Review of the Guidelines for Statistical Analysis and Synthesis of the ODA Programs and Projects for the Environment

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Executive Summary

(Introduction)

1. The statistics of the "environmental ODA", which started in the late 1980's, has been reviewed. The main questions were what it means and whether the current classification of it ("residential environment", "forest conservation", "anti-pollution programs", "disaster prevention" and "other programs") is most appropriate.

(Review of the "environmental ODA" statistics)

2. In the review, the following issues were identified:
   (a) The contents of the "environmental ODA" have substantially changed since the statistics started.
   (b) The overall policies of the ODA, which also governs the "environmental ODA", have been developed.
   (c) The amounts in different categories with significantly different levels of amounts and numbers have been summed up. While the 40 environmental Loan projects amounted to JY 464 million in FY 1999, the less than 40 Grant projects amounted to JY 29 million and the more than 1,800 Technical Cooperation projects amounted to JY 31 million only. As a result, most figures for the "total" environmental ODA were actually the amount of the Loan projects.
   (d) The statistics, which is focused on the environment only, does not sufficiently discuss the socio-economic issues which are often the root causes of the environmental problems in developing countries.
   (e) There have been criticisms that the statistics includes such projects that are not really "environmental".
   (f) The guidelines for the statistics seem to be different among the Ministry of Foreign Affairs, Japan International Cooperation Agency (JICA) and the Japan Bank for International Cooperation (JBIC).
   (g) The guidelines for the statistics should be explicit both for the officials engaged in the

statistics and the general public.

3. Special attention was drawn to the following facts:
   (a) Already during the first half of the 1970's, in the discussions of the environmental problems in developing countries, States shared the recognition that environmental conservation is achieved in the framework of "sustainable development", which means "satisfy the basic needs of the poorest peoples all over the world" "in such a way as to ensure adequate conservation of resources and protection of the environment ... with a productive base compatible with the needs of future generations" (UNCTAD/UNEP Cocoyoc Declaration, 1974). It was also a shared view that environmental conservation is achieved not solely by the environmental agencies but by various agencies and organizations in resolution 2997 (XXVII) of the UN General Assembly in 1972.
   (b) Most bilateral and multilateral aid agencies give a prime importance to the environment. However, they regard it as a cross sectoral subject rather than a sector, although they recognize the importance of capacity development in the environment as a more sectoral issue.
   (c) The OECD/DAC recognized environmental projects/programs in two ways: those classified to "general environmental protection" sector, and those given an "environment marker" with "principal" or "significant" environmental objectives.
4. A review of the Japanese "environmental ODA" suggests that:
   (a) The increase of the amount of the "environmental ODA" could be a target only when the amount was definitely small. Now that the amount and proportion in the total ODA have been substantially increased, it cannot be a target.
   (b) When the statistics of the "environmental ODA" was started, the objective was to grasp the tendency and analyze the characteristics so that the quality of the ODA could be improved.
   (c) A few other objectives were added later. As a result, the current objectives are understood as follows: (i) to ensure the overall ODA policies, (ii) to contribute to further improvement of the ODA in general, (iii) to report to the DAC and subsequently cooperate for improvement of ODA among DAC Members, and (iv) to demonstrate the Japanese commitment to the Climate Change, Biodiversity and Desertification Conventions in which developed country Parties should endeavor to help developing countries.

(Application of the DAC guidelines is suggested)

5. In view of the above, utilization of the DAC guidelines for statistics of environmental projects and programs, particularly the "environment marker" system for projects and programs in various sectors, is recommended. The DAC "general environmental protection" sector should also be included. However, because the DAC guidelines are not perfect, particularly for actual application to specific projects and programs, supplemental explanatory notes

should be developed.

