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Working Party on Statistics

AID TARGETING THE RIO CONVENTIONS
DRAFT REPORT ON THE PILOT STUDY

Note by the Secretariat.

This document is submitted for CONSIDERATION to the Working Party on Statistics at its meeting on 5-6 June 2000.

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AID TARGETING THE RIO CONVENTIONS
DRAFT REPORT ON THE PILOT STUDY

In brief, the pilot study suggested that:

- **Future data collection on aid targeting the objectives of the Rio Conventions should be restricted to a number of identified focus sectors to minimise the administrative burden of reporting. Alternatively, data collection could be restricted to activities marked as "aid to environment".**

- **For future data collection, the definitions of the Rio markers may need to be reviewed. But even with revised definitions, data collection through the CRS will not yield the exact amount of aid donors allocate in support of the Conventions. An extension of the pilot study to multilateral ODA, and even to agencies outside the normal DAC reporting network, would be required to assess the importance of total flows in support of the Conventions.**

- **Rio markers are necessary to assess whether an activity targets the objectives of the Conventions. Taking account of the specificities of the Conventions, the responsibility for compiling Rio marker data might be shared (for example, WP-STAT participants ensuring the *completeness* of reporting and WP-ENV participants the *quality* of reporting).**

- **The Secretariat's conclusion is that reporting on aid targeting the objectives of the Rio Conventions in the CRS is feasible, but it is very much up to Members to decide whether it is desirable. In Section 4, the report presents three options for future action for Members' consideration.**

1. This note discusses collection of data on financial resources extended to developing countries with the purpose of assisting them in the implementation of the three Rio Conventions.

- Framework Convention on Climate Change (FCCC);
- Convention to Combat Desertification (CCD); and
- Convention on Biological Diversity (CBD).

2. It presents the first results of a pilot data collection on the topic, undertaken by the Secretariat in collaboration with the DAC Working Party on Statistics (WP-STAT), the DAC Working Party on Environment and Development (WP-ENV) and the Convention secretariats between March 1999 and April 2000.

3. The objective of the pilot study is to assess whether information required for the monitoring of the implementation of the Conventions can be obtained through donors' regular statistical reporting to the DAC. This note presents such an assessment by the DAC Secretariat. **It is circulated to WP-STAT and WP-ENV Members for consideration at their respective meetings on 5-6 June and 13-14 June 2000.**

Background

4. Under each of the Rio Conventions, developed country parties have committed themselves to assist developing countries in the implementation of the Convention and to report on the measures they have undertaken, including the provision of financial resources. The Convention secretariats have been given the task of assembling these reports for consideration by their respective Conferences of Parties. At present, information is collected in the so-called national communications, but lack of standardisation in the reporting confines analysis to describing individual donors' policies and programmes. The data do not allow for aggregation or for cross-country comparisons[1].

5. The Convention secretariats have requested the DAC to examine whether the relevant data could be obtained through donors' regular statistical reporting to the DAC. The Creditor Reporting System (CRS) database on individual aid activities would in principle be suitable for this purpose. Data are collected in a standard electronic format and the techniques for disseminating the information are well advanced. Using the CRS would be cost-effective as data collection and processing by the DAC Secretariat would involve hardly any extra costs. Donors' reporting burden would also be minimised. However, the regular CRS reporting is not quite detailed enough to satisfy the analytical needs of the Convention secretariats. Refinements to the current reporting on "aid to environment" are required.

6. Any modification of the statistical reporting requirements is subject to a discussion by the Working Party on Statistics (WP-STAT)[2]. Its first reaction to use the CRS for reporting on the Rio Conventions was "positive but cautious". While being in favour of maximising the use of the CRS, the WP-STAT wished to assess the feasibility of refining the reporting as required. The decision to make such an assessment, by means of pilot data collection, was taken by WP-STAT at its meeting on 15-16 June 1998.

7. The pilot study was launched in March 1999 after specification of the methodology (coverage, reporting format, definitions) in consultation with the Convention secretariats, Members of the WP-STAT as well as the Working Party on Environment and Development (WP-ENV). Data collection took place between autumn 1999 and spring 2000.

Participation

8. Seventeen out of 23 DAC Members[3] contributed to the study. Fifteen Members (Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Japan, the Netherlands, Spain, Sweden, Switzerland, the United Kingdom and the United States) provided the requested data. One Member

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1. In the course of the study, the DAC Secretariat screened 15 DAC Members' most recent national communications to FCCC. While all more or less followed the recommended structure and included a separate section on financial assistance and technology transfer, the type of information provided under this heading varied from one Member to another. For example, not all referred to ODA as a funding mechanism. Eight Members had tried to quantify the flows (using, variously, annual or cumulative figures, based on commitments, disbursements or budget appropriations), whereas seven gave no estimates. The descriptive information was of various levels of detail. A similar analysis by the Global Mechanism of the CCD gave essentially the same results.

2. The Working Party on Statistics is a subsidiary body of the DAC. Its mandate covers, among other things, proposing improvements in the statistical reporting, ensuring the fullest possible comparability of reporting and promoting the wide use of the data in international institutions, developing countries and DAC Members.

3. Greece joined the DAC in December 1999.

(Ireland) was not in the position to undertake the supplementary data collection, but provided the Secretariat with a copy of an internal report on the implementation of Agenda 21. One Member (New Zealand) reported it did not address the Conventions within its bilateral aid programme. No comments were received from Italy, Luxembourg, Norway, Portugal and the European Commission.

9. The Secretariat is most pleased with the high rate of participation and would like to thank all Members for their efforts.

Structure of the report

10. Section 1 briefly describes the statistical reporting systems of the DAC, as far as necessary for understanding the methodological approach. Section 2 presents the main orientations of the study and serves as an introduction to the analytical Section 3, split into sub-sections for each Convention. These have been drafted in such a way that readers may choose only one Convention if they so wish, with the unavoidable consequence of some repetition for those who are interested in all three. Section 3 also includes a brief commentary section. The main findings of data analysis are summarised in Section 4, which also presents the Secretariat's conclusions of the study. **Discussion at WP-STAT and WP-ENV will be structured around Section 4**.

1. Reporting on the purpose of aid in DAC statistics

11. The DAC collects data on aid flows through two reporting systems: the annual aggregate DAC statistics and the activity-specific Creditor Reporting System (CRS). The two systems are based on the same concepts and definitions, and have been designed to supplement and reinforce each other. The **DAC statistics** provide an overall picture of the geographical or purpose distribution of aid and of the relative importance of each recipient country, region or purpose in the total. The **CRS** permits examination of the geographical and purpose breakdown simultaneously. But for the analysis to be pertinent the completeness of the data need to be assessed in relation to total ODA reported in the DAC.

12. Reporting on the **purpose of aid** entails classification by sector and by policy objective. Members are requested to assign for each aid activity a detailed purpose code, which identifies "the specific area of the recipient's economic or social structure which the transfer is intended to foster". Each activity can be assigned only one sector/purpose code, so that a "pie chart" of aid by sector, adding up to 100%, can be produced. Reporting on the policy objectives of aid - reduction of poverty, gender equality, environmental sustainability and participatory development/good governance - is based on a marking system with three values: "principal objective", "significant objective", and "not targeted to the policy objective"[4]. Each activity can have more than one policy objective.

13. Statistics on **aid to environment** are derived from both policy marker and sectoral data. Aid activities across all economic sectors can target the objective of environmental sustainability and can be reported as such (principal or significant objective) if the activity "is intended to produce an improvement in the physical and/or biological environment of the recipient country, area or target group concerned" or if it "includes specific action to integrate environmental concerns with a range of development objectives through institution building and/or capacity development". In addition to this general definition, the activity needs to meet a number of eligibility criteria.

14. 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.

15. The general environmental protection category was introduced in the DAC sector classification in 1996. The environment marker has existed since 1989, but its definition was revised in 1997. The full definitions of both are given in Annex 1[5].

4. **Principal** policy objectives are those which can be identified as being fundamental in the design and impact of the activity and which are an explicit objective of the activity. They are selected by answering the question "would the activity have been undertaken without this objective?". **Significant** policy objectives are those which, although important, are not one of the principal reasons for undertaking the activity. The score **not targeted** means that the activity has been screened against, but was found not to be targeted to, the policy objective.

5. The revision of the marker definition implies that data prior to and after 1997 are not fully comparable. Projects earlier classified as "environment-specific" would generally qualify to be marked as targeting environment as principal objective. By contrast, the definition of "environment-integrated" aid was broader than that of targeting environment as a significant objective.

16. The definition of the environment policy marker covers (although does not specifically mention) the objectives of the Rio Conventions which are, concisely, the following[6]:

- Stabilisation of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the **climate** system;
- Combating **desertification** and mitigating the effects of drought in countries experiencing serious drought and/or desertification; and
- Conservation of **biological diversity**, sustainable use of its components, and fair and equitable sharing of the benefits arising out of the utilisation of genetic resources.

17. Similarly, the purpose codes for general environmental protection cover activities in support of the implementation of the Conventions. In both cases, however, aid targeting the Conventions cannot be identified separately from other environmental aid. Each Convention would in principle require its own policy marker.

18. The pilot study sought to test such supplementary marking. The guidance given to Members for the pilot data collection, including the definitions of "climate change", "desertification" and "biodiversity" markers drafted in collaboration with the Convention secretariats, is reproduced in Annex 2.

2. Major orientations of the study

19. The aim of the pilot study was to answer the following questions:

1. How well do the existing reporting systems capture activities targeting the objectives of the Conventions?
2. What additional information is needed to identify these activities separately?
3. In the short run, what data can be made available to the Convention secretariats to assist them in compiling information on financial flows aimed at meeting the Convention goals?
4. In the long run, should data on these items be requested in DAC Members' standard statistical collection or should special surveys be conducted as needed?

20. Section 3 addresses the questions first from the point of view of substance and then from the point of view of practice. This section gives an outline of the analysis so as to minimise repetition between the sub-sections on each Convention.

2.1. Orientation of data analysis

21. All three Conventions have the same thrust. Each specifies the actions (commitments, also called implementing measures) required to achieve the objective of the Convention. Countries that have ratified the Convention (i.e. Parties to the Convention) have a legal obligation to implement them. Most implementing measures concern both developed and developing country parties, but the underlying

6. This assumption made at the outset of the study turned out to be not entirely correct. See Section 4 for details.

principle is that developed countries should take the lead. The extent to which developing countries will effectively implement their commitments depends on financial resources and technology provided by developed countries. The Conventions note that for developing countries, economic and social development and poverty eradication are the overriding priorities.

- First, the sub-section on each Convention summarises the implementing measures they contain. The language has been simplified and the measures have been grouped under a few general headings so as to facilitate a discussion on the Conventions using the DAC terminology on reporting on the purpose of aid.

- Secondly, the main findings of the analysis of pilot marker data are presented. The intention is to give readers both an overview of the data received and an idea of the type of analyses that could be undertaken if future data collection were to be organised through the CRS. Due to the limited sample of data examined, the analysis should not be considered as categoric. It demonstrates the characteristics of the CRS as a data analysis tool, and therefore helps in deciding on future actions, but widening the sample would be necessary to increase its statistical significance.

22. In order to determine the "value added" of the piloted Rio markers (i.e. to assess what additional information they can give in comparison to Members' regular reporting to the DAC and whether that information is valuable enough to justify the costs of its collection), regular CRS/DAC statistics need to be examined from the perspective of the Conventions. Readers are invited to study the examples in Annex 3 that demonstrate the type of analyses that could be carried out without any supplementary data collection.

2.2. Coverage of data examined

23. The data relate to bilateral ODA commitments (i.e. aid to countries on Part I of the DAC list of aid recipients) in 1998, with the exception of Belgium and Spain who report disbursement data to the CRS[7]. Countries that provided data for the pilot study accounted for 96% of total bilateral ODA commitments by DAC bilateral donors that year. The analysis can therefore be considered as representative.

