

Four myths that hold back progress in fighting climate change

With atmospheric carbon dioxide concentrations ticking inexorably up, with billions of dollars at stake, we need to transcend these myths. More emphasis on energy efficiency, conservation and sustainable use of forests, real financial leverage, technology demonstration and scale up: these are vital ingredients for putting climate resources to effective use.

VINOD THOMAS and KENNETH CHOMITZ

THE UN Secretary-General has presented options for raising \$100 billion a year to promote development while fighting climate change. This is timely, but for such funds to make a difference, we must get past a set of myths that prevent the efficient use of resources

• Energy efficiency can't meet energy needs:

Energy efficiency doesn't get enough respect. "You can't grow with energy efficiency," say fans of flashy new powerplants, "and you can't provide energy access to the poor." Untrue, because people don't really care about energy, but rather about the light, heat, and transport that it animates. Energy efficiency can provide these services cheaper, faster, and with less environmental damage than new generation. Indeed, we find that many kinds of energy efficiency offer economic returns that dwarf those of most other development projects. In Ethiopia, for instance, a \$5 million project to distribute compact fluorescent light bulbs

obviated the need to spend \$100 million to lease and fuel diesel powerplants. Vietnam, too, has met rapidly growing demand for energy in part through efficiency investments. Promoting energy efficiency right now helps defer the need to build long-lived fossil fuel plants, buying time for wind and solar power to become more cost-competitive.

• Protected areas don't help the environment:

Protected areas now cover one quarter of the remaining tropical forest. They are intended as a bulwark against deforestation, which accounts for about one-sixth of global greenhouse gas emissions. But some skeptics deride them as ineffective "paper parks," defenseless against large-scale loggers and developers. Others fear that protected areas impoverish forest dwellers. But new research shows that strictly protected areas do discourage deforestation. Moreover, protected areas that allow sustainable use by local people are even more effective at reducing deforestation. Areas controlled by

indigenous people are yet more effective, by a wide margin. And in Costa Rica and Thailand, protected areas are associated with reduced local poverty.

• Carbon markets will naturally promote renewable energy investments:

Carbon markets are designed to reward investors for reducing greenhouse gases, nudging them away from fossil fuels and towards clean energy investments. Projects that generate energy from landfill gas, for instance, enjoy favourable incentives because methane reduction commands a high price. But for many hydropower and wind facilities, prevailing prices of carbon have been too low to push investors' returns over a hurdle. And payments for carbon offsets do not address the investors' critical problem of up-front financing for these capital-intensive projects. The result is that carbon payments may end up providing mere icing, rather than leverage, for private capital.

• Technology transfer revolves around intellectual property rights.

Developing countries need to acquire a wide range of technologies in order to realise their development ambitions without repeating the environmentally damaging mistakes of the developed countries. Much attention has been devoted to the role of intellectual property rights (such as patents) as barriers to, or avenues of, technology transfer.

Yet there is tremendous scope for using



pilot and demonstration projects to speed the diffusion of technical and institutional innovations. For instance, a World Bank/GEF demonstration project in Colombia convinced ranchers that retaining some tree cover in their pastures would increase profits, leading to enthusiastic scale-up of this innovation, which had the side benefits of conserving biodiversity and boosting carbon storage.

Another project introduced the first three energy service companies to China, sparking wide-spread replication of this approach to energy efficiency finance. Grant finance was used to kick-start these projects, which seemed initially risky. This was a very high-leverage use of funds.

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with billions of dollars at stake, we need to transcend these myths. More emphasis on energy efficiency, conservation and sustainable use of forests, real financial leverage, technology demonstration and scale up: these are vital ingredients for putting climate resources to effective use.

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Smart power diplomacy dwindling

The phrase "smart power" was coined by Hillary Clinton when she went through rigorous scrutiny before approval of her selection as secretary of state by the foreign relations committee of the Senate.

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IN his book, *Diplomacy*, Henry Kissinger says that in the twentieth century no country has influenced international relations as decisively and at the same time as ambivalently as the United States. No society has more firmly insisted on the admissibility of intervention in the domestic affairs of other states, or more passionately asserted that its own values were universally applicable. That was precisely the foreign policy trend of the US in the twentieth century.

Interestingly, no other person knows that better than Henry Kissinger, because he was in the middle of the trend for more than a decade. During his tenure as secretary of state, several hundred thousand Bangladeshis were killed during and after the war of liberation of East Pakistan, now Bangladesh. He became a controversial figure because of intervention in the domestic affairs of other countries.

It is very interesting to observe that US administrations have been following some kind of doctrine in formulating foreign policies since the US emerged

victorious in World War II. The doctrine is generally deduced from the statements by the president on international issues of importance, whether it affects the interest of America or its allies.

