



Aid to environment Development Co-operation Report 2012

DAC statistical method for measuring aid to environment

In their reporting to the Development Assistance Committee (DAC) Creditor Reporting System (CRS), donors are requested to indicate for each activity whether or not it targets environment and the Rio Conventions (biodiversity, climate change mitigation, climate change adaptation and desertification). A scoring system of three values is used, in which aid activities are “marked” as targeting environment as the “principal objective” or a “significant objective”, or as not targeting the objective.

The environment marker identifies activities that are “intended to produce an improvement in the physical and/or biological environment of the recipient country, area or target group concerned” or “include specific action to integrate environmental concerns with a range of development objectives through institution building and/or capacity development”.

Environment is also identified as a sector of destination. The sector classification includes a multisector/cross-cutting category for “general environmental protection” to distinguish multisectoral environmental

conservation programmes and activities such as environmental policy and administration or environmental education, training and research.

Statistics on aid to environment are, therefore, derived from both the policy marker and sectoral data. A large majority of activities targeting the objectives of the Rio Conventions fall under the DAC definition of “aid to environment”. The Rio markers permit their specific identification.

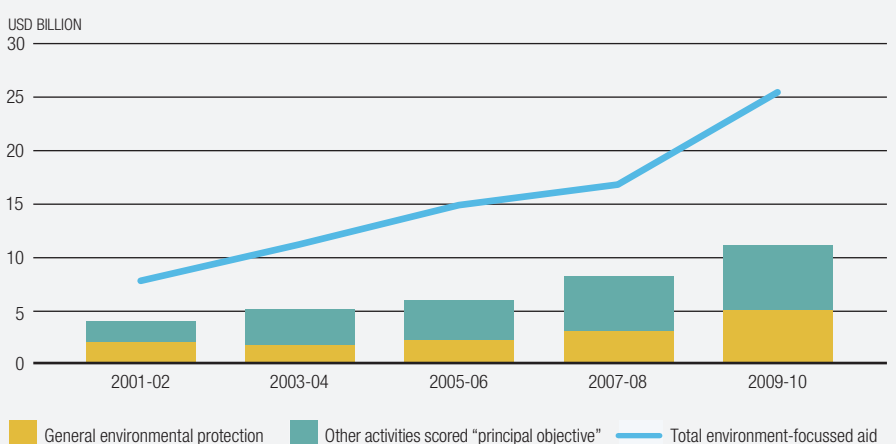
