

# Unmasking the Dark Side of South-South Development Cooperation

Exploring Hegemonies within South-South Development Cooperation that Undermine People's Voices in Energy Policy Choices in South Asia

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**Unmasking the Dark-side of South-South Development Cooperation: *Exploring Hegemonies within South-South Development Cooperation that Undermine People's Voices in Energy Policy Choices in South Asia***

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## Introduction

The current global attention, focused on a new set of Sustainable Development Goals (SDGs) that aim to transform the world, confirm that all the previous development approaches have been creating and maintaining inequality, instead of promoting people-oriented development. For the last five decades, the members of the Organization for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) have been setting the standards for aid and international development assistance. In recent years, the contributions of middle-income southern countries in international development cooperation have been on the rise. In particular, the emerging southern powers, China and India, have the potential to re-shape the South Asian economic and political landscape in the twenty-first century. However, research on their involvement in the regional development processes or their ways of seeking greater influence in the region is very limited.

This study is a part of the Reality of Aid Network's Policy Research on Operationalizing People-Oriented South-South Development Cooperation (SSDC) through a program of the CSO Partnership for Development Effectiveness (CPDE) under the European Commission. Qualitative tools (in-depth interviews, key informants interviews, public consultations and focus group discussions) have assisted this study to collect primary information. This study reviewed relevant documents from secondary sources to understand the nature, modalities, instruments and trends in energy-related SSDC projects in the South Asian region. This study has developed case studies based on primary and secondary data to depict the impact of SSDC-driven coal-based power projects on people and human rights in South Asia.

## South-South Development Cooperation (SSDC) Policies and Practices in South Asia

South Asia is comprised of Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. The region constitutes only 4% of the world's total surface area but provide space for nearly 23% of the world's population. More than half (54%) of the world's multi-dimensional poor live in South Asia. The highest malnutrition and the lowest public health expenditure as a share of GDP in the World belongs to this region. The largest difference between male and female Human Development Index (HDI) value in the World is found in South Asia.

South Asia is one of the major recipients of Indian aid, even as India also receives aid from traditional donors. India has been the largest recipient of Japanese Official Development Assistance (ODA) in South Asia since 2003. In recent years, China has been overtaking traditional donors to South Asian countries. In contrast, India has been decreasing its overall bilateral allocation for grants and loans towards South Asian countries since 2014.

South-South Cooperation (SSC) is a development cooperation framework for mutually supportive southern developing countries based on the principles of equality, solidarity, and mutual development. SSDC is a form of SSC that includes humanitarian assistance, technical cooperation and concessional financing for improving the socio-economic conditions of Southern partner countries according to their national development priorities. For comparative analysis, this study divides the SSDC cooperating countries into two categories, SSDC Provider (a southern middle-income country that provides aid, financial, technical or other demand-driven services to the recipient country) and SSDC Partner (a southern least-developed or developing country that receives financial, technical or

other services as per their demand from another middle-income southern country). In this context, this study has identified China and India as the dominant SSDC providers in South Asia.

| <b>Perceptions of Southern CSOs about the differences between the ODA and SSDC</b>   |   |
|--|---|
| <b>Official Development Assistance (ODA)</b>   | <b>South-South Development Cooperation (SSDC)</b>   |
| <ol style="list-style-type: none"> <li>1. Aims to promote economic development and welfare of the recipient countries</li> <li>2. Focuses on human rights, women's empowerment, good governance and promotion of democracy</li> <li>3. Aid is usually attached with political conditionality</li> <li>4. Large portion of aid disbursed by cash transfer</li> <li>5. Donor-Recipient perception guides the partnership</li> <li>6. Follow the Debt Sustainability Framework</li> <li>7. Provide assistance according to the perceived needs of the recipient country population</li> </ol> | <ol style="list-style-type: none"> <li>1. Aims to promote mutually beneficial economic cooperation for both the provider &amp; recipient countries</li> <li>2. Focuses on basic infrastructure construction</li> <li>3. Aid is usually attached with procurement conditionality</li> <li>4. Do not usually transfer cash, deliver completed projects</li> <li>5. Equality and mutual benefit guide the partnership</li> <li>6. Follow mutual guidelines of development sustainability</li> <li>7. Provide assistance according to the requirements defined by the recipient country government</li> </ol> |

