

## ***South Asia's Quest for New Development Strategy Amid Deepening Climate Crisis***

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South Asia accounts for one-fourth of the world's population, as around 2 billion people reside in this part of the world. Two of its major economies, India and Bangladesh, have gained much attention in recent years due to their remarkable economic growth. India, in recent three decades, achieved impressive economic growth that helped it to gain crucial international status as it became a member of BRIC (Brazil, Russia, India, and China)<sup>1</sup>, a body of the fastest emerging economies, and G-20, a body of the most influential countries after the 2008 Global Financial Crisis. Bangladesh also achieved remarkable feat in terms of achieving impressive economic growth and in terms of emerging as a manufacturing power in Asia in recent years. The future growth prospect is also brighter for these two South Asian countries. Whereas India is expected to become the third largest economy in the world, along with the US and China, Bangladesh is expected to transform itself from the UN's Least Developed Countries (LDC) ranking to emerging economies by 2026. While many emerging and advanced economies are struggling to recover in the post-COVID-19 era, it is predicted that South Asia is expected to grow by 5.8% this year, which is higher than any other developing country region in the world.<sup>2</sup> India and Bangladesh are expected to experience strong economic growth, with the IMF predicting a 6.3% growth rate for India and 6% for Bangladesh in 2023-2024.

However, the region is facing significant challenges due to the climate crisis, which may hinder its growth potential. South Asia is one of the most vulnerable regions to the impact of climate change, which is affecting economic, food, and health security, as well as other social issues. Heatwaves are affecting labor productivity, particularly in construction work, which is a major source of employment in South Asia. In some parts of India and Bangladesh, laborers cannot work during the hottest hours of the day, leading to declining productivity. The declining production of rice, one of the main crops in the region, is expected to have a significant impact on food security. The climate crisis also poses a serious health hazard, with heatwaves increasing the risk of heart attacks and other diseases.<sup>3</sup> Moreover, the social impact

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<sup>1</sup> BRIC group was renamed as BRICS (Brazil, Russia, India, China, South Africa) after South Africa was accepted as a full member in 2010.

<sup>2</sup> The World Bank. 2023. World Bank Expects Solid Growth but Risky Outlook for South Asia. October 3. <https://www.worldbank.org/en/news/press-release/2023/10/03/world-bank-expects-solid-growth-but-risky-outlook-for-south-asia> .

<sup>3</sup> Anindita Sanyal. 2023. "220 Crore In India, Pak To Face Deadly Heat If...": New Study.

of the crisis is also significant. It is estimated that one million people are expected to be displaced in Bangladesh alone due to climate change in the next few years. In the northern part of India, especially in its capital New Delhi, it has become very common for schools to close and people to avoid going outside due to severe levels of air pollution during the winter months.

Against that backdrop, South Asia's path to development is not an easy task. As discussed above, due to the climate crisis and its impact on the economy, health, and society, there is a growing 'domestic pressure' on South Asian governments to embark on green growth development paths. Developing countries have been facing pressure from industrialized nations to abandon their current developmental path and adopt green growth development. This pressure is in addition to the domestic pressure that these countries face. For example, the G7 group of advanced countries has urged India to achieve net-zero emissions by around mid-century, preferably by 2050.<sup>4</sup> The recent declaration by the UN Secretary-General, Antonio Guterres in July 2023, that the world has entered a period of 'global boiling' and the era of 'global warming' is over<sup>5</sup>, will further add to the international pressure on emerging economies in South Asia to rethink their developmental path.

The future developmental path of South Asian emerging economies is not going to be an easy one, as they have to navigate a 'unique environment' that has never existed in world history. During the first and second industrial revolutions led by the UK, the US, and Germany in the Global North from the second half of the 18th century to the first half of the 20th century, there were no domestic or international pressures on the governments to direct their development plan towards green growth. Similarly, during the industrialization of East Asian countries in the second half of the 20th century, there were no significant domestic or international pressures, although some talks began on environmental issues. China's rapid economic growth over the past four decades and its emergence as a 'world factory' were also a result of the absence of any substantial domestic or international pressure. However, as South Asian emerging economies are about to become the growth engine of the world economy and achieve the status of the world's next factory, there are mounting domestic and international

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<https://www.ndtv.com/india-news/220-crore-in-india-pak-to-face-deadly-heat-if-new-study-4466154>.

<sup>4</sup> Amitabh Sinha. 2023. G7 wants countries like India to turn net zero by 2070, 'peak' emissions by 2025. *The Indian Express*. <https://indianexpress.com/article/india/g7-india-net-zero-by-2070-peak-emissions-2025-8620210/>

<sup>5</sup> United Nations. 2023. Hottest July ever signals 'era of global boiling has arrived' says UN chief. <https://news.un.org/en/story/2023/07/1139162>.

pressures stemming from the climate crisis. In the climate crisis era, South Asian economies must not only consider 'how' to compete with advanced and industrialized nations in the global production networks (GPN) but also 'what' kind of growth they are going to achieve.

South Asian governments have realized this fact and embarked on a new development strategy according to the climate change crisis. On the domestic front, both India and Bangladesh have taken grand initiatives to realize their green growth developmental plan. India launched the National Solar Mission plan in 2010 with a target of achieving 20 GW by 2022. The country again reset its goal in 2015 and increased its target to 100 GW. India also launched various other initiatives in recent years, such as the 2021 National Hydrogen Mission, to not only support India's green growth plan but also to make the country a leading producer and supplier of green hydrogen in the world. Bangladesh has also been aggressive in implementing a green growth strategy. It launched the Bangladesh Climate Change Trust Fund in 2009 for its green growth plan, and by 2023, it has contributed around 500 million USD from domestic sources. The country has also doubled the climate-related fund allocation in its Annual Development Plan from 1.5 billion USD in 2015 to 3 billion USD in 2021.

