

Mitigating CO2 Emissions in Developing Countries: The Role of Foreign Aid

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Abstract : This paper investigates the link between foreign aid and environmental protection, specifically CO2 emissions, in aid recipient countries. Conflicting results exist in the literature regarding the environmental impact of foreign aid. We come to reconcile them, using Project-Level Aid Data with environment codes, over the 1980- 2010 period. The disaggregation of aid according to the environmental codes, show why the results of previous literature remain very mixed. Moreover, we find that the effect of environmental aid is conditioned by some specific characteristics of the recipient country, independently of the donor.

Keywords : foreign aid, green aid, interactive effects, pollution

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