Trends in aid to environment

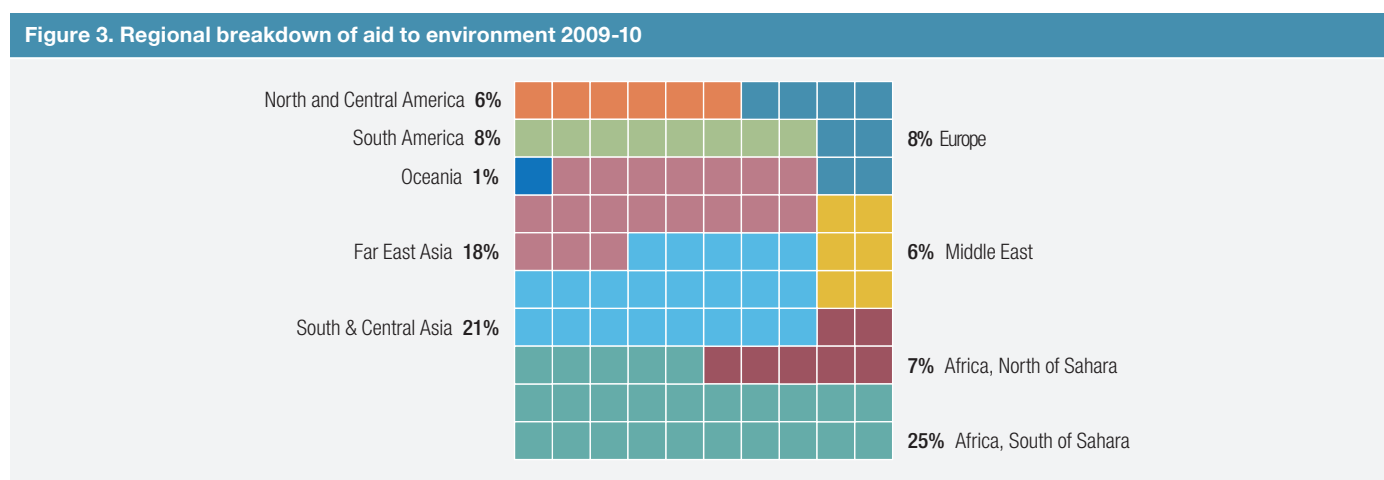
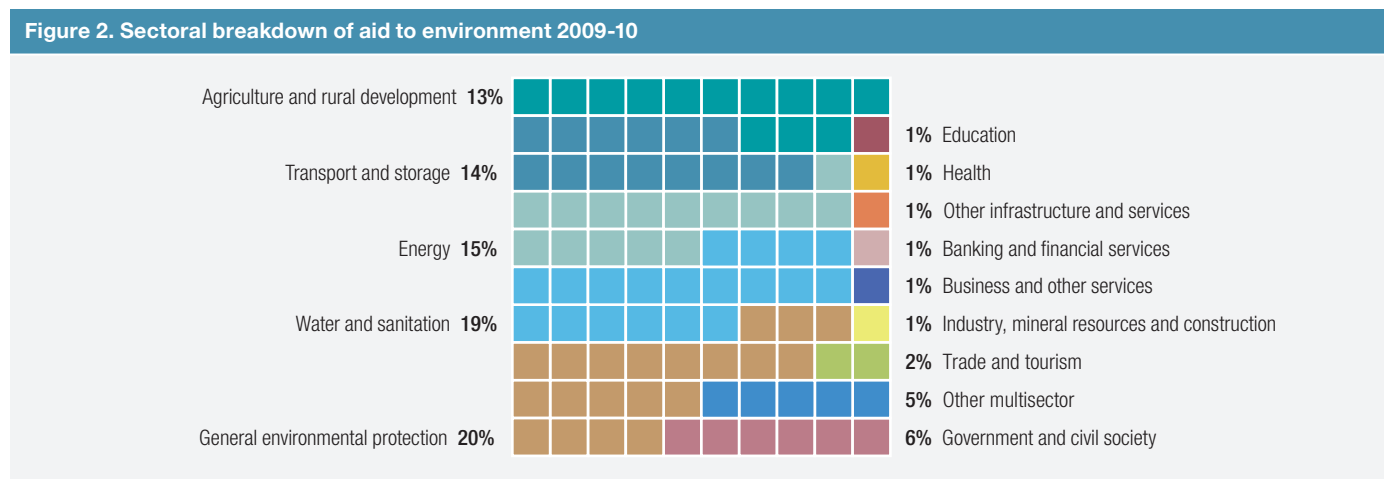
Figure 1 presents data on aid to environment over the past decade. Aid targeting environmental sustainability as the “principal objective” grew more than three-fold over the period, amounting to USD 11.3 billion in 2009-10. This comprises both general environmental protection activities and environment-focussed aid in various economic sectors, such as energy or water. An even greater increase is seen in aid that targeted environmental sustainability as a “significant objective”. The sum of the activities scored “principal” and “significant”, referred to as the “upper-bound estimate” of environment-related aid, exceeded USD 25 billion in 2009-10, representing a quarter of bilateral sector allocable ODA.



This brochure summarises Chapter 3 of the Development co-operation report 2012. It contains statistics on bilateral Official Development Assistance (ODA) extended in support of environmental sustainability in general and of the objectives of the Rio Conventions in particular. Data on DAC members’ aid are derived from the Creditor Reporting System database and compiled using the “environment” and “Rio” markers. <http://www.oecd.org/dac/dcr2012>

Figure 1. Trends in aid to environment 2001-10
Bilateral commitments, annual averages, USD billion, constant 2010 prices





While the trend is obviously set by the largest donors, an analysis of figures by individual donor (Table 1) indicates that the increase is general. Countries such as Germany, Japan, Norway and Spain have shown a strong increase in activities in support of the environment.