In South Asia, State-owned public utilities largely generate, transmit and distribute electricity and designated government agencies are responsible for export and import of electricity. Since 2001, the Asian Development Bank (ADB), in cooperation with the South Asian Association for Regional Cooperation (SAARC), has been fostering energy sector cooperation in the region.

| <b>Common Features of the SSDC Policies in South Asian countries</b>  |   |
|---|---|
| <ul style="list-style-type: none"> <li>✓ Aims to gradually reduce foreign aid dependency and build a self-reliant economy</li> <li>✓ Seek ways to strengthen South-South cooperation</li> <li>✓ Do not consider financial contributions from developing countries to other Southern countries as ODA</li> </ul>   |   |
| <b>SSDC Providers (China and India)</b>   | <b>SSDC partners (Bangladesh, Nepal and Sri Lanka)</b>  |
| <ol style="list-style-type: none"> <li>1. Aims to bring direct and visible benefits to the SSDC partner country</li> <li>2. Fills the infrastructure development gap left by traditional donors</li> <li>3. Draw lessons and experiences from the past and from SSDC countries</li> <li>4. Foreign policy goals determine SSDC</li> <li>5. Limited investment in monitoring and evaluation</li> </ol> | <ol style="list-style-type: none"> <li>1. SSDC shall follow development priorities, policies, strategies and planning system of the country</li> <li>2. Prefer long-term concessional loan for infrastructure and energy sector development</li> <li>3. All SSDC data shall be publicly accessible.</li> <li>4. Strongly discourages all forms of tied loans</li> <li>5. Provision of Development Cooperation Forum for high-level dialogue among development partners</li> </ol> |

### **Case Studies on SSDC-driven Coal Power Projects in South Asia**

Low access to energy, energy shortages and energy security concerns are driving SSDC in the power sector in South Asia. Since 2010, SSDC-driven coal power projects have been multiplying in South Asia. This study examines three SSDC-driven coal power projects (Bangladesh-India, Sri Lanka-India and Bangladesh-China) to unmask how hegemonic imperatives of SSDC-provider countries (India and China) undermine people's voices and people's rights.

**Bangladesh India Friendship Power Company Limited (BIFPCL):** The BIFPCL is a 50-50 joint venture of India's state-owned National Thermal Power Corporation (NTPC) and Bangladesh's state-owned Power Development Board (BPDB) which is executing the 1320-megawatt Maitree Super Thermal Power Project (popularly known as Rampal coal-fired power plant). This \$2 billion Maitree coal

powered-SSDC project is 14 kilometers away from the world's largest mangrove forest, the Sundarbans. Bangladesh (60%) and India (40%) jointly share the Sundarbans.

In January 2010, India and Bangladesh signed a Memorandum of Understanding (MoU) to initiate the SSDC in the power sector. In 2012, the BIFPCL materialized as a joint venture company. On July 2016, the BIFPCL signed the EPC (Engineering, Procurement, and Construction) contract with the Indian BHEL on a turnkey basis. On April 2017, the Indian Exim Bank agreed to finance the project.

According to the Prime Minister of Bangladesh *"The Government is determined to meet the growing demands of electricity for the country's envisioned industrialization. Bangladesh-India Friendship Thermal Power Plant' at Rampal is one of those coal-based plants the government has decided to install in different parts of the country to meet the growing electricity demand. The government thinks coal is more suitable than petroleum, natural gas and other fuels in terms of availability and price"*<sup>5</sup>. According to the Finance Minister of Bangladesh,<sup>6</sup>*"the Sundarbans are surely going to suffer due to this power plant but the government will proceed with the project."*

The United Nations Educational, Scientific and Cultural Organization (UNESCO) has made it clear at the 41<sup>st</sup> session of its World Heritage Committee that Bangladesh should not allow any large-scale industrial or infrastructural development near the Sundarbans before conducting a Strategic Environmental Assessment (SEA) for its south-west region. Yet a majority of the media are promoting the government's propaganda that UNESCO has given a green signal for the Rampal power plant's construction. The Bangladesh Government is spending money for promoting the project while the citizens are protesting against the location of the project. According to the CSOs, with few exceptions, both electronic and print media are not covering the people's resistance to the project. Many activists have criticized the UNESCO for not giving due attention in time. Although the first agreement for Rampal coal plant was in August 2010, UNESCO's monitoring mission evaluated the impacts only in 2015.

