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International Institute for Environment and Society

Environmental Considerations and Bilateral Development
Aid: The German Example

by Udo Ernst Simonis

Paper presented at the Congress "Environmental
Considerations in Rural Development" in Cairo, Egypt,
April 1983.

I. Introduction

In a recent assessment of the extent to which policies, procedures and programs of six major bilateral development aid agencies promote a sustainable, environmentally sound development¹⁾ it is stated that there is now a fairly general consensus among the aid agencies as to the meaning of "environment" in the context of development problems. This is supposed to be a major change from the more confused position of only some years ago. The most important feature of this consensus is thought to be that environment is now beginning to be seen not as an additional subject, the examination of which has only to be added on to traditional development considerations, but rather that it is increasingly seen as a whole new approach to development -- a development which gives greater weight to the sustainability of the results and to the costs of destructive side effects of development projects. However, this new development perspective has so far made only little impact on the orientation and the design of the projects and the practical development policies of the aid giving agencies studied. The report concludes with the following major findings and proposals:²⁾

1. There is a need to define more thoroughly environmental and natural resource objectives and concerns in the context of aid programs as a whole.
2. The most urgent attention should be given to helping developing countries build up their own capacity to study and manage their own environmental problems. This effort should be closely related to donor effort aimed at fostering greater environmental concern in these countries.
3. There is a need to encourage and fund a much higher level of conservation and rehabilitation projects commensurate with the rapidly increasing need of the recipient countries.

4. Policies documents which are produced in each agency to govern project design and executive frequently lack adequate attention to environmental implications.
5. In only three of the agencies studied was there a clearly defined focal point for environmental responsibility. A framework for systematically checking on environmental implications is essential.
6. Procedures to ensure that projects are systematically screened for environmental impact and where necessary subjected to environmental examination are also needed.
7. There is a strong case for greater multilateral cooperation in the utilization of donor country resources in these areas.

The aim of this paper is to take these general findings and proposals as a point of departure for looking more closely at the question of whether, and how far, environmental considerations are integrated in German bilateral aid, and why there are still many theoretical deficiencies as well as discrepancies between theory and practice of development aid policy. To do this, I would first like to give an overview on the history, the policy declarations, the principal features and the performance of German development aid.

II. German Development Aid Policy - An Overview

With the change of government in Bonn in early October 1982, and March 1983, respectively, all fields of politics have to varying degrees been subjected to certain readjustments of basic policy orientation.³⁾ This is also true for the policies pursued by the new conservative-liberal German government with respect to assistance given to developing countries and with respect to general North-South issues. However, resulting from the long-term nature of many aid commitments and from a fairly well established consensus on basic aid issues among the major political parties there is bound to be a considerable element of continuity in German aid policy.

The aims of the aid policy of the previous social-liberal government were most clearly and comprehensively expressed in

the "Outline of Development Policy" of July 1980 making specifically reference to the recommendations of the Brandt Commission regarding interdependence and common interests between North and South and necessary structural adjustments. Besides the general emphasis laid on the promotion of rural development, one of the three major fields of program activities of German aid was labelled "Protection of Natural Resources."

Regarding the volume target of aid, German federal governments, in principle, have always accepted the internationally set targets about the overall size of the aid volume that were adopted by the UN; they have, however, never committed themselves to any firm date by which these targets would be achieved. The absolute volume of German official development assistance (ODA) has internationally been in third position among all donor countries

for several years, but relative to the target of 0.7% of GNP it has always been far below the aim. On the other hand, total financial transfers to the developing countries have consistently been higher than 1.0% of GNP, because private capital transfers were rather substantial.

In Table 1, some information is given on the total flow of German aid, as well as on some structural elements, for the years 1960 - 1981.

