

BRICS+G – Sustainability and Growth in Brazil, Russia, India, China, South Africa and Germany

The International Conference – Final Report

4th/5th September 2005 in Berlin

Welcoming Speeches by **Ms. Franziska Donner**, Director, Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH, GTZ House Berlin
Dr. Günther Bachmann, Director, German Council for Sustainable Development (RNE - Rat für Nachhaltige Entwicklung)

In their opening remarks, Ms. Donner and Dr. Bachmann extended a warm welcome to the participants and expressed their excitement about the great number of high-ranking experts attending this conference in Berlin to share their experiences and thoughts about sustainability strategies and economic growth.

Given the large population and the enormous growth potential of the BRICS countries, Ms. Donner said that their ability to link economic growth with sustainability would strongly influence the entire globe's future development. The conference should foster this linkage by creating an atmosphere supportive of asking questions and listening to each other.

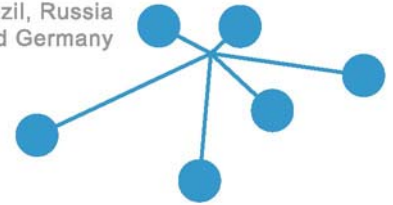
For the German Council for Sustainable Development (RNE), Dr. Bachmann emphasised that this dialogue represents a second step reaching beyond the European discourse on sustainable development, which was initiated as a learning network of European councils. Rather than presenting its successes, he stressed that Germany intended to participate in this conference dialogue in order to learn from the experiences of other BRICS countries and to discuss the issues at stake, namely: what must be done, and what can be done to make economic growth part of the solution instead of looking at it as part of the problem.

Opening the first session, conference moderator Mr. Dirk Jung invited the delegations to report on the state of their countries' national sustainable development strategies.

Session 1: State of the national sustainable development strategies – country presentations

Brazil: **His Excellency Gilney Amorim Viana**, Secretary of State, Secretariat for Sustainability Policies, Ministry of the Environment

After summarising the assets and challenges with regard to his country's future development, Mr. Viana emphasised that Brazil currently only has the elements of a sustainable



development strategy. For example, environmental issues have now for the first time been integrated into the “Pluriannual Plan” (PPA). The PPA (focusing on objectives for 2007, 2014 and 2022) has been invigorating medium and long-term planning, thus underlining the need to take environmental aspects into consideration. In the forest sector the government is developing a tighter policy to protect biodiversity and forests in a step-by-step approach. In order to limit and ultimately stop clandestine and illegal logging activities, Brazil is monitoring deforestation by satellite. The daily updated results are publicly accessible via the internet.

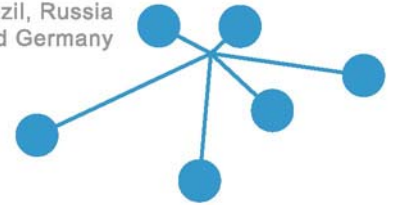
With regard to economic and social issues, Mr. Viana stressed Brazil’s need for economic growth in order to create jobs. Economic growth alone, however, will not solve the income distribution problem, as has been illustrated in the past, with no improvements in income distribution despite 7% annual growth. Brazil has some of the greatest disparities in income distribution in the world, with one-third (53 million) of the population living below the poverty line of 2 US dollars per day. Therefore Mr. Viana expressed his wish that international companies should operate in Brazil according to the same standards they adhere to in their developed home countries. To improve access to income by the poorest, Brazil has started an income transfer programme to help as a first stage. Furthermore, land reform is needed.

Russia: **Ms. Elena Evgenjevna Nikolaeva**, Deputy Head, Department for Federal Relations, Regional Development and Local Administration, Ministry of Regional Development

For Russia, Ms. Nikolaeva emphasised, sustainability is extremely significant, because natural capital accounts for 85% of this huge country’s assets. Of the remainder, human capital amounts to only 5%, while productive (man-made) capital accounts for 10%. Any government policy therefore has to take this structure into account, and as a result Russia has been actively involved in and has contributed to all major international sustainable development conferences. The ratification of the Kyoto Protocol in 2004 represents an important milestone in the country’s continuous efforts to strengthen sustainability issues in a global context.

On the national level, there are a sizeable number of programmes and initiatives that aim to implement sustainability policies. They include the “Concept of the Russian Federation’s Transition to Sustainable Development”, the “First Russian National Environmental Action Plan (NEAP)”, the “Federal Law for the Protection of the Environment” and the “Major Directions of the Russian Federation’s Socio-economic Development”. The latter represents the country’s long-term development plan. These policies are in line with national sustainable development priorities, which include poverty eradication, the doubling of GDP by 2010, as well as a reduction in the country’s economic dependency on natural resources.

The size of the country necessitates special coordination structures centring on the Ministry of Regional Development. The administrative entities to be coordinated include 24,404 municipal institutions. Regional policies are focused in particular on special economic zones, protected areas as well as indigenous people’s settlements.



India: **His Excellency Sudhir Mital**, Joint Secretary, Ministry of Environment and Forests

Sustainable approaches to development, Mr. Mital said, have a long tradition in India since they form an integral part of the country's culture. To illustrate this, he quoted Mahatma Gandhi's aphorism that "the earth provides enough to satisfy everyone's need but does not provide enough to satisfy everyone's greed". Environmental protection is part of India's constitution and sustainable development is a crucial element of the country's legislative and policy framework. Mr. Mital also emphasised that India is one of the world's sustainability hot spots due to its size, its cultural diversity, its role for climate change and its richness in biodiversity.

Mr. Mital underlined that poverty alleviation is India's first and foremost goal. Poverty and environmental degradation are closely linked because poor people are the most effected by environmental degradation, and because poverty tends to perpetuate environmental decline. Thus poverty alleviation has to be regarded as a prerequisite for environmental protection. Among the most pressing environmental problems that need to be addressed are degradation of land, deforestation, loss of biodiversity and the pollution of air, soil and water.

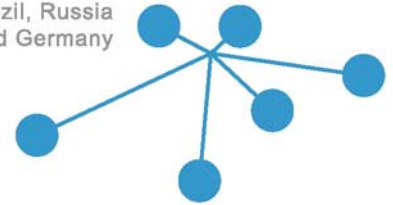
Nevertheless, India does not yet have a national strategy on sustainable development, although sustainability issues have been increasingly mainstreamed into existing national development plans. All development programmes and projects have been reoriented towards the promotion of sustainability since the "Agenda 21" was incorporated into the 8th national Five-Year Plan. The subsequent 9th Five-Year Plan identified environmental protection as one of its core objectives, and the current 10th Plan (2002-2007) places the individual at the centre of all developmental efforts, and regards sustainability as a prerequisite for increasing the well-being of all people.

