

**Sustainable Development and Lending  
Programmes of International Financial  
Institutions: A Study of Sikkim**

A Thesis Submitted

To

**Sikkim University**



In Partial Fulfillment of the Requirement for the  
**Degree of Doctor of Philosophy**

By

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May 2019

**Date:**

**DECLARATION**

I, **Shraddha Rai**, hereby declare that the research work embodied in the dissertation titled **“Sustainable Development and Lending Programmes of International Financial Institutions: A Study of Sikkim”** submitted to Sikkim University for the award degree of Doctor of Philosophy, is my original work. The dissertation has not been submitted for any other degree of this University or any other University

.....

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# सिक्किम विश्वविद्यालय

(भारतीय संसद के अधिनियमद्वारा स्थापित केन्द्रीय विश्वविद्यालय)  
गुणवत्तापूर्ण प्रबंधन प्रणाली ISO 9001:2008 हेतु प्रमाणित संस्थान

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All the assistance and help received during the course of investigation have been duly acknowledged by her.

We recommend this dissertation to be placed before the examiners for evaluation.

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Submitted by **Ms. Shraddha Rai** under the supervision of **Dr. Manish, Associate Professor,**  
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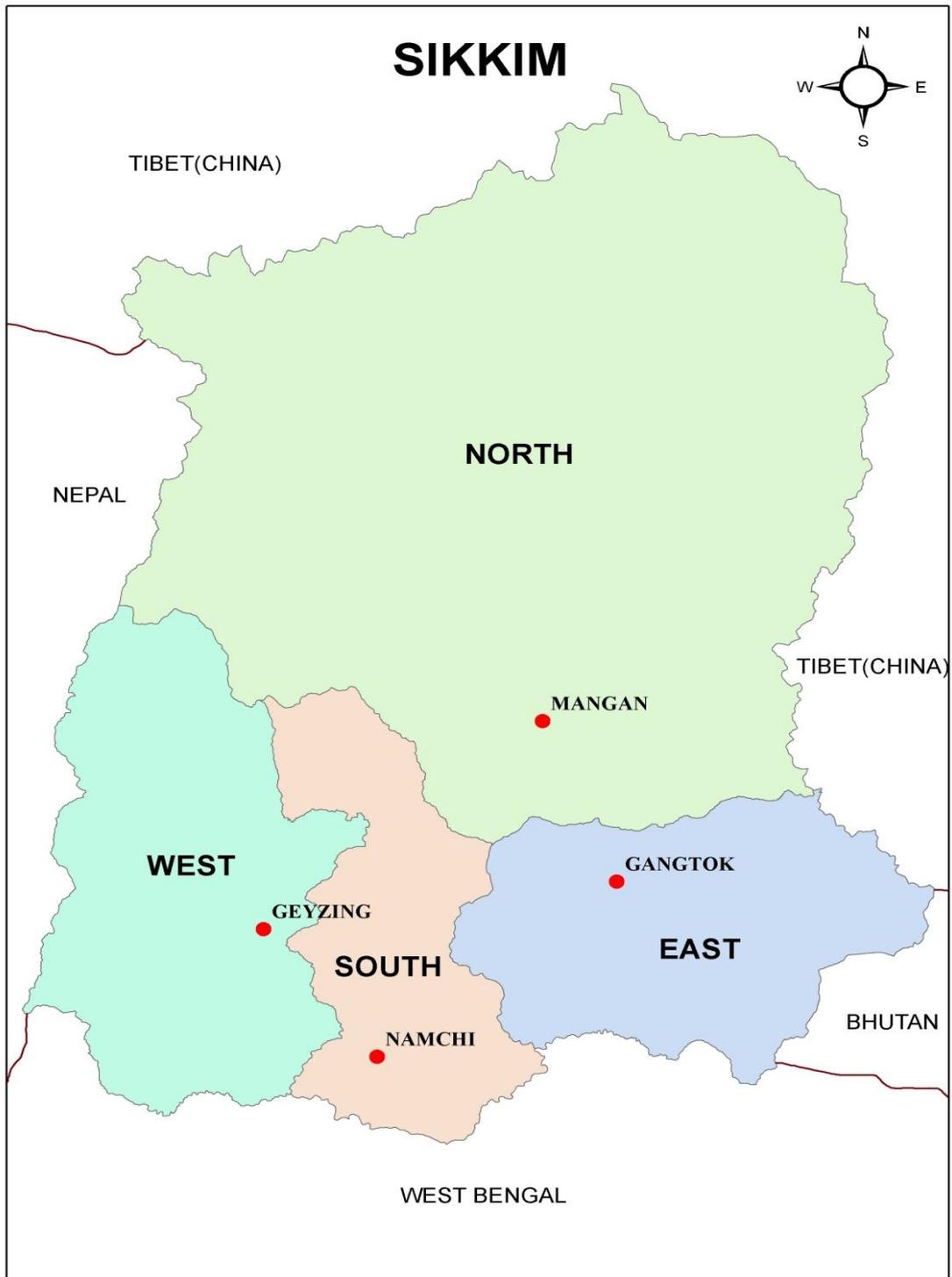
## **Abbreviations**