Table 1 here

Regarding the principal features of German aid, there is first, and not without importance to our subject, the relationship between bilateral and multilateral aid. Both bilateral and multilateral aid have their distinct advantages and disadvantages from the point of view of the donor as well as that of the recipients. Both types of aid are therefore necessary and ought to be regarded as being complementary to each other. However, firm quantitative rules have never been set for the distribution between bilateral and multilateral aid. While in the early 1970's there was a widespread feeling that an increasing share of the total aid volume should be channelled through multilateral institutions, this tendency seems to have come to an end

Table 1

Total Flow of Aid (public and private)
- Net disbursements; mill. US-\$^a / in italics: \$ -

	1960	1965	1970	1975	1976	1977	1978	1979	1980	1981
I. Official Dev't Ass. (ODA)	223	456	602	1 691	1 592	1 717	2 347	3 393	3 567	3 180
ODA as % of GNP	0.31	0.40	0.32	0.40	0.36	0.33	0.37	0.45	0.44	0.47
A. Bilateral	164	419	466	1 161	1 044	1 033	1 561	2 204	2 324	2 244
B. Multilateral	59	37	136	530	548	683	787	1 189	1 243	936
II. Grants by Private Voluntary Agencies	.	.	78	205	205	225	284	389	421	371
III. Total aid	223	456	680	1 896	1 797	1 942	2 631	3 782	3 988	3 551
For reference (commitment basis):										
Bilateral Grants as % of Bilateral ODA			40.3	41.2	37.1	40.3	42.7	47.3	62.8	48.5
Overall Grant Element, incl. DR ^b				84.8	85.2	85.6	86.6	85.1	89.3	86.5
Overall Grant Element, excl. DR ^b				88.3	86.8	86.0	87.4	84.6	87.3	85.9
LLDC Grant Element				93.0	91.1	93.8	92.7	97.8	100.0	99.7
<p>a If no \$-values in source available, conversion follows rf-rates in the IMF nomenclature.- b Debt reorganisation.</p> <p>Source: National memoranda submitted to the DAC Secretariat for annual reviewing; OECD/DAC, Development Co-operation ("Chairman's Report"), various issues; supplementary information from the Ministry of Economic Cooperation; DIW calculations.</p>										

Quoted from Hofmeier, Schultz, op.cit.

now. Bilateralism is gaining ground. However, throughout the 1970's the German participation in multilateral aid programs did in fact increase significantly both in absolute and relative terms, although starting from a relatively low base.

In Table 2 further details can be found on the distribution of German aid by aid channels.

Table 2 here

Regarding the geographical distribution of German aid one can say that in general it is extremely widespread. In the early 1980's there was at least some kind of German aid activity going on in about 120 developing countries. In a more specific sense, however, there is a high concentration of German aid on some countries, depending upon historical reasons. Egypt, for instance, is number 5 in overall volume of aid. However, there are no explicit rules for the distribution of aid between specific regions and countries. The decisions about the regional distribution of aid funds are made within the Ministry for Economic Cooperation (BMZ), and the development aid committee of parliament. Only in cases of an obviously more political nature do general foreign policy considerations of the Ministry of Foreign Affairs enter into the allocation process by way of discussion in the cabinet.

An overview of the overall regional distribution of German bilateral aid is given in Table 3, and the net disbursements to the major recipient countries of German bilateral aid are presented in Table 4.

Tables 3 + 4 here

Regarding the sectoral allocation of German aid intensive attempts have been made to specify rules for the composition of aid in respect to the type of programs, of projects and of certain target groups. At various historical stages the former government

Distribution of ODA by Aid Channels

a In *italics*: Multilateral aid= 100; due to rounding, sum may not add up to 100.
b Repayments in the context of DM-revalorization.
Source: (see table 1).

