

# Exporting Environmentalism

A review of *Greening Aid?*

*Understanding the Environmental Impact of Development Assistance*

(Oxford University Press, 2008, 368 pages)

by Robert L. Hicks, Bradley C. Parks, J. Timmons Roberts, and Michael J. Tierney

Book Review by Jack D. Hidary

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International aid is a critical conduit of resources from high-income to low-income countries. In 2007, member countries of the Organisation for Economic Co-operation and Development gave more than \$100 billion in foreign aid. The majority of this assistance, \$71 billion, was in the form of bilateral aid. The remainder was routed through multilateral institutions such as the World Bank.

Direct financial assistance to low-income countries is targeted at a broad array of programs: agriculture, infrastructure, health, governance, and many other areas. Since agricultural and other development aid may have positive outcomes for food supply, but negative impacts on the environment, it is natural to consider the consequences of international aid.

While it has assumed that a good portion of this aid has had negative environmental impacts, no study has quantitatively attempted to demonstrate this thesis or what trends are developing in the greening of foreign aid. *Greening Aid* attempts to address these issues head on. An associate professor of economics at the College of William and Mary in Williamsburg, VA, Robert Hicks, and his co-authors of *Greening Aid? Understanding the Environmental Impact of Development Assistance*, ask a number of important questions:

- Of all foreign aid in the last 30 years, what patterns can we detect in environmentally positive and negative programs?
- Does bilateral aid vs. multilateral aid show any better or worse track record in environmental impact?
- Are there certain countries that stand out either as environmentally responsible donors or as recipients who attract a large percentage of green aid?

To answer these questions, the authors have compiled a database of more than 430,000 bilateral and

multilateral aid contributions. They pulled this data both from the OECD database as well as from multilateral aid agencies such as the World Bank, regional development banks, and others. They name the database PLAID to signify Project-Level Aid Database.

The authors categorize each contribution contained in PLAID in one of several categories, including Environmental, Neutral, and Dirty. Within environmental aid, they distinguish between green and brown projects. Green projects target global and regions issues such as biodiversity and desertification. Brown projects signify more local issues such as sewage treatment and erosion control.


This data-intensive and statistical approach is a welcome addition to a literature too often marked with isolated case studies and anecdotal information. By taking in a large number of aid data points over a long period of time, the authors aim to discern patterns that can direct best practices for the future.

Analyzing the thousands of aid contributions yields a number of interesting findings in the environmental sector:

1. Bilateral environmental aid grew from \$1 billion in 1980 to \$4.5 billion in 1999.
2. Multilateral environmental aid grew from \$2 billion in 1980 to \$4.5 billion in 1999 after a peak of \$6.5 billion in 1994.
3. Dirty aid declined both in absolute and in percentage terms from \$35 billion in 1980 to \$28 billion in 1999 after hitting a peak of \$40 billion in 1988.
4. Neutral aid that could not be tagged as either environmentally positive or negative grew from \$20 billion in 1980 to \$60 billion in 1999.

In terms of which countries stand out as large environmental donors, several trends emerge. The United States was the dominant environmental





donor in the 1980s but fell to third place in the 1990s as Japan increased its environmental giving fivefold during that period. Denmark deserves special mention as the most generous environmental donor as a percentage of giving with more than 21 percent of its giving tagged as environmental from 1995 to 1999.

At first blush, it is counterintuitive for donor countries to favor brown aid over green aid. Nevertheless, from 1980 to 1999, donors as a group favored brown aid overwhelmingly. Green aid issues have direct impact not only on the target country but on all donor countries. Issues such as biodiversity, climate change, trans-border pollution, and other initiatives have a direct impact on rich and poor countries. Brown aid projects such as local water treatment are more local in their impact. The authors surmise that it is the tangible nature of brown aid projects that hold more allure for donors. Climate change projects are longer term and hard to see in pictures. Changing the water supply for a series of villages can be readily discerned.

One question not addressed fully in the study is the precise labeling of all agricultural projects as dirty. Certainly, many agricultural expansion initiatives can be seen to have negative environmental consequences. But there is also aid for agricultural research to improve efficiency of current land use and thus

prevent further encroachment. The authors should provide more detail on the tagging of agricultural projects as they form a significant amount of total dirty aid as categorized by their team.

The authors themselves highlight other shortcomings of the current work and point to further areas of research. In particular, they note that merely examining capital flows does not necessarily correlate with effectiveness. Another limitation of the study is that it does not yet include data from nongovernmental organizations and the increasing monies from foreign direct investors (FDI), banks, and other forms of assistance. For countries such as China, FDI and non-donor forms of interaction have played a far greater role than traditional assistance.

Overall, this is a worthy study with much merit. This analysis will bring in sorely needed empirical data to a field rife with speculation and anecdote. A crucial next step is to open the PLAID database to the public. On their website, the authors declare their desire to do so “by 2008.”

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