Through this SSDC project, Bangladesh and India are allowing a high volume of shipping, navigation and industrialization in and around the Sundarbans mangrove region. The Rampal coal-fired SSDC project will require 4.7 million tons of coal per year. The cost of electricity from the Rampal power plant could exceed Taka 9 per unit.

**Trincomalee Power Company Limited (TPCL):** The TPCL is a 50-50 joint venture between the Sri Lankan Ceylon Electricity Board (CEB) and the Indian NTPC for setting up 500 MW coal power plants in Sri Lanka. The Sri Lankan government, the CEB and the NTPC reached an Agreement in December 2006 to set-up TPCL and start generating power by 2011. The negotiation process for starting this SSDC project took a long time because it was the first foreign project of the NTPC. In 2008, differences arose between India and Sri Lanka over the issue of accepting sovereign guarantees by Sri Lanka. This delayed the formation of TPCL to 2011. In 2013, the TPCL signed the Power Purchase Agreement with the CEB but took another 4 years to complete construction before starting operations in late 2017. In 2014, the NTPC Consultancy Wing bagged the contract for providing Engineering Consultancy Services to TPCL. In February 2016, the Environmental Impact Assessment (EIA) for the SSDC project was granted conditional approval by the Central Environmental Authority (CEA) of Sri Lanka due to

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5 <http://www.albd.org/index.php/en/updates/news/3977-rampal-power-plant-will-not-harm-the-sundarbans-hpm-sheikh-hasina>  
6 <http://www.ittefaq.com.bd/national/2016/02/15/55597.html>

government pressure. The EIA report was prepared by M/s Mantec Consultants (Pvt.) Limited, a New Delhi-based company. On May 2016, the Environmental Foundation Limited (EFL) filed a rights petition against the project on the grounds that it was using coal for energy generation, deficiencies of the EIA, long-term environmental impacts, resultant health effects and flawed approval process. On November 1, 2016, Sri Lanka formally scrapped this SSDC project following concerns over the environmental impact and the country's decision to switch from coal to renewable energy sources. However, the government decision was limited to shifting away from using coal as a power-generating source, not the power plant itself. In May 2017, the Sri Lankan government asked the CEB and the NTPC to come up with a financial model for the proposed 500 MW LNG-fired power plant using TPCL.

**Bangladesh-China Power Company Limited (BCPCL):** The BCPCL is a 50:50 joint venture company of the China National Machinery Import and Export Corporation (CMC) and Bangladesh's North-West Power Generation Company Limited (NWPGL). Since June 2014, this US\$2.4 billion joint venture SSDC project has been building a 1320 MW coal power plant near the proposed Payra maritime port in the coastal district of Patuakhali, Bangladesh. The project expects to generate electricity by December 2019. In March 2016, the BCPCL, as the executing agency, signed an engineering, procurement and construction (EPC) contract with a consortium of two Chinese firms. China Exim Bank has agreed to provide \$1.6 billion credit for this SSDC project with 2% interest, 15-year payback period and a four-year grace period. The Bangladesh government waived around US\$72 million stamp duty for this SSDC project. The electricity generation cost per unit will be Taka 6 while Bangladesh will buy electricity at the rate of Taka 6.65 per unit. The coal will come from Australia, Indonesia or China at the rate of \$100 per ton.

### *Analysis of the Case Studies on SSDC-driven coal power projects*

These case studies are examples of Government-to-Government Joint Venture Companies (JVC) which have become the norm for SSDC-driven coal power projects in South Asia. The public companies that co-own the JVC typically provide 30% of the total investment and mobilize the remaining 70% from the export credit agencies of the SSDC provider countries.