6. The adoption of the DAC guidelines does not substantially change the current range of "environmental ODA", which consists of the following:
   (a) The discharge of toxic substances or of other substances and the release of heat, in such quantities or concentrations as to exceed the capacity of the environment (as included in Principle 6, Declaration on the Human Environment, 1972); and the subject included in that "States shall take all possible steps to prevent pollution of the seas by substances that are liable to create hazards to human health, to harm living resources and marine life, to damage amenities or to interfere with other legitimate uses of the sea" (Principle 7) (Equivalent to the "Pollution" as defined in Article 2, paragraph 3 of the Basic Law on the Environment);
   (b) The four focal areas of the Global Environment Facility (GEF) (the global issues as defined in Article 2, paragraph 2 of the Basic Law);
   (c) The natural resources of the earth, including the air, water, land, flora and fauna (Principle 2, Declaration on the Human Environment); and the issue of the "capacity of the earth to produce vital renewable resources" (Principle 3); and the issue involved in that "Man has a special responsibility to safeguard and wisely manage the heritage of wildlife and its habitat" (Principle 4) (The conservation of the systems consisting of sunshine, air, water, soil, organisms and others as defined in Basic Policy for the Conservation of Natural Environment, 1973);
   (d) Natural disasters about which concern was expressed as "Environmental deficiencies generated by the conditions of under-development and natural disasters pose grave problems" (Principle 9, Declaration on the Human Environment);
   (e) Issues concerned with the pollution of air, water and soil by radioactive substances as referred to in Article 13 of the Basic Law; and
   (f) Groups of traditional buildings of special interest that form historical scenic landscape in unity with the environment (Cultural Properties Act, Article 2, paragraph 1 (5)); and the landscape of historical buildings, remains, ruins and others that represents the tradition and culture of old capitals in unity with the natural environment (Special Law on Preservation of the Historical Landscape in Old Capitals, Article 2, paragraph 2).
7. However, inclusion of "preservation of unique cultural landscape", which is not explicitly included in the current guidelines, should be clarified.
8. The Kyoto Initiative adopted on the occasion of the Third Meeting of the Conference of the Parties to the UN Framework Convention on Climate Change (UNFCCC) in 1997 declared that projects and programs that contribute to reduction, or minimizing the increase, of the Green House Effect Gas emission in developing countries, including certain projects for construction of mass public transport and hydropower generation, would be positively supported. Inclusion of such projects in the statistics of "environmental ODA" should be

subject to strict assessment of the "principal" or "significant" environmental objective in accordance with the DAC guidelines. However, the positive aspects of such support and application of reduced interest rates to such projects and programs should be duly recognized.

9. Sticking to the current way of classification of "environmental ODA" is not appropriate. Because the objective of classification is to analyze the characteristics of the "environmental ODA", classification should be flexible in accordance with the contents of the projects and programs.
10. Also important is that the "principal" or "significant" environmental objectives are clearly specified in the project document. This should be realized in the overall efforts for transparency of decision making and accountability to the public and taxpayer.

(Results of provisional application of the DAC guidelines to the projects in 1999)

11. Provisional application of the DAC guidelines to the 1999 projects and programs resulted in Table 3.3.4. Due to the lack of the exact DAC sector classification data of all the programs/projects, some mistakes occurred in classification, making the share of the "general environmental protection" sector projects/programs exceeding 100 %. However, due to the small share of this sector in the total ODA, it is assumed that the results involve no critical problems.
12. The results show that different sectors contribute to the environment to different extents. The most contributing sectors are the "water supply and sanitation", "energy", "urban development and management", "rural development", "agriculture, forestry and fishing", and "industry and mining". It is also observed that the Technical Cooperation, Grant Assistance and ODA Loan have different characteristics with their contribution to the environment. Furthermore, cross-sectoral projects seem to be strengthening their roles. In the "general environmental protection" sector, the "natural disaster" subsector is the largest. However, Technical Cooperation is contributing to a wider variety of subsectors.
13. Because this new way of statistics does not change the range of the "environmental ODA", the overall figures to express the "environmental ODA" do not change. However, in view of the substantial differences in the amounts and numbers among the different types of aid (Technical Cooperation with more than 1,800 projects in number and JY 30 billion in amount, Grant Assistance with less than 40 projects and JY 30 billion, and ODA Loan with less than 40 projects and JY 400 billion), the presentation of the overall figures should be done separately for the different types of aid in principle. In the same line, presentation of the monetary figures tend to mislead us about the situation of the "environmental ODA". Therefore the presentation of the overall situation should be done with the numbers of the projects and persons seconded or trained.

(Issues in application of the DAC guidelines)

14. Issues in application of the DAC guidelines include the following:

(a) How to effectively share the data among the officials in charge of DAC statistics and the environment. Because work for DAC statistics and that for the environment usually proceed simultaneously, prompt input of data after official commitment, an elaborated computer database that incorporates project codes, conversion of classification codes of DAC, JICA and JBIC, which are different, contract with external agencies, etc. are critical.

(b) Inclusion of sufficient data in the database, particularly those concerning the reasons and motivations in adoption of the projects and the problems in the background, should also be ensured.

