# Newsletter

## **BASIC South Initiative**



Quarterly Issue - 1

### **Looking beyond Durban: Where to from here?**

by Navroz K. Dubash

The lesson for India after Durban is that it needs to formulate an approach that combines attention to industrialised countries' historical responsibility for the problem with an embrace of its own responsibility to explore low carbon development trajectories. This is both ethically defensible and strategically wise. Ironically, India's own domestic national approach of actively exploring "co-benefits" — policies that promote development while also yielding climate gains — suggests that it does take climate science seriously and has embraced responsibility as duty. However, byfocusing on articulating rigid principles rather than building on actual policies and actions, it only weakens its own position.

he recently concluded Durban climate negotiations accomplished the unlikely feat of changing everything and nothing at the same time. Everything has changed, in that a "Durban Platform" set in motion a new round of negotiations based on a parsimonious eight paragraph text, which leaves open the scope to revisit several contentious issues from past negotiations. At the same time, very little has changed, in that the global climate regulatory framework for the next eight years remains the one that existed prior to Durban. Only the most optimistic could hope that simply starting the firing gun on a new round of negotiations heralds a dramatic shift in the incentives for global climate action.

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Nonetheless, it is true that by establishing a new process, the climate negotiations have entered relatively new, and uncharted territory. This is an important moment, therefore, to pause and reflect on India's approach so far, and, if necessary to make course corrections. In this article, I explore what such a course correction might focus on. In brief, I argue that India needs to re-articulate and enrich its position on equity in climate negotiations, as a prelude to developing informed views on key aspects of the negotiations going forward. First, however, I briefly summarise the Durban outcomes, and clarify what I take to be India's interests in the negotiation process. Both are necessary steps prior to looking forward.

### **Multiple Outcomes, Multiple Interpretations**

Much has already been written in the Indian and overseas media about the Durban outcome, the fraught process of reaching that outcome, and India's role in the waning moments of the negotiations (Bidwai 2011; Raghunandan 2011; Rajamani 2011a; Sterk, Arens et al 2011; Werksman 2011; Winkler 2011). The intent here is less to reproduce that story and more to flag issues that are relevant to India going forward.

The Durban Platform for Enhanced Action, which launches a process to be negotiated between 2012 and no later than 2015, and intended to come into effect in 2020 to develop "a protocol, another legal instrument or an agreed outcome with legalforce" (UNFCCC 2011), the last phrase inserted at India's insistence. As this convoluted wording suggests, at stake was the extent to which the outcome of any new process would have a legally binding nature. The phrase "agreed outcome with legal force" cracks open the door,



however marginally (and lawyers are still debating the size of the crack) to an outcome that is not a legal instrument as contemplated under the overarching UN Framework Convention on Climate Change (Rajamani 2011b; Werksman 2011). At least as important are two other, closely linked, ambiguities latent in the text. There is little clarity on the content of what will be legally binding and who (which countries) will take on such obligations. This lack of clarity has allowed various sides in the debate to declare victory simultaneously (Ghosh and Dasgupta 2011). Commentators from industrialised countries tend to interpret the text as calling for all countries to take on emission reductions — a construction of symmetric responsibility — while developing countries see the principle of differentiated responsibility as alive and well.

Such different interpretations are enabled by the actual text of the Durban Platform. On what is to be done, the document does not use the word "commitments" but instead calls on parties to "explore options for a range of actions" that are intended to increase the "ambition" of mitigation actions. This phrasing allows for emission reduction commitments, but also certainly does not preclude various other formulations including intensity targets.

Based on the text, an interpretation that all countries have agreed to commit to emission commitments, let alone reductions, does not seem warranted. The question of who does what is more complex. That the Durban Platform explicitly rooted "under the Convention" provides a basis to preserve the idea of differentiation. However, importantly, the document also specifically notes that the new outcome will be "applicable to all" and does not include even a rote invocation of the principle of "common but differentiated responsibilities", which has been a staple of documents produced under this process so far (Rajamani 2011a). The Durban Platform appears tilted towards symmetry between countries rather than differentiation between rich and poor nations.

While the Durban outcome represents the rather fuzzy, post-2020, future of the global climate regime, the other two documents produced at Durban represent the present. A resuscitated Kyoto Protocol, which received a lease on life as part of the quid pro quo for the Durban Platform, forms the first half of the current climate regime. The decision at Durban established a second commitment period for the Protocol (to run for either five or eight years), with concrete commitments to be put forward by countries by 2012. In some ways, this is a significant outcome, as it keeps in place the only legally binding element of the climate framework requiring hard commitments. However, the victory may be more symbolic than real, for at least three reasons. First, the scope of coverage is limited and shrinking. Japan and Russia have signaled their intent not to participate in a second commitment period (Goldenberg 2010; Morales and Biggs 2010), and Canada formally withdrew from the Protocol within days of Durban (AFP 2011), leaving the European Union as the lonely bedrock of the Kyoto Protocol. Second, the content of commitments for the second commitment period are as yet unknown, and much depends on whether actual numbers put forward by parties in the coming year are adequate improvements over those agreed to for the first commitment period. Third, Durban failed to adequately address the problem of "hot air," the surplus "assigned amount units" (AAUs) allocated to economies in transition in the first commitment period, which, if carried over to the second commitment period, would effectively undermine the environmental worth of the Kyoto Protocol.

The second piece of the current regime is the outcome on Long-Term Cooperative Action (LCA), which is built around voluntary pledges by countries, followed by various systems for review. It also importantly addresses adaptation. At Durban, steady progress was made on various aspects of the LCA process, including the basis for "measurement, reporting and verification" (MRV) (called "International Consultation and Analysis" for developing countries and "International Assessment and Review" for developed countries), the governance mechanism for the Green Climate Fund, and the mechanism for delivering finance for "Reducing Emissions from Deforestation and Forest Degradation" (REDD+). Taken collectively, the Durban outcomes have elicited a wide range of reactions. Environmentalists tend to view it as far too little, and rather late, as "...a compromise which saves the climate talks but endangers people" (Christian Aid 2011). Veteran watchers of negotiations view the outcome as the best that could be expected, given the circumstances, although not nearly enough (Winkler 2011). Several voices are concerned with the downgrading of equity, with one describing the Durban outcomes as "phasing out climate change frameworks based on equity and launching talks for a new

treaty whose contours are yet to be defined" (Khor 2011). All agree that there is considerable uncertainty about the future.

