

Environmental ODA to Africa: Policies, Determinants and Implications

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1. Analysis of DAC Members' Environmental ODA Toward Africa

a. Why Environmental ODA is Necessary

Ending poverty is closely linked to the resolution of environmental issues. As an illustration, for example, the poor tend to increase farmland by wiping out dense forests, secure firewood through logging, or overuse land to raise grain production. This results in land degradation. A repetition of this year after year will aggravate climate change, which will in turn bring about desertification, drought, and

soil erosion – ultimately leading the poor into an environmental trap. Seeking environmental conservation, however, by restricting economic activity in the low-income bracket will only make their difficult lives worse. The markedly high poverty rate on the African continent, in particular, points to the necessity for an appropriate, albeit tricky, balance between environmental conservation and economic development strategies.

African countries can only escape the environmental trap holding them back by initiating autonomous efforts to improve the environment. This is easier said than done, for African nations lack awareness on environmental conservation and

improvement, not to mention their low internal capabilities on any environmental issues. Jeffrey Sachs argues that aid can make a positive impact on developing countries by pushing them out of a low-equilibrium poverty trap into a high-equilibrium economy. Environmental ODA of high quality can likewise push Africa out of the environmental trap.

b. On DAC Members Providing Environmental ODA to Africa

Agriculture accounts for an average 28 percent of Africa's GDP, while 70 to 80 percent of the entire labor force works in this sector. Given that agriculture is the most vulnerable victim of environmental shifts like climate change, African people's livelihoods are inevitably tied to the resolution of environmental issues. Add in the fact that the economic structure almost always has those employed in agriculture being typically poor, and we are led to the clear suggestion that poverty and environmental issues are two problems to be considered as one. Major donor countries have been quick to realize that tackling environmental issues is the key to solving poverty.

A regional comparison of environmental aid to overall ODA received by period reveals that in the year 2000, the figures stood at 59 percent for Asia and 22 percent for Africa. Since the mid-2000s, however, the share of environmental ODA shrunk to the mid to low 40s, while in Africa it has jumped to around 35 percent. This shift points to the heightened interest on the side of DAC members toward environmental issues in Africa. Especially encouraging is the fact that environmental ODA compared to overall aid to Africa was above 40 percent in European DAC members such as Germany, Sweden, Belgium and so on, as of 2011. On the other hand, Japan has given relatively low interest to the African environmental sector, with environmental aid

recording a mere 18 percent. Japan has taken a step forward, however, by displaying a willingness to help solve African environment issues through the Tokyo International Conference on African Development (TICAD), and this has significant implications for emerging donors.

2. Environmental ODA Policies: Japan and Sweden

a. Japan

The Japanese government has been expressing an avid interest in environmental ODA ever since the late 1980s. This is illustrated in the decision in 1986 to conduct environmental impact assessments as part of efforts to include environmental ODA in the Development Agenda, the declaration at the 1987 G7 Summit to provide USD 300 million in environmental aid, the modifications in 1992 and 2003 to the ODA Charter, and the identification of global challenges as part of Japan's key ODA priority issues with the inclusion of environmental conservation, mitigating pollution, sustainable development and so forth. Such interest has continued on, with the country, in 2005, recognizing environmental and disaster-related measures as a global matter and reaffirming its traditionally strong focus on environmental issues.

Compared to the strong attention Japan has traditionally paid to environmental ODA, however, the country's share of environmental aid to Africa has been somewhat modest. This, and the fact that Japan has recently voiced the intention - at TICAD - to expand environmental ODA to Africa suggests quite a number of implications. TICAD has helped Japan's environmental ODA policies toward Africa evolve over time. At TICAD IV, in 2008, "addressing environmental issues and

climate change” was selected as one of the three main agendas, and at TICAD V in 2013, a “robust and sustainable economy” was included in the six main agendas while climate change and disaster prevention were discussed as key goals. This points to Japan’s recognition of environmental issues and climate change as barriers to Africa’s development, consequently followed by the continuous identification of environmental issues at TICAD and the display of commitment to assist Africa’s development through Japan’s advanced environmental technology.

b. Sweden

Sweden was selected as a case study for its reputation as an exemplary environmental ODA donor, in spite of its small ODA volume. The Swedish government has identified its three priorities for development cooperation as environment and climate change, democracy and human rights, and gender equality. Most notable about Sweden’s environmental ODA policies is the strong focus placed on climate change, and that it is being addressed as one of the six major global challenges recognized by the government. The “Policy for Environmental and Climate Issues in Swedish Development Cooperation 2010-2014,” announced in 2010, has led to measures that mainstream climate and environmental issues into the scope of development cooperation, and is serving as the backbone of Sweden’s environmental ODA policy.

Sweden’s environmental ODA can be summed up by three points. The first is that Sweden is a model of environmental mainstreaming. Rather than merely deliver environmental ODA, it chooses to involve and integrate other sectors, guiding developing countries towards realizing how crucial the environment is across the entire spectrum of development cooperation. Second, an empha-

sis is placed on capacity-building programs instead of project aid. Agriculture, water resources, and land reform all play a part, whether direct or indirect, in Sweden’s environmental ODA, and software - such as environmental management or technology capacity-building - is the area of focus. Third is the method used for ODA provision, which leans less toward new projects or initiatives and more toward cooperating with established operational systems set up by the international community, and thus seeking coherence among donor agencies. Such distinctions are why the OECD peer review appraises Sweden as a nation formulating and implementing ODA policies based on altruistic motives.