Table 3

Regional Distribution of Bilateral ODA

	1975		1976		1977		1978		1979		1980		1981	
	C ^a	D ^b	C	D	C	D	C	D	C	D	C	D	C ^a	D ^b
Total (in Mill. \$), of which to (in %):	1 593	1 161	1 544	1 044	1 724	1 033	2 446	1 561	4 015	2 204	4 667	2 324	3 467	2 244
Europe	3.8	7.9	12.9	7.2	6.8	10.2	10.5	13.0	14.7	18.1	8.3	17.1	14.5	15.2
Africa	37.7	37.2	30.6	40.0	37.5	42.3	38.4	42.8	37.8	41.0	49.1	35.6	35.6	32.4
America	12.0	11.8	10.6	12.1	15.3	13.4	8.0	11.2	11.3	9.9	7.8	12.0	11.3	14.9
Asia	40.5	38.2	39.8	35.4	34.8	28.2	37.5	28.4	32.0	25.4	38.2	27.0	31.3	29.1
Oceania	0.1	0.1	-	0.1	0.2	0.1	0.8	0.1	0.3	0.9	0.3	0.4	0.3	0.5
Other	5.9	4.8	6.1	5.2	5.4	5.8	4.8	4.5	3.9	4.7	5.2	7.9	7.0	7.8

Breakdown by functional groups (in %):

LLDC's ^c excl. debt release	17.5	20.5	22.9	22.0	15.5	22.0	19.7	21.7	23.8	22.3	37.6	23.4	19.6	22.3
MSAC's ^c excl. debt release	55.1	49.7	47.3	48.2	41.9	40.8	47.8	45.6	46.0	45.8	53.2	39.5	42.5	35.3
LLDC's + MSAC's excl. debt release	56.0	50.8	48.9	48.4	42.4	42.0	49.1	46.7	48.8	47.9	54.2	40.8	44.8	38.0
									44.4	-	41.0	-	44.6	37.8

a Commitments.- b Disbursements, net.- c Comprising those countries belonging to the respective group at year's end.

Source: National memoranda submitted to the DAC Secretariat for annual reviewing; supplementary material available in German; communication of the Ministry of Economic Cooperation. See table 1.

Table 4

Major Recipient Countries of Bilateral ODA

Net disbursements; mio. DM

Country	Total 1950-1981	1980	1981
Israel	5491.1*	195.6	- 5.7
India	4714.7	62.8	266.2
Turkey	3665.1	588.3	664.4
Pakistan	1962.8	46.3	75.8
Indonesia	1950.7	89.2	392.6
Egypt	1745.8	198.3	24.3
Bangladesh	1505.2	212.8	228.8
Brazil	1249.8	75.8	181.1
Tunisia	1051.3	54.2	117.8
Tanzania	952.5	133.8	123.9
Morocco	844.4	15.1	34.1
Sudan	772.3	112.7	160.6
Peru	763.6	106.4	111.6
Kenya	687.7	62.0	92.8
Ghana	597.4	47.5	74.2
Korea	583.2	212.6	29.9
Thailand	565.1	91.3	103.4
Jordan	552.7	46.7	39.1
Sri Lanka	536.9	34.6	21.7
Cameroon	536.3	45.9	36.2
Chile	514.4	- 10.5	21.9
Afghanistan	487.3	2.5	- 6.6
Togo	464.6	24.2	26.8
Argentina	459.3	32.1	35.6
Colombia	452.2	35.6	67.5
Algeria	439.4	16.5	8.9
Mali	436.7	60.2	75.8
Nigeria	416.8	3.1	2.7
Zaire	409.9	66.8	81.1
Burma	406.4	19.6	68.9

Excluding European Countries (Greece, Portugal, Spain, Yugoslavia).

* Includes 3450 million DM of reparation payments.

Source: BMZ, Entwicklungspolitik, Annual reports 1980 and 1981. See table 1.

made policy declarations specifying "priority sectors", as will be explained later in more detail. However, it is necessary to add here that despite such efforts, in reality, the sectoral spectrum of German aid activities is still fairly wide, depending obviously to a larger extent on the actually available expertise and planning capacities in Germany than on the priority requirements or decisions of the recipient countries. In this case, therefore, it is still fairly difficult to specify to what extent aid is geared to the recipient countries' interest or how far its structure is determined by the preceptions and policy declarations of the donor country.