### **India's Interests**

In order to clearly evaluate India's stakes coming out of the Durban negotiations, it is necessary to be clear about what India's interests are in this process. In my view, our interests fall under two broad heads. First, India must ensure that, as a result of the climate negotiations, prospects for development and alleviation of high poverty levels of much of our population are not restricted. This concern stems from the fact that the poverty burden in India remains extremely high and, given current technology, poverty alleviation and development requires the ability to emit carbon. While other countries may make similar claims, India's relative position in the global context helps buttress the case. In 2000, Indian levels of GDP per capita were 42% of the global average, total primary energy supply per person was 32%, electricity consumption per capita was 22% and per capita CO2 emissions were 32% of the global average. When compared to industrialised countries, of course, these ratios are much lower. As discussed below, this claim need not be nor cannot be open ended and unqualified, but there is little doubt that, to address poverty concerns and support development aspirations,

India's emissions should not be capped in the short to medium term. Second, however, India also has a strong interest in an effective global climate response. Whether in terms of vulnerability of food systems, water availability, disease burden, sea level rise or weather events, India has a great deal to lose from unchecked climate change. And, at low levels of development, the ability of our population to respond is diminished. Measured against these objectives, the outcomes of Durban are disappointing. The failure of the Durban Platform to explicitly recognise the continued salience of the principle of common but differentiated responsibility implies that India will have to work harder to achieve the first objective.

With regard to the second objective, while some view the promise of harder legally-binding commitments as a positive signal, the form of commitments, their cumulative consistency with the global emission benchmarks set by climate science and their acceptance by countries all remains to be settled. Given the fraught nature of past global climate politics, it is unlikely that all these outstanding issues will be positively or speedily resolved. Further, the renewed Kyoto Protocol seems unlikely to leverage much enhanced climate action. The effectiveness of the LCA process depends on countries following through on their emissions pledges and on ramping them up, and on the

supporting mechanisms around adaptation, technology, finance and REDD+.

India's negotiating position has long prioritised the first objective—staving off caps. In pursuing this objective, India has often been called obstructive, and made a scapegoat for collective failure to achieve the second objective (Narain 2011). While this is palpably unfair, particularly given the track record of countries like the US on climate change, it does point to a challenge of substance and perception.

Developing a climate negotiating position that simultaneously promotes the dual objectives above takes rather more nuanced argumentation and alliance building than promoting a single-point agenda. How might India develop such nuanced positions in the future?

### **Re-conceptualising Climate Equity**

One important way forward is to reconceptualise India's stance on climate equity. India has long insisted that a global regime should be based on equitable access to atmospheric space, based on a per capita allocation (Agarwal and Narain 2011; Government of India 2011). We correctly argue that contribution to the global stock of greenhouse gas emissions constitutes historical responsibility for the problem and, indeed, that past ignorance of climate science (among industrialised countries) is no defence against accepting responsibility for past actions. Since India has contributed relatively little to the stock of global emissions on a per capita basis, this formulation would essentially guarantee that our emissions would remain uncapped for the next few decades.

However, over 20 years, this argument has failed to win sufficient adherents. While the core of the argument remains relevant, it could be strengthened by addressing conceptual flaws that also translate to strategic weaknesses. First, a negotiating position based solely on allocating atmospheric space to countries on a per capita basis implies that knowledge of climate science and potential future impacts confers no responsibility on a country to assess its choice of development path; all that matters is the space available to a country. But the ethical basis for an argument that past polluters should pay, which is the logic of the atmospheric space argument, is strengthened by recognising that knowledge of climate science and impacts provides an imperative for all countries to explore lower carbon paths, and to adopt them if costs are comparable. Not to do so would be to argue that knowledge of climate change and impacts is irrelevant to development planning. By insisting only on allocation of atmospheric space, we wrap our position in a morality of development, which then invites an angry counter morality of vulnerability, which at Durban was articulated by a cluster of small island and least developed countries. Even though India surely counts as one of the most vulnerable nations, the representative from Granada was widely reported as rebutting our minister's defence of a right to develop by stating "While they develop, we die; and why should we accept this?" (Black 2011). Second, carbon is only useful to the extent it helps enable development. While there is a close correspondence between development and carbon emissions given current technology, as technology develops each unit of carbon will yield more development. Focusing on atmospheric space rather than development prospects exposes us to the charge of supporting a right to pollute into the future, independent of changes in technological context. Instead, it is far more defensible to focus on the ultimate objective of development and poverty alleviation, rather than the proximate and contingent objective of emitting carbon.

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A re-formulated approach to climate equity should embrace an important distinction between responsibility for an action or culpability and responsibility to respond, or a duty (Rajamani 2011b). An approach that combines attention to industrialised countries' historical responsibility for the problem with an embrace of the responsibility to explore low carbon development trajectories is both ethically defensible and strategically wise. Ironically, our own domestic national approach of actively exploring "cobenefits" - policies that promote development while also yielding climate gains - suggests that we do take climate science seriously and have embraced responsibility as duty. However, by focusing on articulating rigid principles, rather than building on our actual policies and actions, we weaken our own position. Is accepting a responsibility (understood as duty) to explore low carbon development pathways (as part of a larger package that keeps focus on industrialised country culpability) a slippery slope towards ever more onerous commitments? The answer depends, in part, on the domestic policy and regulatory framework that India establishes to implement its chosen approach of pursuing co-benefits. If this framework is robust, leads to domestic actions that actively explore low carbon options, and to tangible carbon gains, then India is well placed to defend itself against further demands.

