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*Environmental Change and Security Program*

## ***Greening Aid? Understanding the Environmental Impact of Development Assistance***

**Wednesday, June 11, 2008**

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***Edited Transcript – J. Timmons Roberts***

Thanks Mike. I get to do the fun job of talking about the findings now that all the set up has been completed. So I'm going to talk about the first two questions.

Question one was, has aid been greened and if so, by how much? So here's a graph where you can see, I'm going to have three lines on here, this thing we call dirty aid, which is just shorthand again for projects that are likely to have negative environmental impacts. And again, we broke a lot of eggs to make this omelet. This is very simplifying, but at least we coded projects the same way across all the donors in all the years. And the best data was in the '80s and the '90s and that's why we did that. And we had to stop with the data collection at some point.

So what you can see here is this is first dirty aid, stuck at about \$30 billion a year and in spite of all the campaigning of all the environmentalists in the 1980s over [unintelligible] in the Brazilian Amazon, the Trans-Migrancy Project in Indonesia and other large mega projects. In fact this aid sort of stayed where it was but it did not increase.

But as a proportion of aid, this ends up being a substantial drop. Dirty aid went from about 55 percent of aid to about 30 percent of aid, so it's basically half as much of aid as it used to be. A big change that we noticed, and this is quite little discussed in this kind of literature, is environmentally neutral aid. That is aid has shifted from these donors. From, at the beginning of the period it was at \$15 billion, and it shifted to about \$50 billion dollars, so more than three times as much as it was. And it's now the majority of foreign aid. So these are for projects like you saw on that list before, Education, Health, Agriculture and Finance and so on.

Bilateral environmental aid is down here at the bottom and it did increase substantially from about \$3 billion at the beginning of the period to about \$10 billion, about 10 percent of aid.



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So, did aid green? Well, in some ways, some things happened that were quite important, and I'll get to that some more. But bilateral environmental aid increased by 370 percent over the 1980s and the 1990s and multilateral environmental aid increased by 140 percent. Dirty aid, though, remains a fairly large factor, larger than environmental aid.

So we came up with this idea of an index of greening. And this is just the amount of dirty aid divided by the amount of environmental aid. So you can see sort of by each donor, we plop these graphs throughout the book. Whether they're -- how quickly they've greened. So you can see at the beginning of this period that the donors were all of them, giving over 10 times as much to dirty projects as they were to environmental projects. But this graph really shows quite a stark change. That is, both multilaterals and bilaterals greened or began in the '80s to change from much more dirty projects -- smaller fraction of dirty projects compared to environmental projects. The ratio dropped a lot, from 10 down to about four for the multilateral banks and granting agencies and then down to about two times as much for the bilaterals.

This was a bit of a surprise for us because most of the protesting groups had focused on the World Bank and other bit multilateral donors. So to see that bilateral donors were the ones that had greened more and continued to green through the '90s, you know, long after the Rio-earth summit, was a surprise.

We also coded all these projects by whether they addressed local environmental issues or global environmental issues. And again, we're using a shorthand here, a green and brown. So green projects address regional and global public goods, things like climate change and biodiversity and brown projects address local public goods like clean water, sewage, wastewater treatment, urban, other urban environmental issues, erosion control, desertification, and so on. So you can see from this project-by-project coding, if you add it all up consistently coded across the period and all the donors you find some important changes. And that is that green aid, this global public goods, was a very small fraction of aid through the whole 1980s and really about 1989 or 90 there's a very sharp increase and it's on both types of donors, both multilaterals at the top, I'm sorry, at the bottom of the slide and the bilaterals at the top. You can see there's sort of a phase shift through the 1990s as this green portion gets substantially larger. It's still -- the majority of environmental aid as we categorized it was more for these local issues.



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So then we looked, we went through and did keyword searches through all the projects for these types of local and global projects and we had four case studies of water aid, land aid, that is including for desertification, climate change aid, and for biodiversity. And I think this graph really quite speaks for itself, that most environmental aid has gone for water projects.

And there's a long discussion we have in this book about this maybe tension between the donors who may be more interested in global public goods like climate change and biodiversity, that their taxpayers are worried about and the recipient nations who are more interested in sewer projects, water projects and so on. So there's going to be some more discussion of that a little later.

Another thing that you can notice is that climate change aid does come up, but there's some climate change aid all the way back into the early '80s. If you consistently code energy efficiency projects as climate change projects they go way back. And there's interesting things we found through the data set of this sort of fads in aid lingo and of topical areas of interest that I think make it quite interesting to see how these, you know, different topic issues rise and fall.