Since the state will not be able to mobilise all resources required to foster development, it is seeking to intensify cooperation with the private sector. Thus the promotion of Public Private Partnerships ranks among the current government development initiatives.

China: **His Excellency Pan Yue**, Vice Minister, State Environmental Protection Administration

"We know in China that our development is not sustainable", Mr. Pan stated in his opening remarks. "First we followed the Soviet experience and then we followed the model of the EU and the US. These were high consumption and high pollution models unable to achieve sustainable development." Hence, among the major challenges China faces today is the fact that 300 million people do not have access to clean water, as well as the problems of desertification, water pollution, new pollutants and increasing CO₂ emissions. Mr. Pan concluded that if China continues with this model and does not tackle its environmental problems, then growth in the future will be impossible. Therefore, China will need to change its energy use. Economic growth, however, is regarded as a prerequisite, as the ability to solve all problems is often linked to growth.

To tackle these challenges, Mr. Pan thinks that China can learn much from Germany and indeed has already done so, e.g. with regard to the 'circular economy' model. In China obligatory circular economy principles will now be embedded in legislation. Companies failing



to follow these principles risk having their operations closed down by the administration.

Important lessons could also be derived from one's own cultural heritage, Mr. Pan said. Consequently, sustainable development in China has been operationalised in an approach based on a 'harmonious society' and 'scientific development'.

China is currently working hard on setting up circular economy zones, on promoting renewable resources, on integrating environmental protection into the 11th Five-Year Plan and on implementing the concept of 'Green GDP' in ten provinces (the results of which are expected to be presented in 2006). This concept is also thought to be used to monitor and judge the performance of civil servants. However, in certain areas environmental accounting has proven quite difficult, and for this reason provinces require the support of central government institutions.

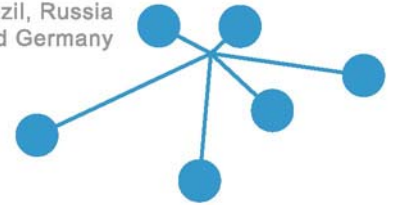
Finally, Mr. Pan called upon developed countries to live up to their promises to support developing countries in their attempt to achieve sustainable development: "If they claim to be leaders, they should help us."

South Africa: **Mr. Blessing Manale**, Director, Coordinator of the National Strategy for Sustainable Development, State Department for Environmental Affairs and Tourism

South Africa does not yet have in place a national strategy for sustainable development, Mr. Manale stated. However, the country has addressed the issue of sustainability through its various national development plans and sector policies. First and foremost of these is the Reconstruction and Development Programme (RDP), which commenced in 1994. This program focuses inter alia on the establishment of an efficient and participatory governance framework, which in turn enables government and the various stakeholders to address the issue of sustainability in a coherent and long-term manner. In trying to overcome the legacy of apartheid, the RDP also focuses on nation-building, maintaining peace and security, fostering a people-driven development process and meeting basic human needs – efforts that provide the basis for a long-term sustainable development process.

Recently, the government of South Africa approved a framework for a national strategy for sustainable development. It also confirmed that sustainability will form an integral part of all future national development efforts. By building on existing development plans, the future South African sustainable development strategy will pursue the objective of establishing an enabling framework capable of providing the basis for coordinating economic growth, achieving poverty eradication and environmental sustainability, and identifying synergies and trade-offs between the three. Another objective will be to strengthen the existing strategic planning framework by defining clear timeframes, identifying future scenarios and trends that might impact development outcomes, and providing a guideline for resource distribution, stakeholder participation and coordination of the various existing development plans.

Mr. Manale then outlined the structure of the strategy. Special chapters will be dedicated to the analysis of long-term development trends and their impacts, to risks and opportunities, choices and trade-offs of policy and implementation efforts. Other chapters will cover principles, objectives and commitments, an action plan and a Millennium Development Goal (MDG) response strategy as well as monitoring, evaluation, communication and participation frameworks. The final chapter will contain a 'Statement of Intent' and a 'Sustainable Development Declaration'. Guidelines for Corporate Social Responsibility (CSR) are also



foreseen to be part of the strategy. They would call for businesses to monitor not only their contributions to the economy, but also their social and environmental impacts. The top 100 South African companies already follow the Organisation for Economic Co-operation and Development (OECD) guidelines on CSR. To ensure that companies continuously do so, institutional enforcement mechanisms are being set up such as the 'Green Scorpions', Strategic Environmental Impact Assessments, or the establishment of countrywide standards for reporting. It would be welcomed if civil society organisations could also report on their social and economic impacts.

The lead in coordinating the strategy lies with the Ministry of Environment and Tourism. Implementation of the strategy will therefore be a task for the entire government. Indeed, the Ministry of Environment and Tourism perceives the strategy to represent an opportunity to raise the environmental profile in all sectors.

In concluding, Mr. Manale also called upon South Africa's partners to support the efforts of designing and implementing a sustainable national development strategy.

Germany: **Dr. Günther Bachmann**, Office Director of the German Council for Sustainable Development (RNE)

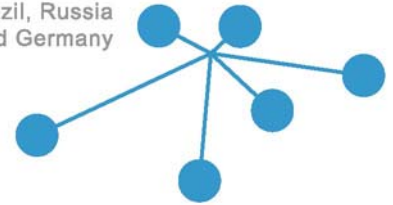
Dr. Bachmann started out by stressing that Germany's sustainable development strategy not only focuses on the environment, but covers other issues as well. One important challenge addressed in the social dimension is that of the "greying society", i.e. a society that is decreasing in size and increasing in average age, with new impacts on infrastructure, education and the economy.

In Germany, due to the non-sustainable resource use of the economy, there is still a need to decouple economic growth from environmental degradation, Dr. Bachmann outlined in his opening remarks. As a leading actor on issues concerning sustainable development, Germany should take on a commitment to show that this is possible.