Moreover, under the Cancun Agreements, India is already committed to taking "nationally appropriate mitigation actions" when "supported and enabled by technology, financing and capacitybuilding". A clear domestic regulatory framework that provided an analytical basis for separating when we would take cobenefits based actions without external support, and when we would require external support, would also help limit future unfunded obligations. The lesson from Durban, surely, is that hewing to a rigid position that focuses only on fending off any form of responsibility for action risks exposing India to a far worse position. By arguing for a strict form of differentiation under which not only India, but also its BASIC (Brazil, South Africa, India and China) partners, are shielded, the end result was a negotiation mandate that side-stepped the idea of differentiation entirely. In terms of development parameters India has more in common with the least developing and vulnerable countries than with countries like China, Brazil, and South Africa. In the future, it will be in India's interest to develop and articulate a more graded form of differentiation, one that recognises India's co-benefits based approach as a legitimate response to the imperative of climate mitigation given our current levels of development, but also one that provides a pathway to more rigorous and ambitious actions at enhanced levels of development.

### **Preparing for the Road Ahead**

Re-conceptualising equity and differentiation are a necessary first step to a renewed Indian climate strategy. But a great deal of detailed strategic and legal work needs to be done to be effective in what promise to be intense and fraught negotiations in the coming years. India must be involved from the beginning in shaping the operationalisation of the Durban Platform. While there are no easy answers or obvious strategic ways forward, the issues on which we must rapidly develop clarity are apparent. First, do we persist with our objection to a legally binding instrument, and on what credible basis? So far, our objections to a legally binding outcome have revolved around the fear of being tied to onerous commitments, a defensive concern. But, to be taken seriously by a broad range of Parties, we must also develop and articulate our perspective on a legally binding instrument with regard to environmental effectiveness. It may be more effective, even now, to articulate the conditions under which we feel a legally binding instrument safeguards both our development and climate interests. Second, does a legally binding instrument mean legally binding quantitative commitments, or could it mean legally binding procedures that buttress voluntary commitments? Which of these options would make most sense from an Indian perspective? Third, what will be the form of commitments

to be taken by countries? It will be particularly important to put on the table an articulation of how differentiation in commitments or actions can be operationalised across countries that accounts for India's relatively low levels of development. Fourth, what is our political reading of how different countries will engage with the Durban Platform? Will a legally binding outcome work against itself by discouraging ambitious target setting by countries?

Will any gains be undone by high hurdles to ratification of a new instrument in several countries, notably the US? These are all issues on which India needs to develop informed analysis as a prelude to formulating a position and strategy. In the short run, it is also important over the next year to be engaged with the articulation of the Cancun agreements based climate regime that will be put in place for the next eight years. First, we must work with our allies to seal off remaining loopholes in the Kyoto Protocol and ramp up pressure on Annex 1 countries to put in place strong second round commitments. These are issues on which BASIC and least developed economies can make common cause. Second, we need to develop a focused strategy on how to use the MRV provisions of the LCA outcome to keep the pressure on industrialised countries for effective climate action, and to maintain pressure on them to meet their obligations to contribute to the climate finance mechanism, the Green Climate Fund. Third, we should proactively shape the operationalisation of the international consultation and analysis framework for developing country pledges to be consistent with our co-benefits approach to climate mitigation.

Since the post-Durban grueling process promises to be a long and grueling process of negotiations, it is also important that India develop the capacity to engage in a long-term and sustained engagement with the negotiating process. This involves setting objectives, and then developing a legal and political strategy to achieve those objectives. A long and complex negotiation round such as the one we are about to embark on will require continuity in personnel, long range strategic thinking, and a willingness to leave the comparative safety of the high road to think through and engage in the ambiguities of the middle ground. At Durban, we negotiated for principle, and failed to achieve a desirable outcome. After Durban, we must find a way of making our principles more robust, and use them strategically to achieve real outcomes, and not just rhetorical victories.

#### Notes:

- 1 An oft-cited-goal is that industrialised countries' emissions should be reduced by 25-40% over their 1990 levels by 2020, as articulated in the IPCC's Fourth Assessment Report.
- 2 Computed from International Energy Agency, Key World Energy Statistics, 2011.

3 There are several attempts to model the implications of different allocation formulas. For an overview and one influential approach that uses past contributions to stock as the basis for determining how fast future emissions decline, see Jayaraman, Kanitkar et al (2011).

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### **BRICS Development Bank - Real need or power play?**

### by Sunita Dubey



n a recently concluded BRICS summit, the leader of five emerging economies considered the possibility of setting up a new Development Bank for mobilizing resources for infrastructure and sustainable development

projects in BRICS and other emerging economies, and developing countries. The Finance Ministers of these countries will further examine the feasibility and viability of such an initiative, and set up a jointworking group for further study. The idea of South-South development bank is exciting provided its services are geared towards improving quality of life of poor communities in BRICS countries and other emerging economies. This can also provide an opportunity for BRICS countries to revisit and redefine the "development and economic growth,where the emphasis is not on GDP and increased consumption, but more on social and environmental well being.

However, there are several issues which needs to be discussed and resolved, mainly around social and environmental safeguards, transparency and civil society involvement. BRICS Development Bank should not become an avenue for circumventing policies and standards, which has been set up and evolved over time at various International Financial Institution after many years of lobbying from civil society groups. There are also lessons to be learnt from various pitfalls of Brettenwoods Institutions, where too much emphasis on mega projects and trickle down economics has lead to too little change on the ground. Lending and project financing based on this approach by the World Bank, Asian Development Bank and Africa Development Bank has not been very successful in reaching MDGs, especially in poor regions of Asia and Africa. Therefore, BRICS need to develop a new vision and development model for the proposed bank, otherwise it will end up either being a mirror image of existing international development banks or something even worse. It is critical to involve civil society groups and other stakeholders in this process from the very beginning.

The rising power of BRICS: BRICS increasing economic prowess has made it apparent that they will have a key role in governing the global economy and governance, especially with the majordeveloped countries still facing

economic uncertainity, high fiscal deficits and debts, and substantial unemployment. According to Indian Prime Minister Manmohan Singh, "BRICS countries share similar positions on many issues including reform of the Bretton Woods institutions, trade protectionism and the Doha Development Round, achievement of the Millennium Development Goals (MDGs), and support for a multi-polar, equitable and democratic world order".

