

Abstract

This study has a background of the expansion of Korea' s ODA(Official Development Assistance), the importance of global environmental issues and international cooperation, the expansion of green ODA supported by low carbon green growth policy and therefore the increasing necessity of defining green ODA and the current status of green ODA. This study ultimately aims to clarify the concept of green ODA and suggests the ways to develop green ODA policy.

Therefore, this study conceptually and operationally defines green ODA. While defining the concept of Green ODA, it estimates the current volume of green ODA and proposes the way of improving green ODA policy in Korea.

This study has the following structure in order to understand the concept of green ODA. First, it investigates the structure and the volume of Korea' s ODA and environment focused ODA of major donor organizations such as KOICA and Korea Eximbank. The research confirms that donor organizations provide diverse environment focused ODA and finds that most of those environment focused ODA are to a certain extent green growth policy oriented ODA. Second, the study introduces the background and development of environment focused ODA and investigates environment focused ODA projects of major donor countries such as Germany and Japan, and major donor institutions such as World Bank and ADB. As a result, the study confirms that international donor institutions and other states provide environment focused ODA based on diverse standards. Finally, the study theoretically verifies relevant concepts in order to define the concept of green ODA. The concept of green ODA is defined through this process. Especially defining green ODA has a significance since green economy discussed in Rio+20 in order

to achieve sustainable development and poverty eradication can be delivered into developing countries in the name of green ODA.

'Green' of green ODA in this study fundamentally stands for a way of soundly preserving the life supporting system of the earth. The concept of green ODA is defined as an environmentally friendly international cooperation which supports or enhances the characteristics of the commons and high eco-efficiency. In this study, environmental friendly or green activities refer to activities that protect or increase local and global commons and improve an eco-efficiency. In this regard, green ODA includes following categories. First, it involves international cooperation activities that improve local environmental qualities or provide environmental basic needs. Second, it includes international cooperation activities that preserve global commons which guarantee human survival. Third, it also refers to international cooperation activities that minimize the negative impact on the environment from promoting development.

While considering the concept of eco-efficiency and the characteristics of goods and services produced from ODA, the study categorizes green ODA into five different types: Traditional environment focused ODA, ODA for protecting global commons, climate change focused ODA, greening development ODA, and ODA for institutional improvement and capacity building.

Traditional environment focused ODA is ODA that provides environmental goods as basic needs that help maintaining human dignity and as goods to resolve environmental problems related with traditional local commons. ODA for protecting global commons is ODA that resolves environmental problems related with global common goods. Categories 1 and 2 types focus on problems related with high eco-efficiency, the life supporting system of the earth and basic human needs.

Climate change focused ODA is ODA that helps mitigating and adapting climate change. From the perspective of conceptual categories, climate change focused ODA embraces bigger scale than environment focused ODA.

The poor in developing countries with less historical responsibility than people in developed countries are the greatest victims of climate change. This study considers ODA that helps reducing negative impacts of climate change or provide renewable energy as green ODA.

Greening development ODA includes environmentally friendly ODA in sustainable development ODA and greening ODA. However, the study argues that it is not reasonable to acknowledge the total sustainable development ODA project expenditure as green ODA although the development ODA projects partially include environmentally friendly or climate friendly components. It contends that only environment or climate change related expenditures should be included in green ODA with a strict evaluation. It suggests that ODA related with development projects should receive a strict evaluation in order to be green ODA. The study further argues that evaluating ODA needs to adopt eco-efficiency as its criterion.

ODA for institutional improvement and capacity building induces improving environmental quality through cultivating a capacity building of policy makers and citizens in developing countries. Goods generated from institutional improvement and capacity building have commons characteristics regardless of categories can be included in green ODA since these goods can accelerate projects and improve resource use efficiency. The study further contends that ODA for institutional improvement and capacity building related with projects from forementioned four types of ODA should be categorized as green ODA as well.

The following five alternatives can provide criteria about to what extent ODA can be recognized as green ODA. Alternative 1 recognizes all criteria as green ODA. Alternative 2 acknowledges all expenditures from traditional and global environment focused ODAs and climate change ODA as green ODA. It also acknowledges partial expenditure from greening development ODA. Alternative 3 does not recognize entire expenditures of greening development ODA as green ODA. Alternative 4 fully recognizes expenditures of traditional and global environment focused ODA, especially expenditure of climate

change reduction. However it partially recognizes expenditure of climate change mitigation. Alternative 5 only acknowledges expenditure of traditional and global environmental problems related ODA as green ODA. Among 5 alternatives for green ODA, this study selected alternative 2 and estimated the amount of green ODA of Korea.