The President Truman doctrine of 1947 was intended to support any country that resisted the pressure of communist countries. President Truman acted promptly to order American air and navy units into action to stop a communist takeover of South Korea when the communist North Korean army crossed the demilitarised zone on June 27, 1949.

The Jimmy Carter doctrine of 1980 said that the Persian Gulf was part of US's vital interests. This was stated by Carter when American diplomats were taken hostage by Iran in 1979 after the fall of the Shah.

President George W. Bush's doctrine was "you are either with us or against us" when the World Trade Center in New York and the Pentagon were attacked by terrorists on September 11, 2001. This doctrine succeeded in bringing a coalition of forces to attack Afghanistan to remove the Taliban government since Osama-bin-Laden, who allegedly masterminded the

attack, was patronised by it.

Another doctrine, President Bush's "preemptive action" rather than reaction, was applied against President Saddam Hussein of Iraq in March 2003. President Bush's preemptive unilateral action did not produce the desired results, whereas his predecessor, President Bill Clinton, believed in multilateral moves in international relations.

Both France and Germany, two close allies in the Atlantic, opposed the idea of attacking Iraq. Two wars on the watch of George W. Bush turned out to be disastrous, and destroyed the economic backbone of the country. President Bush accumulated \$ 8.8 trillion external and \$ 38 trillion internal debts. Today, the United States is indebted to many emerging powers in Asia and they practically hold the key to the US economic health.

In the words of Farid Zakaria, former editor of *Newsweek* magazine: "Another powerful superpower, militarily unbeatable, wins an easy victory in Afghanistan and then takes on what is sure will be another simple battle, this one against Saddam Hussein's isolated regime in Iraq. Whatever the outcome, the costs have been massive. America's future looks bleak (Post-American World by Farid Zakaria, 2008)."

Unrestricted support to Pakistan's dictatorial regime of Gen. Pervez Musharraf was unwise and counter-productive. This relation did not help eliminate extremist elements from

Pakistan.

During eight-year presidency of Bush no serious efforts were made by the US administration to bring about a solution in the Middle East. The need for a perpetual enemy in its foreign policy is essential to justify and sustain its huge defense budget, which is greater than all the military budgets of other countries of the world combined. It is slowly eroding the socio-economic morale.

Against the backdrop of this scenario, President Barack Obama's administration took up an enormous foreign policy agenda. Two-state solution in the Middle East, closing down of Guantanamo Bay prison, withdrawal of troops from Iraq within 16 months, gradual handing over of security and protection of Afghanistan to the Afghan government, and destruction of safe havens of Al-Qaeda elements in Pakistan are on his agenda. Reaching out to Muslim countries is another foreign policy agenda.

His attention to the foreign policy agenda has not been distracted by the mid-term congressional elections on November 2, which awarded majority seats to the Republican Party in the House of Representatives while the Democratic Party won a slim majority in the Senate. From November 6 President Obama was on a four-nation tour of Asia to promote American products and realign relations with these countries on commercial and economic basis.

Secretary of State Hillary Clinton

undertook visits to seven Asian countries with a view to containing the influence of China in the region. This is her second visit to Asia to reinforce a central plank of foreign policy of the Obama administration. Presently, the Obama administration sees Asia as key to the future, and that the US should act to contain or balance China's sphere of influence in the region.

President Obama is possibly fully aware of the weaknesses of his country in view of the disastrous economic condition. It is not only military power but also economic strength that matter in international relations. Unabashedly, the president admitted to loss of American influence in international relations while talking in India on November 7. He spoke of the declining economic power of America and how she would compete with China, India, Brazil and other countries.

America was the dominant power, both economically and militarily, in the twentieth century. Now it is a fact that some countries are not listening to the United States, which means that she has lost political clout. China, one of the permanent members in the Security Council, is assisting Iran in improving its missile technology. Similarly, the European Union issued regulations in October that went beyond a UN Security Council resolution. These regulations permit import and export of oil and gas to Iran.

On the other hand, the Israeli decision

to go ahead with construction of houses to settle Jews in East Jerusalem could jeopardise revived peace process. Peace in the Middle East is on the priority list of the Obama administration. Both the president and the secretary of state criticised the Israeli decision. There is no light yet at the end of the tunnel in resolving intractable problems in Afghanistan either. It seems that the Obama administration is on the horns of a dilemma in implementing smart power foreign policy.

The phrase "smart power" was coined by Hillary Clinton when she went through rigorous scrutiny before approval of her selection as secretary of state by the foreign relations committee of the Senate. Secretary of State Hillary Clinton has introduced quadrennial diplomacy and development review in line with quadrennial defence review. In other words, a four-year foreign policy plan is in place.