The Bangladesh-India case study shows that SSDC projects may contradict with national priorities and policies. For example, the India-Bangladesh coal power SSDC project violates almost all the objectives of the Bangladesh Power System Master Plan (PSMP). By using outdated supercritical technology and using imported coal, this SSDC project violates the PSMP objective of moving towards a low-carbon economy. Ironically, the Indian government is supporting the development of this coal-fired SSDC project at a time when India itself is moving away from coal-based power generation. The case study also recognizes that the interest of the SSDC provider drives the implementation of the SSDC-driven coal power projects. For example, foreign banks have denied financing the Rampal SSDC project because it fails to comply with the minimum environmental and social norms established under the Equator Principles<sup>7</sup>. Nevertheless, the Indian government arranged a loan of US\$1.6 Billion to finance the Rampal SSDC project through its state-owned EXIM Bank at a lower interest rate compared to Indian market rates.

The case studies have revealed that people's concerns, biodiversity and environmental factors have not received due consideration in the site selection of the SSDC projects both in Bangladesh and Sri

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<sup>7</sup>The Equator Principles (EPs), launched in 2003, is a voluntary code of conduct and risk management framework for financial institutions use to determine, assess and manage environmental and social risks in projects, such as energy or infrastructure projects.<http://www.equator-principles.com/>

Lanka. The approved EIA reports of the SSDC projects in both Bangladesh (Rampal) and Sri Lanka (Sampur) gives a go signal to inflict environmental damage due to the construction of the coal power plant in biodiversity-rich locations.

The case studies have recognized that the SSDC-provider countries often take advantage of the weak regulation in SSDC-partner countries. For example, Indian state-owned companies are taking advantage of weak regulations in Bangladesh to implement SSDC-driven coal power projects. Indian regulations prohibit the implementation of any coal power plants within a 25km-radius of forests like the Sundarbans but Bangladesh has no similar regulation.

### ***Human rights violations by SSDC-driven coal power projects***

This study has observed that governments of both India and Bangladesh do not care much about the voices of the affected people or the technical recommendations of the experts. Rather, both governments are neglecting public opinion regarding the Rampal SSDC project. Over the past decade, at least 28 people have been killed in anti-coal protests or in violence against anti-coal organizers in India (20 people) and Bangladesh (eight people). While the coal power projects are willing to spend huge public money for imported coal, SSDC projects in both Bangladesh and Sri Lanka are not willing to provide adequate compensation for the affected communities.

The case studies on the SSDC-driven coal power projects provide evidence of common attitude among the SSDC cooperating governments: that it is acceptable to let a small segment of the population bear the burden of development if it benefits the majority of the population. SSDC-partner country governments frequently spread propaganda that opposing SSDC projects is tantamount to blocking the road to national development. CSOs, NGOs and activists who are mobilizing affected communities and raising concerns about the negative impacts of SSDC projects often face threats, intimidation, attacks and legal harassment.

In the cases examined, public consultations fulfilled the formal EIA requirements even though many people remained silent or felt too timid to ask questions during these consultations because of the very technical presentations made by project proponents. The Rampal (Bangladesh) and Sampur (Sri Lanka) cases reveal that SSDC cooperating governments fail to fully disclose the cost-benefit analysis of the SSDC project to their citizens. It is common for people in the SSDC project areas to first learn about the coal power project only upon receiving the land acquisition notice. The local community living in the Rampal area are scared of speaking out about the India-Bangladesh SSDC coal power project especially because the local police declared a ban on public gatherings on at least 14 occasions.

### ***CSO capacity in operationalizing people-oriented SSDC in South Asia***

The case studies have revealed that activists, CSOs and social movements from Bangladesh, India and Sri Lanka have been protesting against the India-supported SSDC projects since inception. This study has not found any central coordinating agencies involving SSDC cooperating countries to manage and monitor SSDC-driven projects at country level. This creates challenges for both CSOs and citizens in exercising their right to make demands on their own governments. The study also found that the majority of the CSOs and NGOs in Bangladesh and Sri Lanka are not well aware of the Human Rights-Based Approach (HRBA) to SSDC and its potential for shifting the focus of development from economic growth towards people-oriented development. Nevertheless, CSOs can contribute to operationalizing people-oriented SSDC in the South Asia with proper capacity-building.