A first and general overview of the sectoral distribution of German bilateral aid is given in Table 5. A somewhat different compilation will be presented later.

Table 5 here

A specific feature of German aid is that in a formal sense all aid projects are based on the principle that the recipient country submits (and has to submit) a request (request principle of aid) -- although there are also indirect ways of initiating project ideas that are favored by the donor side, so that they are eventually presented as official requests.

Quite generally in development terms, and more specifically in regard to the theme of environmental considerations, there is a dilemma with this principle of acting only upon formal requests by the recipient government. How can we be certain that requests from the government of a developing country coincide with the "priority sectors" specified in the donor's policy declaration? And, specifically, how to guarantee that these are requests for projects for improving the environmental situation in the developing country? How to make sure that environmental considerations are fully included in a given project or program request? I would like to leave this question open for the moment and come back to it later on in the paper and the discussion.

Concluding my remarks on the principal features of German development aid a few more comments must be made.

There is, first, the question of the conditions of aid. In recent years attempts have been made to take better account of the diversity among the developing countries and to tailor the aid instruments accordingly. This is exemplified with respect to LLDCs on the one hand (soft terms), and the NICs on the other hand (hard terms). Since 1978, all German aid to the LLDCs is given as grants, and debts resulting from former loans in many cases have been written off. In contrast, aid to the NICs has been gradually reduced or is given only on much harder terms. Unfortunately, so far there is no special incentive being provided for environmentally sound projects by easing the respective conditions of aid.

Second, there is the question of tying aid to programs or projects. A predominant portion of German aid is tied to individual projects. At least this is true for bilateral aid. Outright budget or balance-of-payments support is given but normally not provided out of the aid budget. This feature of (more or less) strict project orientation in the German bilateral development aid may (or may not) be an asset for including "environmental considerations in rural development".

The German federal government is formally upholding the principle of not tying its aid to the procurement of German goods. (This, of course, is not so for all commodity aid given, and also not for the consultancy services connected with aid activities). This principle of not tying its aid was, in the past, fairly easy to keep since a high proportion of supply contracts went back to German firms anyway; in the future, and as a consequence of the economic recession in the industrial countries, this principle however may fade away to a large extent. Tying the aid may become more important. Here again the question of what this may mean for including environmental considerations into rural and urban development projects arises.

Third, the effectiveness of aid in general and the integration of environmental considerations into development aid is determined by the way aid administration is organized. Here, German

aid presents a rather complex picture. Germany's aid giving structure is more complex than those of the other donor countries. The overall coordinator and policy maker for the total German aid effort is the Bundesministerium für Wirtschaftliche Zusammenarbeit (BMZ). The project work itself, however, is carried out on behalf of the BMZ by various agencies, being physically and administratively independent. The two most important agencies are the Kreditanstalt für Wiederaufbau (KfW), a financial aid agency (government-owned development bank) which makes loans along the lines of the World Bank. It does its field work largely through consultants. The other agency is the Gesellschaft für Technische Zusammenarbeit (GTZ), an agency which gives technical assistance and has a substantial number of people working in developing countries. (In addition to these major agencies there is a whole spectrum of other public, semi-public, and private institutions that in one way or another are involved in implementing aid activities. Of course, from the point of view of a recipient country's administration it is quite difficult to grasp this division of labour between these institutions.) This pattern of completely separate financial and technical aid agencies was established in the days of relatively simple single-focus financial and technical cooperation projects. This sometimes presents problems for the division of aid between the GTZ and KfW, especially as they both move towards more integrated projects, particularly for rural development; this latter trend reflects a progressive shift of German aid towards a "basic needs" strategy.