The idea of setting up a BRICS Development Bank is being discussed at a time when emerging countries are pushing for greater say and quotas in the affairs of the World Bank and IMF, over which Europe and the US have had a traditional dominance. This proposal is mainly being pushed by India to establish a South-South Development Bank as an emerging economies' alternative to the existing West-led financial institutions. According to External Affairs Minister of India, Mr. S. M. Krishna, the setting up of a BRICS-led South-South bank would not be an "aberration" to the global financial architecture, but instead it would "supplement" the efforts of other multilateral institutions in meeting the investment requirement of BRICS and other developing countries.

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The BRICS as well as other emerging economies have a savings base that is not fully used domestically. A South-South development bank can provide a mechanism to foster South-South investment and help recycle such surplus savings for the developing countries' own developmentneeds. The banking chiefs of the five countries met in New Delhi on March 27 on the eve of proposal among other global financial issues.

An Early support offered by BRICS Academic Forum: Attended by over 60 scholars from Brazil, Russia, India, China and South Africa, the BRIC Academic Forum has put forward 18 recommendations for the consideration of BRICS leaders at their summit in New Delhi. One of the recommendation by the Forum emphasizes the creation of institutions that would enable alternatives for enhancing inclusive socioeconomic development agenda within and outside BRICS. Such institutions must eventually seek to set global benchmarks for best practices and standards. It also suggested that BRICS must evolve as a platform for

creating contextualized multilateral policies, and by mutual consultation develop viable and credible mechanisms to respond to local, regional and international political and social turbulence such as the events being witnessed in West Asia and North Africa.

Idea gaining traction amongst policymakers: The creation of BRICS development bank was the main subject of the recent bilateral talks between China and India. China apparently wants a fixed presidency for itself given the size and expanse of its economy, whereas India wants a rotating presidency on the lines of other regional groupings. The Indian government has also circulate a concept note on the BRICS Development Bank to other member governments. Some would use this as evidence that the project is likely to fail even before it comes into existence. Yet the fact that such a disagreement emerged at all is also

proof that the discussion has advanced to a level where specific questions such as who is to lead the institution are already being debated.

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# The First Year of China's Twelfth Five Year Plan: A mixed score of achievements

by Lina Li

A year after the launch of China's Twelfth Five Year Plan, while GDP, energy consumption and carbon intensity grew uncurbed, central and local governments have substantiated the policy tools that pave the road forward.

### A mixed score at the end of 2011

he year of 2011 of is a tough trial year for the ambitious 12th Five Year Plan (FYP). According to the annual economic and social development statistic report for 2011 released by the National Statistic Bureau on Feb 22, scores for the 2011 energy saving and emission reduction efforts are mixed: only half of the six annual targets were met. SO<sub>2</sub>, COD and ammonia nitrogen emissions reductions surpassed the 1.5% goal. Yet, energy intensity only decreased by 2.01%, compared to the 3.5% target, affecting carbon intensity reduction as well. Nitrogen oxides emissions increased by 5.37% against the 1.5% goal

With an annual growth rate of 9.2% (v.s. a 7% goal), energy consumption grew by 7%. This amounted to total of 3.48 billion tons of coal equivalent (tec) of energy consumed, in which electricity grew by 11.7%, coal 9.7%, crude oil 2.7% and natural gas 12%. Energy demand in 2011 grew by 0.23 billion tec, highest since 2004. The clean energy accounted for 27.5% of the total installed capacity, which only experienced a 0.9% growth compared to 2010. Non- fossil fuels' share in China's energy consumption

and production even declined slightly, against the goal of reaching 11.4%.

A number of factors contributed to such results. First, while the main target of 2011 was to ensure "stable growth," most local governments may still have given fast economic growth the priority. Second, the fixed assets investment boom continued. Many high-emission industries that were strongly curtailed in 2010 to meet the 11th FYP targets were cut some slack in 2011. Third, central and western regions are experiencing an accelerated pace of urbanization and industrialization. A large number of high energy consuming industries moved from east to west. Finally, previous FYPs have harvested most of the low hanging fruits in terms of energy consumption reduction.

This also reveals that the Chinese economic and energy structures have yet to transform themselves. It is a



delicate task to balance the government's commitments of combating climate change, achieving energy security and sustainable development, and, on the other hand, economic development and poverty eradication. Tensions between central and local level administrations further complicated the overall efforts to meet climate protection goals. To understand the complexity and specificity of the mixed outcome, let's briefly revisit the 12th FYP and the substantial efforts and steps taken by the central and local administrations to pave the road ahead.

### The 12th FYP: the green blueprint

The 12<sup>th</sup> FYP (2011-2015), launched in March 2011 by the Chinese government, seeks to achieve a more balanced approach to growth and development, and focus the attention on the environment, equitable wealth distribution, increased domestic consumption, livelihoods,<sup>1</sup> and what officials call "administrative reforms." The setting of "7 percent" annual GDP growth rate signally signals that the central government has given more weight to quality, as opposed to quantity, of economic development.

### Policy developments at central and local level

As in the past, the broad-brush guidelines and roadmaps developed by the 12<sup>th</sup> five year plan are taken further by much more detailed sectorial and provincial FYPs with specific targets, measures, initiatives and regulations.

Last August, the State Council issued the 12<sup>th</sup> FYP Energy Saving and Emission Reduction Comprehensive Work Plan, breaking down the national targets into provincial and local level. Different from the previous FYPs, the local targets have been largely differentiated with regard to local situations and development stages. By the end of 2011, 22 provinces have developed their provincial level plans. For example, Beijing's Whole People Action Plan gives overriding emphasis of public participation, while Shanghai emphasizes more on energy cap and emission trading system. The Plan also proposed an emission cap of around 41 million tec by 2015.

In December, the State Council issued the 12<sup>th</sup> FYP Greenhouse Gas (GHG) Emissions Control Work Plan, which outlines more substantial and new programs on GHG emissions and low carbon development. A separate Plan by itself reflects the state's concerns about climate change.

Meanwhile, several high level policies have been drafted and/or under consultation, including the Special Plan of the National Response to Climate Change (2011-2020), the National Strategy of Climate Change Registration, and finding ways to Strength the Climate Change Policies.

