

POLITICS OF CLIMATE CHANGE

Sustainable development to green development



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THIS year marks the twentieth anniversary of the Earth Summit held in Rio de Janeiro, Brazil in June 1992, where a number of seminal agreements were signed by heads of state from all the countries of the world. These included the Rio Declaration, United Nations Framework Convention on Climate Change (UNFCCC), Convention on Biodiversity (CBD) and Agenda 21. Each of these agreements was taken forward at the international level through global institutions and implemented at national level. Parallel to the environment discourse in 2000 at the Millennium Summit in New York the Millennium Development Goals (MDG) were agreed with a target date of 2015.

In June 2012, the twentieth anniversary of the Earth Summit will be marked by a summit level meeting in Rio (Rio+20) to take stock of achievements over the last two decades at both global as well national level and to chart a course for the future with a focus on environmental governance and green economy.

This paper provides a brief history of the environment and development discourses and global institutions through which they were pursued and what is likely to come out of the global discussions leading up to Rio+20. It provides some ideas on how Bangladesh can both participate in this global dialogue and discussions as well plan its own longterm development.

The environmental discourse

Environmental treaties and agreements signed at the Earth Summit were taken forward through global institutions and also led to different activities at national level. The main ones are described below:

Climate change: The UNFCCC was perhaps the most important (at least in terms of political attention) of all the Rio treaties and the annual Conferences of Parties (COP) of the UNFCCC have been probably the most important environmental events on the annual calendar. Some COPs, such as COP3 in Kyoto, Japan in 1997 where the Kyoto Protocol was agreed and COP15 in Copenhagen, Denmark in 2009 were major political events. Despite the recent lowering of ambition at COP17 in Durban, South Africa in 2011, it still remains a major political instrument that engages not just ministers of environment but even heads of states.

At the national level it has led to major environmental legislation in the developed

countries (with the exception of the United States) to comply with the Kyoto Protocol and also to significant actions in major developing countries such as China, India, Brazil and South Africa on mitigation efforts while the least developed countries (LDCs), which includes Bangladesh, have carried out National Adaptation Programmes of Action (NAPA) and are now moving on to National Adaptation Plans (NAP).

Biodiversity: The main instrument for taking this topic further at the international level was the United Nations Convention on Biodiversity (UNCBD), which also holds annual COPs and has since developed a protocol on bio-safety. At the national level countries have developed Biodiversity Action Plans (BAP).

Agenda 21: At the international level the main forum for taking this topic further have been the annual meetings of the Commission on Sustainable Development (CSD) held each year in New York. While not a treaty (like the UNFCCC and UNCBD), the CSD has pioneered involving civil societies along with governments to discuss issues of sustainable development.

At the national level it has manifested itself through national Agenda 21 exercises and National Environmental Action Plans (NEAP). In Bangladesh this was the National Environment Management Action Plan (NEMAP), which was a pioneering exercise that was carried out in the early nineties by the Ministry of Environment and Forests (MOEF) in collaboration with civil society through a nation-wide participatory exercise.

Environmental finance: The main vehicle for providing finance to achieve the various environmental goals has been the Global Environment Facility (GEF) based in Washington DC, which has disbursed approximately \$10 billion for "incremental costs" of environmental benefits in climate change, biodiversity and land degradation

The development discourse

The development discourse over the last two decades has focused mainly on the eight MDGs agreed at the Millennium Summit in 2000, which have a target date of 2015 to be achieved. These have driven the allocation of overseas development assistance (ODA) from developed countries to developing countries. Bangladesh has been a major recipient of ODA through both bilateral as well as multilateral channels over the last two decades.

At the national level developing countries have developed national MDG targets and these have been periodically reviewed, such as the World Summit on Sustainable Development (WSSD) held in Johannesburg, South Africa in 2002 to mark the tenth anniversary of the Earth Summit.

Financing development: While decision making for ODA is primarily done by the developed countries who provide the funding, there have been dialogues with recipient developing countries over the years and the development of the "Paris Principles" and the "Accra Accord" under which the developed countries agreed to try to allocate 0.7% of their GNP for ODA and also harmonise their respective ODA contributions towards "budgetary support" instead of funding parallel sets of

"climate proofing" development.