24. However, a number of countries were not able to examine their entire bilateral programme. In particular, data for Canada relate to CIDA only. Data for France cover the commitments by Agence française de développement, the NATEXIS Bank and the Ministry of Foreign Affairs but exclude Fonds français pour l'environnement mondial (FFEM)[8] as well as the technical ministries (e.g. Agriculture, Education, Research). Data for Ireland were not included in the analysis as the documents provided to the Secretariat did not permit extracting data on 1998 activities only. It was clear, nevertheless, that activities in support of the Rio Conventions are financed within Ireland's bilateral programme, in particular in the areas of desertification and drought, sustainable agriculture and rural development, and water supply.

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7. A few Members also reported data on Official Aid. These were excluded from the analysis since the study had been defined to cover ODA only.

8. In 1998, commitments by FFEM amounted to USD 4.2 million for bio-diversity protection and USD 2.3 million for climate change. These data do not, however, well represent the volume of its activities. One specificity of FFEM is that it finances only a part of total project costs (in response to the "incremental cost" principle of the Conventions; on the average 20-40%), the main funding coming from other (French or local) sources. It is also noted that the evaluation of the first phase of FFEM was undertaken in 1998. Normally, commitments have been of the order of USD 17 million a year.

25. Data analysis in the sections below refer to activities by the participating countries only. For example, the share of climate-change-marked activities in total aid to energy is calculated in relation to aid to energy by the participating countries. (Annex 3 is an exception as the discussion is based on standard CRS reporting.)

26. Unless otherwise stated, data analysis relates to all activities that were marked as targeting the Conventions either as a principal or significant objective. Several Members commented that they had experienced difficulties in distinguishing between the two scores, and a few had decided not to undertake scoring. For the latter, the data were treated as if the score had been "significant"[9].

3. Aid targeting the objectives of the Rio Conventions

Note: As the results of pilot data analysis were quite similar for all three Conventions, readers may choose to examine only one of the sections 3.1-3.3.

3.1 Aid targeting the objectives of the Framework Convention on Climate Change

The ultimate objective of the Framework Convention on Climate Change (FCCC), and any related legal instruments that the Conference of Parties may adopt, **is to achieve**, in accordance with the relevant provisions of the Convention, **stabilisation of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system.** Such a level should be achieved within a time-frame sufficient to allow ecosystems to adapt naturally to climate change, to ensure that food production is not threatened and to enable economic development to proceed in a sustainable manner.

3.1.1 Implementing measures of the FCCC

27. The FCCC recognises that, while the climate system is everybody's concern, responsibility for its protection differs between countries according to their respective capabilities. Some developing countries are highly dependent on income generated from the production of fossil fuels and will have difficulties in switching to alternatives. Others (e.g. small island states) are particularly vulnerable to the adverse effects of climate change. Developing countries should not have to bear a disproportionate burden under the Convention. Least developed countries require special attention.

28. Under FCCC, DAC Members have committed themselves to provide, and to make available detailed information on, new and additional financial resources to developing countries

- to meet the costs of implementation of the Convention;
- to communicate information related to the implementation of the Convention; and
- to assist in meeting costs of adaptation to climate change.

29. The implementation measures specified under FCCC relate to 1) exchanging information and increasing knowledge about climate change, 2) incorporating climate change concerns into government policies, 3) mitigating climate change, and 4) preparing for adaptation to climate change. They may entail activities across all economic sectors. The table below lists them according to their likely classification in DAC statistics.

9. Germany's comments included suggestions on how to make the distinction clearer. These should be considered if the decision is to do further work on reporting on the Rio Conventions.

Implementing measure	**Likely classification in the existing DAC statistics**
1. Collection and exchange of information related to climate change • national inventories of anthropogenic emissions and removals of greenhouse gases; • exchange of scientific, technical, socio-economic and legal information related to climate change and to the economic and social consequences of various response strategies; • scientific, technological, technical, socio-economic and other research, systematic observation and development of data archives related to the climate system (causes, effects, magnitude and timing of climate change; economic and social consequences of various response strategies); • education, training and public awareness related to climate change.	**General environmental protection**
2. Policy measures • incorporation of climate change concerns into social, economic and environmental policies and actions; • impact assessments to minimising adverse effects.	**General environmental protection** **Government and civil society**
3. Mitigation • national/regional programmes to mitigate climate change; • development, application and diffusion, including transfer, of technologies, practices and processes that control, reduce or prevent anthropogenic emissions of greenhouse gases; • sustainable management, conservation and enhancement of sinks and reservoirs of greenhouse gases.	**General environmental protection** **Forestry** **Energy** **Transport** **Industry** **Agriculture** **Waste management**
4. Adaptation • integrated plans for coastal zone management, water resources and agriculture, and for the protection and rehabilitation of areas affected by drought, desertification or floods.	**General environmental protection** **Water supply** **Agriculture**

3.1.2 Findings of pilot data collection on "climate-change-related aid"

30. This section examines the data on "climate-change-related aid"[10] reported for the pilot study by 15 Members. A total of 313 individual aid activities were reported and their total value amounted to USD 1.8 billion.

FINDING 1. ***Climate-change-related aid has a strong sectoral focus.*** *Close to 90% of reported activities were in the sectors of energy, transport, agriculture and forestry, and general environmental protection.*

31. Chart 3.1.1 presents the sectoral breakdown of aid activities Members reported as targeting the objectives of the FCCC. It shows that, in value terms, over two-thirds of climate-change-related aid was reported in the transport and energy sectors. Agriculture, water supply and sanitation, and general environmental protection were the other significant sectors with some 20% of total climate-change-related aid.

32. Aggregate data of this kind can, however, give a distorted picture of donors' approaches. Aid to transport and energy is mostly given in the form of investment projects. Their average size is much larger than that of activities in the other sectors and occasionally projects worth over USD 100 million are reported. Aggregate figures are "biased" also in the sense that they reflect first and foremost the large donors' programmes. One loan extended by Japan can in value terms be larger than the total of several smaller donors' climate-change-related activities to all sectors combined.

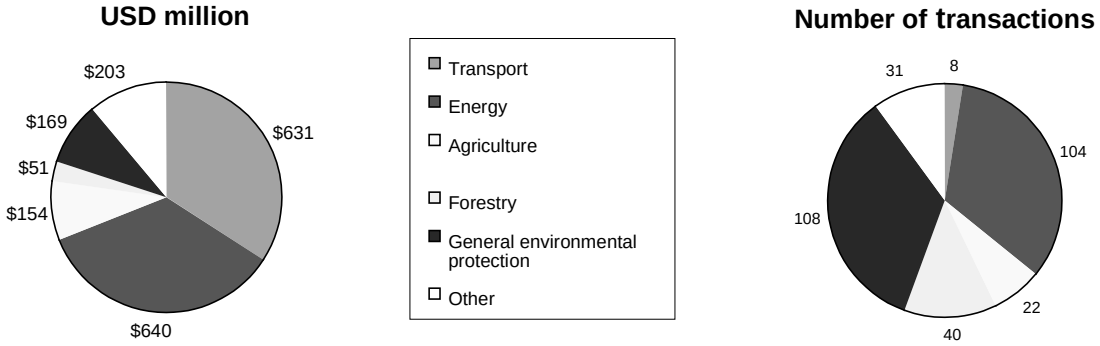
33. The second pie-chart therefore presents the same sectoral breakdown based on the number of projects reported. Energy remains as a main sector of activity, whereas the share of transport drops, as its 35% share by value is accounted for by just 8 projects. General environmental protection activities which account for only 9% of the total value of climate-change-related aid represent over one-third of the number of interventions. Similarly, forestry appears lower in value than in number.

FINDING 2. ***Most donors' aid to energy and general environmental protection seems to address climate change.*** *Otherwise the aid sectors where climate change is addressed vary between donors.*

34. Most donors reported climate-change-related activities in the sectors of energy and general environmental protection and several donors in forestry. By contrast, activities in water supply, transport, agriculture and rural development relate to only a few donors, and those in all other sectors (economic development planning, industry, fishery development, privatisation, multisector aid) to one or two donors only.

10. The term "climate-change-related aid" is used in this report to refer to activities marked as targeting the objectives of the FCCC either as a principal or significant objective. (See Annex 2 for the definition.)

Chart 3.1.1. Sectors targeting Climate change Convention in 1998



FINDING 3. ***Generally, bilateral ODA activities targeting the objectives of the FCCC are few in number and represent a small share of total bilateral aid.***

35. Table 3.1.1 below gives an overview of the marker data received. It shows, for each donor separately, the total value of climate-change-related aid per sector. For all sectors combined, Japan (followed by the United States and Germany) reported the largest number and value of activities, whereas the share of climate-change-related aid in total bilateral ODA was largest for Finland (followed by Japan and Germany). Other Members' data seem to indicate little emphasis on climate change in bilateral ODA programmes. It is possible, however, that the low figures reflect difficulties experienced in marking.

36. The table also shows climate-change-related aid in relation to bilateral ODA in the identified focus sectors by all donors combined. Climate-change-related aid in energy, transport, forestry, general environmental protection and, to a lesser extent, agriculture represent a significant share of total aid to these sectors. In all other sectors the share is very small. All in all, climate-change-related aid could be described as "a handful of projects" within a few economic sectors.

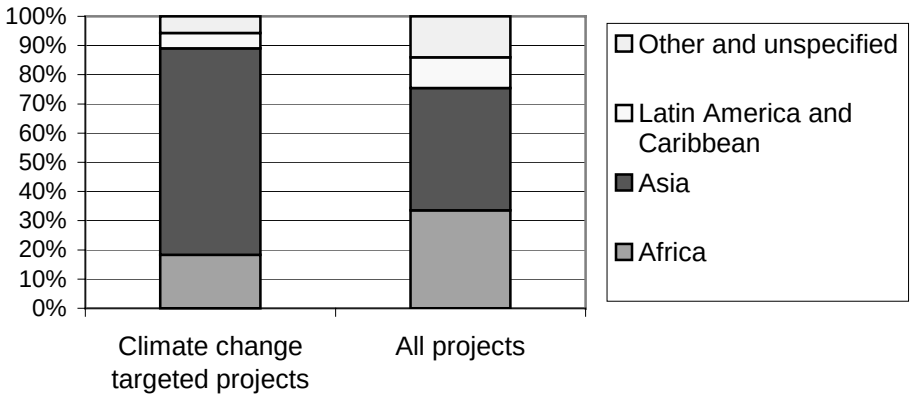
Table 3.1.1. Sectors targeting Climate change Convention in 1998

	Transport	Energy	Agriculture	Forestry	General Environmental Protection	Other	TOTAL	% of total bilateral ODA	*Number of marked projetcs*
	USD million	USD million	USD million	USD million	USD million	USD million	USD million	%	
AUSTRALIA	-	0.0	-	0.1	1.0	0.6	**1.7**	0.4%	*8*
AUSTRIA	-	-	-	-	0.6	0.3	**0.9**	0.4%	*4*
BELGIUM	-	-	3.3	0.4	2.3	-	**6.0**	1.2%	*27*
CANADA	6.7	9.7	-	0.1	2.7	5.9	**25.2**	2.3%	*12*
DENMARK	-	9.1	-	-	9.0	-	**18.2**	4.5%	*3*
FINLAND	-	1.3	9.1	16.5	4.2	1.5	**32.5**	14.9%	*15*
FRANCE	4.2	54.2	-	-	2.8	-	**61.2**	1.8%	*13*
GERMANY	-	178.8	-	11.4	19.9	55.3	**265.3**	11.0%	*24*
JAPAN	619.8	319.0	140.3	4.9	58.9	120.4	**1263.2**	11.7%	*85*
NETHERLANDS	-	9.2	0.0	-	2.6	4.9	**16.7**	0.8%	*29*
SPAIN	-	-	-	-	2.0	-	**2.0**	0.2%	*13*
SWEDEN	0.2	1.7	-	-	-	0.3	**2.2**	0.2%	*14*
SWITZERLAND	-	1.2	-	-	3.3	-	**4.5**	0.9%	*8*
UNITED KINGDOM	-	30.0	-	0.5	-	8.7	**39.2**	1.2%	*12*
UNITED STATES	-	25.6	1.5	17.0	59.7	5.1	**108.8**	2.3%	*46*
TOTAL	**630.9**	**639.8**	**154.1**	**50.9**	**169.0**	**202.9**	**1847.7**	**5.7%**	***313***
% of total bilateral ODA in each sector	17.5%	23.7%	7.6%	20.9%	20.3%	0.9%	**5.7%**		
Number of marked projetcs	*8*	*104*	*22*	*40*	*108*	*31*	***313***		

FINDING 4. ***Climate-change-related aid appears also to be focused geographically.***

37. Chart 3.1.2 shows that, in value terms, three-quarters of reported activities were for Asia and 18% for Africa. Examination of the number of transactions reveals that interventions are fairly evenly distributed between Africa, Asia and Latin America. Also, a large number of small-value activities are global in nature (i.e. not extended to any particular recipient, and reported under "LDCs unspecified").