As for the institutional conditions which govern the BMZ's developmental performance, administrative overhead in relation to project commitment compares favorably from the viewpoint of personnel costs with that of the other aid agencies. However, this feature of low staffing in relation to delivered aid may not be advantageous, particularly from an environmental point of view. German aid draws, for additional staff for its bilateral aid, upon a wide variety of national scientific and technological institutions and universities.

From an environmental point of view, the BMZ and its two subsidiary agencies, together with various other decentralized elements of the German aid program, seem to be more closely watched by the parliament than are any of the other Western aid programs. Indeed, the KfW is guided by a non-mandatory cabinet resolution on "Principles for Assessing the Environmental Impact of Federal Actions" (1975) and by a "Catalogue of Environmental Project Assessment Criteria of the KfW." These in principle commit this agency to a relatively comprehensive consideration of environmental effects of its development projects.

Finally, one more principal feature of German aid must be mentioned here. Over the years policy instruments and incentives have been developed to supplement multilateral and bilateral official development assistance (ODA) by stimulating private financial flows and private technology transfer to the developing countries. It is disputable whether or not these flows should be regarded as an integral part of bilateral aid. For the environmental policy of the developing countries and from the point of view of integrating environmental considerations in the development process this flow of resources and knowhow, of course, can both be seen as being an asset or a liability. At least these flows could be considered as a potential contribution to and instrument of environmental policy in the developing countries.

I now would like to finish this overview on the general performance and the principal features of German development aid, and concentrate in the next section on the question of how effectively environmental considerations so far have been integrated into aid policy and aid activities, and what the weaknesses of such integration efforts are and what deficiencies still remain.

III. Integrating Environmental Considerations into Development Aid

The impact of development aid to developing countries upon the world's environment has recently become the focus of new interest and attention. This is the outcome of a debate in which worldwide concern emerged over the depletion, misuse and overuse of resources. This new focus has begun to influence the thinking and programs of aid giving national and international agencies, as it has other national and multilateral aid programs.⁴⁾ Significantly, there is consensus on the need to integrate the concept of "environment" into thinking and planning in development problems and priorities. For most (but certainly not all) of the officials of the agencies, it seems to be clear that a broad, "holistic" interpretation of the concept is not only acceptable but necessary. This recognition is an important step forward. Also there seems to be growing recognition of the importance of emphasizing the interconnectedness of all facets of development and of rejecting the notion that the "environmental concerns" can merely be considered one more "add-on" to be planned for in the economic development process.

Generally speaking, the wide, theoretical recognition of the importance of integrating environmental sensitivity into development planning and practice is scarcely surprising. The rise in the late 1960's and early 70's of the environmental problems in the wake of industrialization and the corresponding increase of ecological interest, concern, and knowledge led to the United Nations Conference on the Human Environment at Stockholm in 1972. The fact that this was a world conference further encouraged poor countries as well as rich to begin to examine the interrelationships between development and environment (or "ecodevelopment").

Countries began to focus on the question of long-term sustainability of their development efforts and of decreasing the damage and waste caused by unplanned environmental side effects of development projects.

Since the 1970's, development agencies have begun to be more worried about the viability of their aid programs from a natural

resource viewpoint, a concern strengthened by various destructive effects on the natural environment all over the world. There has also been an increase in public awareness of the environmental hazards of developing countries having to place greater reliance upon marginal lands and specific resources as the result of rapid population growth. These and other concerns came to be reflected in the broad commitments to environmentally sound development and to resource conservation projects that may be found among the policy declarations of all aid agencies. Theoretical commitments, however, and for various reasons, may not match with effective action. In such case there may be a (large) discrepancy between program formulation and program implementation. What then has happened with German aid regarding the environmental issue; what is the record, what are the problems?

