

Focus of Japan's Environmental ODA

Mahbub ul Haq

It is extremely commendable that Japan decided to earmark one trillion Yens during FY 1992-96 to improve the environment of the developing nations and that 70% of this target was met right in the first three years of this period. Japan is the only major donor which has seriously undertaken to implement the pledges made at the Earth Summit in 1992.

While the record of Japan's environmental ODA must be greatly appreciated, there is still some room for improvement. It appears that Japan's ODA earmarked for environmental purposes is spread over too many areas - from sending country environmental missions to supply of environmental consultants, from air and ocean pollution to safe drinking water and sewage projects, from support for the World Bank-financed projects to contributions to GEF, from development studies to information gathering. While each one of these components may be important in its own right, the overall orientation lacks clear focus. Also, it is not explicitly recognized that environmental problems of developing countries cannot be separated from "pollution of poverty", nor should the loud emergencies of air and ocean pollution command more attention than the silent emergencies of rapid population growth, lack of preventive health care facilities, and lack of sufficient income and jobs leading to overuse of natural resources like forest and land required for future generations. Unless the basic causes of poverty are also attacked, an isolated attack on the symptoms of environmental degradation is not likely to be very successful.

Several concrete suggestions can be made for enhancing the effectiveness of Japan's environmental ODA. Since the basic purpose of these invited think-pieces is to look for avenues of improvement, the following proposals focus only on what can be done better, not on what is already being done.

First, developing countries need more information and financing for environmentally-safe technologies. Often, developing countries use inappropriate, outdated and environmentally-hazardous technologies partly because sufficient information and options are not available to them about environmentally-safe technologies, but mainly because the latter cost more, sometimes much more. Since it is in the interest of the global community that the poor nations also use environmentally-safe technologies – in other words, there are external economies to the entire international community from such use – it is only logical that the rich nations finance the entire difference in the cost between less-safe and more safe technologies by way of a grant. This will make the adoption of more safe technologies an international decision, rather than a decision dictated by the poverty of a nation. Can Japan take the lead in this area and finance the cost differential between environmentally-safe and environmentally-hazardous technologies in a selected number of projects, as a grant or as an interest-free loan? And can it persuade other donors to do the same? Also, why not abolish all patents and copyrights on environmentally-safe technologies? If the adoption of these technologies is good for the entire global community, it is unfair to deny full information or domestic capacity to replicate such technologies to poor nations. Japan's lead in the technology area can make a major difference to the current practices in the

developing world.

Secondly, one of the major achievements of the 1992 Earth Summit was to establish a close and inseparable link between environment and development. The concept of sustainable development implies that environmental improvement is impossible without development. Poor nations do not wish to sustain their poverty: they would like to open more choices for their future generations than their present generations enjoy. Without attacking the underlying causes of poverty, environmental improvements may remain only an elusive dream for them.

What this means is that environmental ODA must be put in a broader development perspective. It should be earmarked not only for the ultimate symptoms of environmental degradation but also for those programmes which can prevent the emergence of such environmental problems. More specifically, more of ODA allocations should support programmes of family planning, primary health care, safe drinking water and sewerage, and battle against water-borne diseases. It is not clear whether Japanese ODA allocations have gone up substantially for these programmes in the last five years. These allocations must be stepped up considerably in addition to the "environmental ODA". Similarly, Japan's present allocations for human priority concerns are only a small fraction of the 20:20 compact endorsed by the Social Summit and need to be increased considerably.

Third, it is widely recognized now that the current consumption life style of the rich

nations cannot be replicated by all the poor nations without a major ecological disaster. If developing countries were to attain the present day consumption standards of the rich nations, it would require – according to one recent study – 10 times the currently known reserves of fossil fuel and 200 times the presently available mineral wealth of the world. The load on non-renewable resources as well as on the earth's biosphere will be impossible to manage.

This leads to one major policy conclusion: Developing countries need to choose different life styles – and hence different development models – than the industrialised countries have chosen in the past. And the rich nations need to alter their life styles as well to make them more energy-conserving and less resource-intensive, since different life styles will not survive for different segments of world population for too long.

In the final analysis, this means the selection of human development models where people – rather than GNP – moves to the centre stage. Japan led the world in pursuing a human development model, which was not as consumer-oriented as the West and which was based on its own cultural and traditional values. But rising trend towards consumerism threatens this development model in Japan as well.

Japan will do well to earmark a small part of its ODA to a professional analysis of the relevance of human development models, both for rich and poor nations. UNDP's annual Human Development Reports are focussing on such models of development – and so are

other policy think tanks in many parts of the world. These human development models are the more sustainable alternative to the past patterns based on indiscriminate growth and consumption of goods and services. If Japan is interested in the future of sustainable development, it should not hesitate to make an investment in the right ideas. Unfortunately, investment in ideas is the most neglected investment in the world today, even though the payoff can be enormous.

Fourth, another idea whose time may have come is the idea of tradeable permits in environmental pollution, and here again Japanese ODA can play a critical role.

The principle of making the polluters pay for their pollution has been widely accepted at the national level by now. Why not accept the same principle at the international level and oblige the polluting nations to pay for the pollution they add to the global commons? This can be done by making it mandatory for all nations to buy permits for the right to add to international pollution - permits which can be issued both on the basis of the population and GNP of all nations and permits on which premium is set by free trading in the stock exchanges of the world. For once, we would then establish market penalties for global pollution, rather than relying on pious resolutions or international sermons.

If such a mechanism is put in, it will greatly help the developing nations: the rich nations may have to transfer around 5% of their GNP, according to a recent study, to buy

environmental permits from the poor nations to sustain their current levels of global emissions. On one hand, it will oblige rich nations to be more prudent in their global pollution practices. On the other, it will provide sufficient resources to the poor nations to finance environmentally-safe technologies. And all this will happen not because of charity but because of well-accepted market principles.

Can Japan make a major commitment to an objective and dispassionate study of such a proposal? It will require only a small fraction of Japanese ODA to support such a study but it can help improve the environment, both for the rich and poor nations, more than all the other isolated programmes put together.