Whatever might be the foreign policy goals of the Obama administration, a new world order is emerging. China is becoming a front-line leader in this new world order. The US's policy of containing China will likely boomerang. The future is for those with high level of science and manufacturing technology, which could bring a transformation in global strategy, not as a master, but as a friend.

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Joint communique and transit

Some transport experts and economists observed that prospect for transit is good for Bangladesh because of her two land-locked neighbours -- Nepal and Bhutan -- and almost land-locked region of north-eastern India. In fact, the development of regional connectivity in South Asia depends to a great extent on the transit traffic through Bangladesh.

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THE issue of transit has been given special emphasis in the joint communiqué signed by the premiers of India and Bangladesh in January. The issue has again come up due to seizure of two Indian ships by Bangladesh customs in October 2010 because they refused to pay transit fee as stipulated by a fee structure determined by the National Board of Revenue in line with the agreements reached in the communiqué.

The Indian side asked for waiver on the basis of the Protocol on Inland Water Transit and Trade (IWTT) of 1972, which does not include provision for transit fee but provides for payment of annual charge of Tk.50 million. The incident led to a meeting of the Indian high commissioner and the Bangladesh finance minister, resulting in deferment of collection of fee till formulation of a new set of rules.

mists observed that prospect for transit is good for Bangladesh because of her two land-locked neighbours -- Nepal and Bhutan -- and almost land-locked region of north-eastern India. In fact, the development of regional connectivity in South Asia depends to a great extent on the transit traffic through Bangladesh.

Regional connectivity may provide good opportunities for these regions and Bangladesh to trade in transport services. The importance of an integrated transport system between regions is great in the present world economy. Thus, the opportunities offered by our geographical location should be fully utilised.

Due to lack of adequate study, various misconceptions have been created regarding the issue of transit and transshipment. By giving corridor a country extends certain privileges and control on the land to the receiving country. In case of transit there is no question of rights in the territory allowed for transit, which



provides only transport facilities under certain conditions.

Transshipment refers to same inter-country passage but mandates own transportation of Bangladesh whereas, in transit, Indian-owned surface transport will move through the transit territory from one end to the other. India wants to dispatch goods and other materials from the western parts of India to its north-eastern states through Bangladesh. The question of India's rights on Bangladesh

territory is irrelevant.

Duty is usually imposed on products imported from foreign countries. In the case of transit only fees can be charged. Before 1947, trade between the north-eastern sub-region of South Asia and the rest of India passed through the territories which constitute the present Bangladesh.

After independence of Bangladesh only inland water transport was restored in 1972, based on IWTT Protocol. The

integrated transport system between the regions is fragmented now. Europe-bound consignments of Assam Tea now travel 1,400 kilometres, and traffic from Tripura travels 1,650 kilometres to reach Kolkata.

By allowing transit to India Bangladesh can earn from freight, port charges and transport fees, which should include at least 75% of the transport cost that India would save by diverting the goods. Additionally, it would save time.

The issue of reciprocal transit may be raised along with transit fees and other charges. To enable Bhutan and Nepal to export their goods India may allow transit for these countries through it so that they can use Chittagong and Mongla ports, and road and rail routes. At present, Nepal has to use Kolkata port. This escalates highly its export cost. India has agreed to allow transit to Nepal. This will increase its overall transit substantially. Bhutan's transit is still under consideration.

The joint communiqué specifically mentions the following:

- Bangladesh would allow use of Mongla and Chittagong seaports for movement of goods to and from India by road and rail;
- Ashuganj (Bangladesh) and Silghat (India) would be declared ports of call;
- Cost of construction of Akhaura-Agortala rail would be financed from Indian grant; and

- Rohanpur (Bangladesh) - Singabud (India) broad gauge railway link would be available for transit to Nepal to enable it to use Mongla and Chittagong ports.

Implementation of the above provisions needs huge investment (about \$5 billion). ADB and WB have agreed to extend soft loan to Bangladesh if she agree to reform her rail and road routes.

A large number of roads and rail links need to be constructed, and many of them have to be renovated. Dhaka-Chittagong highway has to be widened, rail routes have to be modernized, a new bridge alongside the Jamuna Bridge has to be constructed at a cost of about \$1 billion, and seaports and the river port of Ashuganj need massive reconstruction.

Only 10% of the potential can be realised during the first 5-years, and full potential can be realised from the 6th year. At this stage, the following appear to be important:

- Ensuring freight and port charges;
- Bangladesh may relate transit with other unresolved issues;
- Ensuring political stability.

In drawing a conclusion we must point out that the Bangladesh ministry of foreign affairs needs more care in preparing a quality brief. We hope to see a better brief for such meetings in future.

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