An assessment of the importance of environmental considerations in the development aid policy of a donor country theoretically would need input and output data, and would mean to compare the environmental situation in a developing country with and without a development aid policy incorporating environmental considerations. We are far from being able to make such a general cost-benefit-analysis of development aid policy. Also for German aid such a comprehensive evaluation would not be possible. Therefore, in the following I will concentrate on input-oriented analysis only. The political declarations on the integration of environmental considerations into aid policy, the recent tendencies in project management, the judgment of projects by members of aid agencies, and the financial dimensions of environmental protection measures will be discussed.

1. Adjusting the Outline of Development Policy

Taking the Stockholm Conference of 1972 as a departure point, a discussion started in the Federal Republic of Germany of how to deal with environmental problems in aid policy.⁵⁾ An inter-ministerial working group studied the relationship between aid and environmental protection. In its report the group suggested to start an ecologically oriented research program on developing countries, to promote environmentally sound projects, and to secure "environmental conformity" of aid. Later on the Minister

for Economic Cooperation called to make environmental protection a central issue of development aid, since "development and environment are the two sides of a coin" (1972). In the same year, the KfW introduced a checklist on environmental aspects of the aid projects planned by that agency. In 1975, for the first time, environmental protection was given priority as a goal of official German development aid policy, alongside the promotion of agriculture, industry, education and research.

The worldwide discussion on the necessary reorientation of development strategy in the developing countries towards basic needs ("basic needs strategy") which fully started in 1976, and also the United Nations Conference on desertification (1977) put environmental questions higher up in the German debate on development aid, along with the problems of rural development and absolute poverty. Before and after the UN desertification conference strategy papers were prepared suggesting measures for an environmentally sound and sustainable development of rural areas. A culmination point of the aid strategy discussion in Germany was reached in 1980, when the social-liberal government proceeding on the basis of the Report of the North-South Commission (Brandt Report) comprehensively reformulated the framework of its development policy: In the "Outline of Development Policy"⁶⁾ of 1980 the "protection of natural resources" was given top priority - together with "rural development" and "improvement of energy supply".

As yet, no policy statement on the general principles of its aid policy has been issued by the new conservative-liberal German government so that for the time being, one could conclude that this official set of priorities is still valid and that insofar environmental considerations rank high in German development aid policy.

2. Tendencies in Environment and Resource Protection Projects

Political concepts and outlines of development policy indicate the aims, tasks or focal points for aid activities, not more, not less. A better indicator for the importance that is given to environmental considerations may be imbedded in the very structure and kind of the aid programs and projects themselves.

In the following Table 6 data are presented on environmental-oriented German aid projects. These data have been collected by a research project of our institute and rely on the respective (comprehensive) project descriptions. Projects were considered only insofar and as long as the goal of the project was to make a contribution to the improvement of the environmental situation and/or the protection of the resource basis concerned. The data therefore show the direction of aid efforts, not necessarily their effectiveness (For details see Table 6).

Table 6 Expenditures for Environmental and Resource Protection in
Bilateral Development Aid (1969-1978)

1. Management of natural resources	260 Mio.DM	55 Projects
2. Ecology-oriented farming	20 Mio.DM	4 Projects
3. Rural energy supply	40 Mio.DM	28 Projects
4. Improvement in sanitation		
a) drinking water supply	625 Mio.DM	88 Projects
b) sewage and waste disposal	89 Mio.DM	13 Projects
5. Urban industrial environmental protection	26 Mio.DM	7 Projects

Source: V. Hartje, op.cit.

The data of Table 6 show that a certain priority in German aid has already been given to projects for "Improvement in sanitation", and especially for supplying safe drinking water.

Since the demand for safe drinking water in the developing countries is high, this part of the German aid project increased rapidly, both in numbers and financially. This development also may have something to do with the fact that a sectoral paper on water was ready by 1974, and that in 1977 a first evaluation report had been successfully completed. Whether these drinking water supply projects were in total successful, however, remains an open question.

The category "Management of natural resources" comprises projects in the field of forestry, fishery, plant protection and ecologically oriented land use planning. The forestry projects started early

in the 1970's and, astonishingly, diminished at the end of the 1970's, despite the growing awareness of the worldwide overuse of the forest resources. The same is more or less to be said about fishery and plant protection projects, while the land use projects, fortunately, were gaining some ground in the overall patterns of German development aid.