ADB:	Asian Development Bank
AfDB:	African Development Bank
AusAID:	Australian Agency for International Development
BRO:	Border Road Organization
CDF:	Centre for Development Finance
CDGs:	Community Development Groups
CMA:	The Environmental Committee
COM:	Community Operation Manual
CPS:	Country Partnership Strategy
DfID:	Britain's Department for International Development
DoT&CA:	Department of Tourism and Civil Aviation
EBRD:	European Bank for Reconstruction and Development
ESI:	Environmental Sustainability Index
GEF:	Global Environmental Facility
GoHP:	Government of Himachal Pradesh
GoI:	Government of India
GoS:	Government of Sikkim
HDR:	Human Development Report
IADB:	Inter American Development Bank
IBRD:	International Bank for Reconstruction and Development
ICICI:	Industrial Credit and Investment Corporation of India
ICSID:	International Centre for Settlement of Investment Disputes
IDA:	International Development Association

IEE:	Initial Environmental Examination
IFC:	International Finance Corporation
IFIs:	International Financial Institutions
IFMR:	Institute for Financial Management and Research
IHCAE:	Indian Himalayan Centre for Adventure and Ecotourism
IMF:	International Monetary Fund
JICA:	Japanese International Corporation Agency
JSF:	Japan Special Fund
LDCs:	Less Developed Countries
MDGs:	Millennium Development Goals
MDONER:	Ministry of Development of North East
MFF:	Multi Tranche Financing Facility
MIGA:	Multilateral Investment Guarantee Agency
MNCs:	Multi National Corporations
MOU:	Memorandum of Understanding
NEAP:	National Environmental Action Plan
NERCCDIP:	North Eastern Regional Capital Cities Development Investment Programme
NERLP:	North East Rural Livelihood Project
NESRIP:	North Eastern States Road Investment Programme
NGOs:	Non Governmental Organizations
NH:	National Highway
ODA:	Overseas Development Aid
PHE:	Public Health Engineering
PWD:	Public Work Department

SAP:	Structural Adjustment Program
SATIDP:	South Asia Tourism Infrastructure Development Project
SDGs:	Sustainable Development Goals
SDN:	Sustainable Development Network
SHGs:	Self Help Groups
SHRA:	Sikkim Hotel and Restaurant Association
SPS:	Safeguard Policy Statement
TA:	Technical Assistance
TAAS:	Travel Agent Association of Sikkim
TNCs:	Trans National Corporations
UN:	United Nations
UNDP:	United Nation Development Program
UNESCO:	United Nation Economic and Social Council
UNFCCC:	United Nation Framework Convention on Climate Change
WB:	World Bank
WCED:	World Commission on Environment and Development
WSSD:	World Summit on Sustainable Development
WSOD:	World Summit Outcome Document
WTO:	World Trade Organization