15. The statistics of "environmental ODA" also involves the following issues:

(a) Guidelines for effective and rational demarcation between the environmental and other projects in the "water supply" subsector. The objective for provision of water itself does not automatically justify inclusion of the project as an environmental project. The problem of "insufficient water resources", which is non-environmental per se, can be conceptually separated from the issue of "poverty in water", which is environmental. However, the two are interlinked in reality and may not be separated. Also, water is a persistent problem in many parts of the developing world

(b) Not all the amounts spent for those projects or project components with an "environment" marker are environmental. Guidelines to identify the proportion of the environmental character of such projects or components should be developed so that the statistics of the "environmental ODA" shows the exact amounts committed for the environment. On the other hand, in many of the projects that do not involve environmental elements as "principal" or "significant" objectives and thus are not classified as environmental projects, certain proportion of environmental objectives or effects can be identified. In the statistics of "environmental ODA", the amounts committed to such environmental elements should also be counted. This indicates that a single set of guidelines can be applied both to "environmental" and "non-environmental" projects, programs and project components for calculation of the total amount committed for the environment.

(c) The capacity in the environment divisions and other divisions actually engaged in the statistics of "environmental ODA" in the Ministry, JICA and JBIC should be strengthened through training, employment of experienced specialists, utilization of the private sector, and other means, so that the officials can concentrate more efforts on analytical work and policy development rather than on simple collation of data as well as that the environment is effectively incorporated in various development sectors.

(d) Also important is provision of the information of the environmental issues in developing countries. Of particular importance is the information of the environmental problems in less developed countries, which are more closely linked to the delay in development

and which thus the most Japanese are not familiar with. Otherwise, the public misunderstand the inclusion of the assistance for sustainable development of less developed countries as non-environmental and thus as a rhetoric of the Government in keeping the level of the aid for "environment". This reduces the level of the aid to those most needy for assistance.

(e) Multilateral assistance should also be analyzed.

(f) The statistics should cover all the projects and programs of the Government, not only of those that the Ministry is intensively involved in.

(Issues beyond the statistics)

16. The commitment for the environment must be expressed in various forms. It must be always kept in mind that the amounts committed for the environment is just one of the ways of various expressions of the commitment. The extent of the Japanese commitment for the environment in its ODA must be presented in various forms.

17. The statistics of "environmental ODA" has shown inputs only. The most important is the results, particularly whether the environment in the recipient country has been actually improved. On the other hand, assessment of such a long-term effects cannot be easily related to the inputs actually made by ODA. Therefore it is suggested that a combination of the targets and assessment of the achievements against the targets be set for inputs, outputs, outcomes and impacts (Box 3.4.2).

Box 3.4.2. Classification of indicators

Classification of indicators:

- Input indicators: monitor the project-specific resources provided
- Output indicators: measure goods and services provided by the project
- Outcome indicators: measure the immediate, or short-term, results of project implementation
- Impact indicators: monitor the longer-term or more pervasive results of the project

(Lisa Segnestam, 1999: Environmental Performance Indicators: A Second Edition Note, Environment Department, The World Bank)

18. The environment is not the only area of concern that contributes to achievement of overall sustainable development of developing countries. Investments for basic human needs and others are crucial. Therefore effective and efficient combined ways of investment of aid resources for the environment and for other interests should be studied.

19. The ways of developing assistance have been evolving. Recent development includes the emphasis on program approaches and cross-sectoral approaches, capacity development, sustainability, delegation of more power to resident offices, development of country assistance policies and programs in collaboration with the recipient country, and ownership of the recipient. In this regard, efforts for incorporation of the environment in such evolving ways of development assistance must also be made.

Table 3.3.4. The shares of environmental projects/program commitments in DAC sectors in 1999 (including the amount to Central/Eastern Europe and others in transition; unit: USD million) (The figures for Technical Cooperation and the share in the total bilateral assistance are for FY 1999, not calendar year) (The DAC conversion rate USD=JY113.9 was applied.)