Regarding the category of "Ecology-oriented farming" so far there has not been much activity going on, being a reflection of the low priority ecology-oriented farming is given by official agricultural policy within Germany and in the EC. (As a footnote, however, it must be added here that recently the number of successfully working ecology-oriented farmers in Germany has been increasing rapidly).

A major contribution to an environmentally sound development in rural areas is to be expected by a certain type of energy project. The stock of wood and forests can be stabilized if biogas and solar energy projects can successfully be established and operated. The projects counted in Table 6 mainly belong to this category of alternative energy projects, some of them, however being only at the pilot project stage.

Regarding aid administration it should be added here that GATE has been established, a department for appropriate technologies. This decision may show that in German development aid the lesson on the necessity of appropriate technology transfer in general has been learned.

3. Controlling Environmental Effects of Traditional Projects

Environmental impact assessment may be seen as an efficient instrument for evaluating development aid projects. This method has been officially promoted in Germany (as early as 1972), but in general has not attained great importance. This is slightly different in German aid, where KfW and GTZ are working not only according to specific environmental guidelines but are requested to use "checklists" and "project manuals" for covering project categories with potentially significant environmental effects. This list includes typical environmental effects of such projects as

irrigation farming, dams, sugar production, pulp and paper industry, chemical industry, etc. This procedure clearly is to be regarded as an extension of technical feasibility studies and of economic appraisals. The project evaluation in the agencies mentioned is undertaken by a team including country experts, technical, financial and also environmental experts, and may therefore truly be called "environmental impact assessment". Interviews with such evaluation teams and investigations into their reports have shown that in general there is a high sensibility for environmental problems involved or connected with aid projects. And it is to a large extent due to this interest and knowledge that in traditional aid projects improvements with respect to avoiding negative environmental effects have been made. However, the environmental effects monitored in the checking procedure, and the proposals to tackle them show that in general a fairly technical understanding of environmental protection is prevailing. Technicians are well aware of the technical innovations with which problems of environmental effects are handled in Germany, and this knowledge is easily, and sometimes too quickly transferred into the project design and project implementation for the recipient developing country. The more certain environmental problems can be solved only through social innovation (e.g. erosion problems) the weaker the answers of the team members are.

In Table 7 the subjective estimation on capital aid projects of members of the KfW agency is presented. The selection of the persons interviewed was made on the basis of the list of projects undertaken bei KfW between 1974 - 1978. The total number of projects was 383, out of which some 206 were classified as projects with significant environmental effects. Out of these some 49 were taken on the basis of a random sample and an ex post judgment was asked for from the persons interviewed. The results are given in Table 7.

Table 7 here

Table 7: "Environmental Success" of Capital Aid Projects

Sector	Number of projects	Number of projects with env. problems	Number of projects with incomplete information on env. problems	Number of projects without env. problems
Industry and mining	18	6	3	9
Agriculture	13	2	2	9
Power plants	4	-	1	3
Transportation infrastructure	8	1	-	7
Water supply and sewage disposal	7	-	1	6
Total	49	9 (18.4%)	7 (14.3%)	34 (69.4%)

Source: V. Hartje, op.cit.

Regarding the countermeasures by KfW taken in the planning stage of the projects, it is interesting to learn that in industrial projects the main emphasis was laid on solving the problems of disposal, i.e. end-of-pipe technologies, while radical modifications of the production process or in the location were only seldom undertaken. The choice of the disposal technique again was mostly tailored according to standards prevailing in Germany.

Regarding the operation stage, countermeasures such as the training of additional employees, were taken or proposed by the KfW only in cases where serious problems arose.

