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Regional Office for Latin America and the Caribbean**

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Agenda Item 7: Ministerial Dialogues about
emerging and relevant issues for the implementation
of the Latin American and Caribbean Initiative for Sustainable
Development.

General information that can be used by the Ministers
and Heads of Delegations for the dialogue on

**Incorporation of the Principles of
Sustainable Development in National
Policies and Programs: Mainstreaming of
Environmental Policies**

Incorporation of the Principles of Sustainable Development in National Policies and Programs: Mainstreaming of Environmental Policies

1. Objective 7 of the Millennium Development Goals provides for incorporating the principles of sustainable development in the national policies and programs and revert the loss of environmental resources.

2. UNEP and ECLAC together with 25 different agencies and international organizations integrated the report *"The Millennium Development Goals: A Latin American and the Caribbean Perspective"*. Such report underlines that *"the environmental sustainability of Latin American and Caribbean development is increasingly under threat. The region's most serious environmental problems are generally getting worse and are only partially and imperfectly addressed by the targets and indicators set forth under Goal 7"*.

3. The same report underlines the problem of the water resources. On this respect, it recognizes that *"the region receives a significant share of world rainfall and also contains a large proportion of the freshwater available on the planet, but the distribution of freshwater in the region is very uneven and the population is not always concentrated in areas where this resource is accessible and abundant. Agriculture is highly dependent on irrigation in a number of areas; and livestock-raising has expanded significantly. Thus, some parts of the region have high levels of water stress. Water demand in the region has increased at an alarming rate as a result of the expansion of agriculture, population growth, urbanization, industrial growth, the reduction in water availability because of the impermeabilization of catchments areas by urban infrastructure and deforestation. Despite the increased pressure on this resource, regulatory frameworks for water management are inadequate, non-existent or obsolete in much of the region"*.

4. Target 9 under Goal 7 is to integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources. There is, however, no indicator relating to such integration. This process involves incorporating environmental criteria into sectorial policies and into planning, tax, economic, credit, investment, institution-building and legal instruments, among others, in order to steer production and consumption practices in the desired direction. Although insufficient information is available in this regard, indicators have been analyzed for certain countries with respect to policy integration in three areas: the building of legal and institutional frameworks, environmental expenditure and its financing and the use of economic instruments for environmental management.

5. The same report also points out that *"one outstanding challenge is to strengthen mechanisms for guaranteeing appropriate integration, coherence and coordination between public policies and between the different levels of government and economic agents involved in achieving sustainable development targets. The consolidation of environmentally sustainable development calls for complementarities between the different approaches taken by environmental*

management policies and instruments and for active participation by all stakeholders.

6. On the other hand, the incorporation of the principles of sustainability in policies and programs is also necessary due to existing interlinkages between poverty alleviation and environmental sustainability. A Memorandum of Understanding between UNEP and UNDP has poverty as one of its main objectives. This agreement is based on the fact that the interlinkages between the environment and poverty have not been addressed appropriately in development and poverty reduction programs. For this reason UNDP and UNEP have jointly prepared the Environment and Poverty Initiative as a mechanism to broaden capacities in developing countries, and to promote mainstreaming of environmental policies and development strategies.

7. There are experiences of mainstreaming environmental policies in countries of the region particularly with respect to policy integration in three areas: the building of legal and institutional frameworks, environmental expenditure and its financing and the use of economic instruments for environmental management.

8. As it has been pointed out, Millennium Development Goal 7 proposes reversing the loss of environmental resources. In accordance with the recent evaluations published by ECLAC, the economies of the countries of the region continue to grow, and this growth can entail environmental impacts that need to be evaluated. To such an end it is necessary to promote the use of systematically ordered environmental information in accordance with a scheme that allows showing the economic impact of the environmental damage, by means of the increase in the use of national accounts systems.

9. Integrated accounts constitute the mechanism established by the United Nations for reflecting the costs of economic development in terms of the wearing away or degradation of the natural patrimony. National accounts should include the value of natural resources, by explicitly recognizing them as part of the national patrimony and registering the economic cost resulting from its deterioration, as a consequence of its increasing use in various productive activities.

10. Currently, conceptual frameworks and general recommendations have been designed for the implementation of the world's environmental accounting systems. though the System on Environmental and Economic Accounting (SEEA 2003) manual from the United Nations, the IMF, the World Bank, FAO, and the OCED, among others. Additionally, work is being done in the development of implementation manuals for specific accounts on water, forests, fisheries, and mineral resources.

11. The countries of the region could promote further, and facilitate the development of environmental accounts with the support of their Statistics Institutes and/or Central Banks, depending on the case, in addition to facilitating and developing the environmental statistics information systems that shall serve as an input for their integration. Likewise, the countries could also widen and improve the regulation framework in force, so that it allows developing schemes that justify the need to economically appraise the environmental damage, and its addition to the national accounting system as costs and not as benefits. Furthermore, it would

be appropriate for the information on the appraisal of the depletion and degradation of the natural resources and of the environment to be included in the sectorial plans and programs implemented, from a system of follow up indicators perfectly differentiated by type (pressure, state, and governability).

12. It is necessary to advance towards accounts' systems that relate the economic and environmental processes and results, and which produce information on the assets, flows, and environmental expenses, in accordance with the commitments adopted in the framework of Agenda 21 (Chapter 8, paragraph D). The recognition of the environmental damage, and most of all its quantification, allow to set the basis for an adequate control of the problem and to substantially guide the public policies in relation to the same.

13. If the preparations for the diffusion and implementation of the environmental accounts in the region are rendered more expedite, then the experience available will be greater as will the adequate speakers to define the best practices in the subject and facilitate the process of acknowledgement of the environmental assets as part of the economic cycle. In addition, the possibilities will be better in order to agree upon regional strategies for the standardization process of environmental accounts by the years 2008 and 2010 proposed by the United Nations.

14. It has been proposed for the Ministers of Environment of the Region to discuss the subject, aiming at increasing the exchange of points of view concerning the means to apply the National Accounts, with a view at incorporating the management of the environment and natural resources. The idea would be to incorporate the environmental area in the national agendas by means of statistical tools, and to promote the use of national accounts in the design of public policies oriented towards achieving sustainable development.

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