SUMMARY

* Environmental economists advocate the use of economic instruments as a cost-effective way to control pollution.
* Accordingly, less developed countries should be interested in their implementation in order to save scarce resources and avoid further compromising economic development possibilities.
* However, the history of environmental policy in Latin America and other less developed countries does not validate this presumption. Only three countries have more or less successfully implemented EI programs.
* Why have some countries experienced with economic instruments while others have not? This constitutes a puzzle for environmental economists and it is the motivation for this paper.
* The institutional capacity argument: there is a minimum institutional capacity that the countries need to have in order to implement EIs. This is a **necessary condition**, not a sufficient one. (Russell and Powell).
* Si me fijo en los rankings, puedo concluir que estas conditions are present in Chile and Costa Rica, and more or less in Colombia. I cannot conclude that those countries with better institutions are the only ones Therefore, a fully developed institutional capacity is not a necessary condition to implement an EI On the other hand, Uruguay is better than Colombia but has no EI. Conclusion:. It may be a necessary condition to implement it successfully, it may be argued because Colombia implementation has it problems of enforcement, collection of taxes, etc. (Blackman, 2009). But Chile´s ECP has also major design and enforcement problems (Montero, Chavez, Coria). Conclusion: well developed institutions as defined by Russell and Powell may be necessary conditions for a successful implementation of EIs but are not sufficient conditions. Chile´s ECP is not well designed. It is not the objective of this paper to answer what are these sufficient conditions for a successful implementation of an EI program. But despite not being 100% successful, the question of why some countries …while others not remains a valid one. Is there something different between Chile, Colombia and Costa Rica and the rest countries of Latin American countries that having the necessary institutional capacity to implement an EI have not done it, such as Uruguay?
* I argue that a simple answer to this question maybe an institutional aspect that has also been over-looked in the discussion of the advantages and disadvantages of implementing EIs in less developed and transition economies: the availability of environmental economists in this countries, with the sufficient access to the policy making sphere and the sufficient support from key policy actors.
* Chile had them. (Bauer).
* Colombia had them (Uribe).
* El BM, BID, etc. no ignoró el problema. Pero se pensó que lo podía solucionar desde afuera. Cuando desarrollo su agenda promocionando la implementación de instrumentos económicos en el continente también implemento programas de training a burócratas. La historia demuestra que una condición necesaria para que esta estrategia fuera successful es que hubiera economistas at home con Access.... este fue el caso de Colombia. No fue el caso de Uruguay, donde fracasó (la tasa de saneamiento). The available documented evidence suggests that this may have changed. The IADB may have leant the lesson. El en proceso de implementación del CAV de Costa Rica brindó apoyo, el MINAE identificó a reguladores y “rápidamente obtuvieron capacitación sobre los instrumentos económicos en distintos cursos”.