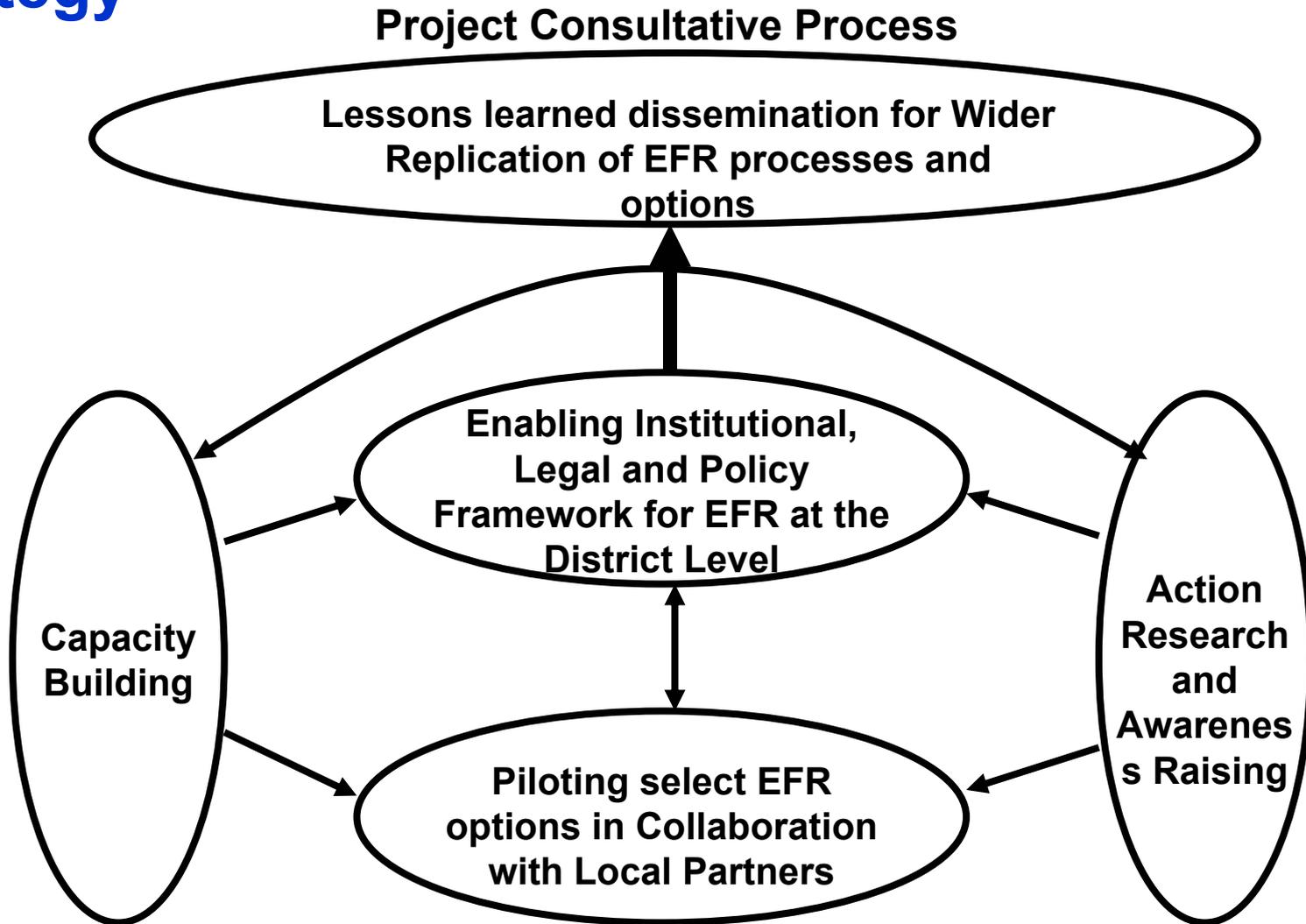
**EFR**

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graph TD; EFR[EFR]; EB[Environmental Benefits]; FB[Fiscal Benefits]; PR[Poverty Reduction]; EFR --> EB; EFR --> FB; EFR --> PR; EB <--> FB; EB --> PR; FB --> PR;
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# Project Components

1. Action Research and Awareness Raising
2. Enabling Institutional, Legal and Policy Framework
3. Capacity Building
4. Piloting Select EFR Options
5. Wider Dissemination for Replication

# How it comes together-Implementation strategy



# Component 1: Action Research & Awareness Raising



- **Identification of Potential EFR Options**
- **Undertake willingness to pay study of improved environmental services**
- **Assessment of and advocacy regarding innovations, technology, employment, and environmental, fiscal & poverty reduction benefits**
- **Assessment of opportunities and constraints to the adoption of EFR Options at the local level**

# Action Research Findings

- **Natural Resources Extractors**—forests, biodiversity, water, etc-- are not paying Social Costs of resources extraction
- **Social Services Users**—drinking water, waste disposal—are paying little or no User Charges
- **Innovations, Technological** developments and **Employment** not happening
- Resulting in **Fiscal Imbalance**
- Needs reversal through **short, medium** and **long term measures**

# Action Research Findings

- **Short Term: Promotion of Forestry and Nature Conservation through Eco-Tourism Fees and CDM; User Fees on Solid Waste Disposal and Drinking Water; Environmental Taxes on Sand, Stones and Minerals Quarrying**
- **Medium Term: Budgetary Support Processes for Pro-Poor and Pro-Environment Programs**
- **Long Term: Fiscal Decentralization & Greater Transfers**