Most relevant in this context is the issue of energy, the urgency of which is illustrated by the current record high oil prices. There are some encouraging success stories in decoupling environmental degradation from growth in the energy sector, but much remains to be done. Germany is significantly expanding its renewable energy potential and, in the scope of the sustainable development strategy, has also developed a fuel strategy that serves as a road map for making energy use for mobility more sustainable through a change in fuel use. Still, as Dr. Bachmann explained, there is potential for further easy-to-implement efficiency gains of up to 20%, which represents a practical and achievable target. Furthermore, the RNE has developed recommendations for the use of clean coal, although these are still to be implemented.

Work on Germany's sustainable development strategy started in 2001 and finished in 2002. Since then, two progress reports have been published. Leadership lies with the Office of the Chancellor chairing the 'Green Cabinet' as the main body responsible for developing the strategy and coordinating its implementation. The strategy makes use of 21 indicators (e.g. on renewable energy, organic food supply, land consumption, education or integrating migrants). The stakeholder-based RNE serves as a watchdog, proactive adviser and communicator in the process. It is composed of 19 eminent persons from all major groups.

As to the transfer of clean technology, several German government initiatives are on their



way designed to enhance clean technology solutions, and many GTZ projects focus on technology transfer. These projects, however, usually have only a pilot character, and mainly provide assistance enabling partners/ stakeholders to get in contact with German industry and technology.

Unfortunately, export policies still do not consider environmental footprints. With regard to general objections against environmental standards being integrated into trade issues, Dr. Bachmann called the process of European integration a good example. There the cohesion fund is lending support for diluting European environmental standards. In this way timetables for meeting the requirements are the objective of debate, but not the standards themselves. Dr. Bachmann concluded by saying that a question of major importance for the implementation of sustainable development strategies in his view is how to link national approaches to complement the rather slow progress made by multilateral agreements.

Session 2: Linking sustainable development strategies to sector policies

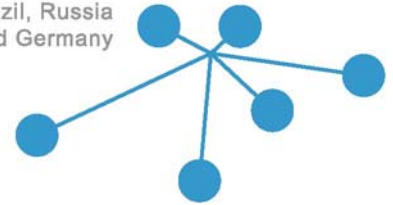
Energy

The working session was started with each country giving a short outline of the structure of its energy policy and the network of relevant actors. The comparison revealed many clear similarities between the BRICS countries. In India, China and South Africa, coal is the major source of electricity. Both China and South Africa explicitly mentioned their limited capacities to meet their (prospective) energy needs for economic growth. In all countries apart from Russia a significant percentage of the population is still not connected to the grid, nor do people have access to energy.

To generate the additional energy needed, in China, Brazil and India large hydropower projects are an option of only limited value. In India public resistance is blocking nearly every related project; in Brazil a history of non-compensation of the dislocated populations has also led to major resistance against large hydropower projects; while in China the environmental impact of prospective large hydropower projects in the northwest makes these problematic. Among other measures, India and China are planning to increase their nuclear power capacities. Brazil, by contrast, is placing more emphasis on the potential of bio fuels made from sugarcane. However, according to Ms. Borges, promoting sugarcane is known to lead to deforestation, and therefore further debate on the issue will be needed.

With regard to the output side, she quoted estimates that by 2020 Brazil's CO₂ emissions will be five times higher than in 1990. According to Prof. Tang, China is expected to be the largest energy consumer in about 20-30 years' time. To limit CO₂ emissions, China is keen to use the potential of Clean Development Mechanism (CDM) projects, ten of which are already in the pipeline. While India, according to Mr. Kher, is still in the process of developing an integrated energy policy, Brazil, Ms. Borges said, urgently needs such a strategy to deal with the challenges on the input side as well as on the output side. Mr. Tillmann (Germany) echoed the European Union's need for a coherent energy strategy, as the EU currently lacks an integrated policy.

Dr. Bachmann presented five approaches to decoupling energy use from economic growth: capping emissions and trade emission rights; eco-taxes that shift the tax burden from labour



to energy; procurement rules; regulations to allow decentrally generated renewable energy to be fed into the grid as in Germany; and finally, increased research and development. Ms. Borges outlined initiatives in Brazil where small and medium-sized enterprises are consulted on how to save energy. The advice is linked to a labelling scheme enabling consumers to choose products based on information about how energy efficiently they were manufactured. In India, Mr. Mital countered, it is required by law that companies have to become more energy-efficient. Ms. Borges added, "Brazil has a lot of laws that nobody knows". Hence, "we don't need more laws. The challenge lies with the institutions; we need to establish value systems and an ethic for sustainable development in society that ensures that the laws are followed."

As Mr. Kher (India) pointed out, this not only applies to consumers and citizens: "The decisive question is: is the political class willing to accept the major destabilisation that will take place in case of change? Parties do not win elections on sustainability type of issues." To tackle the issue, there was agreement that more research and development is needed in the field of innovative energy efficiency and renewable energy technology.

On the question as to how far national sustainable development strategies influence energy policies, Mr. Mital highlighted the need to have either a common institutional coordinating body or common sustainable development indicators to ensure a clear link between energy policies and a sustainable development strategy. Dr. Bachmann supported this notion of coherence through a more focused sustainability strategy.

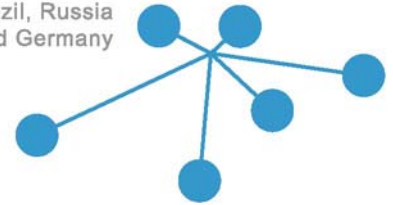
Natural resources

At first, various participants outlined the main issues in the natural resource sector of their specific countries. It turned out that 'Biodiversity and Conservancies', 'Water Management and Water Supply' as well as 'Agriculture, Land and Soil Degradation' are areas of concern in all BRICS+G countries.

Despite these commonalities the participants highlighted various country-specific problems and issues in relation to natural resources. Mr. Manale pointed out that marine resource management is one of the crucial areas of concern in South Africa. The South African Government has recently established a fund for marine resource management to which all respective fishing companies have to contribute.

In Germany, Ms. Zahrnt explained, the pressure on land has increased significantly due to high population density, intensified farming and increased road construction, resulting in a loss of biodiversity. The demand for and the pressure on land have also increased dramatically in urban India. Here, the pressure is caused by social deprivation in rural areas linked in turn to deforestation and the loss of biodiversity, since more than 20 million people in India directly depend on forests for their livelihoods. In Brazil, too, domestic migration is causing ecological degradation.