[Table 1] CRS Code related with Green ODA Types (Alternative 2 Scenario)

Category		CRS Code	Application of Green ODA (based on relevant project expenditure)
1. Traditional environment focused ODA		14015, 14020, 14021, 14022, 14030, 14031, 14032, 14050,	100 %
2. ODA for protecting global commons		31220, 41020, 41030, 41040,	100 %
3. Climate change focused ODA		23030, 23065, 23066, 23067, 23068, 23069, 23070, 41050, 74010, 12250, 12262,	100 %
4. Greening development ODA		31120, 31130, 31140, 31192, 31320, 32120, 32220, 32261, 32262, 32263, 32264, 32265, 32266, 32267, 32268, 21020, 21030, 21040, 21050, 43030, 43040,	10%~50% (Secondary classification with policy markers)
5. ODA for institutional improvement and capacity building	1+2+3 related ODA	14010, 14081, 31210, 31281, 31282, 41010, 41081, 41082, 23010, 23081, 23082,	100 %
	4 related ODA	31166, 31181, 31182, 31310, 31381, 31382, 32110, 32210, 32310, 21010,	In case of evaluating with a policy marker 100%

While selecting alternative 2 as a standard, CRS code and policy marker are used for figuring out Korea's green ODA as shown in table 1. Above all, projects are classified according to relevant CRS codes from a forementioned five types of ODA. After this procedure, in case of greening development ODA whose project expenditure is only partially acknowledged since an ecological efficiency is relatively low, the study suggests five policy

markers(environment marker, biodiversity, climate change mitigation, climate change adaptation, desertification) as secondary classification standards.

The basic data for estimating the volume of Korea's green ODA is obtained from Korea's bilateral ODA statistical data from 2006 to 2010 provided by OECD DAC. The CRS code for categorizing green ODA in this study has its advantage since it estimates the volume with easy classification by utilizing existing ODA statistical data. Five policy markers can be useful standards that can secondarily classify projects related with greening development ODA that can only acknowledge partial project expenditure.

The new methodology in this study shows that the estimation of the volume of green ODA in 2010 equals to 13.8% of Korea's total ODA as indicated in table 2. This number is more than twice as much as 6.5% of 2006. And it confirms that Korea has been steadily increasing environment focused aid. Furthermore, the detail analysis of green ODA by type, by region, by donor institutions and by income levels of recipient countries in 2010 is conducted in this study. As a result of the analysis, Asia received 79.19% of the total green ODA. It further shows that credit assistance equals to 38.86% and grant aid equals to 57.08% and 93.36% of grant aid is supported by KOICA. LMICs receive 47.08% and LDCs receive 36.28%.

Korean government declared to expand the percentage of her green ODA by 30 percent by 2020. In order to achieve 30 percent target, the government needs to expand the volumes of local and global environmental protection focused ODA and climate change focused ODA. The government also needs to declare green mainstreaming in ODA and make an efforts for greening development ODA.

[Table 2] Green ODA Performance from 2006 to 2010 (Alternative 2 Scenario)

(Unit: Million dollars)

	2006	2007	2008	2009	2010
Total ODA (Bilateral)(A)	401.37	525.48	578.67	615.28	933.24
Traditional environment focused ODA	16.92	24.43	44.50	43.93	54.45
ODA for protecting global commons	2.21	1.25	5.30	3.74	10.19
Climate change focused ODA	2.35	17.03	8.29	22.24	46.29
Greening ODA	0.06	0.49	0.10	0.16	2.84
ODA for institutional improvement and capacity building 1 : Related with local and global environmental protection and climate change mitigation and adaptation	4.66	7.25	8.16	10.84	14.31
ODA for institutional improvement and capacity building 2 : Related with greening ODA	-	0.08	0.56	1.04	0.11
Green ODA(B)	26.21	50.54	66.91	81.95	128.75
Green ODA ratio (B/A)	6.5%	9.6%	11.5%	13.3%	13.8%

Source: Modified from *OECD DAC CRS data_Korea (2006~2010)*

This study suggests that the basic direction for developing green ODA policy should include greening ODA policy and development and promotion of projects which reflect characteristics of recipient countries. Suggested elements for making green ODA policy successful in this study include considering the poor class whose income is less than 3,000 US dollars per year, characteristics of local communities in recipient countries, application of appropriate technology, development and support of green ODA governance structure. Alternatives which strongly endorses strengthening local communities of recipient countries are suggested as the task and direction in the process of promoting green ODA. Finally, the study suggests greening ODA, establishing EIA in ODA, promoting PPP Model in green ODA, building a connection between credit and grant aids as alternatives for an institutional reform for effectively promoting green ODA.