What kind of environmental activities do DAC members finance?

Figure 2 shows that, setting aside general environmental protection activities, environment-related aid in 2009-10 was mainly extended to the sectors of water supply and sanitation (19% of the total), energy generation and supply (15%), transport (14%), and agriculture and rural development (13%). Water supply and sanitation projects have been mostly reported as targeting environmental sustainability as the “principal objective”, while the “significant” score has been predominant in the energy and transport sectors (see Figure 4).

Note that large amounts of environment-related aid in transport and energy fund just a few large projects that primarily address global environmental concerns. Donors promote environmental sustainability, however, through numerous other activities – including in education, health, government and civil society – that hardly show up in the aggregate statistics based on the volume of aid.

Figure 3 shows that the majority of donors’ aid to the environment is allocated to Asia (45%), followed by Africa (32%) and the Americas (14%).

Environment-related aid in the transport sector has mainly been allocated to urban rail transport systems in big cities, which are indeed likely to “produce an improvement in the physical environment of the country concerned”, as required by the environment marker definition. In the energy sector, the focus has been on promoting sustainable use of energy resources (e.g. power generation from renewable sources of energy

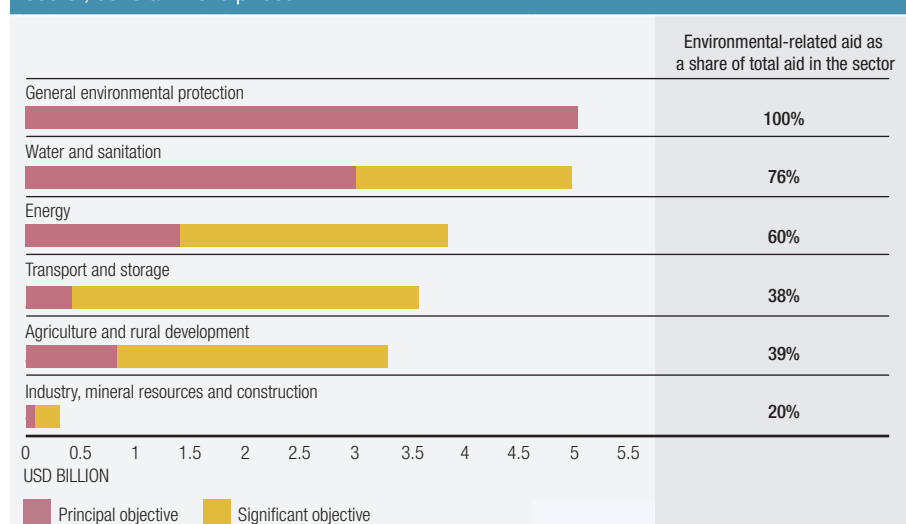
such as hydro, geothermal, solar and wind) and more efficient energy transmission networks. Such activities address environmental sustainability at the global level (i.e. by aiming to mitigate climate change), while their impact on the physical environment at the country level is less clear-cut (past examples include large hydro-power projects that have had negative consequences on biodiversity). The descriptive information on the marked activities available in the International Development Statistics (IDS) online databases (www.oecd.org/dac/stats/idsonline) can be used as a starting point for further research in this respect.