## *Unmasking the hegemony in Energy-related SSDC in South Asia*

This study recognizes that hegemonic interests of the SSDC provider through project-specific conditionality undermines the win-win approach in SSDC projects. For example, in the Sampur SSDC project, Sri Lanka wanted a high efficiency plant to reduce the unit cost of power but India wanted to reduce the capital investment by building a low-efficiency plant. After long negotiations, Sri Lanka agreed to build a low-efficiency plant.

Based on the Rampal (Bangladesh) and Sampur (Sri Lanka) cases, this study points out that even if the governments of SSDC cooperating countries equally own the SSDC project, however, the SSDC partners (in this case Bangladesh and Sri Lanka) have to shoulder all the financial risks by accepting sovereign guarantee provisions, which ultimately makes investments of the SSDC provider (India) risk-free.

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**By definition, Bangladesh-India Friendship Power Company Limited (BIFPCL) is an SSDC project between India and Bangladesh, but in practice, it is all about Indian hegemony**

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*The Rampal SSDC project has attracted intense local, national, and international criticism over its anticipated adverse effects on the Sundarbans mangrove forest. Activists have raised the concern that through the Rampal SSDC coal power project, India will sell low quality Indian coal to Bangladesh. Since 2016, Indian State-owned Coal India Limited (CIL) has been negotiating with Bangladesh to export coal for the BIFPCL project. The recent declaration from the Bangladesh government about abandoning the idea of leasing coalmines from Australia, South Africa and Indonesia also raises the possibility that the CIL will be the main supplier of the coal for the power plants in Bangladesh. On average, Bangladesh imports 4.5 million tons of coal every year, of which, around 1.5 million tons is from India through land ports. IL has over 80 million tons of coal stock as carryover from the previous year's production and the current demand in India is not enough to consume the total production. The Indian government is considering changing its laws to allow shipping coal out of India, which the current export policy does not allow, if Bangladesh agrees to import coal from India for BIFPCL project. Even if that does not happen, the NTPC, on behalf of the BIFPCL can buy from Coal India through spot auction. On April 2017, the state-owned Indian company Bharat Heavy Electricals Limited (BHEL) secured the \$1.5 billion export order from BIFPCL to build the Rampal Power Plant. As per initial bidding rules, BHEL was not eligible for bidding because BHEL did not have any overseas experience of constructing 500MW unit at the time of bidding. After the diplomatic intervention from India, BHEL won the bid for the project. The Indian government even changed laws to allow Exim Bank to offer concessional finance to Indian companies bidding for strategically important projects abroad.*

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This study also identified that SSDC providers like India often use energy-related national laws and directives to exercise hegemony over their SSDC partners. For instance, according to a recent Indian directive, "Guidelines on Cross Border Trade of Electricity", India would only buy electricity from Nepal, Bhutan, Bangladesh and Myanmar if Indian investments produce that electricity following Indian terms and conditions. To make matters worse, India buys electricity cheaply from Bhutan and then sells the same electricity to Bangladesh at double the price. Since 2015, Nepal buys power from India at high prices while it sells to India at low prices. Very recently, the Indian government imposed a new 4.5 percent service tax on ocean freight as a response to recent Chinese investment proposals on Nepali hydropower. This forces the Nepali people to pay 4.5% more for the imported products passing through Indian ports.

India is also using SSDC for easy access to cheap hydropower electricity from the landlocked country, Bhutan. Around 78 percent of India's aid to Bhutan during 2016-17 is budgeted for multiple

hydropower projects. All the previous Indo-Bhutanese hydropower projects were inter-governmental and financed mostly through grants. However, for the upcoming India-Bhutan hydropower SSDC projects, the loan component of the financing is higher than the grant component, and joint ventures will replace the inter-governmental model. These few examples illustrate how India exercises hegemonic influence in the South Asian energy sector and why India prefers bilateral power deals.