Chart 3.1.2. Regional breakdown of climate change targeted projects - USD amounts - 1998



FINDING 5. ***There is no sign of "automaticity" in marking.*** *The identification of climate-change-related activities separately from the rest is not possible without the marker.*

38. Apart from the sectoral focus, the pilot data did not show evidence of "typical" climate-change-related activities. For example, some, but not all, renewable energy projects were reported as climate-change-related. The project titles and descriptions sometimes, but not always, referred to "energy efficiency". This indicates that marking for the pilot study was based on a careful examination of individual activities and that donors followed the definition given for the exercise. At the same time it suggests that the descriptive information (project title and description) collected in regular CRS reporting does not, on its own, permit assessment of an activity's relevance to climate change.

FINDING 6. ***Climate-change-related activities had mostly, but not always, been reported as aid to environment.***

39. One of the assumptions of the pilot study was that all aid related to climate change would score on the existing "aid to environment" marker. This seems to not necessarily be the case. Approximately one-tenth of the reported activities, mostly in the sectors of agriculture and forestry, had not been marked as aid to environment in regular CRS reporting.

FINDING 7. ***Climate change is addressed both as a "principal" and "significant" objective.***

40. The majority of marked activities were reported as addressing climate change as a significant objective. Activities in water supply, transport, agriculture and forestry had all been scored "significant". By contrast, in energy and general environmental protection both "principal" and "significant" scores had been given. Furthermore, it was not uncommon that an activity had been reported "significant" against aid to environment and "principal" against climate change.

3.2 Aid targeting the objectives of the United Nations Convention to Combat Desertification

The objective of the Convention is **to combat desertification and mitigate the effects of drought in countries experiencing serious drought and/or desertification, particularly in Africa,** through effective action at all levels, supported by international co-operation and partnership arrangements, in the framework of an integrated approach which is consistent with Agenda 21, **with a view to contributing to the achievement of sustainable development in affected areas**.

Achieving this objective will involve long-term integrated strategies that focus simultaneously, in affected areas, on improved productivity of land, and the rehabilitation, conservation and sustainable management of land and water resources, leading to improved living conditions, in particular at the community level.

3.2.1 Implementing measures of the CCD

41. The CCD envisages that combating desertification and mitigating the effects of drought require, on the one hand, international solidarity, partnership and co-operation and, on the other hand, active participation of populations and local communities. In brief, the affected countries are responsible for addressing the underlying causes of desertification, promoting the objectives of the Convention within the framework of national sustainable development plans and policies, and providing through legislative measures an enabling environment for its implementation. The developed countries' obligation is to actively support these efforts and provide substantial financial resources and other forms of assistance to affected countries as well as facilitate their access to appropriate technology, knowledge and know-how. Africa is assigned as the priority region for financial and other assistance due to the substantial number of countries and populations adversely affected by desertification and by the frequent recurrence of severe drought.

42. The core implementing measure of the CCD is the national action programme. Its purpose is to identify, first, the factors contributing to desertification and, secondly, practical measures necessary to combat desertification and mitigate the effects of drought. Sub-regional and regional action programmes may also be prepared to harmonise, complement and increase the efficiency of national programmes. In providing assistance to affected countries, developed countries are specifically requested to give priority to the action programmes.

43. The support to action programmes may be for their elaboration, implementation or follow-up and consequently entail activities under several sectors. The table below lists the main elements according to their likely classification in DAC statistics. Other implementing measures i.e. scientific and technical co-operation as well as capacity building and public awareness are also summarised.

Implementing measure	**Likely classification in the existing DAC statistics**
PRIORITY **1. Support to national, sub-regional and regional action programmes** *involving* • elaboration of long-term strategies to combat desertification and mitigate the effects of drought; their integration with national policies for sustainable development; • elaboration of preventive measures for lands that are not yet degraded or that are only slightly degraded; *possibly including* • measures to prepare for and mitigate the effects of drought, such as: - drought early warning systems and mechanisms for assisting environmentally displaced persons; - drought preparedness and management; - food security systems; - alternative livelihood projects; - sustainable irrigation programmes for both crops and livestock; • measures in other fields that relate to combating desertification, such as: - demographic dynamics; - sustainable management of natural resources, sustainable agricultural practices; - development and efficient use of various energy sources; - institutional and legal frameworks; - strengthening of capabilities for assessment and systematic observation including hydrological and meteorological services.	**General environmental protection** **Developmental food aid/ Food security assistance** **Agriculture** **Population** **Agriculture, Forestry** **General env. protection** **Energy** **Water supply** **General government services**
2. Scientific and technical co-operation • collection and exchange of information related to desertification to ensure systematic observation of land degradation in affected areas and to understand better and assess the processes and effects of drought and desertification; • research on the processes leading to desertification and drought and on the impact of natural and human causal factors; • development and transfer of environmentally sound technology relevant to combating desertification.	**General environmental protection**
3. Other supporting measures: capacity building and public awareness • strengthening extension services, training rural organisations in - conservation and sustainable use of natural resources; - alternative energy sources; - alternative livelihoods; • adapting relevent environmentally sound technology and traditional methods of agriculture to modern socio-economic conditions.	**General environmental protection** **Agriculture**

3.2.2 Findings of pilot data collection on "desertification-related aid"

44. This section examines the data on "desertification-related aid"[11] reported for the pilot study by 14 Members. A total of 294 individual aid activities were reported and their total value amounted to USD 562 million.

FINDING 1. ***Desertification-related aid has a strong sectoral focus.*** *Over 90% of reported activities were in the sectors of agriculture, water supply, forestry and general environmental protection.*

45. Chart 3.2.1 presents the sectoral breakdown of aid activities Members reported as targeting the objectives of the CCD. It shows that, in value terms, close to one-half of desertification-related aid was reported in the agricultural sector. Water supply is the second largest sector representing one-third of the total value of activities. The sectoral breakdown based on the number of activities reported shows that forestry and general environmental protection are also highly relevant to CCD. Though small in value, activities in these two sectors represent over 40% of the number of interventions.

46. A more detailed examination of the pilot data show some further concentration by sub-sector. The DAC sector classification defines aid to agriculture through nineteen categories (purpose codes) but desertification-related aid to agriculture was essentially reported under four categories i.e. "agricultural inputs", "agricultural water resources", "agricultural land resources" and "agricultural policy and administrative management". In the first two categories, the marked activities also represented a significant share of the total (both in value and in number)[12]. Within general environmental protection, the sub-sectors of focus were "environmental policy and administrative management", "environmental education and training" and "biodiversity".

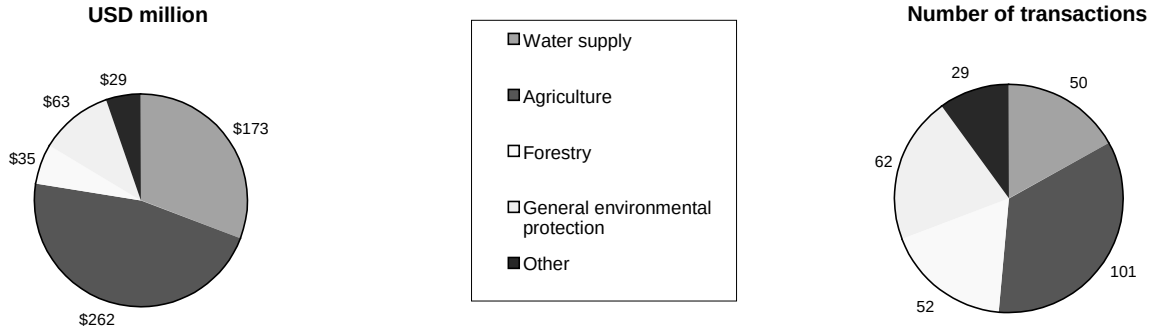
FINDING 2. ***The sectoral focus of desertification-related aid varies between donors, but within the above-mentioned four sectors.***

47. Nine donors reported activities in three or four of the above-mentioned sectors, whereas five donors only in one or two. Five donors had reported some activities under "rural development", but in all other sectors (economic and development planning, general government services, energy, industrial development, multisector aid, food aid, emergency aid) data are very sparse.

11. The term "desertification-related aid" is used in this report to refer to activities marked as targeting the objectives of the CCD either as a principal or significant objective. (See Annex 2 for definition.)

12. For example, 56% of total aid to agricultural land resources (31% of the total number of activities) was marked as targeting CCD. Within aid to agriculture in general, 14% of the total value and 6% of the total number of activities had been marked.

Chart 3.2.1. Sectors targeting Desertification Convention in 1998



FINDING 3. ***The data give very little indication of support to the elaboration or implementation of national, sub-regional or regional action programmes.***

48. None of the reported activities made specific reference to national action programmes. This may be due to the fact that only very limited information can be provided through project titles/descriptions but, even so, this seems to be an unexpected result as national action programmes are defined as the priority implementing measure of the CCD. A number of activities, in particular reported by France, did address the regional aspects of desertification. Generally, the data seem to show that specific measures - in a particular sector in a particular area or region of the recipient country - are more common than support to wider strategies to combat desertification. Furthermore, there was no sign of measures to prepare for and mitigate the effects of drought with the exception of a few food security programmes. As regards scientific and technical co-operation, desertification training programmes were reported by Japan and Spain.

FINDING 4. ***Generally, bilateral ODA activities targeting the objectives of the CCD are few in number and represent a small share of total bilateral aid.***

49. Table 3.2.1 above gives an overview of the marker data received. It shows, for each donor separately, the total value of desertification-related aid per sector. For all sectors combined, Japan (followed by Germany) reported the largest amounts, whereas the share of desertification-related aid in total bilateral ODA was largest for Finland (followed by Germany, Denmark and Japan). Other Members' data seem to indicate little emphasis on desertification in bilateral ODA programmes. It is possible, however, that the low figures reflect difficulties experienced in marking. Sweden, for example, did not report any activities as desertification-related because none fully complied with the given definition. Still, combatting desertification in a number of African countries has been a priority objective within the Swedish aid programme over the years.

50. The table also shows desertification-related aid in relation to bilateral ODA in the identified focus sectors for all donors combined. Forestry and agriculture show the highest shares, but general environmental protection and water supply can also be considered as significant.