Table 1. Aid to environment by DAC member
2005-10 annual average USD million, constant 2010 prices

	General environment protection and other activities scored "principal objective"			Activities scored "significant objective"			% of sector allocable bilateral aid
	2005-06	2007-08	2009-10	2005-06	2007-08	2009-10	2009-10
Australia	87	108	69	73	14	221	8
Austria	25	23	24	38	56	31	15
Belgium	54	91	171	190	185	192	29
Canada	61	32	219	161	97	457	24
Denmark	151	138	154	371	208	272	32
EU Institutions	568	646	985	2 300	917	1 728	25
Finland	60	107	175	155	85	193	45
France	228	720	1 423	259	681	687	32
Germany	715	1 132	1 482	1 273	1 523	2 338	43
Greece	4	9	8	14	12	2	5
Ireland	2	7	2	0	49	69	16
Italy	120	112	33	5	157	201	36
Japan	2 667	3 512	3 701	1 930	1 698	3 706	56
Korea	4	127	75	0	89	165	14
Luxembourg	2	4	7	0	20	44	27
Netherlands	287	352	162	47	17	114	6
New Zealand	13	5	4	43	34	36	19
Norway	155	277	470	113	239	505	34
Portugal	3	3	27	2	1	5	13
Spain	88	244	317	69	362	940	39
Sweden	315	204	317	848	613	650	52
Switzerland	37	37	63	0	0	100	18
United Kingdom	85	106	842	510	457	551	23
United States	283	330	596	388	916	1023	7
TOTAL	6 015	8 326	11 328	8 787	8 429	14 230	27

Note: The above statistics exclude aid that cannot be allocated by sector (e.g. programme assistance, debt relief and emergency aid), given that several members do not apply the environment marker on these forms of aid.

Figure 4. Environmental focus in selected sectors
2009-10 average commitments, volume and share of environmental-related aid in each sector, constant 2010 prices



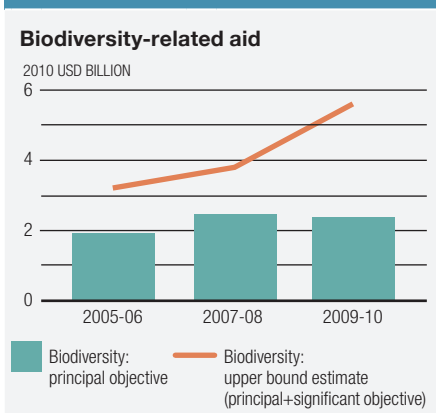
Rio markers measuring aid targeting global environmental objectives

The DAC started monitoring aid targeting global environmental objectives – as defined in the UN Convention on Biological Diversity (UNCBD), the UN Framework Convention on Climate Change (UNFCCC) and the UN Convention to Combat Desertification (UNCCD) – in 1998. A large majority of activities targeting the objectives of the Rio Conventions fall under the DAC definition of “aid to environment”. The Rio markers permit their specific identification. Figure 5 below presents data on trends in biodiversity-, climate change mitigation- and desertification-related aid over 2005-10. They indicate that in recent years there has been a major increase in aid targeting climate change mitigation as the “principal objective”, whereas the “principal objective” assignation for biodiversity and desertification spending has stagnated or declined. When “significant objective” projects are included, however, all three Rio markers show an increasing trend.

Aid targeting the objectives of the Rio Conventions

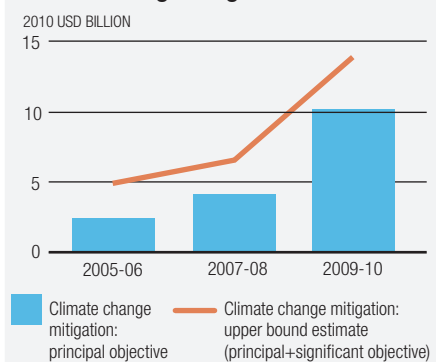
The fact that the three Rio Conventions are interlinked should also be taken into account in the interpretation of these trends, with some climate change mitigation activities that primarily target a mitigation objective while also promoting biodiversity and desertification measures as significant objectives. The marker methodology reflects these overlaps. Figure 6 below demonstrates the overlap with data for 2009-10. It shows that over half of total environment-related aid had been marked also against one of the Rio Conventions; at the same time, 23% of climate change mitigation-related and 60% of desertification-related activities were also biodiversity-related. This overlap reflects the mutually reinforcing aspects of the Rio Conventions but poses a problem for the presentation of aggregate data for the three markers; biodiversity-, climate change- and desertification-related aid should not be added up as this can result in double or triple-counting.