### ***Challenges for attaining energy security through Coal-based SSDC in South Asia***

This study reveals that South Asian governments are trying to ensure uninterrupted electricity supply from multiple energy sources at affordable prices, even if this entails ignoring the impact on the environment or human rights. Most of the South Asian countries depend on a single source to provide more than 50% of total electricity generation including Bangladesh (natural gas-91%), India (coal-68%), Nepal (hydropower-99.9%), and Sri Lanka (oil-50%). This study considers that any single energy-source dependency is not conducive to sustaining energy security. The competition between China and India for securing SSDC-driven coal energy projects are likely to increase geo-political tensions in South Asian countries.

This study has identified that public financing through SSDC for the coal power generation is nurturing hegemony in the South Asian energy sector. Among the top 120 companies responsible for two thirds of the new coal power projects planned around the globe (<https://coalexit.org/database>), 20.8% (25 companies) are from China, 14.2% (17 companies) are from India and 3.3% (4 companies) are from Bangladesh, based on their company headquarters. This data indicates that Chinese and Indian public finance for coal-based SSDC projects are increasing dependency on coal for maintaining energy security in South Asian countries. SSDC provider countries like India and China are promoting public finance for coal-based SSDC in South Asia to benefit their public and private companies. Export Credit Agencies (ECAs) such as Export-Import banks of the SSDC provider countries are providing public finance for risky overseas coal projects that might never kick-start otherwise. Historically, Chinese coal power financing in South Asia has predominantly flowed to India, Indonesia and Vietnam but now more is invested in Pakistan and Bangladesh.

This study also reveals that if coal power generation depends totally on imported coal, it may not be sustainable and may turn into stranded assets. For example, India's two largest coal power projects in Gujarat (Adani Powers and Tata Power) are no longer competitive because the price of coal imported from Indonesia has nearly doubled within a decade. Any investment in coal-fired power plants could turn into stranded assets as renewable energy sources achieve market dominance. In June 2017, Coal India announced its decision to close 37 mines in order to save \$124 million before March 2018, as these mines are no longer economically viable due to increasing competition from renewable energy sources. In May 2017, India cancelled plans to build nearly 14 gigawatts of coal-fired power stations because solar has become cheaper than coal and the country will not build any more coal plants after 2022. Nevertheless, this does not mean that Indian public financing through SSDC will stop overseas coal projects.

The major SSDC provider countries (India and China) in South Asia have no road map for phasing out overseas coal investment. In contrast, International financial institutions like the World Bank and the Asian Development Bank have started to move away from coal-related investments. In 2015, OECD countries have agreed to restrict official export credits for the least efficient coal-fired power plants starting 1 January 2017. Ironically, these measures against coal-related financing may push for more

coal-based SSDC projects. Knowing coal's negative impacts on the climate, health, and environment, public financing for coal through SSDC represents a misuse of valuable public funds of southern countries.

### **Opportunities for Energy-related SSDC to promote Low-Carbon Development**

The current mode of carbon-intensive economic development is unsustainable and global warming has the potential to derail many social advances (MGI2013). Electric power production and distribution infrastructure can be highly vulnerable to the impacts of climate change (ADB 2012). At the same time, the world cannot afford to add more carbon-emitting electricity infrastructure to meet the goals (hold global warming well below 2°C) set in the Paris Agreement (Pfeiffer et. al., 2016). The International Energy Agency (IEA) pinpoints four policies (adopting specific energy efficiency measures, limiting the construction and use of the least efficient coal-fired power plants, minimizing emissions from oil and gas production, and phasing out fossil fuel subsidies) to keep the world on course for the 2-degree global warming target at no net economic cost (IEA, 2013). Between 1980 and 2010, more than one-third (36%) of global carbon emissions were driven by fossil fuel subsidies (Stefanski, 2014). Removing fossil fuel subsidies could be an essential precondition for low-carbon development. Nonetheless, the role of fossil fuel subsidies to dangerous climate change is still absent in the international climate negotiations and policy process. Climate activists are demanding that climate finance should exclude coal and other fossil fuels that are responsible for global warming and more financing should be going to solar and wind power projects.