Table 3.2.1. Sectors targeting Desertification Convention in 1998

	Water supply	Agriculture	Forestry	General Environmental Protection	Other	TOTAL	% of total bilateral ODA	*Number of marked projects*
	USD million	USD million	USD million	USD million	USD million	USD million	%	
AUSTRALIA	0.0	-	0.1	0.9	0.1	**1.1**	0.3%	*4*
AUSTRIA	1.0	0.6	-	-	0.6	**2.2**	1.0%	*5*
BELGIUM	0.5	1.5	0.6	0.5	-	**3.2**	0.6%	*24*
CANADA	1.3	5.1	0.1	0.3	4.6	**11.3**	1.1%	*8*
DENMARK	-	14.2	-	-	-	**14.2**	3.5%	*2*
FINLAND	2.7	0.8	6.6	4.7	1.1	**15.9**	7.3%	*16*
FRANCE	-	21.4	-	6.5	5.8	**33.8**	1.0%	*22*
GERMANY	71.0	49.6	7.9	31.7	4.4	**164.7**	6.8%	*34*
JAPAN	82.2	148.5	13.7	-	2.3	**246.6**	2.3%	*84*
NETHERLANDS	9.9	1.7	6.5	0.0	-	**18.1**	0.9%	*29*
SPAIN	-	-	-	0.4	-	**0.4**	0.0%	*16*
SWITZERLAND	0.4	3.8	-	1.1	0.4	**5.7**	1.2%	*13*
UNITED KINGDOM	4.4	0.4	-	1.1	4.4	**10.1**	0.3%	*16*
UNITED STATES	-	14.3	-	15.3	5.6	**35.2**	0.7%	*21*
TOTAL	**173.4**	**261.8**	**35.4**	**62.5**	**29.3**	**562.4**	**1.8%**	***294***
% of total bilateral ODA in each sector	7.4%	13.7%	16.3%	7.9%	0.1%	**1.8%**		
Number of marked projects	*50*	*101*	*52*	*62*	*29*	***294***		

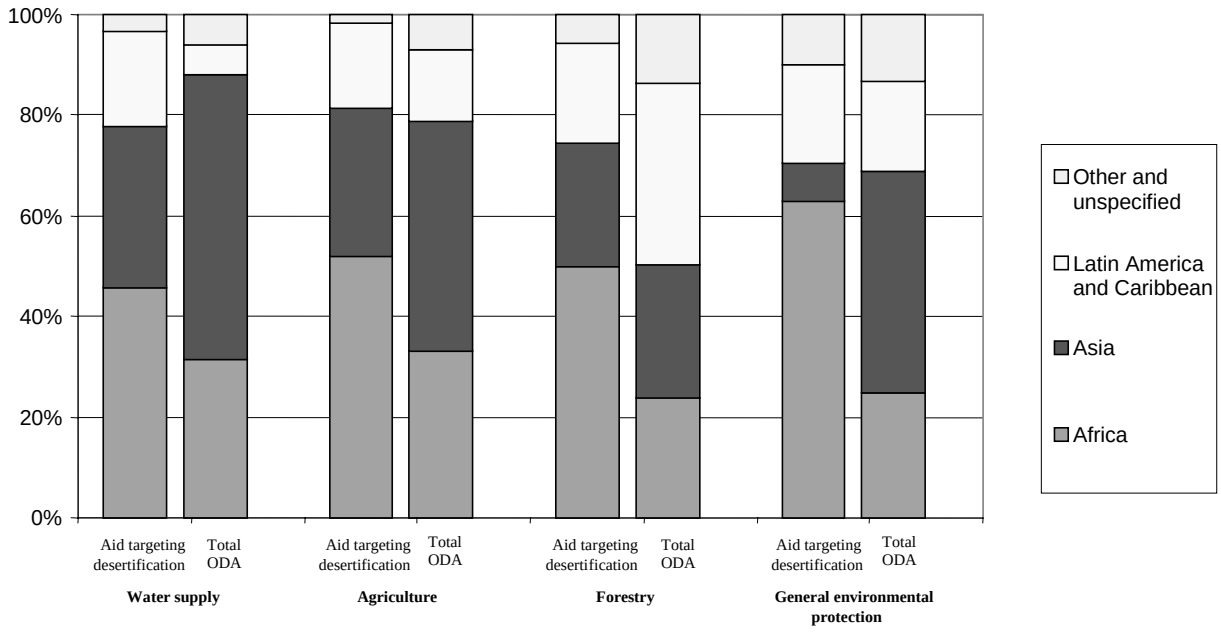
FINDING 5. ***Desertification-related aid is focused on Africa as called for in the Convention.***

51. The geographical breakdown of desertification-related aid shows that, in value terms, one-half of total desertification-related aid reported by Members was for Africa. In comparison, Africa's share of total bilateral ODA was 34%. The data therefore indicate that aid targeting the objectives of the CCD is focused to Africa (while not neglecting the other regions) as the Convention stipulates.

52. Examination of the geographical and sectoral breakdown of desertification-related aid simultaneously in Chart 3.2.2. shows that, in Africa, activities are carried out in all of the four sectors identified above as focus sectors for CCD. Also, targeting on Africa is visible in all four sectors - agriculture and water supply, and to an even larger extent in forestry and general environmental protection. (Africa received 24% of total aid to forestry in 1998 but 49% of desertification-related aid to forestry. In aid to water supply, the shares were 32% and 46% respectively.)

53. The data could be further analysed to identify, for example, the major recipient countries. Another alternative would be to analyse the data by calculating aggregates for "affected countries" or "affected least developed countries", or simply examine the activities financed in a particular affected country. This is left aside for the time being as the pilot data sample is too small to permit analysis at the level of individual recipients.

Chart 3.2.2. Regional sectoral breakdown targeted compared to total ODA - USD



FINDING 6. ***There is no sign of "automaticity" in marking.*** *The identification of desertification-related activities separately from the rest is not possible without the marker.*

54. Even though focused by sector and sub-sector, desertification-related aid cannot be distinguished from the rest without the marker. For example, 50 projects were marked as combatting desertification in the water sector, but on the basis of the available descriptive information (project title and description) these appear no different from the other 500 water supply projects reported to the CRS for 1998. In agriculture, projects marked under "agricultural land resources" often refer to erosion or desertification control but not all aid to this sub-sector has been marked against desertification. A search with keywords such as *"desert"*, *"drought"* or *"sèche"* did not capture all marked activities and, conversely, activities captured had not all been marked as desertification-related. (This is not surprising. It indicates that marking for the pilot study was based on a careful examination of individual activities and that donors followed the definition given for the exercise.)

<u>FINDING 7.</u> Desertification-related activities had not always been reported as aid to environment. Desertification is addressed both as a "principal" and "significant" objective.

55. One of the assumptions of the pilot study was that all desertification-related aid would score on the existing "aid to environment" marker. This seems not necessarily to be the case. In particular, a large share of activities within the agricultural sector (mostly by Japan but also by Belgium) had not been marked as aid to environment in regular CRS reporting. The activities were quite evenly scored "principal" and "significant" in all four focus sectors.

3.3 Aid targeting the objectives of the United Nations Convention on Biological Diversity

The objectives of the Convention on Biological Diversity (CBD), to be pursued in accordance with its relevant provisions, **are the conservation of biological diversity, the sustainable use of its components and the fair and equitable sharing of the benefits arising out the utilisation of genetic resources**, including by appropriate access to genetic resources and by appropriate transfer of relevant technologies, taking into account all rights over those resources and to technologies, and by appropriate funding.

3.3.1 Implementing measures of the CBD

56. The underlying principle of the CBD is that States have the sovereign right to exploit their own resources pursuant to their own environmental policies, but also the responsibility to ensure that activities within their jurisdiction do not cause damage to the environment of other States. The provisions of the Convention therefore apply to (a) biological diversity in areas within the limits of the national jurisdiction of each state, and (b) activities and processes carried out under its jurisdiction or control, regardless of where their effects occur.

57. The implementation measures specified under CBD include 1) general measures for conservation and sustainable use of biological diversity, including identification and monitoring of its components, 2) *in-situ* and *ex-situ* conservation (conservation *inside* and *outside* the natural habitats), 3) sustainable use of components of biological diversity, and 4) fair and equitable sharing of benefits arising from the utilisation of genetic resources.

58. Access to and transfer of technology are seen as essential elements for the attainment of the objectives of the Convention. In funding and transferring technology, special consideration should be

given to least developed countries, small island states, and the most environmentally vulnerable countries such as those with arid and semi-arid zones, coastal and mountainous areas.

Implementing measure	**Likely classification in the existing DAC statistics**
1. General measures *Policy measures* • National strategies, plans, programmes and incentive measures for the conservation and sustainable use of biological diversity; • Integration of conservation and sustainable use of biological diversity into relevant sectoral or cross-sectoral plans and policies;	**General environmental protection** **Across all sectors**
Implementing measure	**Likely classification in the existing DAC statistics**
Identification and monitoring • Identification of components of biological diversity important for its conservation and sustainable use; monitoring these components through sampling and other techniques (including databases); • Identification of processes and activities which have, or are likely to have, a significant adverse impact on the conservation and sustainable use of biological diversity; systematic environmental impact assessments; • Exchange of information relevant to the conservation and sustainable use of biological diversity; *Education, training, research* • Scientific and technical education and training; development of educational and public awareness programmes.	**General environmental protection** **Across all sectors**
2. Conservation *In-situ conservation* • Establishment and management of protected areas; • Protection of ecosystems and natural habitats; development of legislation for the protection of threatened species and populations; • Rehabilitation of degraded ecosystems; support to local populations to develop and implement remedial action in degraded areas; • Preserving indigenous and local communities' knowledge and traditions relevant for the conservation and sustainable use of biological diversity; • Controlling risks associated with biotechnology (living modified organisms); *Ex-situ conservation* • Establishment of facilities for *ex-situ* conservation of, and research on, plants, animals and micro-organisms. *Cont*	**General environment protection** **Agriculture, Forestry, Fishing,** **Rural development**

3. Sustainable use of components of biological diversity *(Cont.)* *Integration of biological diversity into sectoral programmes e.g.* • Sustainable management of agricultural land, forests, sea resources; combating land degradation and deforestation; • Sustainable wildlife management; • Water resources protection and rehabilitation; • Sustainable use of sensitive environmental areas for tourism.	**Across all sectors** **Agriculture, Forestry, Fishing, General envir. protection,** **Water supply & sanit., Tourism**
4. Fair and equitable sharing of benefits • Legislative, administrative and policy measures on access to genetic resources for environmentally sound uses; • Facilitate access to, and transfer of, biotechnology.	**General environmental protection**

3.3.2 Findings of pilot data collection on "biodiversity-related aid"

59. This section examines the data on "biodiversity-related aid"[13] reported for the pilot study by 14 Members. A total of 555 individual aid activities were reported and their total value amounted to USD 778 million.

FINDING 1. ***Biodiversity-related aid has a strong sectoral focus.*** *General environmental protection is the main sector of activity, but agriculture, forestry, fishing and water supply are also important.*

60. Chart 3.3.1 presents the sectoral breakdown of aid activities Members reported as targeting the objectives of the CBD. It shows that, in value terms, biodiversity-related aid is mainly extended within the sectors of agriculture, general environmental protection and water supply which together add up to 70% of the total. The sectoral breakdown based on the number of activities reported (second pie in chart 3.3.1) shows that almost one-half were in general environmental protection. Forestry and agriculture combined represented 30% of the total.

61. The concentration on "general environmental protection" is not surprising. The review of the implementation measures of the CBD suggested that most of them were likely to be classified within this sector (see table in Section 3.3.1 above). Conservation measures in particular are likely to be reported against the purpose code "biodiversity"[14]. "Sustainable use of components of biodiversity" was an exception as it could involve activities in all sectors. The pilot data seem to indicate that the most relevant sectors are agriculture, forestry, fishing and water supply.