Given that on a global scale natural resource protection is an environmental service that would be provided mainly by those countries that control the major part of the world's natural capital, participants discussed a potential initiative for biodiversity as suggested by Mr. Perelet and Mr. Bobylev (both Russia). This proposed initiative could lead, according to Mr. Perelet, to an international protocol for biodiversity regarding trade in environmental goods and services (particularly biodiversity conservation) similar to the Kyoto Protocol covering the capping and trading of CO₂ emissions. This would however require an improved



measurement of the value of biodiversity and natural resources to enable developing countries to demand compensation for their rich supply of such goods and services. Mr. Smeraldi noted that Brazil already has some internal compensation policies in place for those provinces that provide the most environmental services.

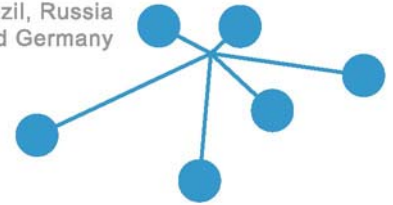
The discussion then shifted towards the political factors that influence natural resource management. In this context, decentralisation was discussed both as a driving force and an obstacle for sustainable natural resource management. As Prof. Ding explained, the massive decentralisation efforts by the Chinese Government in the 1980s turned out to have had positive impacts on economic development and negative impacts on the environment. Since the provinces were asked to stimulate economic growth, more and more land was cultivated, which accelerated the process of soil erosion and degradation.

Mr. Manale noted that in the South African context, financial constraints often prevent the implementation of sustainable policies. He suggested developing a 'carrot and stick' financial policy that provides incentives for best practices and disincentives for bad practices. As a start, the South African Government undertook an Environmental Fiscal Review in order to highlight the costs and benefits of sustainable natural resource management.

Social dimension

Ms. Nikolaeva and Ms. Chetvernina named a number of particularities of the social dimension in Russia: a multiethnic population, competition for resources between regions and minorities, a comparatively high standard of education, the phenomenon of the 'working poor', the 'greying' of the society (similar to Germany), and the problem of migration. For China, Prof. Ye listed poverty, income disparity, unemployment, poor production conditions and soaring traffic volumes as prominent social problems. In addition, participants identified two important commonalities in most BRICS countries: the prevalence of poverty and income disparity. Remedies for social ills have also proven problematic in several countries, either because they are difficult to implement (e.g. the newly devised Chinese health care system), or because they simply create new challenges for sustainable development. According to Prof. Bursztyn, this has been the case with the negative environmental impacts of small farms created in the course of the land distribution reform in Brazil. He perceives education as the main means to achieve sustainable development. Still, other participants insisted on the importance of a more equal distribution of resources before the management of these resources could be addressed. "Not the lack of education but the unequal distribution of resources has led to unsustainable development", Mr. Hlatshwayo (South Africa) claimed. In his view, it is the role of the government to bridge the current gap. Prof. Ye, however, expressed doubts about the reliability of government, which after all in practice only represents and works for a fraction of the people. What is needed, he claimed, are mechanisms allowing poor people to organise themselves and create their own power for their own interests.

Referring to the problem of sustainability and growth, Ms. Liao (China) complained that by adopting foreign development models and internationally unified strategies, the national identity and cultural characteristics are neglected instead of being used to achieve sustainable development. Participants objected that this risk, however, should not prevent different approaches from being compared and from learning from solutions adopted in other countries (Mr. Goeke, Germany).



Prof. Ye also pointed out that globalisation cannot be reversed and hence it is not an option simply to return to the traditional way of life if one does not want to lose influence internationally. However, according to Mr. Hatchway, the present framework created by globalisation is still not the right one “because it is not a sustainable way of life, as it is degrading our resources in the widest sense.”

The current state of international trade was used to illustrate one of these problems. Prof. Bursztyn noted that production is increasingly concentrated in countries like China, where environmental and social standards are low. Ms. Chetvernina added that in Russia too the presence of foreign companies has not led to improved CSR as some had hoped for. With developed countries demanding that developing countries should meet higher social standards, there is obviously a double standard. Prof. Bursztyn suggested that the BRICS+G countries could give some thought to demanding a scheme of consistent social and environmental standards applicable worldwide.

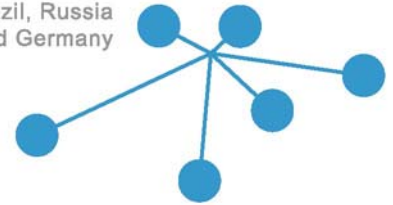
Session 3: Factors for the success and failure of sustainable development strategies

Starting point

Prof. Perelet described the challenge of implementing sustainable development policies as a difficult riddle: “Sustainable development has two triangles, one with the corners being the economic, social and environmental dimensions and the other with government, business and society. These need to be put together in the right way. But getting the right overlay is like trying to do a Rubik’s cube.” In all sector discussions it became clear that there are numerous trade-offs to be dealt with in most fields, even though there are of course also many “win-win” options. Ms. Zahrnt added that within the environmental movement as well, trade-offs have to be accepted, e.g. between renewable energy and nature conservation.

Approaches designed to achieve further cross-sectoral sustainable development strategies

The discussion then shifted to focus on potential (innovative) approaches to further sustainable development across sectors. With regard to the overall approach, Mr. Mital (India) highlighted that this needs to be a multilevel and multistakeholder approach. The specific mix of instruments to be used will have to vary from country to country and from issue to issue. Several more detailed proposals can be grouped in a ‘package’ of public financial policy. Mr. Singh (India) suggested moving from normal line item budgets to outcome-based budgeting. Since real accountability in government runs via the budget process, the integration of sustainability principles into sector policies and strategies and sectoral accountability for sustainable development outcomes could be improved effectively. If outcomes are then defined and agreed upon corresponding to sustainable development needs, this could lead to a ‘green budget’. One important prerequisite, though, would be to make sustainable development measurable: “Unless we are able to measure environmental services and put numbers to them, bringing objectivity into the system it is not going to work,”



Mr. Singh stated.

On the revenue side of the budget, tax systems have to be changed in order to make the incentive structures more favourable to sustainable development. This means among others shifting tax burdens from labour to resource use.

Success factors for sustainable development strategies

Another set of suggestions and success factors can be summarised as the need to create a societal culture that favours sustainable development. Participants agreed, however, that business and civil society are currently more flexibly working towards sustainable development than are governments. To achieve this societal culture, several avenues have to be followed in parallel.

