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GREEN AID: New book finds most foreign environmental aid 'dirty' (Monday, June 16, 2008)

Lisa Friedman, *ClimateWire* reporter

Countries may make grand promises about bestowing environmental aid, but a new book finds that when it comes to forking over the cash, talk has been cheap.

"Greening Aid? Understanding the Environmental Impact of Development Assistance," out this month from Oxford University Press, finds that donors rarely entirely follow through with big promises of environmental foreign assistance. In an exhaustive study of more than 400,000 projects dating back to the 1970s, the authors also found that the lion's share of projects labeled "environmental" actually do more eco-harm than good.

"We were hearing these promises over and over about a commitment to spend more money on the environment," said co-author Bradley Parks. Yet, he argued, statistics show that time and again -- beginning with the much-heralded 1992 "Grand Bargain" between northern and southern countries made in Rio de Janeiro, Brazil, promises for financial boosts fail to materialize.

"There needs to be some accountability," Parks said.

Moreover, he and co-authors Robert Hicks, J. Timmons Roberts and Michael Tierney make a strong case that while levels of green aid have indeed risen, it is far outpaced by environmentally damaging -- what the authors call "dirty" -- aid.

The book comes amid growing concerns about whether multilateral institutions like the World Bank should fund solutions to climate change.

The World Bank has proposed a \$10 billion effort to bring clean technology to developing countries, as well as a \$500 million plan to help countries prepare for adapting to inevitable climate disasters. Yet aid groups and environmental organizations have objected, arguing that the bank's long history of involvement in fossil fuel projects casts a suspicious light on its new green hue.

Indeed, a new study by the World Resources Institute argues that during the past three years, less than 30 percent of the bank's lending in the energy sector integrated climate considerations into project decision-making.

World Bank maintains charges unfair

"If the World Bank and other multilateral development banks are to be entrusted with managing the Clean Technology Fund, they must demonstrate that they are consistently helping developing countries integrate climate change into economic development choices," Jacob Werksman, director of WRI's governance program, said in a statement.

World Bank officials say nongovernmental organizations have unfairly attacked the institution. Spokesman Roger Morier noted that of the bank's \$3.6 billion in energy lending during 2007, 40 percent went toward renewable energy, and another 33 percent for transmission.

Overall, he said, 27 percent of energy lending went toward fossil fuel projects -- and about half of that was to rehabilitate old coal mines and other projects aimed at making fuel production cleaner or more efficient.

"We think it's unfair for the NGOs to say we're doing a lot of fossil fuels, because if you look at the figures, we're doing very little on fossil fuels," Morier said. Meanwhile, he added, where the bank does get involved in coal projects, it also pushes developing countries to work with the cleanest production options available.

The authors of "Greening Aid" found that both bilateral and multilateral donors -- 27 in all -- gave a total \$676 million for energy efficiency projects in the 1980s.

In comparison, donors gave a whopping \$4.54 billion for the same type of projects in the 1990s.

Donors also increased funding for climate aid projects from \$2.3 billion in the 1980s to \$8.4 billion in the 1990s.

Going forward, Roberts said, "climate change is going to have a huge impact on what donors choose to fund."

'Dirty' eco-aid is dropping, but green aid isn't growing

Examining more than \$2.3 trillion worth of foreign aid, Roberts said about \$30 billion a year is spent on projects that have harmful environmental consequences, like mass transportation, forestry, mining or logging of old-growth forests.

The overall number has stayed steady, he said, but it has over time become a smaller portion of overall aid.

That doesn't mean that renewable, energy efficient or other climate change-sensitive funding is taking its place, though. The authors found that instead, environmentally "neutral" funding for health, education and other forms of poverty alleviation is skyrocketing. That funding has gone from \$15 billion in the 1980s to about \$50 billion, now making up the majority of aid.

Overall, environmental aid levels off just below \$10 billion annually, about 10 percent of all foreign aid.

Denmark has historically been the largest donor of green aid, giving \$181.26 per capita in environmental aid during the latter half of the 1990s. It is followed by Norway, Germany, the Netherlands and Japan. The United States ranks 13th, giving \$16.38 per capita in environmental aid.

Meanwhile, the top ten recipients of environmental aid are: China, India, Brazil, Mexico, Indonesia, the Philippines, Egypt and Argentina.