Green economy: This is a variant of green development but gives greater emphasis on economic development and the notion of "greening development."

While there are subtle differences between these terms, they try to capture the notion of economic development that takes care of environmental as well as social issues at the same time.

Green development in the context of Bangladesh

Bangladesh has been tackling the issue of environment through various plans, strategies, policies and actions over the last two decades, starting from NEMAP in the early nineties to the NAPA and then the Bangladesh Climate Change Strategy and Action Plan (BCCSAP) most recently. It has also established institutions such as the

MOEF and the Department of Environment (DOE), and established environmental legislation and a Parliamentary Standing Committee on Environment. It also has a very active civil society move-

ment on environmental issues and well established environmental scientists and researchers.

On the development side the country has developed a series of Five Year Plans (the latest being the Sixth Five Year Plan) and Perspective Plans, with the latest longterm one being "Vision 2020." It has also developed a Poverty Reduction Strategy (PRS).

These have been very positive developments, for which different governments have contributed over the last two decades. However, while there has been positive development at planning and even policies and legislation, the implementation of these policies and laws have not been as good as expected and there remains much room for improvement.

As the country contemplates the next two decades it needs to think about what green development really means for the country and how to make it happen (not through another planning exercise, but through practical actions).

Some suggestions for the kinds of issues that will need to be considered are provided below:

Longer-time horizons: Much of the environmentally destructive so-called development actions (such as building on wetlands) stems from allowing short-term economic benefits to a few to override the longer term benefits to the many. This is

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activities in each developing country.

Progress towards the 0.7% target has only been achieved by a handful of developed countries while most ODA still flows through stand-alone project funding instead of budgetary support.

Evolution of environmental and development discourse

Over the last two decades both the environment as well the development discourse has generated terms and concepts that have evolved over time. Some of these are reviewed below:

Sustainable development: This was first coined by the Brundtland Commission in 1987 in their seminal report "Our Common Future," and was meant to incorporate economic as well as environmental and social development within the term. It was the major paradigm for the Earth Summit in 1992.

Green development: This is now the main phrase being used, which means essentially the same as sustainable development, but perhaps includes a more significant element of dealing with climate change.

Low-carbon development: This involves tackling climate change through mitigation of greenhouse gases.

Climate resilient development: This involves adapting to the adverse impacts of climate change while investing in development. It also incorporates the notion of

Sound investment in wild stock market

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AS we've seen lately, share prices are capable of sharp, erratic behaviour. After the market panic of 1996 there was another stock market crash in financial year 2010-2011.

Learning the basics of stock market investing before risking your money can only be a good idea. The majority of people who lose money in the stock market do so for one of two reasons, greed or lack of education, or possibly both.

Understanding the stock market crash: While all stock markets go through cycles of bear and bull phases, major stock market crashes are tumultuous events, wiping off money from the value of stocks. The subprime lending crisis saw the collapse of some major financial institutions in Bangladesh and set into motion panic or fear, which saw a wave of stock market crash. A stock market crash is marked by substantial and sudden drop in stock prices across the board, in all sectors. The values of stocks of millions of shareholders plunge, causing heavy losses.

The stock market index nosedives in value. Investors, keen to get their savings out of the falling market, sell their stocks at whatever price they can get, out of panic and fear. Savings of millions of investors have been obliterated during stock market crashes. A stock market is an indicator of the nation's economy, and it has serious effects on the real economy if the values of company stocks fall steeply. A market crash can occur over a single day or may pan out for a longer period until the values have "bottomed out."