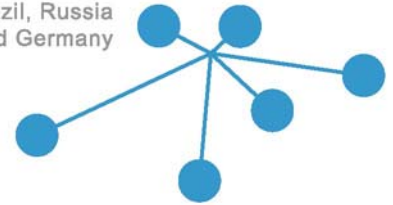
Mr. Goeke emphasised that one success factor is the fostering of integrated thinking, particularly in situations where there is a change in government. Mr. Viana strongly advocated the promotion of best practices at the local level. In Brazil there are many examples of successfully reconciling sustainable development and growth at the grassroots level which could be used to inspire policymaking at the national level. However, Mr. Kher (India) critically remarked that people only respect traditional culture as long as their survival is ensured. Livelihood security is therefore a necessary precondition if culture is to unlock its potential. One important element of societal culture would be increased demand by consumers for environmentally clean products and services, as Mr. Kher illustrated. This could help to strengthen companies that wish to maintain a long-term and more sustainability-oriented perspective. Currently, as Mr. Tillmann (Germany) noted, many actors in the private sector have a rather short time horizon due to the logic of financial markets.

In addition to public awareness and a public culture favourable to sustainable development, a number of institutional and governance issues were listed as success factors. One such element is integrative, coordinated decision-making. As Mr. Kher explained, in India a diversity of policy agendas and a fragmented process of political decision-making throughout the country make coherent development planning very difficult. Despite having the lead, the State Department of Environmental Affairs and Tourism in South Africa lacks the necessary authority. The process should therefore rather be placed directly with the presidency. The situation in Russia, which has seen many reforms but a lack of coordination (providing a third example), was described by Mr. Prilepin as follows: "We are all swimming, but all of us in a different direction."

Participants agreed that the mainstreaming of environmental concerns into sector policies is one of the most important success factors. A consensus evolved that only if there is political leadership and will at an appropriate level within government can the integration of sustainable development into national development plans and sector policies be successfully ensured. Such high-level commitment also needs to be reflected in targets that have to be more ambitious than the current ones, such as the MDGs.

As sustainable development strategies are at different stages in the various countries, the factors for success and failure as discussed by one of the cross-sectoral groups differ in each case.

In Germany, as Dr. Bachmann pointed out, one critical success factor has been the combination of top-down and bottom-up approaches. On the one hand there was strong



government support as reflected in the establishment of the Green Cabinet and the Council, while on the other hand close contact was established with society and especially with young people in schools, NGOs, etc., which formed the basis for a long-term internalisation of the idea of sustainable development. Referring to the situation in Russia, Mr. Prilepin said, “The biggest success is that we are continuing to discuss the topic”. These two cases exemplify the need for continued dialogue at whatever stage a country might be regarding its national sustainable development strategy.

In developing indicators for sustainable development, China closely cooperated with the OECD. To ensure that the indicator system can be implemented, China also invested in capacity building of local officials.

Mr. Srivastava and Mr. Taneja emphasised that clear property rights – including intellectual property rights – for natural resources and particularly in the field of biodiversity represent a key success factor for sustainable development. In this way, market mechanisms can successfully be used to ensure that proper market prices are paid, resulting in efficient allocation and hence escaping the “tragedy of the commons”. However, this does not mean property rights e.g. for forest resources need to be entitled to private entities. In India for example the major part of the gene pool of flora and fauna is found in government owned ‘reserve’ and ‘protected’ forests.

Failure factors for sustainable development strategies

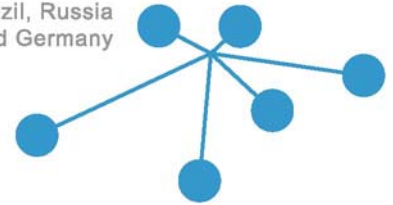
Prof. Bobylev identified one important factor hindering progress towards sustainable development: the demand for cheap growth in Russia, especially with regard to the country’s natural resources. Prof. Bursztyn illustrated the lack of political will to provide the necessary incentives, funding or institutions: the Brazilian gap in implementing the country’s good and extensive legislation exists not least due to a lack of resources, of the education of officials and of the institutional continuity – hence Brazil’s decreasing capacity to enforce policies.

Summary of Day 1: What have I taken away from today’s discussions?

Pin board cards written by participants and grouped by the moderator, Dirk Jung

Growth

- Growth is possible until the teenage years. Sustainability, however, is forever. Governments should stimulate development, not growth.
- After you reach 18, growing just means becoming fatter.
- To achieve sustainability, it is necessary to give up the predominant political orientation towards economic growth.
- Growth is only good if it is green.
- “Sustainable growth” represents an escape from confronting the problems of the contradiction between growth and sustainable development.
- A challenge for all groups is to understand that sustainability does *not* imply growth as a condition.
- Sustainable development must respect ecological limits.



Needs and awareness

- How can we raise awareness among the general public regarding sustainable development issues?
- Public awareness about sustainable development must be developed.
- Policies succeed when they respond to people's real needs.
- Spirituality should be an aspect of sustainability.

The "New Economy"?

- Inclusion of the environmental factor in economic evaluations at the macro level.
- The ethics of financial markets need to be developed/re-thought.
- The slogan "First growth, then the environment" is or should be old-fashioned. Clever environmental policies contribute to growth.
- BRICS countries will pay a very high price if they adopt sustainable development subjects, as the social and environmental costs are very high.

Rules and responsibilities

- Stakeholders should ensure that the use of national resources is as efficient as possible through cooperation and dialogue.
- Every stakeholder has something to do in order to meet sustainable development goals.
- Governance has to be improved.

Who are the stakeholders?

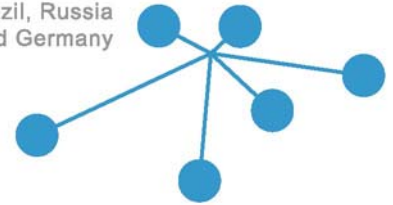
- Who are the *genuine* stakeholders?
- Sustainable development can be considered as part of the power structures of society
- The development planning process should involve dialogue with poor/powerless people, because they are the most affected by unsustainable development.
- Sustainable development is an issue that transcends national boundaries.

What can be done with the stakeholders?