**Map 1: Political Map of Sikkim**



Source: Department of Information Technology (GIS Cell)

## **CHAPTER- I**

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### **INTRODUCTION**

## CHAPTER- I

### INTRODUCTION

#### 1.1. Introduction

Sustainable development in contemporary time has emerged to be one of the most important concerns to have entered the mainstream of development debate. It has acquired the status of most significant and influential policy-making principle in all area of activities and a desirable policy objective concerned with future development of the globe (Fitzmaurice, 2010).<sup>1</sup> Today, the principle and goals of sustainable development are firmly embedded in not just the state sponsored institutions but also myriad other actors. It is in this context the importance of international financial institutions (IFIs) such as Asian Development Bank (ADB) and the World Bank (WB) comes to prominence.

Since its inception, these institution have been playing an important yet debatable role in assisting the needy countries by providing aid, grants and loans, giving professional advices and technical assistance. Their reach and operations have become almost universal and have emerged as one of the most important actors in the contemporary times. Although a powerful institution in its own right, integrating principles of sustainable development applies equally for these institutions in conducting their operations in both the developed and developing world.

Aligning these two variables in the context of Sikkim, it is important to understand that Sikkim's path towards development have been different. Deviating from the main stream development plan with prime importance attached to economic growth,

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<sup>1</sup> <http://www.eolss.net/Sample-Chapters/C13/E6-67-03-02.pdf>

Sikkim since very early followed a path towards development that has been in tandem with the environment and sustainable management of it. However, considering the states location and its physiographic profile, basic provisions especially in areas concerned with infrastructure, services and accessibility is still lacking. Although the state government has been in the centre stage of development and has been involved in every sphere of activity, it is increasingly proving inadequate. It is for this reason the government since mid 1990's has opened up the state in a grand scale, thus, 'trying to locate where the real opportunities for the state lie' (CM, 2014). However, considering the myriad initiative undertaken by the state to make development not only go hand in hand with environment conservation but also sustainably viable, what needs to be ascertained is that the other developmental partners do the same. This when it comes to external institutions such as IFIs becomes pertinent, especially considering their past history of development that has mostly been undertaken and viewed in negatives.

Thus, taking Sikkim as a case wherein the operation of the IFIs such as the WB and ADB is prominent, what the study will try to examine is the centrality of sustainable concerns in the developmental program of these IFIs. The study will further try to explore questions such as, what impact does IFIs sponsored development agenda have on issues of sustainable development and can the development assisted by these institutions be sustainable in nature or not.

## **1. 2. Review of Literature**

Sustainable development as a concept finds its usage and relevance in not just the field of academics but also in common parlance with increasing and steady foothold. The literatures on it find its bearing in number of disciplines such as- Developmental

Studies, Environmental Studies, Economics, Literature, Sociology and increasingly today in the field of International Relations. It as a theory is inclusive of a wide range of issues and areas making it one of the most used and abused concept in the contemporary time. Although vast when it comes to subject matter it host, what this study have focused on is the basic text on sustainable development and other pertinent themes addressed in the study such as Development, International Financial Institutions and general texts on Sikkim. Although the literatures undertaken engages these themes for different purpose and context, the study undertaken have used the theoretical and practical orientation of these themes in the context of its application in the ground level spearheaded by two major international financial institutions i.e. the ADB and the WB. A thematic survey of the literatures on various books and articles referred for the purpose of the study has been made in the subsequent section.

### **(Sustainable) Development**

Development as a concept is subjected to a vast area with a short history of its own to its credit. Although progressive and increasingly elusive, ‘development’ as an idea have been frequently readjusted to harp along the changing demand of time and to accommodate itself for the appropriate framework required for it to address. Addressing the concept of development, authors such as Stohar and Taylor (1981) *Development from Above or Below: The Dialectic of Regional Planning in Developing Countries*, Sachs (2010) *The Development Dictionary: A Guide to Knowledge as Power*, Escobar (1995) *Encountering Development: The Making and Unmaking of the Third World*, Nandy (1986) ‘The Idea of Development: The Experience of Modern Psychology as a Cautionary Tale and as an Allegory’, A.G.Frank (1966) ‘Development of Underdevelopment’, Corbridge (1999)