At this point I cannot look into the evaluation procedure used by the other German development agencies. However, it is possible to state that in general it is very much dependent upon personal experience and awareness of whether environmental considerations are included in the terms of reference of project aid. Furthermore, it can be said that, judging from the results of the research work quoted⁷⁾, the impact of environmental effects is grasped and taken serious the more the given aid project is of an investive nature. This means that the potential environmental effects of other projects like institution building, establishing organizations and planning agencies, etc. were recognized only as secondary, indirect or as being of no importance. These results may illustrate that, also with regard to such questions, there seems to be a certain discrepancy between theoretical perception and practical handling of planning problems.

4. On Implementing Environmental Considerations in Project Planning

Concluding from what has been said above, one could fairly say that environmental considerations in German development aid have high priority. Especially the general political outline and principles look favourable. The implementation of that priority and those principles, however, is still lagging behind. Implementation seems fairly advanced with regard to a certain type of industrial and infrastructural project, although the solutions proposed and taken are often those typical for the

donor country itself. Solutions adjusted to the prevailing economic and social conditions of the recipient country are still very rare. Also projects for safe water supply should be mentioned here as being fairly well designed. Regarding environmental problems of rural areas, however, German development aid still seems to have peculiar difficulties. The question is whether this is just the 'normal' lag resulting from the change of priority in aid policy or whether additional factors are involved. The adjustments of agricultural and other rural projects towards a more sustainable development are to a large extent still in the experimentation phase. Here, as is always said, not only institutional obstacles for change are strong. It could also well be that not enough expertise and adequate knowledge on questions of rural development in the developing countries is made available in highly technical planning agencies such as KfW, GTZ, and the respective agencies in other countries. But even if the problems of integrated rural development were truly understood, and even if the numerous experts and consultants as well as concerned institutions in the German example of development aid would be considered as comparatively good,⁸⁾ a stronger commitment to do more should be expected.

One additional final remark: In many aid providing countries, including Germany, development agencies have agreed that efforts to help developing countries cope with their environmental problems should be given higher priority than is presently the case. Clearly, this is a field where aid agencies normally act only upon direct request from a government for help (which is, as was said, the general request principle in German aid policy). However, I could imagine that the German and the other development aid agencies should urgently consider how best to help build up the developing countries' environmental management capacities (institutional and organizational infrastructure), or how they themselves could more actively encourage developing countries to seek available environmental management assistance. Although there remains much to be done in all the countries to protect the environment, there is also much to be learned from one another in how to do it.

References:

- 1) This study was organized by the International Institute for Environment and Development in London in 1980 in cooperation with six affiliated project teams in Canada, Federal Republic of Germany, Netherlands, Sweden, United Kingdom and United States of America and examined the official bilateral aid agencies of the respective countries.
- 2) B. Johnson, R.O. Blake (Eds.): The Environment and Bilateral Development Aid, Washington and London 1980, p. IV-V.
- 3) For this section and for the presentation of the statistical data I strongly rely on the excellent assessment of the main elements of the aid performance and policy of the Federal Republic of Germany by R. Hofmeier and S. Schultz: German Development Aid Policy in Transition, in: Vierteljahresberichte, Nr. 91, März 1983, pp. 33-49.
- 4) The report by the International Institute for Environment and Development gives a detailed description of how different the efforts to incorporate the environmental dimension into each of the six donor countries' aid programs have been. Cf. The Environment and Bilateral Development Aid, op.cit.
- 5) A comprehensive overview on these developments is given by V.J. Hartje: Umwelt- und Ressourcenschutz in der bilateralen Entwicklungshilfe. Beihilfe zum Überleben? Frankfurt, New York: Campus, 1982.
- 6) Cf. Bundesministerium für Wirtschaftliche Zusammenarbeit (BMZ): Die entwicklungspolitischen Grundlinien der Bundesregierung, Bonn 1980.
- 7) Cf. V.J. Hartje, op.cit.
- 8) Such is the judgment in the report of the International Institute for Environment and Development, op.cit.

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