New or scaled-up pilot projects are underway to test these policies and work plans. The ministry of Finance and the National Development and Reform Commission (NDRC) jointly launched the pilot fiscal policy for energy saving and emission reduction The ministry of Finance and the National Development and Reform Commission (NDRC) jointly launched the pilot fiscal policy for energy saving and emission reduction in Beijing, Chongqing, Shenzhen, Hangzhou, Changsha, Guiyang, Guilin and Xinyu, to test the integration of low carbon city approaches into provincial fiscal policy-making. Successful initiatives from 11<sup>th</sup> FYP have also been strengthened, e.g. the Top 1,000 Enterprises Program has upgraded to the 10,000 Enterprises Program.

### Other key initiatives

Three initiatives reflect key trends of the government's responses to climate change: more public participation, more market-based tools and increased transparency.

### Climate Change Law

The NGO community welcomed the first round of call for public opinions to draft China's first Climate Change Legislation, as a good opportunity for participating at an early stage of such an important legislation process. Several NGOs of China Climate Action Network delivered a joint submission.

The submission highlighted effectiveness, equity and transparence of the legislation, and was well received by the officials.

### **Emission Trading Pilots**

Last October, NDRC designated seven provinces and cities as pilots to test the Emissions Trading Scheme (ETS). Overseen by NDRC and local DRCs, various implementation bodies, e.g. local exchanges, research institutes, government associations and academics, started the process as early as 2010, but still face a tight timeline to deliver progress. Different regions have different views on their scheme design, and differ in capacity and development pace. Common challenges include data availability, measuring capacity of potential ETS participants, cap setting and allocation methodologies,trading modality development and institutional capacity.

Monitoring Mechanism Innovation NDRC developed a measuring and early warning system to urge and guide local governments to strengthen their energy saving and emission reduction works, and has started to release data. The measurement is based on modeling of local energy intensity per GDP output and in comparison with their annual and 12 FYP targets. Data for the first three quarters

of 2012 is now available on NDRC website. Improvement could be made by releasing more information on local achievements or lack of such (data etc.) to enhance transparency and accountability. Looking Forward

The unachieved targets of energy and carbon intensity of 2011 have certainly posed some pressure to the government in the remaining years. Policy tools have been deployed, but implementation at local level and a true paradigm shift

will require more determination, efforts and perhaps more time. Of the greater challenges that China face, balancing the commitments to combating climate change and achieving energy security and sustainable development with economic development and poverty eradication is delicate but worth forging ahead.

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# Centralization of Power-Limiting decision making of South African communities on electricity governance

by Tristen Taylor and Makoma Lekalale

he Department of Energy has promulgated two draft bills that it intends to send to Parliament. These Bills are the National Energy Regulator Amendment Bill and the Electricity Regulation Second Amendment Bill. Due to these Bills highly undemocratic nature, the Department of Energy should withdraw these Bills without delay.

In essence, both Bills can be seen, in their Regulator of South Africa (NERSA) and transfer that regulatory power to the Minister: This is contrary to the construction and implementation of democratic institutions and the check and balances that were part and parcel of our 1994 liberation. These two Bills are most likely unconstitutional and one could reasonably expect a serious legal challenge, unnecessarily adding additional stress on an over-burdened justice system. Further, these two Bills are contrary to good governance in the energy sector; an independent and impartial National Energy Regulator is a critical part of the checks and balances that define modern representative democracies such as South Africa. As energy is at the base of the economy, decisions about energy pricing, generation, distribution, and licensing are vital; get these wrong and the impacts are felt throughout the entire country. Further, the public has a right to able to participate in these democratic decisions, and this requires free access to all information before the Regulator. These Bills will further prevent access to information and the public's input into the decisionmaking process; especially regarding the withholding of "commercially sensitive information", which is code in the energy sector for tariffs and especially tariff agreements between large multinationals and state-owned enterprises such as Eskom. The degree to which the public will be removed from the decision-making process is staggering. Not only does this Bill remove the pre-existing condition that the Regulator places the rules concerning the holding of its meetings and the results of those meetings in the public domain, the Bill removes the right of the public to



attend those meeting and make inputs. This is a shocking and disgraceful retraction of a right that many South Africans, from all walks of life, have exercised in the past, most notably but not limited to MYPD 1 & MYPD 2 (electricity price increases) and REFIT hearings.

An empty Regulator will be replaced with a Minister of Energy who will be able to set tariffs and grant licenses at will, and whose decisions will not be subject to democratic oversight. This is contrary to our Constitution, and also to common sense. Without checks and balances, these Bills pave the way for less transparency and accountability in energy procurement. In the coming decades, we will spend well over a trillion rand of public money in new generation capacity. The potential for corruption, fruitless & wasteful A country is not just a democracy because it holds elections, the institutions of that country must also be democratic. This is a vital part of what Thomas Jefferson meant when he called for eternal vigilance. One of our most important regulatory bodies is about to be destroyed and replaced with diktat; our young democracy is in trouble.

# Planning a future for me, and with me: Youth activists from BASIC countries mobilize by Yiting Wang

ays before demonstrators calling for "climate justice now" blocked the negotiation plenary during the Durban Climate Summit (COP 17), another small group of young climate activists was meeting to discuss new perspectives of mobilizing. More than ten people from Brazil, China, India, and South Africa convened in Durban for the first time, exchanging experiences of fighting climate change at home and sparking ideas to shift the current development paradigm.

These young people came together for multiple reasons. As the official BASIC block has gradually consolidated in the past three years of climate negotiation, the idea to collaborate among civil society groups from countries undergoing similar forms of industrial transformation has gained momentum (Note: I assume other articles in the newsletter will tell us more about it so I simplified it here). A team of 22 young people from China Youth Climate Action Network (CYCAN) went to Durban, with an incipient desire to "form a BASIC youth alliance to strengthen the connection and improve understanding between Chinese and BASIC youth for future engagement," said Songqiao Yao, a CYCAN delegate.