The adoption of low-carbon developmental pathway is important to enhance long-term national energy security (Hultman, V.K. 2013). Moving toward a low-carbon society will shield national economies from the risk of future disruptions to the global fossil fuel supply (IPCIC, 2010). Renewable power generation can reduce fossil fuel import-dependency. Solar photovoltaic energy has become competitive with conventional electricity generation in terms of cost (IEA,2014). The increased use of renewable energy may create nearly 2 million jobs in the power sector by2030 (European Renewable Energy Council and Greenpeace, 2009). Nevertheless, public finance for coal power-generation is undermining global action on climate change because coal accounts for 42% of global energy-related carbon emissions in 2014. Governments all over the world are subsidizing the fossil fuel industries six (6) times more than the renewable energy industries (Whitley, 2013). The implementation of energy efficiency measures could potentially reduce 70%of the projected global energy demand in 2035 (World Energy Outlook 2012). International co-operation will be needed to help developing countries initiate the energy switch and manage short-term trade-offs associated with a transition to low carbon.

Although experts consider South Asia as a unipolar system in which India is the de-facto hegemon (Stewart-Ingersoll and Frazier, 2010), this study considers bipolar system due to the ever-increasing competition between China and India for regional dominance. China and India, both SSDC providers, are reducing their domestic coal use but funding new overseas coal projects so that these emissions do not count towards their national carbon footprint. By investing public funds in coal-related SSDC projects, SSDC provider countries like China and India are exporting their highly polluting technologies to other southern developing countries and undermining global action on climate change.

### **Key Findings and Learnings about the South-South Development Cooperation (SSDC)**

SSDC has been rising in South Asia due to geo-economic interests, strategic concerns and historical ties between southern countries. Energy-related SSDC projects are rising in South Asia fueled by China and India as they vie for regional hegemony. Although SSDC cooperating countries are supposed to

respect national sovereignty, ownership and independence, the considerable power inequalities between SSDC provider and SSDC partner countries is re-orienting SSDC in line with the agenda of regional powers. The fear of energy insecurity and the lure of providing power for rapid industrial development to attain the middle-income country status among the SSDC partners is favouring the agenda of SSDC providers to exercise their hegemony.

The SSDC-driven coal power projects are rising in South Asia due to lack of government attention to the long-term outcomes and impacts as well as the lack of financing opportunity from the international financial institutions. Government-to-Government Joint Venture Power Company is the most common model for SSDC-driven coal power projects in South Asia.

SSDC-driven coal power projects in South Asia are not respecting the principle of prevention to avoid human rights violations. The decade-long people's movements against SSDC coal power projects in Bangladesh, India and Sri Lanka demonstrate that SSDC-driven coal power projects are not people-oriented.

SSDC focuses on government ownership without embracing the concept of people-oriented national ownership. SSDC-cooperating countries follow the principle of equality in terms of investment, not in the context of responsibility and accountability to the citizens. The requirement to purchase goods and services or provision of experts, labor and materials from the SSDC provider country is similar to tied aid from DAC donor countries. If any SSDC partner wants to adopt regulatory measures against an SSDC project, the SSDC provider country can accuse the SSDC partner of violating Bilateral Investment Treaty (BIT) obligations. Although the SAARC Inter-Governmental Framework Agreement for Energy Cooperation 2014 has potential for promoting multilateral SSDC in South Asia, the Agreement for Energy Cooperation remains unused due to lack of Indian interest.

As SSDC is typically restricted to government-to-government relations, there is little opportunity for people's and CSOs participation even though Southern people as taxpayers bear the economic burden of risky SSDC projects. The lack of people's active participation in designing and implementing SSDC indicates that human rights standards, principles and instruments are not guiding the SSDC process. The rights-holders in SSDC include people who may suffer from or vulnerable to discrimination, inequality and exclusion for a variety of reasons throughout the SSDC project cycle. Duty-Bearers of any SSDC project are the people who are required to work to respect, protect and fulfil the legal entitlements according to the national legal documents and international human rights treaties. SSDC projects in South Asia are ignoring civil society inclusion in planning, policy and decision-making processes. The current capacity of Southern CSOs to undertake outreach, advocacy and communication on SSDC policies and practices is very weak.

SSDC has adopted the principle of horizontality and equality in development cooperation, but there are no clear operational guidelines for applying these principles in SSDC projects.