# Nat. Resources Conservation through Promotion of Eco-tourism

## Innovations:

- Integrated Land Use Planning and Landscape Management
- Planned Buildings Construction
- Adherence to Architectural and Safety Standards in Construction
- Biodiversity Conservation
- Soil and Water Conservation
- Energy Conservation
- Waste Management
- Hospitality Management
- Marketing Management and Public Relations through events and festivals

# Nat. Resources Conservation through Promotion of Eco-tourism

Technology: promotion and use of

- GIS/RS and GPS
- Appropriate technology for Landscape Management
- Waste Management Technologies
- Hygiene and Preventive Health Care Technologies

# Nat. Resources Conservation through Promotion of Eco-tourism

## Employment Generation in:

- Marketing and Promotion of Ecotourism
- Hotels and Restaurants
- Guided Tours
- Transport Sector
- Businesses selling Ecotourism equipment
- Training and Capacity Building Activities

# Drinking Water Supply: Innovations

- Institutional innovations through merging different water supply institutions into one agency *Water Supply and Sanitation Board*
- Organizational innovations by separating development, operations and maintenance and revenue collection functions
- Legal innovations by enacting laws to prevent excessive withdrawal of underground water
- Policy innovations by integrating the storage and supply of surface water and underground water
- Innovations in introducing strategic planning in the drinking water sector
- Governance related innovations: information sharing, transparency and accountability
- Water tariff related innovations
- Innovations in efficient use of scarce water resources and reuse/recycling of used water
- Innovation in promoting public-private partnerships
- Social innovations in community mobilization and organization
- Financial innovations through investments in water infrastructure rather than subsidizing the provision of drinking water
- Innovations in drinking water quality management
- Buildings and drainage system innovations for the safe disposal of used water
- Communication innovations in awareness campaigns about the cost of using unsafe water and wastage of scarce water resources

# Drinking Water Supply: Technology

- Water Supply and Storage Technology
- Water Distribution Technology
- Use of Water Meters
- Water Treatment Technology
- Water Quality Monitoring Technology
- Hydro-geological surveys and mapping for identifying sources of underground water in the district
- Water Conservation Technologies
- Use of Renewable Energy in the supply of drinking water
- Other technological innovations to be promoted by the private sector

# Drinking Water Supply

## Employment Generation in:

- Water Storage System Development
- Water Distribution System Development
- Water Tariff Collection System
- Water Supply Operation and Maintenance System
- Women relieved from water fetching could be involved in different income generating activities
- Children relieved from water fetching could get education
- Businesses selling Drinking Water Supply materials and equipment
- Training and Capacity Building Activities

# Waste Management: Innovations

- Institutional Innovations in Upgrading of Institutions responsible for Waste Management
- Organizational and human behavioral innovations through upgrading the knowledge, attitudes and skills of relevant human resources
- Legal innovations by enacting laws pertaining to Waste Management
- Policy innovations through developing a Waste Management Policy at the district level
- Innovations in introducing strategic planning in the Waste Management Sector
- Governance related innovations: information sharing, transparency and accountability
- Innovations in Payments for Environmental Services
- Innovations in efficient disposal and reuse/recycling of so-called Waste
- Innovation in promoting public-private partnerships
- Social innovations in community mobilization and organization
- Financial innovations through investments in Waste Management Sector rather than subsidizing the collection and disposal of waste in the district
- Innovations in Buildings and Other Infrastructure for the disposal of Waste
- Communication innovations in awareness campaigns about the social, environmental and economic costs of Open lying Waste

# Waste Management: Technology

- Composting, Incineration and Other Waste Management Technologies
- Waste Collection Technologies
- Buildings, Streets and Pavements Technologies
- Impact Assessment Technologies
- Use of Renewable Energy in Waste Management
- Other technological innovations to be promoted by the private sector

# Waste Management

## Employment Generation in:

- Waste Collection and Transport
- Waste Treatment
- Waste Management Awareness Campaigns
- Women relieved from waste disposal could be involved in different income generating activities
- Children relieved from waste handling could get education
- Businesses selling Waste Management Supplies, Materials and Equipment
- Training and Capacity Building Activities

# Mining: Innovations

- Institutional Innovations in Upgrading the Directorate of Industries and Inspectorate of Mines
- Organizational and human behavioral innovations through upgrading the knowledge, attitudes and skills of relevant human resources
- Legal innovations through amending Mining Laws
- Policy innovations through developing a Mining Policy
- Innovations in introducing strategic planning in the Mining Sector
- Governance related innovations: information sharing, transparency and accountability
- Innovations in Payments for Environmental Services by making Miners pay the Social Costs of Mining
- Innovations in efficient Working of Mines and Demarcation and Fencing of Mined Areas
- Innovation in promoting public-private partnerships
- Innovations in the Development of Environmental Management Plans for Mines in the district
- Financial innovations through appropriate investments in Mining Sector
- Innovations in Land Use Planning and Geological/Mining Surveys
- Innovations in Adjacent Buildings Protection from Mining Activities
- Communication innovations in awareness campaigns about the social, environmental and economic costs of haphazard and unscientific mining

- Appropriate Mining Technologies
- Introduction of Value Adding Technologies
- Technologies for Safety around Mined Areas
- Mining Impact Assessment Methods and Technologies
- Use of Renewable Energy in Mining Sector
- Other technological innovations to be promoted by the private sector

# Mining: Employment

- Training and Capacity Building of Mining Workers
- Environmental Impact Assessment of and preparation of Environmental Management Plans for Mines
- Safe Mining Management Awareness Campaigns
- Businesses selling Mining Supplies, Materials and Equipment
- Employment Generation in Value Adding Activities



**Thank you**