"The days of 'polluting first and cleaning up later' are gone. We need to seek alternative models to develop and measure progress." Songqiao Yao-China Youth Climate Action Network delegate

Traci Romine from Oil Change International based in Brazil and Tristen Talyor from Earthlife South Africa joined the second of four BASIC youth meetings. They shared their vision for BSi and their work around climate and development policies in their respective countries. "I was truly inspired discussing directions forward to tackle climate change with such a smart, talented and passionate group of young people," Romine said about the gathering. "These young minds on fire will help light a pathway to overcome our dependence on dirty fossil fuels and destructive development models." "The meetings helped form the basis of the BASIC Youth Initiative. Who are to bear the burden of exploitative development, if not us, youth and future generations?" Songqiao added. "The days of 'polluting first and cleaning up later' are gone. We

need to seek alternative models to develop and measure progress."



The most devastating consequence of our highly fossil-fuel dependent development model is the climate crisis. Young people around the world are especially vulnerable to its impacts, from food insecurity, to more frequent outbursts of diseases, loss of biodiversity, extreme weather events and natural disasters. Changing employment patterns threaten their livelihoods as climate change will inevitably undermine highly natural-resource dependent economies. In Brazil, Indian and South Africa, where young people below 25 constitute half of the total population, around half of the 15-24 age group are already experiencing unemployment.

"Climate change is sometime perceived as a 'rich white' worry in the backseat behind other pressing social economic issues," said Richard Pakks, a leader of the Bluebuck Network of student organizations across South Africa that helped kick off the BASIC Youth Initiative, "the big challenge is explaining why climate change is relevant and why we need to take action now to prevent future harms." By raising awareness of climate change, educating peers, testing climate adaptation and mitigation solutions, youth around the world have demonstrated their willingness and capacity to shape the process that impacts their future at home and on an international stage. On the flip side, the transition to more equitable and resilient societies will also require today's youth to get ready for green, decent and just jobs. "We also need to lead innovations to solve our communities' immediate

challenges," argued Abhishek Thakore, chief catalyst of the Blue Ribbon Movement based in Mumbai, India.

The Miss Earth South Africa, for example, empowers girls and young women in their communities through environmental initiatives like climate change education, tree plantings and vegetable gardens.

The Brazilian team of the International Student Initiative for Action on Climate Change led a project, joined by an international team of students and researchers, which eventually moved former President Luiz Inácio da Silva to adopt measures preventing federal credit agencies from financing illegal logging in the Amazon region.

In China, CYCAN and its partners have organized several conferences for youth drawing the linkages among

sustainable energies, climate change, and career choices and preparation.

The global climate summits provide a stage for hundreds of world youth to unite as one powerful voice calling for a fundamental paradigm and power shift in the politics of climate and globalization. The head of Greenpeace International, Kumi Naidoo, a former anti-apartheid and now climate justice activist, remarked that young people, as leaders of today and not the distant tomorrow, will be at the forefront of advocating for climate justice.

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# Approach to India's 12th Five Year Plan: Fast and Furious growth

### by Sunita Dubey and Srinivas Krishnaswamy

India is preparing its 12th Five Year Plan (FYP), which sets the blue print for its national social and economic development ambitions and objectives. The Planning commission has developed an draft approach paper titled "Faster, Sustainable and More Inclusive Growth" for a period of 2012 to 2017. This article aims to analyze the priorities and the development path laid out in the approach paper. The paper also gives a glimpse of positions and approaches that India is planning to take in the upcoming Rio+20 conference in Brazil and the next UNFCCC meeting in Doha, Qatar.

A key question is whether the priorities and objectives in this paper reflect the needs of poor and marginalized people, especially when "sustainable and more inclusive growth" will necessarily be constrained by availability of resources, growing environmental pollution, and looming danger of climate change.

### **Growth vs Environment**

In an opening remark to the joint meeting of Planning Commission, Prime Minister Manmohan Singh on April 21, 2011 said that "the fact that we will end the Eleventh Plan with about 8.2 percent GDP growth. This is short of the 9% target, but it is a commendable achievement for a Plan period which saw a severe drought as well as a global economic slowdown".

The Prime Minister's statement reflects the real intent of the upcoming 12th FYP: rather than the proclaimed objectives to attain sustainable and inclusive growth, the stress is on "faster growth," so that India can achieve the targeted 9-9.5% GDP growth in the next five years. While he did ask the Commission to examine challenges relating to energy, water and urbanisation which are likely to become more severe.

The Indian approach paper dwells on many critical issues, such as infrastructure development, transport, agriculture, health, etc., and while these issues do require a critical analysis on their own, this article is limited to analyzing aspects related to energy development, environment and climate change. India will soon have to start preparing its submission to the Durban Platform for Enhanced Action which will set the stage for new climate treaty involving all countries. There is also the Rio+20 UN Conference on Sustainable Development, in which India (and other countries) will focus on how to bring about a green economy in the context of sustainable development and poverty education.

### **Energy development and key environmental** challenges

The draft paper predicts that the commercial energy demand will increase at 7% per year, if GDP grows at

9-9.5%. The paper stresses that the increased energy generation is going to come from fossil fuels, especially coal (406.78 million tomes) in next five years. Despite putting emphasis on sustainable growth, the renewable energy sources are relegated to the sidelines because of perceived notion of renewable energy (wind and solar) being significantly more expensive than conventional power. The argument is not true, as the external cost of fossil fuel is not included in the total cost and gets shifted on to local communities and environment. The draft paper quotes the Expert Group on Low Carbon Strategies for Inclusive Growth, which in its Interim Report, estimated that emissions intensity of Indian GDP could go down by 23 to 33% over 2005 levels by 2020, depending upon the intensity of the mitigation effort, while achieving the target 9% GDP growth. However, in the same breadth, the paper emphasizes that most of the new power capacity will consist of thermal plants, therefore it is essential to ensure that coal availability does not become a constraint. Given the strong growth in thermal generation projected in the Twelfth Plan, the aggregate demand for coal at the end of the 12th FYP is likely to be between 900 and 1,000 million tonnes, depending upon the pace of implementation of power capacity.

Centralized projects and trickle-down economics once again seems to take a center stage in approach paper, without a serious discussion on what is real sustainable growth and how to make it inclusive.