### **Policy Recommendations for operationalizing people-oriented SSDC**

Policy makers' should consider integrating "People-oriented Sustainable Development (PSD)" as an intergenerational equity driven Human Rights-Based Approach to operationalize people-oriented SSDC. Such operationalization requires a transparent and participatory process to reduce people's vulnerabilities and equip them with essential capabilities. To promote people-oriented SSDC,

governments must ensure people's ownership in the development cooperation and include future generations as SSDC stakeholders. SSDC cooperating governments shall develop mechanisms and indicators to monitor people's active participation in SSDC projects. Any SSDC project should adopt a "do no harm principle" in each stage of the project to advance the quality of human lives for both present and future generations as well as to enlarge people's choices within an economy that focuses on people's needs.

Flexibility in revising the SSDC project to accommodate any public concern is required for operationalizing people-oriented SSDC. Governments shall devise mechanisms to hold private or public companies involved in any SSDC projects accountable for human rights violations. An appropriate definition of 'affected population' due to the SSDC projects is needed to avoid human rights violations. SSDC projects have to adopt information disclosure and accountability policies to protect the rights of affected communities. SSDC project shall comply with human rights principles and use the human rights framework in open dialogues to identify citizen needs. To ensure transparency and accountability, SSDC governments shall involve national parliaments to develop and monitor SSDC projects. At the same time, governments shall allow NGOs and CSOs to act as SSDC watchdogs and to assist people in formulating their demands in the SSDC project. Given the human rights violations, severe environmental and economic risks associated with coal projects, there should be no new public finance or tied aid for SSDC-driven coal power projects.

CSOs can disseminate and popularize information so that the public can make demands to improve SSDC project designs and hold governments accountable. CSOs with enhanced capacity can monitor the SSDC projects. Local CSOs can easily facilitate community mobilization for defining the demand-driven SSDC projects because of their connections at the grassroots level. New networks and partnerships among the CSOs and other actors of SSDC cooperating countries can create a common platform for doing fruitful advocacy to make SSDC more people-oriented.

The SSDC should adopt an energy principle, "The energy is for people; people are not for energy", to increase people's access to cost-effective, sustainable and climate-compatible energy services. Policy makers should put more emphasis on SSDC-driven energy efficiency and renewable energy projects in order to enhance national energy security. Policy makers shall consider energy efficiency opportunities as a "fifth fuel" because if the energy demand is lower, then the need for capital-intensive investment in new power supply will also be reduced. Regional power cooperation through SSDC can provide cheaper renewable power from power surplus countries to power deficit countries and SSDC driven regional power exchange agreements may meet the seasonal variations in power demand. A High-level Forum of South-South Cooperation in Low-Carbon Development deserves more attention to accelerate the implementation of both the Paris Agreement and the 2030 Agenda for Sustainable Development.

## **Conclusion**

This study has tried to analyze contemporary regional relations as played out in development cooperation in South Asia. Competition for regional dominance is creating unequal relationships between SSDC provider and SSDC partner countries in the same way that traditional foreign aid maintains the unequal relationship between donor and recipient countries. Unless SSDC contributes to locally own national strategy, then whatever short-term economic gains brought by specific SSDC endeavors in partner countries will remain elusive.

A predatory kind of SSDC prioritizes energy-related mega-projects to accelerate national economic growth, at the expense of human rights. Respect for national sovereignty in SSDC should not be an excuse to ignore human rights violations and environmental destruction. The ongoing development challenges (poverty, inequalities, energy and food insecurity, climate change impact and unemployment) require a Fifth Development Decade (2018–2027) for strengthening people-oriented South-South and Triangular Development Cooperation for leaving no one behind. Human rights in SSDC-driven energy cooperation calls for participatory and transparent political decision-making processes in the energy sector.

By unmasking the power relations and shadow interests of the countries involved in SSDC, this study opines that neo-colonialism may emerge through SSDC, if it is not people-oriented. If SSDC is not people-oriented, it may undermine people's voices over development choices. Besides, if accountability mechanisms are not robust, particular interest groups or local elites may manipulate SSDC projects. When governments undermine people's priorities, big business interests misuse public resources and mainstream media overlooks the people's concerns, the dark side of SSDC will remain hidden and gradually the drive to accumulate profits will engulf the potentials of SSDC for people-oriented development.

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