- Can an institutional system be set up to get stakeholders together and to help them understand each other?
- We first have to analyse the different worlds of different stakeholders.
- How can constant dialogue between stakeholder groups be established?
- There needs to be consolidation among stakeholders and international integration (they should be united internationally on the BRICS level, for example!).
- Commitments towards sustainable development should be encouraged.
- More Corporate Social Responsibility is necessary!

The process

- Continuity is vital.
- The problem is complex and there is no single solution.
- Measures of sustainable development need to be created as a follow-up.
- Network with others in BRICS+G – don't reinvent the wheel – there are many shared issues
- More dialogue is necessary.



- How does this dialogue help? Experience-sharing alone can be accomplished through other means!
- Why has sustainable development failed? What can be done to replace it?

Session 4: Presentation of working group results on successes and failures, and discussion

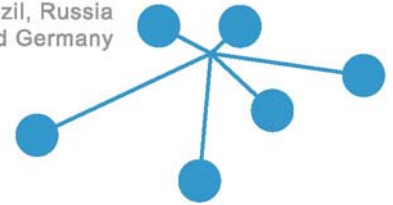
The rapporteurs started Day Two of the conference by presenting the results of the cross-sectoral working groups' deliberations. In the following discussion, Prof. Ye (China) expressed strong doubts about the potential of the approach to strengthen consumer awareness: "Who will do that? In reality, business is too strong and the media are controlled by business. So how can you do that?" Mr. Manale (South Africa) challenged the proposal to educate the media, referring to South Africa's experiences in the run-up to the Johannesburg Summit on Sustainable Development: "We spend huge amounts of money on educating journalists from the best networks and they just don't understand. So this is very difficult. We should be careful not to bite off more than we can chew!"

In the course of the discussion some interesting examples of sustainable development initiatives were mentioned. In China, for example, the Global Village Beijing Organisation ran the '26 degrees' campaign to motivate people to set their air conditioner in summer at this lower level, thereby saving energy. In Brazil, the NGO 'Acatu' has been successful in mobilising producers to upload information about the sustainability of their production from the website of the consumer interest group, allowing consumers to take better informed consumption decisions. As a third initiative, Mr. Viana informed participants about the second environment conference in 2005. This year the Brazilian government hopes to reach 15-20 million pupils in schools via this conference, encouraging them to set up mini-sustainable development councils in their schools. At such conferences with a multitude of stakeholders, a great deal of conflict is always aired. "People really hit hard at the conferences. That leads to pressure and again to good ideas. So it is a good thing", concluded Mr. Viana.

Session 5: What are the roles of the various stakeholders?

Facilitators need tools instead of one-size-fits-all solutions

Government should act as a facilitator. This was a general call of the working group, based on the shared view that there are many trade-offs to be made on the path towards sustainable development. Or, as Mr. Chohan (South Africa) put it: "One needs to move away from one's self interest and to move to a negotiable common solution." Supported by Ms. Zahrnt (Germany), he saw government as assuming a leading role and facilitating this process of dealing with the trade-offs. Prof. Ye (China), however, asked for a reality check, saying that it is "nice to say we should do this and that. But who is going to really do that and is going to be willing to do it? For example, which government official would like to be facilitator? None!"

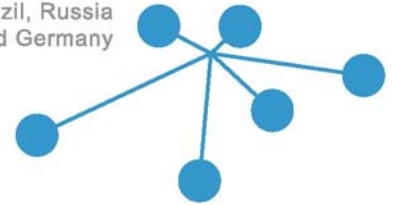


Ms. Zahrnt qualified the statements in that there will be a need for some safeguards. For a government to be able to work as an honest and somewhat neutral facilitator, “the commitment of the government for sustainable development needs to be firm and the public needs to be strong enough to make sure that the government does not forget social and environmental targets. If you do not have strong targets and indicators, then in each individual case of conflict between the World Trade Organization and sustainable development, sustainable development would lose out.” Ms. Borges agreed, calling for governments to be supplied with guidelines for sustainable development on the basis of which they then could fulfil their facilitator role, because the idea of “government as a facilitator with complete concessionary power is not going to work.” She continued by noting that this is because “just like there are market failures we have failures in our democracies. They are not representative enough.” We need participation every day, as a monitoring tool: “We need to change from representative democracy to participative democracy.” Mr. Sülzer reported about an example from Indonesia where the government was thinking about introducing a social health insurance scheme. They held many participation forums for one year to learn about what would happen if they would introduce that insurance scheme. Receiving the comments of the society helped them a lot to take an informed decision on the issue.

Prof. Perelet raised the point that too many relevant environmental issues are not reflected in GDP, currently the main development indicator. Hence it is not an appropriate indicator for countries with a large natural resource sector. An ecological footprint could be a possible alternative indicator. Ms. Zahrnt added that non-marketed social goods and services, which are particularly important in many developing countries with their large informal sectors, are also not accurately reflected in GDP. Mr. Mital (India) drew attention to the fact that the MDGs comprise quite a few elements and very clear targets of sustainable development. All Indian ministries have taken them up.

The question of how to decide in favour of sustainable development in specific trade-off situations turned out to be a recurring issue in the working group discussion. Mr. Mital outlined a difficult question India is facing, namely to decide whether a shipping channel should be constructed in the straits between Sri Lanka and India that would allow large ships to take a shortcut. This obviously would create significant savings in transport and hence would be very beneficial for the ship operators and the economy. However, for one, the very rich marine ecosystem would be damaged or destroyed, and the extent to which the economic benefit would also lead to poverty reduction apart from simple GDP growth remains unsure. So how can a decision be reached? Mr. Chohan (South Africa) summarised by stating that “what we need are tools for addressing the challenge of making balanced decisions.” Furthermore, Ms. Borges (Brazil) highlighted the need to set up mechanisms instead of fixed solutions: “We won’t have a standard solution to this question here, nor in five years, nor in ten years, indeed never. What we need to do is to find ways to manage questions like this.” She announced that GTZ in India currently puts together good examples and will work on the question of what such reconciliation processes could look like in the future.

According to her, this is where universities come in. They can play an important role in helping to evaluate the impact of decisions (e.g. of building a hospital or a school and comparing it). In addition, “we need academia to think and work more on solutions.” They would also be the ones – together with civil society – responsible for developing guidelines for sustainable development that government can apply in its facilitating role.



With regard to civil society groups, Prof. Ye underlined that it is crucial that they organise themselves. For this you need at the very least to allow them to organise themselves.