There has been some tangible outcome from South Asian countries' recent green growth plan. Due to India's recent efforts, the country's total installed renewable capacity touched the 170 GW mark in 2023. That made India the 4th biggest country in the world in terms of total installed renewable capacity.<sup>6</sup> What is more important is India's non-fossil fuel energy has reached 40% of the total energy mix. Bangladesh has also shown some remarkable progress. The country has installed more than six million solar home systems in off-grid areas of the country, which is providing solar electricity to 18 million people in the country. In addition, Bangladesh has implemented one of the most extensive solar energy programs in the world in a very short period of time despite facing several financial difficulties. Through comprehensive implementation, these solar energy programs are the backbone of the country's electricity supply and support the country's green growth ambition.

Their future promises are more attractive. India has recently announced its policy approach to climate action, namely Panchamrit (five nectar elements), at The UN Climate Change Conference in Glasgow (COP26) in 2021. This policy approach revealed India's five time-bound climate pledges; among them, four are for the international communities' efforts to reduce a certain amount of carbon ambitions by 2030, and the last is the grand pledge to

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<sup>6</sup> Manjul Paul. 2023. Back Back India's renewable energy capacity at 122 GW in February. Mint. <https://www.livemint.com/news/india/indias-renewable-energy-capacity-at-122-gw-in-february-11680179203975.html>

the international community. More specifically, India's first pledge is to take its non-fossil energy capacity from 170 GW in 2023 to 500 GW by 2030. Second, India will enhance its energy requirements from renewable energy from the current 40 percent to 50 percent. Third, the country will reduce the projected carbon emissions by one billion tonnes from now till 2030. Fourth, India will reduce the carbon intensity of its economy by more than 45 percent by 2023. The final pledge to the world is most impressive as India announced that it will achieve the target of Net Zero by 2027. By revealing the Net Zero plan, India became the first country outside the industrialized world to make such a promise.<sup>7</sup> Bangladesh has also pledged to generate 40% of its energy from renewable sources by 2041. In addition, the country has canceled a number of coal-based power plants worth more than 12 billion dollars of Foreign Direct Investment (FDI). South Asian emerging economies' climate actions are exemplary given that they are making these promises despite facing other domestic challenges to rebuild the economy and remove poverty in the post-COVID-19 era.

South Asian countries are adopting a dual strategy in the international arena. On the one hand, they are collectively criticizing the unresponsive stance taken by advanced industrialized countries towards developing Global South countries, including South Asian countries. For instance, both India and Bangladesh have expressed dissatisfaction with the slow pace of progress made by advanced countries in their commitment to developing economies. During the Paris Agreement of 2015, advanced countries, whose non-green industrial development has been a significant cause of the current climate crisis, pledged to provide climate finance and low-cost climate technology to developing countries, including South Asian countries. However, they have failed to deliver on this promise, leaving it hollow. In response, South Asian countries are uniting their voices. At COP-26, Indian Prime Minister Narendra Modi and Bangladesh Prime Minister Sheikh Hasina urged the advanced industrialized world to fulfill their commitments without delay.

On the other hand, they have enhanced their international engagement with the advanced nations to realize their green growth strategy in recent months. Indeed, India's recent foreign economic policy's major focus is to foster green growth cooperation with like-minded democratic countries. For example, in March 2022, India forged the Clean Energy Partnership (CEP) with Japan to promote energy cooperation between the two countries through diverse and realistic energy transitions by utilizing all energy sources and

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<sup>7</sup> So far, the US, advanced North European countries, Korea, Japan, and China have announced their plans to achieve net zero emissions. All of these countries underwent industrialization in their respective periods of history.

technologies to ensure energy security, carbon neutrality, and economic growth.<sup>8</sup> In July 2023, India advanced its partnership with the US on clean energy innovation and decarbonization efforts to support the energy transition while ensuring clean energy access. Bangladesh has also aggressively engaged with the Global North to realize its green growth dream. In October 2023, Bangladesh signed €400 million for renewable energy with Europe and launched negotiations on a new Partnership and Cooperation Agreement (PCA) with that region.<sup>9</sup> In sum, South Asia is embarking on a new developmental path amid a deepening climate crisis. This new green growth developmental orientation will be a dominant feature of their growth trajectory in the future.

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<sup>8</sup> Ministry of Economy, Trade and Industry (METI). 2022. Announcement of the India-Japan Clean Energy Partnership (CEP). <https://www.enecho.meti.go.jp/en/category/others/cep/20220319.html>.

<sup>9</sup> The Delegation of the European Union to Bangladesh. 2023. EU and Bangladesh sign €400 million for renewable energy and launch negotiations on a new Partnership and Cooperation Agreement. [https://www.eeas.europa.eu/delegations/bangladesh/global-gateway-eu-and-bangladesh-sign-%E2%82%AC400-million-renewable-energy-and-launch-negotiations-new-o\\_en?s=164](https://www.eeas.europa.eu/delegations/bangladesh/global-gateway-eu-and-bangladesh-sign-%E2%82%AC400-million-renewable-energy-and-launch-negotiations-new-o_en?s=164)