The paper also talks about giving incentives to individual States to increase domestic coal production, as recent tighter environmental regulations and problems in Resettlement & Rehabilitation (R&R) has posed trouble to many energy development projects. Comprehensive Environmental Pollution Index (CEPI) norms which prohibits mining in areas with a high pollution index is seen as a hindrance to mining (especially coal), and thus to the growth in general.

### Learning curve for India

Environmental pollution is already posing a huge challenge in India, and any amount of growth will have no meaning if its citizens cannot have access to clean air and water. The right to clean environment is enshrined in Indian Constitution and is not merely a privilege. Therefore, strengthening of environmental policies and their vigorous implementation is going to be critically economics once again seems to take a center stage in approach paper, without a serious discussion on what is real sustainable growth and how to make it inclusive. The paper fails to lay out an approach where benefits are shared by the majority of people and not just by the privileged minority and corporations.

Instead, India should take an advantage of an opportunity in this climate constrained world by changing mode of production, scaling up renewables and decentralized energy, and be visionary in laying out a plan that is socially just, sustainable and pro-environment.

#### Reference

- 1 The Planning Commission was setup in 1950 and was charged with the responsibility of making assessment of all resources of the country, augmenting deficient resources, formulating plans for the most effective and balanced utilisation of resources and determining national priorities.
- 2 http://www.indiainbusiness.nic.in/business-news/speeches\_ statements/pm\_apr21\_11.htm
- 3 ttp://unfccc.int/files/meetings/durban\_nov\_2011/decisions/application/pdf/cop17\_durbanplatform.pdf
- 4 Rio+20 Themes and Objectives http://www.uncsd2012.org/rio20/objectiveandthemes.html

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# An Interview with Fatima Mello--a member of STAGE-Solidarity and Education, Brazil on Peoples' Summit during Rio+20

The People's Summit is an event that occurs along the Rio + 20, between 15 and 23 June 2012, organized by civil entities from Brazil and around the world.

**Question:** Why the environmental organizations, social networks, indigenous groups and farmers, social movements, women, young and black intend to occupy the Rio +20?

Fatima Mello - At least three reasons. The first reason is symbolic of the heritage we have in relation to the Global Forum, held in Rio 92, at the landfill. Ali established a platform of struggle than it was at that moment, the beginning of this cycle of global movements against neoliberalism. There were 45 tents of various issues, from the fight against debt and against free trade, to the struggles related to biodiversity, international cooperation and women. So it's very symbolic reoccupy the same space, 20 years later, trying to rebuild a platform for a new cycle, we intend to usher in the Rio + 20, new convergences of the global movement.

The second reason is because we want to call the society to discuss what we feel should be the agenda for Rio +20. In our view, Riocentro, which will happen at the official conference, is a totally isolated from the dynamics of the city and society. And the Flamengo Park is located in the city center, is a democratic space, occupied by people, where people from all parts of the city can get. It is an open place that has no problem of accreditation, as there will have the office space. And we want to be there an agenda for discussions with the society, so she can talk to us about the environmental and social injustices that are leading the world to collapse.

And the third reason comes from the fact that we conclude that the more pressure we can and want to do on the official conference must be made from the society from outside, so that it has effective commitments in keeping with the biggest capitalist crisis since 1929, with real solutions to overcome this crisis. Let's make this pressure from the landfill and we will ensure effective communication channels with the Riocentro. We will have a TV in the Peoples' Summit, which will bring our demands, our assessments into the Riocentro and will also bring news of the Riocentro into the Summit. There will be a communication system that will keep us connected to the official conference, but autonomously and with the pressure that comes from the streets.

**Question:** How organized is the Peoples' Summit on the site?

Fatima Mello - There will be a program with debates, plenaries, workshops, within what we call self-organized activities, which converge to moments of synthesis of proposals. In the assemblies of mobilization, or in the assemblies of the people in struggle, we welcome the discussions that will be happening in the various selforganized activities and equip platforms, treaties, proposals which, in our view, are the solutions that the world needs to get out of the collapse. In addition, we also what we call "territory of the future." The People's Summit will be a space of experimentation and visualization of specific practices that we see in the world. The food supply of the Peoples' Summit, about 10 000 camped, will be done by family and peasant production. We will have a free digital media space, and exchanges supported by the solidarity economy, will generate clean energy, all the waste treatment will be made by the movement of scavengers. By this we raise the experiences and practices of agro-ecology done by traditional populations, the urban populations, who are seeking alternative sources of income, through counterhegemonic practices which are non-corporate in nature. Let's play another model in practice.

**Question**- What will be part of alternative agenda to the official conference and will be discussed at the Summit of the People?

Fatima Mello - The official agenda is focused on discussion of the green economy. And we have the absolute conviction that the green economy proposed by the United Nations and corporations who are dominating the debate will bring the world to collapse. If we look at the document called "zero draft" of the UN, the section on green economy puts every belief that the world will be saved by new technology, that technology will save the world. That is a lie. New technologies can deepen inequalities in the world if they are conducted as they are being, in the interests of large corporations. This is our first critical, incisive, the proposals for green economy dominant.

Second, the proposals of the concept of "green" bet on the financialization of nature as a new source of funding for the transition to the so-called green economy. So the proposal is to price the air, creating a carbon market, pricing biodiversity; privatize the commons, such as water, land, and thereby finance what they call transition. We believe that the path to be done is the reverse, is exactly reconstruct the idea of common good, instead of delivering it to the financial system. We have to regain the idea of common property. The financial system is capturing not only the nature and politics.

Another thing: a green economy proposed by the UN as an actor puts the market transition. The world is the way it is precisely because of this thesis. This concept of green economy has the same formula of investment flows and trade in the global circulation of goods and capital that brought the world to the crisis we find ourselves. The model of production, distribution and consumption must be changed radically, bringing the production of consumption, desglobalizando and relocating production, combating inequalities in access to consumption. The question of inequality is at the heart of the problem and solution. The UN talks only to fight poverty, but does not talk about fight wealth. What we discussed at the Summit of the People is the thesis of environmental justice. This concept means that there is a huge inequality in the environmental impacts of this development model. Who suffer most are the excluded populations, blacks, the poor. And, beyond the differential impact, there is also much inequality in access to the consumption of natural resources.