Redefining growth as a challenge of ownership and empowerment

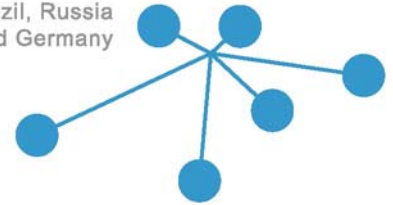
Various participants pointed out that reconciling sustainability and growth is extremely difficult but a must, given that growth is regarded as an economic prerequisite for overall development in most countries. In this context Mr. Viana argued that not only high but also low growth rates might have negative impacts on the environment. For example, in Brazil stagnating growth rates in certain regions caused migration processes which in turn had negative environmental impacts. Mr. Viana emphasised that it is crucial to organise multi-stakeholder processes and that people need to be subjects, not objects, within these processes. Only through multistakeholder consultations will it be possible to determine what kind of growth is required to avoid jobless growth or patterns of growth with unequal income distributions. Consequently, the empowerment and inclusion of certain actors such as trade unions is essential for incorporating social and environmental concerns into development policies. In addition, he noted, there are many initiatives on the grassroots level that show how the utilisation of indigenous knowledge produces sustainable outcomes. Identifying and learning from these local projects should be the first step in the development of a national strategy on sustainable development. In Brazil, stakeholder coordination and participation are often very well developed in micro projects, whereas there are immense problems on the macro level.

With this he mirrored a statement made by Mr. Mital in a parallel working group, in which the latter said: “At a smaller level, yes there have been best practices. You see the small projects working out, they are successes. But when you look at the bigger ones and policies, then they surely compromise the environmental and social dimension.”

Concerning strategies to foster sustainable policies, various participants emphasised the need to create win-win situations for the various stakeholders. To illustrate this, Mr. Goeke named the decision on the indicators ‘doubling the percentage of renewable energies till 2010’ and ‘doubling resource efficiency till 2010’ in the German sustainable development strategy. These were only agreed upon since government managed to illustrate that the targets would simultaneously increase efficiency (the economic dimension), support a sustainable energy policy (the ecologic dimension), and create new jobs in a high-potential sector of the economy (the social dimension). Mr. Manale (South Africa) provided another example, whereby a decision was made against mining and in favour of the promotion of eco-tourism in a particular region, as it was apparent that more jobs would be created by preserving the area rather than exploiting it. However, as many participants noted, a crucial prerequisite for creating such win-win situations is a strong commitment on the part of the political leadership promoting the idea of sustainable development.

On the responsibility and accountability of social and corporate actors

Mr. Kher continued the discussion on the roles of the various stakeholders by criticising the fact that many stakeholders misinterpret their roles and limitations. For example, in recent debates on a new environmental policy in India, civil society organisations demanded that the draft policy should be developed on the grassroots level, which, in his opinion, is



impossible considering the diversity and heterogeneity of the country. The ownership of a policy-process has to remain within the government. Mr. Kher argued that NGOs should focus primarily on those areas in which they have a comparative advantage, particularly awareness raising.

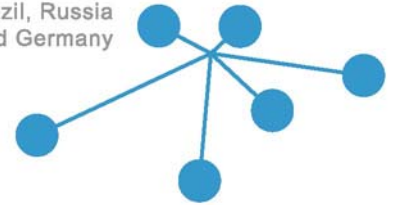
Adding to this, Mr. Manale pointed to the problems of legitimacy, accountability and responsibility that civil society organisations face. While governments have a clear, legitimate mandate, and while corporations are accountable to their shareholders, it is often unclear what civil society organisations base their legitimacy on. Since many civil society organisations represent special and/or private interests, governments need to know what the views of these organisations are based on. The famous “watchdog” role therefore has to be pursued by all stakeholders, and not only by civil society organisations.

Finally, the role of the private sector was addressed. Ms. Liao claimed that many major companies in China have detrimental impacts on sustainability and use their resources to buy out the media and academics. Many participants identified CSR as a strategic area of intervention. In this context, Mr. Manale demanded more self-criticism from the private sector. The various types of companies have to be differentiated countered Mr. Kher. While many trans-national companies already apply CSR purposes of corporate identity, many small enterprises are primarily concerned with economic survival, which often leaves no space for CSR debates. Mr. Goeke pointed out that the RNE has been able to initiate a fruitful debate on the importance of German companies following certain social and economic standards in their business activities in other countries. He strongly advocated increased efforts in formulating such standards in developed countries, as this might trigger debates on CSR in developing countries as well.

Regarding which institutional arrangements best promote sustainable policies, most participants agreed that there is no standard “institutional formula”, and that a direct transfer of an institutional setting from one country to another is not likely to be very efficient or desirable, given that most institutional structures are based on unique country experiences and configurations. Ms Liao (China) and Ms Nikolaeva (Russia) stressed the advantages of creating a council for sustainable development. In their countries this would create a platform for deliberation and participation by civil society as well.

Governance issues are the key

The role of government differs significantly from country to country. In Brazil, Prof. Bursztyrn stated that government capacities are weak compared to those of other actors and need to be upgraded to ensure the implementation of sustainable development policies. Growth is vital, and is needed if the State is to accomplish its growing tasks, especially those related to social welfare. In South Africa Mr. Hlatshwayo would also like to see government take more coordinated measures. The situation in China, Mr. Tang pointed out, is quite different. There the central government is the driving force. The government initiated most of the action through local officials and public enterprises, giving clear indications through its reform commission, the China Council for Environment and Sustainability, which consists of renowned international and domestic leaders and scientists. The general impression of participants was – and this differed from another working group – that government was more far-sighted than the business sector. Still, Mr. Smeraldi qualified the observation by noting that “national government creates at the local level the same problems as the WTO creates



at the national level, because both lack a vision for sustainable development.”

Prof. Bursztyn highlighted the need for universities to change before they can successfully contribute to sustainable development. Currently, specialisation and lack of interdisciplinary research or coordination in universities lead to departments conducting research independently of one another (e.g. with one researching technologies and another researching the threats posed by those very same technologies). The problem is that society has become used to this state of affairs. Universities have to change, but first of all society has to demand that change.