Figure 5. Trends, 2005-10, bilateral commitments, annual averages, USD billion, constant 2010 prices



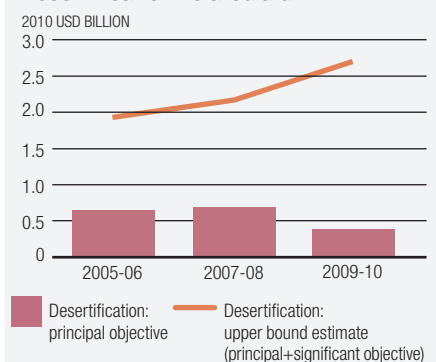
Biodiversity-related aid is defined as activities promoting one of the three objectives of the UNCBD: the conservation of biodiversity, sustainable use of its components, or fair and equitable sharing of the benefits of the utilisation of genetic resources.

Climate change mitigation-related aid



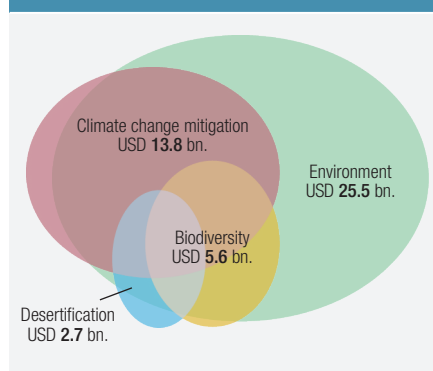
Climate change mitigation-related aid is defined as activities that contribute to the objective of stabilisation of greenhouse gas (GHG) concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system by promoting efforts to reduce or limit GHG emissions or to enhance GHG sequestration.

Desertification-related aid



Desertification-related aid is defined as activities that combat desertification or mitigate the effects of drought in arid, semi arid and dry sub-humid areas through prevention and/or reduction of land degradation, rehabilitation of partly degraded land, or reclamation of desertified land.

Figure 6. DAC members' aid activities targeting several Rio conventions 2009-10 average, commitments, constant 2010 prices



Capturing multilateral flows and relevant non-ODA flows

Donors also provide funding for environmental activities through multilateral agencies. In order to provide a more complete picture of the total ODA effort a donor makes in aid to the environment, it is also necessary to estimate the share of its contributions through the multilateral system (e.g. multilateral development banks, global funds or UN agencies). The DAC Secretariat is working on the policy markers with the multilateral development banks and other multilateral agencies so as to be able to include multilateral flows in all analyses of aid to environment in the future.

The DAC statistical framework can be easily adapted to collect data on environment-related non-ODA development finance. A first step in this direction was taken in June 2011 when DAC members agreed to also apply the Rio markers to non-concessional financing extended by development finance institutions. In relation to climate finance, the DAC is collaborating with the UNFCCC Expert Group on Climate Change (CCXG) on methodological and definitional questions to i) improve the sectoral data on officially-supported export credits to facilitate identification of those which could potentially mitigate climate change; ii) clarify definitions of various categories of private flows; and iii) introduce possible new statistical categories for official sector interventions that leverage private finance. ■

Box 1: New marker on climate change adaptation as of 2010

In December 2009, DAC members approved a policy marker to track ODA in support of climate change adaptation. This complements the marker on climate change mitigation and allows for the presentation of a full picture of all aid in support of developing countries' efforts to address climate change.

Adaptation-related aid is defined as activities that aim to reduce the vulnerability of human or natural systems to the impacts of climate change and climate-related risks by maintaining or increasing adaptive capacity and resilience. It encompasses a range of activities, from information and knowledge generation to capacity development, planning and the implementation of climate change adaptation actions. More information can be found in the factsheet OECD DAC statistics on climate-related aid www.oecd.org/dac/aidstatistics/FactsheetRio.pdf



For comments or additional information, please contact dac.contact@oecd.org.