3. Analysis of Determinants for Environmental ODA to Africa: Japan and Sweden

A wide variety of data was utilized in analyzing the determinants for environmental aid to Africa. The volumes of overall ODA and environmental ODA were calculated based on the DAC policy marker and purpose codes included in the OECD Creditor Reporting System (CRS). The World Bank’s World Development Indicators (WDI), PovcalNet (a poverty analysis tool) and UN Comtrade were then used to identify economic, poverty, environmental and geopolitical indicators as explanatory variables. PovcalNet only listed information on poverty rates for 2003, 2005, 2008 and 2010, which is why the overall analysis was focused on these four years. Export/import figures and FDI were included as economic indicators, while poverty indicators were based on GNI and poverty headcount ratio. Environmental indicators covered the share of people with access to sanitary facilities, and the population aged 65 and over as a percentage of the total population, and the

geopolitical indicators included a dummy variable for the location of each African nation.

Japan has traditionally been the largest environmental ODA donor in terms of both absolute and relative scale. Only toward Africa has it maintained a relatively low level of environmental ODA. TICAD IV and V, however, were turning points for Japan to expand environmental ODA to Africa, and an analysis of the associated determinants serves as a pointer to how Japan intends to increase environmental aid to Africa in the future. Until recently, the largest African recipients of Japan's environmental ODA were Egypt, Morocco and Tunisia, indicating a specific focus on resource-poor countries. Of particular note is the fact that although Japan's ODA to Africa has been fluctuating less by nation since 2008, environmental aid has been going the other way, giving way to even higher variances by nation. The rising fluctuation ranges imply that every year, more environmental aid is being centered on certain countries.

Sweden is behind Japan in terms of ODA volume, but has always placed a strong emphasis on environmental ODA. Moreover, Africa was selected as a key partner for cooperation, and the region received 33%, or USD 1.05 billion, of Sweden's total ODA in 2011. Environmental ODA accounted for 38% of that figure, amounting to USD 390 million. Sweden differs from Japan in that its environmental ODA to Africa is broken down into comparatively level proportions by nation. This is owing to Sweden's efforts to keep the share of environmental ODA proportionate through continuous policy dialogues with African recipients.

Various models were used to assess the determinants for Japan and Sweden's environmental ODA. The Hausman test results revealed that the random effect model was most

fitting for Japan, and the fixed effect model for Sweden. This means that for Japan, observable characteristics and unobservable heterogeneity have no correlation; consequently, these two factors are not simultaneously considered when determining environmental ODA to Africa. On the other hand, the fact that Sweden's environmental ODA to Africa is determined based on the fixed effect model means that a correlation exists between unobservable heterogeneity and observable characteristics, which is in turn because Sweden considers both observable and unobservable factors when determining environmental ODA to Africa. This would result from the close reflection of African recipients' demands through policy dialogues held prior to Sweden's delivery of aid. According to estimation results, economic relations play a crucial part in determining Japan's decisions on environmental ODA, evident in the fact that Japan's environmental ODA to Africa rises as the volume of trade increases. For Sweden, the link appeared between the ODA and GNI per capita instead of trade, implying that economic relations do not significantly influence the decision to provide the environmental aid.

4. Policy Implications for Emerging Donors Providing Environmental ODA

The following implications for emerging donors can be drawn from this study. First of all, emerging donor countries who are interested in environmental ODA provision need their own set of policies and aid criteria for environmental ODA. The determinants for providing ODA, and the policies themselves, were clearly different in Japan and Sweden, with both countries delivering environmental aid to Africa on their own terms. Emerging donors must do likewise, formulating envi-

ronmental ODA policies tailored to national circumstances and determining whether or not to provide assistance based on these customized policies. Setting detailed criteria suited to environmental ODA policies will be a prerequisite for making efficient decisions on providing assistance. While quantitative expansion is important, the necessity for qualitative improvement cannot be overlooked. This therefore calls for a thorough analysis of environmental ODA determinants in major donor countries, and suitable preparation for establishing environmental ODA policies based on this analysis. The appropriate order would be to build a broad framework first, and then to design environmental ODA policies targeting different regions. Environmental mainstreaming should be reflected in the broad framework, and regional ODA policies under that framework should reflect the needs of each region. Meanwhile, if the internal agreement is to follow in the footsteps of Japan and underline economic interests, Japan would serve as a convenient benchmark.

The second implication evident from this analysis is that it is necessary to hold close

policy dialogues with the recipients. Policy implementation is a different matter from policy making. The disparity in particularities and realities across the African continent must be acknowledged in the course of making decisions on environmental ODA under established policies. Just as different regions in Africa become victim to poverty for different reasons, the causes behind environmental issues by region also differ, calling for a dynamic, rather than static, analysis of causal factors before making decisions on providing environmental aid. This, also, requires close policy dialogues with African recipients.

Thirdly, emerging donors must join in efforts on environmental mainstreaming. Related discussions are in the spotlight on the international stage, and emerging donors should prove their potential as a future major donor country by partaking in these talks. When it comes to joining in the environmental mainstreaming trend - which factors in the environment from the initial stages of policy development - there would be more to learn from Sweden than Japan. [KIEP](#)