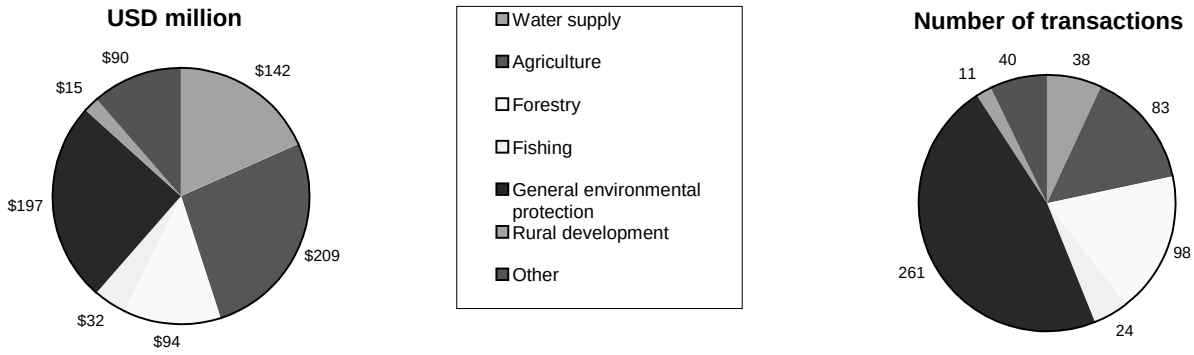
13. The term "biodiversity-related aid" is used in this report to refer to activities marked as targeting the objectives of the CBD either as a principal or significant objective. (See Annex 2 for definition.)

14. The "biodiversity" purpose code is defined to include "natural reserves and actions in the surrounding areas, other measures to protect endangered or vulnerable species and their habitats".

<u>FINDING 2.</u> The sectoral distribution of biodiversity-related aid is more dispersed than that of climate-change-related and desertification-related aid.

62. All donors reported activities in general environmental protection, most donors also in agriculture and forestry, and seven out of fourteen in fishing. Data on water supply relate to five donors only. Other sectors in which donors reported biodiversity-related activities were "rural development" (8 donors), industry, mining, energy, business, tourism, transport, communications, education, health, government and civil society, other social infrastructure and services, and multisector aid. In comparison with climate-change-related and desertification-related aid, there is a wider spread. Biodiversity-related aid in sectors "other than identified focus sectors" represented 12% of total marked activities, whereas the corresponding percentages for climate change and desertification were 11% and 5% respectively.

Chart 3.3.1. Sectors targeting Biodiversity Convention in 1998



<u>FINDING 3.</u> Generally, bilateral ODA activities targeting the objectives of the CBD are few in number and represent a small share of total bilateral aid.

63. Table 3.3.1 below gives an overview of the marker data received. It shows, for each donor separately, the total value of biodiversity-related aid per sector. For all sectors combined, Japan (followed by Germany and France) reported the largest amounts, whereas the share of biodiversity-related aid in total bilateral ODA was largest for Finland (followed by Denmark, Germany and Switzerland). Other Members' data seem to indicate little emphasis on biodiversity in bilateral ODA programmes. The average for countries who provided data for the study was less than 3%.

64. The table also shows biodiversity-related aid in relation to bilateral ODA in the identified focus sectors by all donors combined. Biodiversity-related aid represents a significant share of aid activities in forestry, general environmental protection and fishing, but also in agriculture and water supply.

Table 3.3.1. Sectors targeting Biodiversity Convention in 1998

	Water supply	Agriculture	Forestry	Fishing	General environmental protection	Rural development	Other	TOTAL	% of total bilateral ODA	*Number of marked projetcs*
	USD million	USD million	USD million	USD million	USD million	USD million	USD million	USD million	%	
AUSTRALIA	-	0.3	0.2	1.3	2.1	0.0	-	**4.0**	1.0%	*11*
AUSTRIA	-	0.4	-	-	0.4	0.3	0.7	**1.8**	0.9%	*6*
BELGIUM	-	6.1	1.0	0.8	0.6	-	-	**8.4**	1.6%	*51*
CANADA	-	-	0.1	-	9.0	-	3.8	**12.9**	1.2%	*13*
DENMARK	-	6.8	-	-	29.3	-	-	**36.1**	8.9%	*8*
FINLAND	1.8	0.2	16.0	0.3	5.3	0.4	1.1	**25.0**	11.5%	*16*
FRANCE	74.2	17.3	2.6	1.7	7.8	1.0	0.4	**105.0**	3.2%	*69*
GERMANY	30.1	6.0	24.6	3.3	50.6	8.5	3.2	**126.4**	5.2%	*42*
JAPAN	35.5	144.9	20.8	23.8	32.4	0.2	75.1	**332.6**	3.1%	*97*
NETHERLANDS	-	21.9	15.9	0.0	37.6	0.0	-	**75.5**	3.7%	*79*
SPAIN	-	-	-	-	5.3	-	-	**5.3**	0.5%	*73*
SWEDEN	0.1	0.5	0.2	0.4	3.7	-	1.8	**6.7**	0.5%	*37*
SWITZERLAND	-	4.8	6.3	-	11.1	-	2.5	**24.7**	5.0%	*39*
UNITED KINGDOM	-	0.2	6.4	-	2.0	4.2	1.0	**13.8**	0.4%	*14*
TOTAL	**141.7**	**209.3**	**94.3**	**31.6**	**197.1**	**14.6**	**89.7**	**778.2**	**2.8%**	***555***
% of total bilateral ODA in each sector	6.6%	12.5%	48.6%	18.3%	36.3%	3.3%	0.4%	**2.8%**		
Number of marked projetcs	*38*	*83*	*98*	*24*	*261*	*11*	*40*	***555***		

FINDING 4. ***The geographical distribution of biodiversity-related aid shows a focus on Asia.***

65. Chart 3.3.2 below presents the geographical breakdown of biodiversity-related aid. In value terms, Asia was the main recipient region. Over one-half of the total biodiversity-related aid was reported for Asia. In comparison, Asia's share of total bilateral ODA was 45%. Examining the sectoral breakdown simultaneously shows that biodiversity projects in agriculture and fishing were particularly targeted on Asia.

66. Chart 3.3.3 gives an example of yet another way of addressing the issue of targeting. Aggregated per income group, the data show that 13% of biodiversity-related aid was extended to least developed countries, whereas one-fifth of total aid was for LLDCs. Calculation based on the number of transactions reported gives the same result. The pilot data therefore shows no evidence of targeting to LLDCs as stipulated in the CBD.

Chart 3.3.2. Regional and sectoral breakdown of biodiversity targeted projects – USD amounts

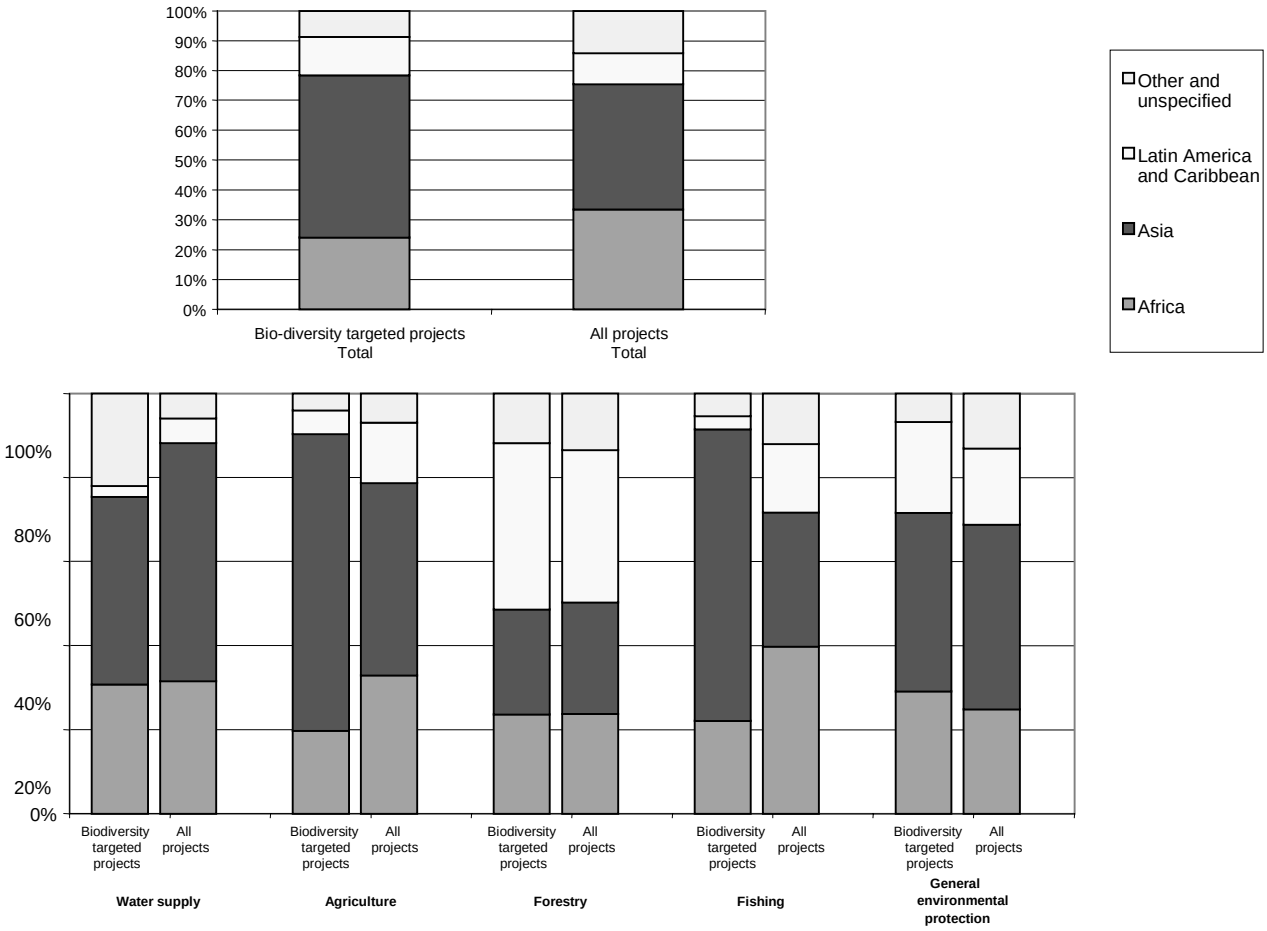
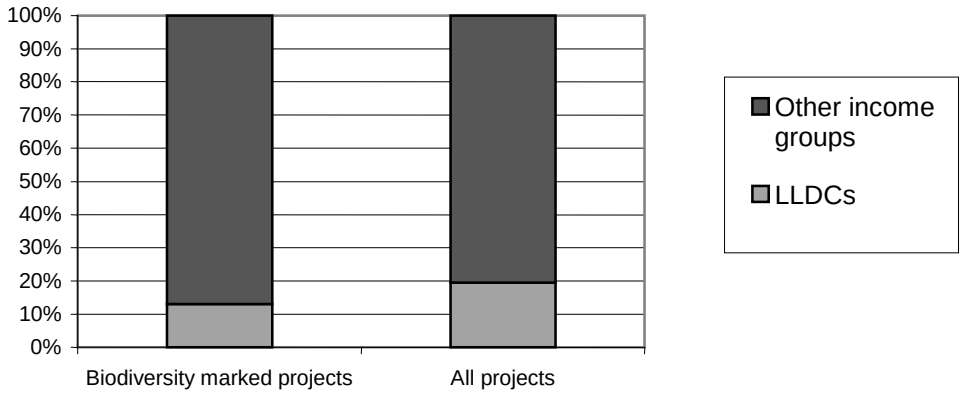


Chart 3.3.3. Share of LLDCs in biodiversity targeted projects – 1998 – USD amounts



FINDING 5. ***There is no sign of "automaticity" in marking.*** *The identification of biodiversity-related activities separately from the rest is not possible without the marker.*

67. Even though focused by sector, biodiversity-related aid cannot be distinguished from the rest without the marker. On the basis of the decriptive information (project title and description), biodiversity-related forestry projects do not appear any different from non biodiversity-related forestry projects. A search with keywords such as *"biodiv"* within descriptive data fields captures very few activities.

68. Not all activities with the purpose code "biodiversity" had been marked as targeting the objectives of the CBD. This is likely to be due to the fact that not all activities explicitly made reference to the Convention.

FINDING 6. ***Biodiversity-related activities had not always been reported as aid to environment. Biodiversity is addressed both as a "principal" and "significant" objective.***

69. One of the assumptions of the pilot study was that all biodiversity-related aid would score on the existing "aid to environment" marker. This seems to not necessarily be the case. In particular, a number of activities in water supply and agriculture were reported as biodiversity-related but had not been marked as aid to environment in regular CRS reporting. The activities were quite evenly scored "principal" and "significant" in all five focus sectors.