The model of agriculture and food production by agroecology cools the planet, as well as several other solutions that have populations of traditional agroforestry systems and other practices that are not hegemonic. We are not hegemonic in society, but our solutions need our actors to be hegemonic. Agroecology need agrarian reform, peasants, recovery needs of small production. So the question is political. The clash on the model has to reach the level of politics.

**Question** - In what sense the inspiration of the movement of indignation, the Occupy Wall Street, will be present at the meeting and how it relates to the debates that should guide the Rio +20?

**Fatima Mello** - We are building the process of preparing the approaching angry, movements from North Africa for democratization, and trying to build a dialogue with other forms of organization of trajectories of social movements' struggles in recent decades. We believe that the People's Summit is a strategic moment to produce convergence between these multiple forms of struggle, the organization that are occurring around the world.

**Question** - What are the main demands that the committee facilitator of civil society for the Rio +20 has received?

Fatima Mello - We have received many demands for organizing activities in the Peoples' Summit, and activities that have convergence with other. Many people want to expose your experience, bring to the debate and have dialogue with moments of experience in same field. That is what we will try to facilitate that happening, so that not a fair experience, but in fact a moment of encounter,

production summary of proposals and campaigns. We want to Rio +20 is not just an event. The People's Summit is a point on a path of struggle. And that point has to unfold until after the summit on a schedule of struggles and mobilizations, campaigns, on a new platform.

**Question** - In the debate on the green economy, what are the main controversies surrounding the Rio +20?

Fatima Mello - Another issue that is very worrying in the official agenda is the discussion of institutional architecture. The world is experiencing a crisis, capitalism is in crisis. And the institutions that have governed the international system are in deep crisis as well. These are institutions that were created after World War II, and are showing that they have no condition to deal with the new correlation of forces that exist in the international system, with new issues, new agenda and new actors are emerging. The Rio +20 should be the moment of creation of a new institutional framework that is consistent with the time of dispute and transition that is underway in the international system. However, what is emerging from the official agenda is a discussion of institutional architecture completely inadequate and misguided. It is the creation of a council for sustainable development, which will not have the strength to leverage the necessary changes and will not put into question the existence of institutions that are bankrupt and obsolete, as the IMF, World Bank, the WTO. Rather. The trend is that the resolutions in the field of institutional architecture in the Rio +20 reinforce this scenario exists today.

This article has been reproduced from Fatima's interview with IUH Online available on http://mikamienvironmentalblog.blogspot.com.br/2012/02/climate-change-mudancas-climaticas-111.html



Fatima Mello is a member of STAGE-Solidarity and Education. Integrates the General Coordination of the Brazilian Network for the Integration of Peoples - Rebrip, was one of the facilitators of the first five editions (2001-2005) World Social Forum and a member of the committee

facilitator of civil society for the Rio +20. She graduated in History from PUC-Rio, where she also received a master's

### **BASIC** news

### India, 25 others nations to oppose EU airline carbon tax (Times of India)

India, China, the US, Russia, Brazil and another 21 nations have decided to retaliate against the EU decision to collect billions of dollars every year by unilaterally imposing a carbon tax on flights landing in Eurozone.

### South Africa Aims for Green Jobs as well as Clean Energy as 2nd Round Renewable Energy Project Bidding Closes (CleanTechnica)

Standard Bank Group, the largest lender on the African continent, agreed to provide financing for 31 renewable energy projects worth around \$2.5 billion US dollars.

### South Africa to Introduce Rising Price on Carbon Pollution from Major Sources in 2013 (Harald Winkler or NRDC)

It is a cautious approach but a major step for a developing country like South Africa.

### Sinopec Is Tested as Takeover Bid Stalls (WJS Subscription required to see full article)

Sinopec, the big Chinese energy company, has spent 10 billion dollars buying up assets from Brazil to Canada in the past year. But a domestic energy takeover bid is running into hurdles.

# India, other developing nations block exclusion of Rio Principles' references from UNEP decisions (Economic Times)

India and other developing countries successfully resisted a move by the US to exclude references of the Rio Principles from the decisions of this year's United Nations Environment Programme ministerial meeting.

### Brazil wants Rio+20 to stipulate targets (ANBA)

Top Brazilian negotiator: Rio 92 was about legislation; Rio+20 about action. Sustainable development targets should engage governments, businesses and civil society groups.

### The west must wake up to the growing power of the Brics (Radhika Desai, The Guardian)

Telling BRICS nations to choose a candidate for World Bank president misses the point. International institutions must change.

### "BRICS" Countries Emerge as Health and Development Leaders ( Kel Currah)

The report, Shifting Paradigm: How the BRICS Are Re-Shaping Global Health and Development, released earlier in the week by Global Health Strategies Initiatives, highlights the contributions, based on their domestic health innovations and experiences, that these countries are making to improve the health and lives of some of the world's poorest people, even as they struggle with their own significant health challenges.

# Determinants of FDI in BRICS Countries: A panel analysis (Vijayakumar, N., Sridharan P., & Rao, K. C. S) International Journal of Business Science and Applied Management.

This study examines the factors determining FDI inflows of BRICS countries and finds that the selected variables market size, labour cost, infrastructure, currency value and gross capital formation as the potential determinants of FDI inflows of BRICS countries. The economic stability and growth prospects (measured by inflation rate and industrial production respectively), Trade openness (measured by the ratio of total trade to GDP) are seems to be the insignificant determinant of FDI inflows of the BRICS countries.

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BASIC South Initiative (BSi) is a core group of civil society organizations in the global South, which has come together to create partnerships with like-minded **BASIC** NGOs/social movements and networks that recognize this new power dynamic. Its aim is to amplify and bring new Southern voices, and resistance from the ground up, to move the BASIC countries to take a joint responsibility for their ecological footprint through coordinated actions for environmentally sustainable, socially just and climate-resilient development, and to demand transparency and accountability in the national and international institutions, and decision making processes at all levels of governance.

### **BASIC South Initiative (BSi)**

Amplifying voices from the South

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