In this study of bio -- I'm sorry, of desertification aid -- shows really that that issue has been largely neglected and it had one small bump in the early '90s and it's remained a tiny portion of aid. So to sum up this topic we went back and looked at the Agenda 21, this huge document that was developed at the Rio Earth Summit in 1992. And in there, there are prescriptions made on how much aid would be needed to address these different types of environmental issues so we go through and add those up. That is how much new and additional official development assistance would be needed for global environmental issues.

So we started to think about this as maybe a doctor prescribing medicine for a patient, right? The earth is the patient. The doctor is the international community saying, "All right, well how much is needed for these issues?" And here you can see for water aid it was prescribed about a billion, six billion dollars a year, land aid was \$18 billion and so on.

And so you can see on this last column here that the actual amount that was delivered of those prescriptions varies tremendously between these different sectors. Water aid received 92 percent of the dose that was prescribed, land aid only two percent, climate change four percent and biodiversity about seven percent.



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So there's two points here: if you expect this patient to ever get better, here's some evidence of why it may not be getting better. And then there was also that earlier slide of you know, the amount of funding still going for big developmental projects. And then the second point here is that if you understand why there's been less maybe cooperation by developing countries, they've often been promised this aid as new and additional and it's often not been delivered.

So now just quickly I'll talk about research question two and then I'm going to pass it on to Brad.

Which donor governments spend the most on foreign assistance for the environment and why? We have a couple of tables where we rank countries on who's giving the most. Here you can see in Denmark, per person, everybody's giving about \$181 a year in environmental aid. In the U.S. it's less than \$20 and in most countries it's about \$20 and some northern European countries and Japan it was in the 70s and 80s. So is that pretty clear, there's quite a range here.

If you look over time and as the percent of the aid budget, the U.S. is here at number seven, about 11 percent. There's a number of countries around us giving about 10 to 15 percent. And then, again, Germany and Denmark at the top.

But what you can see also in this is how every multi, I'm sorry, every bilateral donor with the minor exception of New Zealand and Norway actually increased, did green during this period, substantially. So the amounts of money have gone way up.

And then here's just an illustrative graph showing this ratio that I talked about before from USAID was about three to four times as much money going for dirty projects, as for green projects, environmental projects and is down now where there's actually more funding for environmental projects than for ones that we categorized as dirty and it's stayed down in the whole 1990s.

We then do these elaborate, multivariate models. And unfortunately, our fourth author, who we really have to acknowledge here, Rob Hicks, has been -- he's our economist who understands Heckman two stage modeling and all these other types of statistical tests that we've done, where there's two stages of whether a country gets any environmental aid and then what, how much they actually get.



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So we come up with these sort of theories about what would predict, what would explain how much commitment a donor has to giving for environment. So you'd expect maybe wealthier countries would be giving, would be more interested in protecting the global environment or ones that have more post material values, which has been a concept much discussed in the political science literature and sociology, my field. Whether they've shown their interested environmental protection by passing strong environmental laws domestically, the number three there. And whether they've shown their dedication to the environment by signing environmental treaties or other international environmental agreements.

And then there's this discussion of the coalitions of the green and greedy, that is that you'd expect there to be strong participation and a real lobbying force in a national capital for spending on foreign aid for the environment if there are both entrepreneurs who can make money from selling green technology and also strong environmental organizations. And then we also have some indicators of the lobbying strength of dirty industries. Maybe they would tend to be negatively associated with green aid.

And then finally the set up of the domestic institutions. Mike's an institutionalist; there's a whole literature on how the government is structured and how decisions are made, you know, whether there's vetoes, many ways that different groups can veto a policy. The strength of leftist parties, the corporatism, the way that different like labor unions and environmentalists actually get to participate in the government and so on, checks and balances.

So just very briefly on that. We were better at explaining this sort of drop in dirty aid as a proportion of aid than in this rise in environmental aid. The wealthier and post-materialist countries, that is where the people responded to this Engelhart Survey in the ways that were expected for a post-materialistic values, caring about things besides just material goods and do invest less in these dirty projects, but they're not necessarily investing more in environmental projects, another surprise to us. But there is, anyways, a support for these environmental groups that we're campaigning against the dirtiest projects.

Countries with stronger coalitions of the green and greedy spend less on dirty aid and more on green aid so that prediction wore out. And then finally -- this is my last point -- countries with higher rates of environmental treaty ratification and compliance did have higher environmental aid budgets. So, Brad, you want to take over?



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