3.4 Commentary section

70. Analysis of pilot data does not, however, provide all necessary elements for assessing how well the DAC systems capture activities in support of the implementation of the Conventions. The following questions also require attention:

- Reporting on aid to environment relates to bilateral Official Development Assistance and Official Aid only. Multilateral aid is neither sector-coded nor marked against the policy

objectives. The marker system will therefore not capture aid extended through the multilaterals[15]. The annual DAC statistics request, however, data on Members' contributions to the Global Environmental Facility (ODA eligible up to 75%) and the Montreal Protocol (100% ODA eligible). In 1998, these added up to USD 80 million and USD 91 million respectively for all DAC Members combined. Depending on the extent to which multilateral aid is channelled through these mechanisms, the DAC systems can provide a more or less complete record on Members' multilateral support for the implementation of the Conventions.

- All three Conventions stipulate provision of "new and additional" financial resources to enable developing countries to meet the costs of implementing measures. This principle could imply that very few activities are financed from the aid agencies' budgets, whereas the majority could fall under, for example, the budget of the ministry of environment[16].

- Donors' reporting on "aid to environment" varies in its coverage and quality. It was patchy in the beginning, but has improved during the last few years. At present, 17 Members provide annual aggregate data on aid to environment in the DAC and 15 report against the environment marker in the CRS. Marker data are obtained relatively well from each Member's central aid authority, whether an independent agency or a department in the Ministry of Foreign Affairs. However, difficulties are still experienced with the reporting on aid by other government ministries, local governments and NGOs. They are less aware of the work of the DAC, generally find the DAC reporting requirements too complex, have difficulties in applying DAC methodology in their field of work, etc.

- The WP-STAT general view is that data collection at the international level requires pragmatism and that statistical reporting requirements should, if anything, be simplified. Great emphasis is placed on the comparability of data between donors, and in practice, data collection "makes sense" only if it is feasible by the large majority of donors.

71. The data analysis makes several references to Members' comments on the pilot data collection. Not all comments received have been incorporated in the report although they were very much kept in mind when conducting the analysis. Germany, in particular, provided extensive comments on a "future convention marker system" including suggestions on how to clarify the definitions. These will be brought into discussion provided Members decide to pursue the work on reporting on the Rio Conventions, but can of course be made available to interested Members upon request. One issue that should be raised to complete the discussion is, however, that of marking an activity against more than one Convention.

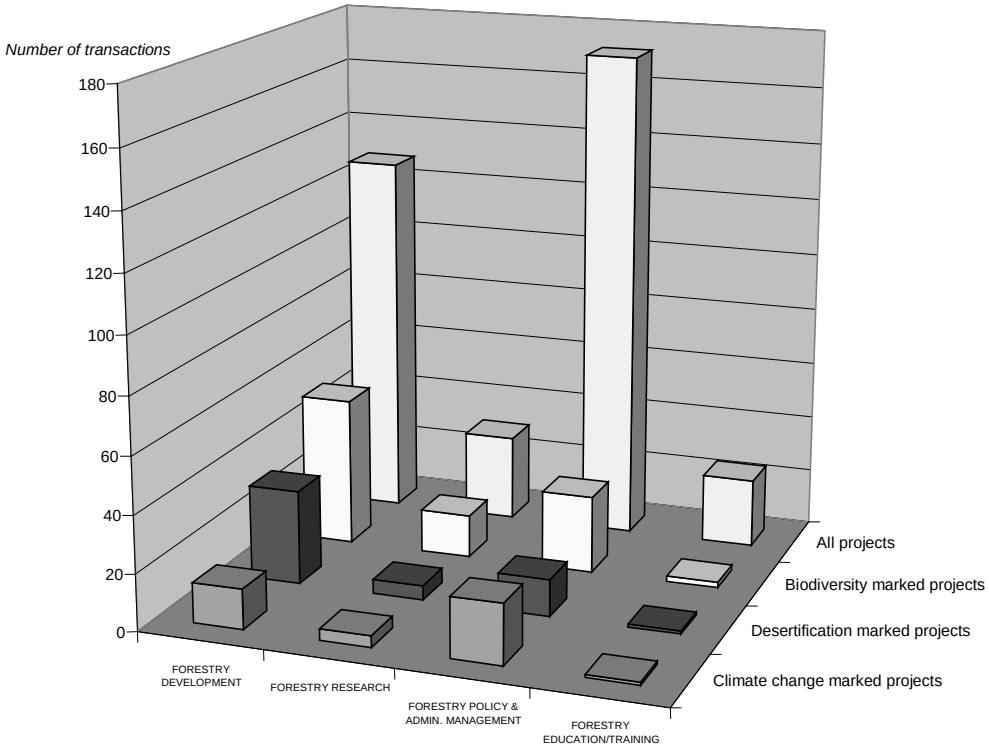
72. An activity can in principle target the objectives of the three Rio Conventions at the same time. This implies that data on climate change, desertification and biodiversity related aid should not be added up as it would result in double-counting. One-fifth of the activities reported to the pilot study were marked against more than one Convention, but less than 5% against all three. The largest share of activities marked

15. The DAC seeks to collect data on aid activities by multilateral organisations on the same basis as it does for bilateral donors. At present, CRS data are received from the World Bank group, the regional development banks and IFAD, which together account for approximately 40% of multilateral ODA. Data for the European Commission presently relate to EDF only but exclude activities financed through the Commission budget. No project data are received from the United Nations. None of the multilaterals report on the existing policy markers.

16. This can partly explain why national communications to FCCC do not systematically refer to ODA as a funding mechanism.

more than once were in the forestry sector. Chart 3.4.1 below illustrates the relative importance of each Convention in forestry programmes.

Chart 3.4.1. Targeting the Rio Conventions - Aid to Forestry - 1998



4. Summary of main findings of the pilot study and conclusions: Issues for discussion in WP-STAT and WP-ENV

73. This section summarises the main findings of the analysis of biodiversity, climate change and desertification related aid in Section 3 above. In the view of the Secretariat, these do permit some conclusions to be made on how data collection on aid related to the Rio Conventions should be organised. Some suggestions are made below. **WP-STAT and WP-ENV participants will be invited to comment on this section in their respective meetings in June**.

4.1. Sectoral focus or environment marker

74. The pilot study indicated that aid targeting the objectives of the Rio Conventions is sectorally focused. For all three Conventions, 80-90% of the reported activities (both in value terms and measured in number of activities) fell under four or five DAC sectors. General environmental protection, agriculture and forestry were identified as focus sectors for all three Conventions. Energy and transport were particularly relevant for climate change, fishing for biodiversity, and water supply for both biodiversity and desertification.

75. Members' standard reporting to the CRS in 1998 consisted of 30000 individual aid activities. The number of projects reported in the focus sectors was around 6000. Taking account of the considerable amount of work required to assess an activity's relevance to the Rio Conventions, it seems that **future data**

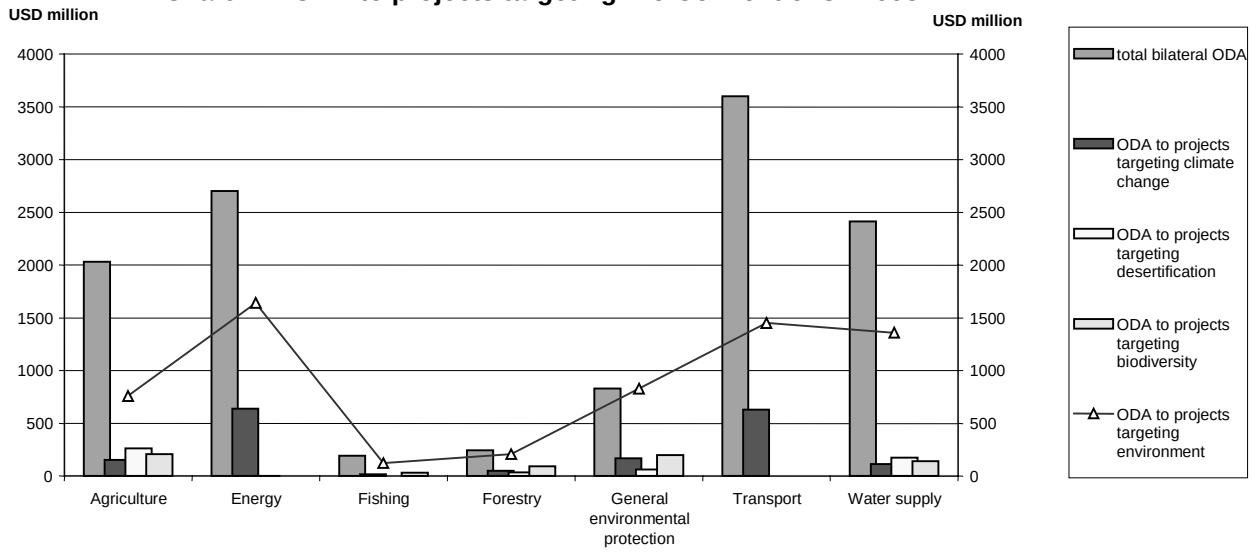
collection should be restricted to the focus sectors to minimise the administrative burden of reporting.

76. **Another pragmatic way of minimising the reporting burden would be to restrict the Rio marker data collection to activities marked as aid to environment.** Aid targeting the objectives of the Rio Conventions reported to the pilot study had mostly, but not always, been reported as aid to environment. (About 80% of the Rio-marked activities had been reported as aid to environment in regular CRS reporting. In value terms, 85% of total Rio related aid had been marked against environment.) If this option was chosen, some 6000-7000 activities would need to be examined each year.

4.2. Magnitude of flows

77. The pilot study indicated that activities targeting the objectives of the Rio Conventions were few in number and represented a small share of Members' total bilateral aid. Within the identified focus sectors, however, a significant share of activities had been marked. Chart 4.1 below puts the marked activities in perspective with total bilateral ODA in the focus sectors.

Chart 4.1. ODA to projects targeting Rio Conventions - 1998



78. Members' comments suggested that the definitions of climate change, desertification and biodiversity related aid were too narrow. The eligibility criteria that required the Convention to be specifically mentioned in activity documentation was considered as particularly restrictive. Consequently, not all activities highly relevant to the Rio Conventions could be reported. This probably is true, but omitting this criteria might go too far in the other direction. **At this stage it seems sufficient to note that, for future data collection, the definitions of the Rio markers may need to be reviewed.**

79. Statistical data are essential but not sufficient for the monitoring of the implementation of the Rio Conventions. In particular, marker data are better suited for following trends and assessing orders of magnitude than estimating the amounts effectively made available. **Even with revised definitions, data collection through the CRS would not yield the exact amount of aid donors allocate in support of the Conventions.**

80. While covering a representative share of DAC Members' bilateral ODA, the pilot study did not capture aid targeting the objectives of the Conventions extended through multilateral agencies or financed by ministries other than the aid agency. **An extension of the pilot study to multilateral ODA and even to agencies outside the normal DAC reporting network would be required to assess the importance of total flows in support of the Conventions.**

4.3. Marking - Division of labour

81. Climate change, desertification and biodiversity related aid (as defined for the pilot data collection) could not be separately identified from the rest without the marker. Search with keywords (e.g. climate, desert, biodiv) did not produce good results. **Supplementary data collection is necessary to assess whether an activity targets the objectives of the Rio Conventions.**

82. The pilot data collection was organised in different ways in different countries. In some marking was done by the statisticians, in others by the environmental advisors or consultants. In normal CRS reporting, the data source most often is the desk officer who compiles data for agencies' internal project management systems. **Taking account of the specificities of the Conventions, the responsibility for compiling the Rio marker data might be shared (for example, WP-STAT participants ensuring the completeness of reporting and WP-ENV participants the quality of reporting).**

4.4. What next?

83. **On the basis of the pilot study, the Secretariat concludes that reporting on aid targeting the objectives of the Rio Conventions in the CRS is feasible, but it is very much up to Members to decide on whether it is desirable.** In order to facilitate discussion at WP-STAT and WP-ENV, Members may wish to consider three options for future action (bearing in mind that a recommendation of this nature will need to presented to the Convention secretariats, preferably when transmitting them copies of this report).