Regarding civil society, Mr. Prilepin listed five important functions of NGOs: 1) the imperative function, keeping issues on the agenda; 2) the watchdog function; 3) the consolidating function, consolidating between the different stakeholders; 4) training (in co-operation with academia); 5) the provision of information and expert support. However, in the Russian case, characterised by the absence of resources and a lack of collaboration (the latter caused by permanent competition for the scarce resources available), NGOs could not fulfil their tasks. Mr. Hlatshwayo described the position of civil society in South Africa as similarly weak. Environment-based NGOs had closed down recently due to lack of funding. The government either does not take NGO reports sufficiently seriously, or blames NGOs in order to stir up public panic. NGOs should be better equipped with powers to fulfil their watchdog function: “As a watchdog we should not only bark, but also bite.”

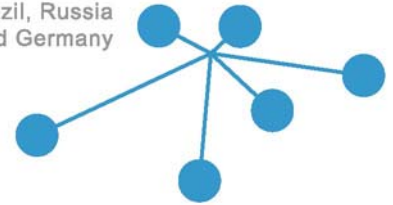
Looking at the overall picture of stakeholders’ roles and responsibilities, Prof. Bursztyn complained that sometimes the picture is somewhat muddled, with NGOs trying to be government and government trying to act like NGOs, while the economic sector tries to escape regulation altogether. In the course of this struggle, resources were wasted building useless capacities, and the credibility of NGOs was undermined. How can this framework be changed? “We must agree that the mission to govern should be left to the governor. We need governors.”

Dr. Bachmann summarised the situation, noting that growth was necessary, not only in developing countries, but also in developed or shrinking ones (e.g. that of Germany), in order to develop clean technologies, healthy food production, etc. However, a new definition for growth was urgently needed. For this, the stakeholders of civil society had not yet fulfilled their role, lacking the eagerness to ask: what exactly is growth? In Germany, civil society does not lack funding, but its role is no longer so clear. Stakeholder organisations should stick to their roles in society, but should also join forces, create partnerships and make these visible through communication. In this, using the active role of parliament in preventing the public sector from window-dressing should not be forgotten.

Session 6: Final plenary session on sustainability and growth

Following presentations of the results from the working groups, participants engaged in a short discussion. Contributions emphasised again some of the elements already raised in the working groups. In addition, participants continued to focus on the roles and responsibilities of the various stakeholders.

Mr. Goeke explained that one reason for the strong emphasis in the German sustainable development strategy on communicating the three-dimensional concept of sustainable



development was the need to reach out and attract a wider audience than just environmental stakeholders. Mr. Prilepin agreed, noting that a critical mass of people, NGOs, etc. who are concerned about sustainable development needs to be built up. Mr. Viana supported the observation that there is a significant potential for further sustainable development outside government, and pointed out that German corporations have provided very good and positive examples to others with regard to social and environmental behaviour and have in many cases strengthened sustainable development initiatives. Substantial progress has also been achieved in terms of sustainable development in the BRICS countries without or even despite government (and also in some cases despite business too).

Prof. Ye warned, however, that each stakeholder group tends to be primarily interested in pursuing its own interests. Thus, society will only become more sustainable if stakeholders counterbalance each other. Prof. Bursztyn added that in many cases the focus is laid on the wrong stakeholders. Ms. Zahrnt agreed that there is a need to be careful since nowadays some stakeholders have very special interests, business or personal ones, and are disguising this under 'civil society' interests and NGO status." Based on this, Prof. Bursztyn formulated the respective challenge as follows: "how can we work in a way that we can transform potential stakeholders into effective stakeholders?"

Suggestions for follow-up to the BRICS+G project and conferences

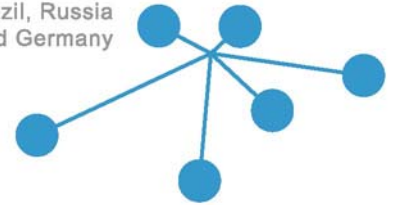
There was general agreement that the dialogue should be continued in the format of South-South and North-South cooperation. Suggestion ranged from meeting again in one year's time to raising funds that would permit more regular meetings. Facilitation by Germany in this regard would be welcome. It should be considered whether to include more international actors such as the World Business Council for Sustainable Development, the WWF or the European Commission, for example. There also was a suggestion that the existing website could be used to keep the dialogue going between and/or independent of meetings. The website, it was suggested, could also be used to upload information about sustainable development issues and to showcase good practice examples in the participating countries.

In addition to international meetings, national follow-up meetings could also be set up to inform the stakeholders about the results of the international conference and about what is being thought and done in the other BRICS+G countries.

Future cooperation could take a variety of different formats: a) dialogue; b) concrete projects; c) discussing in an open format policy guidelines with each delegation, then delivering the results back home in whatever way suits them; and d) together pushing forward specific issues in international negotiations. In all of the above options, specific issues could be focused on.

Topics of interest for a follow-up mentioned by participants were: work on the issue of technology and technology transfer; biodiversity; CSR and governance; and institutional issues of national sustainable development policies and strategies. In the case of the latter, a differentiation was made between talking about a) "Green Cabinets", Councils for Sustainable Development; b) monitoring and evaluation of sustainable development (policies); and c) how to link strategies resulting from international conferences and processes (e.g. a national climate action plan, a national plan to combat desertification, national poverty reduction strategies, etc.) to sustainable development strategies.

Another suggestion proposed the elaboration of a handbook containing sustainable



development best practices, which could function as a compendium of innovative initiatives and approaches in the BRICS+G countries. Other similar proposals called for TV programmes on sustainable and unsustainable approaches and for research on how to conduct successful integrative planning in different political and social contexts.

Another suggestion for a common BRICS+G project was the establishment of a platform to promote the idea of an international protocol for trade in environmental products and services to tackle the challenge of biodiversity (resembling the Kyoto Protocol, which tackles climate change).

Closing remarks by Franziska Donner

Ms. Donner stated that after looking around the room, she felt that something had clearly changed since the morning of the first conference day. She pointed out the potential of the networking opportunities that had resulted from the meeting.

The ideas for some form of follow-up were very interesting, and Ms. Donner urged all participants to give these some consideration at home so that they can be discussed more thoroughly in the near future. Whatever form of follow-up ensues, it should be one that is not just the task of one institution or country but of all partners.

Ms. Donner expressed her belief that a consensus had developed during the conference, and that the dialogue that had initially been started with this conference and the BRICS+G project should continue in some form or other.

Ms Donner concluded by thanking the moderators, the preparatory team, the organisers, the interpreters, the minute-takers and, last but certainly not least, the participants for all their efforts in making this conference a success.