Volatile nature of Bangladesh stock market: Bangladesh stock market seems

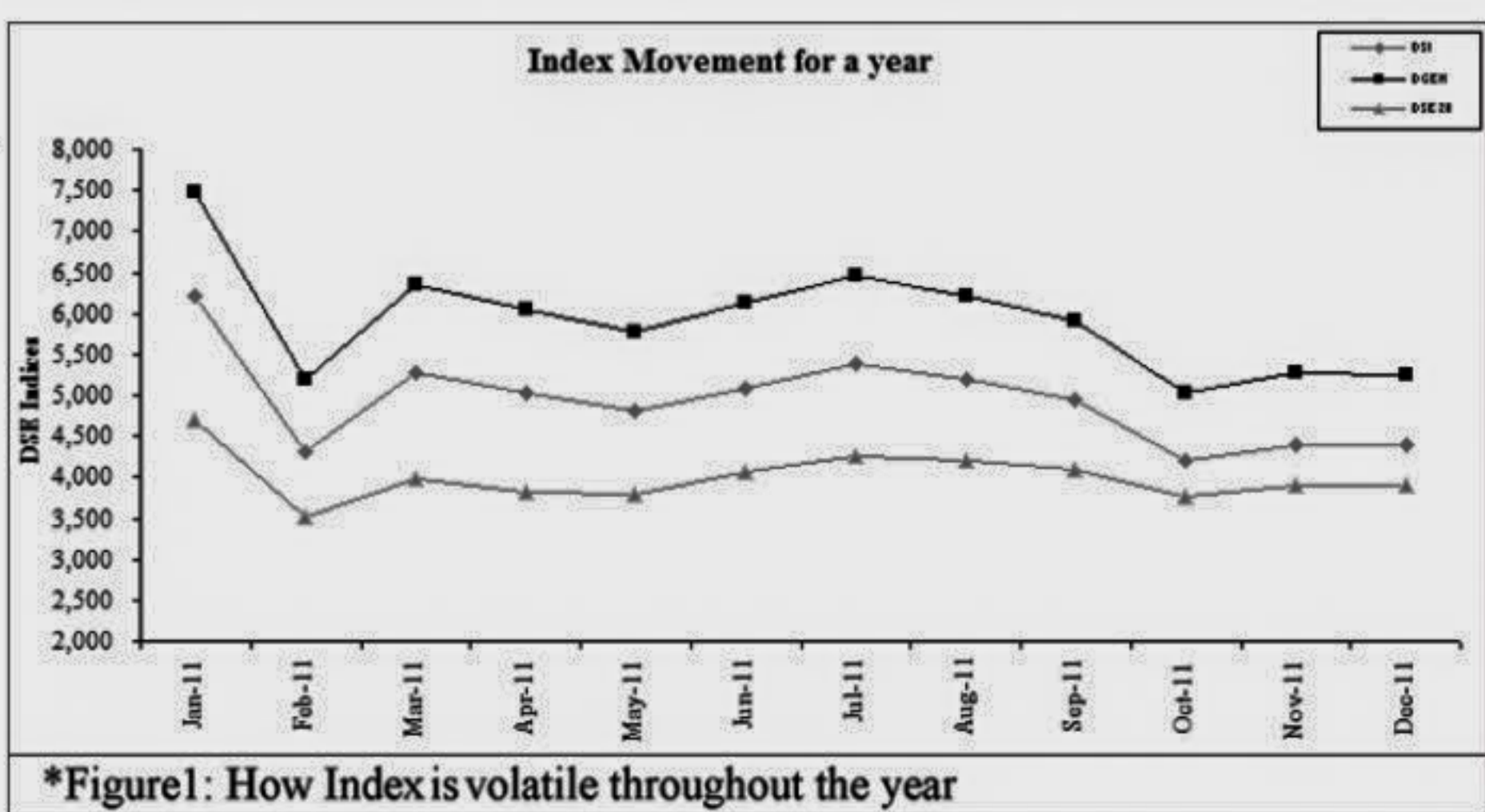
to be extremely volatile; the price fluctuations of this market are so high. As a result, confidence of investors in the market place fell drastically during the two bubbles-burst episodes. Market insiders said that this lack of confidence following the ongoing liquidity crisis in the market is due to lower participation of investors. This upward and downward swing is a characteristic feature of the market and is termed as stock market volatility.