- Introduce the Rio markers in regular CRS reporting, but restrict reporting to aid to the identified focus sectors or, alternatively, aid to environment.

- Do not revise regular CRS reporting, but carry out a specific survey on Rio-related aid, similar to this pilot study, every 3-4 years.

- Do not revise regular CRS reporting but provide the Convention secretariat with standard data on aid to the focus sectors with a view to conducting analyses of the type shown in Annex 3. (This would necessarily imply requests for more detailed information by the Convention secretariats, but on a limited number of activities.)

ANNEX 1

DEFINITIONS OF "GENERAL ENVIRONMENTAL PROTECTION" SECTOR AND "AID TO ENVIRONMENT" POLICY MARKER

1. General environmental protection sector

DAC 5 CODE	CRS CODE	DESCRIPTION	Clarifications / Additional notes on coverage
400		**MULTISECTOR/CROSS-CUTTING**	
410		**General environmental protection**	Non-sector specific.
	41010	Environmental policy and administrative management	Environmental policy, laws, regulations and economic instruments; administrational institutions and practices; environmental and land use planning and decision-making procedures; seminars, meetings; miscellaneous conservation and protection measures not specified below.
	41020	Biosphere protection	Air pollution control, ozone layer preservation; marine pollution control.
	41030	Biodiversity	Including natural reserves and actions in the surrounding areas; other measures to protect endangered or vulnerable species and their habitats (e.g. wetlands preservation).
	41040	Site preservation	Applies to unique cultural landscape; including sites/objects of historical, archeological, aesthetic, scientific or educational value.
	41050	Flood prevention/control	Floods from rivers or the sea; including sea water intrusion control and sea level rise related activities.
	41081	Environmental education/ training	
	41082	Environmental research	Including establishment of databases, inventories/accounts of physical and natural resources; environmental profiles and impact studies if not sector specific.

2. Aid to environment marker

AID TO ENVIRONMENT	
DEFINITION **An activity should be classified as environment-oriented (score Principal or Significant) if:**	a) It is intended to produce an improvement, or something that is diagnosed as an improvement, in the physical and/or biological environment of the recipient country, area or target group concerned; **or** b) It includes specific action to integrate environmental concerns with a range of development objectives through institution building and/or capacity development.
CRITERIA FOR ELIGIBILITY	a) The objective is explicitly promoted in activity documentation; **and** b) The activity contains specific measures to protect or enhance the physical and/or biological environment it affects, or to remedy existing environmental damage; **or** c) The activity contains specific measures to develop or strengthen environmental policies, legislation and administration or other organisations responsible for environmental protection.
EXAMPLES OF TYPICAL ACTIVITIES **The list is not exhaustive. The activities may be scored against the objective only if the above criteria for eligibility are fulfilled.**	– **Social infrastructure and services**: Water resources protection; water resources policies and water management that take into account environmental and socio-economic constraints, sanitation or waste management practices that bring environmental benefits. – **Economic infrastructure and services**: Infrastructure projects designed with comprehensive and integrated environmental protection and management components; activities promoting sustainable use of energy resources (power generation from renewable sources of energy); energy conservation. – **Production sectors:** Sustainable management of agricultural land and water resources; sustainable forest management programmes, combating land degradation and deforestation; sustainable management of sea resources; adoption and promotion of cleaner and more efficient technologies in production processes; measures to suppress or reduce pollution in land, water and air (e.g. filters); increasing energy efficiency in industries; sustainable use of sensitive environmental areas for tourism. (**Sustainable natural resources management** is a combination of management practices that have been planned and selected on the basis of interdisciplinary and participatory assessment of ecological, social and economic impacts of alternative management options, and resolution of possible conflicts or disputes concerning the significance and acceptability of the impacts of the proposed management alternatives.) .

N.B. Activities that can be assigned the sector code **"general environmental protection"** i.e. environmental policy and administrative management, biosphere protection, biodiversity, site preservation, flood prevention/control, environmental education/training, environmental research **score**, by definition, **principal** objective.

ANNEX 2

PILOT STUDY ON AID TARGETING THE OBJECTIVES OF THE RIO CONVENTIONS GUIDANCE NOTE

1. Methodology

84. The pilot data collection will be undertaken within the Creditor Reporting System (CRS) using policy objective markers. For one year's worth of commitments, Members are requested to classify and score individual aid activities against three additional markers - "biodiversity", "climate change" and "desertification". [For general description of the marker system, see DCD/DAC/STAT(97)1.]

2 Definitions

85. The definitions of aid related to biodiversity, climate change and desertification are given below, following the standard format of DAC marker definitions (i.e. definition, eligibility criteria and examples of typical activities). They have been drafted in consultation with the secretariats of the three conventions.

86. Scoring should be done solely against the specific objectives of the respective conventions. Because they are all in the environment field, overlap is possible i.e. an activity may score "2" (principal objective) or "1"(significant objective) against more than one convention. Please note also that activities already coded as "general environmental protection", which would score "2" by definition against the overall "environment" marker, may score 2, 1, or 0 against the conventions, depending on the specific relevance to each.

3. Coverage

87. The pilot study will cover bilateral ODA commitments in 1998. Members with gaps in CRS reporting (e.g. on technical co-operation) are requested to ensure that the pilot data collection covers the large majority of bilateral ODA activities. For example, if an agency does not yet fully report to the CRS, it should nevertheless provide data for the pilot study. If necessary, the Secretariat can propose a simplified CRS reporting format for these agencies.

4. Reporting format and procedure

88. Data should be transmitted in the same format as normal CRS returns (i.e. in Unified Standard Input Format). As all aid related to biodiversity, climate change or desertification scores on the existing "aid to environment" marker, reporters who have already completed CRS returns for 1998 need to screen only the activities classified as "aid to environment". (The Secretariat can provide a listing or file of these activities upon request.) If the "aid to environment" marker has not been reported, all activities should be screened. Reporters who are yet to submit CRS returns for 1998 are requested to add three columns at the

end of the USIF spreadsheet. Agencies who do not yet transmit their CRS returns electronically are requested to contact the Secretariat to discuss the appropriate reporting format.

5. Timing

89. The pilot study will be undertaken in the course of 1999. The Conference of Parties of the Convention on Biological Diversity is scheduled to discuss financial flow data at its meeting in May 2000. The Secretariat, in consultation with the secretariats of the Conventions, will prepare a report on the study in time for that meeting and for consideration by the WP-STAT and WP-ENV in 2000. Progress with and preliminary results from the study will be made available to the Conference of Parties of the Convention on Climate Change, the meeting of which is scheduled for October 1999.

AID TARGETING THE OBJECTIVES OF FRAMEWORK CONVENTION ON CLIMATE CHANGE	
DEFINITION **An activity should be classified as climate change related (score Principal or Significant) if:**	a) It aims at stabilisation of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system; **and** b) It includes specific action to integrate the climate change concerns with a range of development objectives of the recipient country, or to assist the developing country to meet its obligations under the Convention.
CRITERIA FOR ELIGIBILITY	a) The objectives of the Convention are explicitly promoted in activity documentation; **and** b) The activity contains specific measures to implement the objectives of the Convention through protecting or enhancing the ecosystems concerned or remedying existing environmental damage; **or** c) The activity contains specific measures to develop or strengthen environmental policies, legislation and administration, or to transfer technology, for the implementation of the Convention.
EXAMPLES OF TYPICAL ACTIVITIES **1. Non-sector specific activities**	
Environmental policy and administrative management	• Preparation of national inventories of greenhouse gases (emissions by sources and removals by sinks); climate change related policy and economic analysis, inc. national plans to mitigate or adapt to climate change; development of climate change related legislation, regulations and economic instruments; climate technology needs surveys and assessments; institutional capacity building.
Biosphere protection	• Protection and enhancement of sinks and reservoirs through sustainable management and conservation of oceans and other marine ecosystems.
Biodiversity	• Protection and enhancement of sinks and reservoirs through conservation of wetlands, wilderness areas, national parks.
Flood prevention/control	• Coastal zone protection and management.
Env. education/training	• Education, training and public awareness related to climate change.
Environmental research	• Climate change related impact and adaptation assessments. • Oceanographic and atmospheric research and monitoring.
2. Other typical activities take place in the sectors of: *Water and sanitation* *Transport* *Energy* *Agriculture* *Forestry* *Industry*	• Development and transfer of technologies that control, reduce or prevent anthropogenic emissions of greenhouse gases, in particular in waste management, transport, energy, agriculture and industry. • Development and transfer of technologies that enhance energy efficiency (in energy generation, the sectors of transport and industry); development of new and renewable forms of energy. • Protection and enhancement of sinks and reservoirs of greenhouse gases through sustainable forest management, afforestation and reforestation; rehabilitation of areas affected by drought and desertification.

AID TARGETING THE OBJECTIVES OF THE CONVENTION TO COMBAT DESERTIFICATION	
DEFINITION **An activity should be classified as desertification-related (score Principal or Significant) if:**	a) It aims at combating desertification and mitigating the effects of drought through prevention and/or reduction of land degradation, rehabilitation of partly degraded land, and reclamation of desertified land; **and** b) It includes specific action to integrate desertification concerns with a range of development objectives of the recipient country, or to assist the developing country to meet its obligations under the Convention.
CRITERIA FOR ELIGIBILITY	a) The objectives of the Convention are explicitly promoted in activity documentation; **and** b) The activity contains specific measures to implement the objectives of the Convention through protecting or enhancing the ecosystems concerned or remedying existing environmental damage; **or** c) The activity contains specific measures to develop or strengthen environmental policies, legislation and administration, or to transfer technology, for the implementation of the Convention.
EXAMPLES OF TYPICAL ACTIVITIES **1.Non-sector specific activities**	
Environmental policy and administrative management	• Preparation of national, sub-regional and regional strategies and action plans to combat desertification and mitigating the effects of drought; establishment of drought early warning systems; strengthening of drought preparedness and management.
Env. education/training	• Education, training and public awareness related to desertification and land degradation;
Environmental research	• Research on desertification and land degradation.
2. Other typical activities take place in the sectors of: *Water and sanitation* *Agriculture* *Forestry*	• Integration of desertification and land degradation into sectoral policy, planning and programmes (e.g. agricultural and rural development policy, plans and programmes); • Rehabilitation, conservation and sustainable management of land and water resources; • Sustainable irrigation for both crops and livestock; alternative livelihood projects; • Development and transfer of environmentally sound technologies relevant to combating desertification.