	Grant Cooperation		Technical Coop.		*Total grant*		ODA Loan		Total bilateral ODA		% in total bilateral ODA	
	Total	**env. %**	Total	**env. %**	*Total*	***env. %***	Total	**env. %**	Total	**env. %**	Total	**env. % (FY99)**
I. Social infrastructure & services	542.12	**19.10**	1,164.95	**5.80**	*1,707.07*	***13.32***	961.64	**56.37**	2,668.71	**26.73**	19.3	**40.1**
1. Education	165.32		640.15	**0.04**	*805.47*	***0.03***	395.7		1,201.17	**0.02**	8.7	**0.0**
2. Health	186.79		166.55	**0.01**	*353.34*	***0.00***			353.34	**0.00**	2.6	**0.0**
3. Population/reproductive health			18.06	**0.25**	*18.06*	***0.25***			18.06	**0.25**	0.1	**0.0**
4. Water supply/ sanitation	159.82	**64.78**	68.58	**94.95**	*228.4*	***73.84***	565.94	**95.79**	794.34	**89.48**	5.8	**40.0**
5. Government/ civil society	7.3		121.32	**0.10**	*128.63*	***0.10***			128.63	**0.10**	0.9	**0.0**
6. Other social infrastructure/ services	22.89		150.28	**1.36**	*173.17*	***1.18***			173.17	**1.18**	1.3	**0.0**
II. Economic infrastructure/services	280.23	**3.70**	249.56	**4.31**	*529.79*	***3.99***	3,876.96	**36.51**	4,406.75	**32.60**	31.9	**32.0**
1. Transport & storage	194.32		77.53	**0.41**	*271.85*	***0.12***	2,633.96	**25.56**	2,905.81	**23.18**	21.1	**14.7**
2. Communications	0.77		28.35		*29.12*		111.43		140.55		1.0	**0.0**
3. Energy generation/supply	85.14	**12.19**	42.16	**24.78**	*127.3*	***16.36***	1,119.56	**66.30**	1,246.86	**61.20**	9.0	**17.3**
4. Banking/ financial services			16.06		*16.06*		12.01		28.07		0.2	**0.0**
5. Business & other services			85.46		*85.46*				85.46		0.6	**0.0**
III. Production sector	294.35	**2.33**	591.45	**13.44**	*885.8*	***9.75***	1,050.91	**10.55**	1,936.71	**10.18**	14.0	**3.7**
1. Agriculture/forestry/fishing	287.71	**2.39**	334.01	**17.57**	*621.72*	***10.54***	437.11	**14.43**	1,058.83	**12.15**	7.7	**2.2**
1) Agriculture	201.89	**0.19**			*201.89*		437.11	**14.43**	639		4.6	**0.0**
2) Forestry	6.49	**99.97**			*6.49*				6.49		0.0	**0.0**
3) Fishing	79.33				*79.33*				79.33		0.6	**0.0**
2. Industry and mining	6.64		221.88	**9.23**	*228.52*	***8.96***	550.6	**8.68**	779.12	**8.76**	5.6	**1.5**
1) Industry					*0*		550.6	**8.68**	550.6		4.0	**0.0**
2) Mineral resources/mining	6.64				*6.64*				6.64		0.0	**0.0**
3) Construction					*0*				0		0.0	**0.0**
3. Trade & tourism	0		35.56	**0.86**	*35.56*	***0.86***	63.2		98.76	**0.31**	0.7	**0.0**
1) Trade					*0*				0		0.0	**0.0**
2) Tourism					*0*		63.2		63.2		0.5	**0.0**
IV. Multisector/ cross-cutting	15.1	**331.88**	90.39	**93.38**	*105.49*	***127.52***	564.08	**121.95**	669.58	**122.83**	4.9	**24.2**
1. General env. protection	15.1	**331.88**	72.73	**104.39**	*87.84*	***143.48***	180.24	**326.41**	268.07	**266.48**	1.9	**22.5**
2. WID			0		*0*				0		0.0	**0.0**
3. Other muti-sector			17.66	**48.05**	*17.66*	***48.05***	383.85	**25.94**	401.5	**26.92**	2.9	**1.6**
Total	1,131.79		2,096.36		*3,228.15*		6,453.60		9,681.75		70.2	**99.9**
V. Commodity aid/ general	48.99		0		*48.99*		1,484.62		1,533.61		11.1	**0.0**

program assistance										
1. Structural Adjustment Assist. with WB/IMF				*0*		175.59	175.59		1.3	**0.0**
2. Developmental food aid/ food security assistance	48.99			*48.99*			48.99		0.4	**0.0**
3. Other general program/ commodity assistance				*0*		1,309.03	1,309.03		9.5	**0.0**
VI. Action relating to debt	307.43			*307.43*		324.21	631.64		4.6	**0.0**
VII. Emergency assistance	175.1	9.89		*184.99*		207.2	392.19		2.8	**0.0**
VIII. Administrative costs of donors	371.83	1,172.36	**0.02**	*1,544.19*	***0.02***	11.43	1,555.62	**0.02**	11.3	**0.0**
1. Administrative costs		769.93		*769.93*			769.93		5.6	**0.0**
2. Unspecified	371.83	402.43		*774.25*		11.43	785.68		5.7	**0.0**
Grand total	2,035.14	**8.40** 3,278.61	**7.50**	*5,313.75*	***7.84*** 8,481.06		**32.50** 13,794.81	**23.00**	100.0	**100.0**