Mob psychology and negative attitude: Most of the time, the collapse is attributed to mob mentality and negative attitude of investors. Liquidity crisis, insider trading, placement shares, stock split, omnibus account, strong manipulation and money whitening, can also trigger a stock market crash. This most often happens when a single event creates panic in the market and investors become unsure about the future.

Why people lose money in the stock market: Investing in stock market is very rewarding financially but also very risky. Many people lose their money in this particular investment because they do not have any knowledge about picking the right stocks. Most of

the time, making investment decisions based on emotion rather than strategy can be a costly mistake. Most of the investors don't know when to sell their shares and take a profit, which can turn profits into losses (sometimes massive losses). Finally, lack of knowledge, not having a proper trading plan, and no knowledge about fundamental and tech-

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*Figure: How Index is volatile throughout the year

think investing is gambling you are wrong. It requires planning and patience. However, the gains you see over time are indeed exciting!

Interpreting the stock market: Stock market strategies can be implemented only after careful study of macro as well as micro aspects of the market. Following are the ways of educating yourself about the stock markets:

- Research and study:** Research is extremely important for all active traders/investors. Take help of newspapers, internet and business magazines for your research. You will know the market trends clearly only through studying them;
- Expert guidance:** Expert guidance is a must for all beginners to get their basics clear;
- Actual trading:** Till you trade stocks practically, you will not understand the difficulties in the market. So, use your knowledge and trade yourself to learn things better;
- Be mentally strong and calm:** When the prices of your stocks decline regularly you should think about selling without incurring even greater losses. You

largely a function of lack of equitable and enlightened governance by all groups who have exercised political power over the last two decades.

Education and training: One of the consequences of taking a longer-term time horizon is the emphasis on youth and education so that we think about the future of today's young in two decades from now and ensure that the country provides them with the kind of education and training for the next two decades and not for the last decades.

Natural resource management: Much of the public lands (from forests to wetlands) have been destroyed by vested interests, despite their being laws against doing so, to the detriment of poorer communities dependent on those natural resources. Stemming these destructive activities will have to be a major feature of any kind of green development.

Industrial development: While Bangladesh has made considerable progress in certain industries such as garments, textiles, pharmaceuticals and food, it needs to think of how new sectors of industry can be stimulated and developed that are greener and socially more just (specially with respect to women).

Climate change: This has emerged as a significant sector in its own right and is particularly important for Bangladesh as it is one of the most vulnerable countries to the adverse impacts of climate change. So low-carbon, climate resilient development has to become a major strand of future development pathways.

Multi-ministerial approaches: It is clear that the MOEF cannot alone be charged with taking Bangladesh to a green development path, as other line ministries such as agriculture, industries, energy, etc need to be involved. Crucially, the ministries of Planning and Finance also need to become the drivers of the green development path so that it can genuinely be mainstreamed into development planning and practice.

Multi-stakeholder approaches: It is clear that for Bangladesh to develop on a green pathway the government cannot be the only player as much of the industrial development will have to come from the private sector while much of the development activities will have to come from the NGO sector. Fortunately, Bangladesh has a thriving private as well as NGO sector, that can be used as engines of stimulating green development (with the right kind of policy support from government).

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should not be pessimistic at a downturn for one or two days. If your stocks are performing well then don't sell them in haste. Give them time to further improve;

- Don't be attracted to cheap stocks:** If there are cheap stocks available in the market then that does not mean they are going to gain big or even sustain their current values. On the other hand, a higher value stocks might have some limits set on it by the company for the sake of its reputation;
- Think long-term:** As a long-term investor you should be future oriented. Although we have to consider what happened in the past to predict what the future has in store for us we should be informed enough of the current situation and the projections.

Bull market vs. bear market: A bull market is a market where securities trade in the positive territory, and the market capitalisation of companies rises fast due to good results and positive economic scenario and investor interest. A bear market is characterised by decline in stock prices due to excessive selling by retail as well as institutional investors.

Suggested action: Invest in quality stocks in a bull market and stay away from equities in a bear market phase. Above all, market specialist believes nothing will work unless a secure investment environment is ensured in the capital market, which will restore the confidence of small investors.

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