AID TARGETING THE OBJECTIVES OF THE CONVENTION ON BIOLOGICAL DIVERSITY	
DEFINITION **An activity should be classified as bio-diversity-related (score Principal or Significant) if:**	a) It promotes the conservation of bio-diversity, sustainable use of bio-diversity, and/or fair and equitable sharing of the benefits of the utilisation of genetic resources; **and** b) It includes specific action to integrate bio-diversity concerns with a range of development objectives of the recipient country, or to assist the developing country to meet its obligations under the Convention.
CRITERIA FOR ELIGIBILITY	a) The objectives of the Convention are explicitly promoted in activity documentation; **and** b) The activity contains specific measures to implement the objectives of the Convention through protecting or enhancing the ecosystems, species or genetic resources concerned, or remedying existing environmental damage; **or** c) The activity contains specific measures to develop or strengthen environmental policies, legislation and administration, or to transfer technology, for the implementation of the Convention.
EXAMPLES OF TYPICAL ACTIVITIES **1.Non-sector specific activities**	
Environmental policy and administrative management	• Preparation of national bio-diversity plans, strategies and programmes; bio-diversity inventories and assessments; development of necessary legislation and regulations for the protection of threatened species; development of incentive measures; development of impact assessment; policy and legislation on access to, and sharing benefits of, genetic resources.
Biosphere protection	• Establishment of protected areas and sustainable management of ecosystems, including in marine and coastal, inland waters, forest, mountain, dryland, arid and semi-arid areas.
Bio-diversity	• Natural reserves and actions in the surrounding areas; other measures to protect endangered or vulnerable species and their habitats; ex-situ conservation (e.g. seed banks, zoological gardens).
Environmental education/ training	• Capacity building in taxonomy and bio-diversity assessment; education, training and awareness programmes on bio-diversity.
Environmental research	• Research on bio-diversity.
2. Other typical activities take place in the sectors of:	• Integration of biological diversity into sectoral policy, planning and programmes; e.g.
Water and sanitation	• Water resources protection and rehabilitation; integrated watershed, catchment and river basin protection and management;
Agriculture *Forestry* *Fishing* *Tourism*	• Sustainable agricultural and farming practices; integrated pest management strategies and appropriate use of agro-chemicals; soil conservation; genetic resources conservation; • Combating deforestation and land degradation; • Sustainable marine, coastal and inland fishing; • Sustainable use of sensitive environmental areas for tourism.

ANNEX 3

CAN REGULAR CRS DATA BE USED FOR MONITORING THE IMPLEMENTATION OF THE CONVENTIONS?

90. Some data relevant to the Rio Conventions may be available through donors' regular statistical reporting. The introduction to the analytical section explained that this hypothesis should be tested to assess the "value added" of eventual supplementary marker data collection. But there are other good reasons to do so.

- Analysis in sections 3.1-3.3 above shows that climate change, desertification and biodiversity related aid is strongly focused on a few sectors. In some cases, there was also a concentration on sub-sectors (i.e. marked activities represented a significant share of the total value and number of activities reported against certain purpose codes). This can mean that, even though activities may not have been construed as direct support to the implementation the Conventions, aid to certain sectors and sub-sectors are highly relevant with regard to the Conventions.

- Having undertaken the marking exercise, several Members commented that the definitions of the climate change, desertification and biodiversity markers were very narrow and, consequently, their data give the impression that very little support is given to developing countries in these three areas. In particular, the condition that the Convention needs to be explicitly mentioned in the project documentation was seen as stringent. Examination of overall assistance to the focus sectors will show whether Members finance activities that have a potential to target the objectives of the Conventions.

- In general, data for one year only do not provide a good basis for analysis. Adjusting aid programmes to new priorities takes time, for some Members more than for others. The Secretariat's analyses are normally based on two-year or three-year averages so as to ensure a good comparability of Members' data and to even out the "lumpiness" of commitments. (It may be that in 1998 some donors made very few commitments targeting the objectives of the Rio Conventions, but were already implementing several programmes.) Some analysis of pre-Rio and post-Rio aid to the focus sectors therefore seems useful.

91. This section gives examples of analyses that could be undertaken on aid relevant to the Rio Conventions using regular (i.e. non-pilot) DAC statistics and CRS data on individual aid activities in 1980-1998. The table below shows the coverage of CRS data in the sectors examined[17]. The data on aid to energy, industry and transport cover over 90% of the total and therefore provide a solid basis for analysis. The same applies to general environmental protection from 1995 onwards. CRS data on aid to agriculture are less complete, as there are gaps in reporting on technical co-operation activities (mainly by France, Germany and Japan). By contrast, the coverage of data on aid to forestry, which is a part of the wider agriculture sector, is assessed to be high over the whole period.

17. CRS data are systematically compared with the data reported in the DAC Questionnaire in order to assess the coverage of the database, i.e. the "reliability" of CRS based analysis. Coverage ratios of less than 100% mean that not all ODA activities have been reported in the CRS. Some coverage ratios may be greater than 100% due to a difference between the CRS and the DAC in the reporting method, or due to a better geographical allocation of commitments in the CRS. The proportion of activities missing has to be borne in mind when using the data.

Table . Coverage of CRS data in sectors of interest
(As% of corresponding total in Table DAC5)

Sector	1980-84	1985-89	1990-94	1995-98
Water supply and sanitation	>100	93	89	99
Transport	98	94	94	99
Energy	94	92	97	99
Agriculture, Forestry and Fishing	64	70	66	76
General envir. protection	..	..	..	>100

92. Aid to the focus sectors (i.e. general environmental protection, agriculture including forestry and fishing, water supply, transport and energy) of the Rio Conventions represents approximately one-third of DAC Members' bilateral ODA. Since 1990, it has been, on the average, USD 20 billion a year.

EXAMPLE 1. CLIMATE CHANGE

Aid to energy is highly relevant to the Climate Change Convention, both because it can have a direct impact on the carbon dioxide emissions of aid recipients and because projects are focused on those Asian countries which account for greatest developing country emissions of CO_2. Aid to transport merits a further study, whereas aid to industry is less important because of its small share in total ODA. Aid to waste management and agriculture could influence methane emissions, but so far very few climate relevant activities have been reported in these areas.

93. **Power generation**, which accounts for about 60% of all aid to energy, has a direct impact on the carbon dioxide emissions of the recipient. Depending on the technology chosen, projects can be more or less "climate friendly". Power plants using natural gas as an energy source emit less carbon dioxide than oil or coal-fired power plants. Certain energy sources (hydro, nuclear, solar or wind power) produce little or no CO_2 once operating. Consequently, a shift from fossil fuels to alternative sources of energy may signal an effort to mitigate climate change.

94. The CRS data show no tendency to increase the use of renewable sources of energy, or to reduce the use of fossil fuels, in power generation. Since 1992, however, aid projects have started to emerge in the fields of solar and wind power as well as biomass. In the beginning of the 1990s there was a temporary increase in financing of gas-fired power plants. Since 1995, the focus has been on coal. This can be a positive trend provided the projects draw on new technologies (such as combined heat and power production) which allow for improved energy efficiency especially if the aim is to replace older, less efficient plants.

95. The data available on individual projects do not allow assessment of whether these specifically address energy efficiency, except in those few cases where this is clearly stated in the project title. The environment marker data show that the majority of coal-power projects since 1992 have addressed environmental issues as a significant objective. Further information would need to be sought from aid agencies to find out whether this has a relation to energy efficiency or whether the environmental focus has been reported, for example, because of pollution control.

96. Growth in CO_2 emissions in developing countries is almost entirely due to increases in China, India and, to a much lesser extent, other Asian countries. DAC Members' aid to the energy sector is highly

concentrated on Asia, as over two thirds of contributions are for this region. (The ten largest recipients - India, China, Indonesia, Pakistan, Philippines, Thailand, Viet Nam, Malaysia, Sri Lanka and Bangladesh - have received 63% of DAC Members' bilateral aid to energy since 1980. Outside Asia, programmes of similar magnitude have been undertaken only in Egypt, Turkey and Syria.) Given the concentration of CO_2 emissions and aid to energy in the same limited number of countries, and depending on the ratio of aid to locally funded instruments, it seems that DAC Members could be in a position to influence the pattern of energy-based CO_2 emissions in developing countries.

97. Apart from power generation, carbon dioxide emissions from combustion of fossil fuels arise from **industry and transport**. In industry, emissions are due to use of energy in factories and other production facilities, but also the industrial processes themselves. Chemical transformation of raw materials from one state to another often releases gases such as CO_2. Cement and lime production can be singled out as the most important examples. Emissions can be reduced by improving the energy efficiency of industries and the industrial processes (e.g. by eliminating waste heat, treating/recycling industrial waste, reducing the use of energy intensive raw materials). In transport, emissions result from gasoline consumption in automobiles and other vehicles. As opposed to industry, the transport sector is less amenable to change due to its dependence on petroleum based fuels. Climate friendly technology for vehicles exists but is currently too costly to be introduced on a larger scale. Energy efficiency in aircraft and ships can be improved through engine modifications. Greater use of rail transport for both passengers and freight is considered as a way to reduce CO_2 emissions, but the impact is less than proportionate since generation of primary energy for rail transport (e.g. electricity for subways) adds to the CO_2 emissions within the energy sector. Non-technological options, such as urban planning, or measures to avoid traffic congestion (e.g. through road information systems) are often referred to as the most efficient ways of addressing climate change concerns in transport.

98. DAC statistics show that aid to industry represents a very small share (less than 1%) of total bilateral aid and is therefore hardly significant with respect to other industrial activities in developing countries. Since 1992, donors have mainly financed general industrial development programmes which do not, *a priori*, have a direct effect on CO_2 emissions. Aid to manufacturing industries, including cement and lime, is decreasing.

99. Transport, by contrast, has been the largest single recipient sector of DAC countries' bilateral aid over the years. Very few projects have until now been financed in the area of transport policy and planning. Road transport (mainly road construction and rehabilitation in rural and urban areas) and rail transport are the largest sub-sectors. While the data indicate that donors almost systematically take environmental considerations into account when planning road and rail transport projects, it is unclear how these might address climate change concerns. While promoting rail transport can reduce CO_2 emissions, one could argue that any road construction is an incentive to increase motorised transport and therefore CO_2 emissions. As in the case of energy, further study may be of interest due to high concentration of aid to transport to Asia.

100. Other sectors that emit significant amounts of greenhouse gases are **waste management and agriculture**. Anaerobic decomposition of solid waste at disposal sites generates methane, but emissions can be reduced in many ways, for example through composting, recycling or incineration, or recovering methane generated from the waste. In agriculture, grazing animals are the main source of methane emissions which can be reduced through improved agricultural and livestock practices. While methane emissions are generally much lower than CO_2 emissions, its warming potential is much larger. While aid to agriculture represents on the average 6% of DAC countries' bilateral ODA, very few activities are financed in the area of animal husbandry (including livestock research and veterinary services). The same applies to waste management which is a part of the water supply and sanitation sector.

EXAMPLE 2. DESERTIFICATION

Aid to "agricultural land resources" and "agricultural inputs" increased in 1993-1995. Since 1996 the trend has been decreasing.

101. Aid to the four agricultural sub-sectors that were identified to cover the majority of desertification-related aid (i.e. agricultural policy and administrative management, agricultural water resources, agricultural land resources and agricultural inputs) accounts for one half of total aid to agriculture i.e. on the average USD 1 billion a year. Their share in total aid to agriculture was increasing in the beginning of the 1990s and attained 65% in 1995. The data for most recent years show a decreasing trend.

102. Annex Chart 1 below illustrates trends in aid to "agricultural land resources" and "agricultural inputs" which were the sub-sectors with a significant share of activities reported as desertification-related (56% and 49% respectively). Their share in total aid to agriculture increased in 1993-95 but then dropped. A chart based on the value of activities would show a similar trend. Did donors only temporarily adjust their programmes following the Rio Summit?

Annex Chart 1. Share of desertification targeted sectors in total ODA to agriculture
USD amounts



EXAMPLE 3. BIODIVERSITY

Within general environmental protection programmes, aid in support of biodiversity has been increasing over the years.

103. Annex Chart 2 shows trends in two general environmental protection sub-sectors particularly relevant for the Biodiversity Convention. The share of specific biodiversity programmes in total aid to environment has increased from approximately 5% in 1992-94 to 10% in 1997. Data for 1998 show close to 20%. Aid to environmental education/training has likewise increased. (Analysis based on the amounts reported gives essentially the same results.)

104. A part of the increase is probably due to the revision of the sector classification. While a specific purpose code for biodiversity conservation has existed for a long time, the revision clarified its coverage. (Its title was also changed from "natural reserves" to "biodiversity".) The data for 1998 are not directly comparable with those of the earlier years. For the purposes of the pilot study, Germany and Japan reported data on technical co-operation activities whereas these are excluded from figures up to 1997. If technical co-operation by Germany and Japan are excluded from the calculation, the upward trend remains.

Annex Chart 2. Share of biodiversity targeted sectors in total ODA to environment
Number of transactions