‘Development and Underdevelopment’, Hettne (2002) ‘Current Trends and Future Options in Development Studies’, Simon (2008) ‘Development Reconsidered: New Direction in Development Thinking’, focuses on idea wherein development as a concept has underwent a huge transformation, with growing need for the idea to be reconsidered and extended to accommodate various ideas and themes prevalent in current historical juncture. This works emphasize on a significant shift in developmental studies from the earlier notion which was mostly static, west-generated and growth oriented in its form and content. The focus of these authors is mostly on the global south, and calls for development paradigm that is more suited to the condition of south and its people. Call for new and evolving elements of development such as; development from below, participatory development, community development and sustainable development are some of the themes replete in the works of the authors mentioned above.

Taking cue from the title, the concept of sustainable development is central to the study. Authors such as Elliot (2006) *An Introduction to Sustainable Development*, Mawhinney (2002) *Sustainable Development: Understanding the Green Debate*, Adams (1990) *Green Development: Environment and Sustainability in the Third World*, Perrings (2008) *Ecological Economics*, Redclift (1987) *Sustainable Development: Exploring the Contradiction*, Alam (2008) *Sustainable Development and Free Trade: Institutional Approach*, Hira and Parfit (2004) *Development Projects for a New Millennium*, Reed (1987) *Structural Adjustment, the Environment and Sustainable Development*, Voger (2007) *The International Politics of Sustainable Development (in Handbook of Sustainable Development)*, McNiell (2000) ‘The Concept of Sustainable Development’(in *Global Sustainable Development in the Twenty-First Century*), Fitzmaurice (2010) ‘The Principle of Sustainable

Development in International Development Law', Victor (2006) 'Recovering Sustainable Development', Dovers (1989) 'Sustainability: Definitions, Clarification and Contexts', Soroos (1994) 'Global Challenge, Environment Security and the Prisoners Dilemma', Vincent (1998) 'Liberalism and the Environment, Environmental Values', Haque (1999) 'The Fate of Sustainable Development Under Neo-Liberal Regimes in Developing Countries', Barrow (1995) 'Sustainable Development: Concept, Value and Practices', Jonathan M. Harris (2000), 'Basic Principles of Sustainable Development', addresses the concept of sustainable development and its relevance in the contemporary world order. These works in order to substantiate the concept provides an illustrative and comprehensive guide to the study of sustainable development with various elements necessary for understanding the concept enunciated. It covers basic ideas such as the principle and actors that are predominant in addressing the concept and encompasses a critical reflection on the motives underpinning and changes visible in pursuit of sustainable development (Elliot, 2006). Harris, for instance in his work, 'Basic Principles of Sustainable Development', summaries the origin of idea of development based on straight line progression from traditional to modern mass consumption pattern to evolution of basis needs owing to the dissatisfaction of the earlier model. It outlines some of the general principles of sustainable development and some specific requirement in the progression of it. The author opines that sustainable development must remedy the persisting social inequalities and environmental damage, while maintaining a sound economic base (2000).

Another important aspect discussed in the above mentioned works is the shift in addressing sustainable development which initially was perceived strictly from the framework of environment and its protection. The adoption of other two pillars of

sustainable development i.e. the social and economic sustainability as its core feature is considered by these author as an important milestone in addressing the concern of sustainable development in a more holistic manner. The above mentioned authors in their endeavour also addresses the inherently political and conflicting nature of sustainable development in its approach and the challenges it thereby presents for the local communities through to multilateral institutions to adopt it (Elliot, 2006).

Other important work on sustainable development and more closer to the field of International Relations such as Dyer (2001) *Environment Security and International Relations: The Case for Enclosure*, Gaan (2005) *Relevance of Environment: A Critique of International Relation Theory*, Holst (1989) *Security and the Environment: A Preliminary Explanation*, Sterling (1997) *Realist Environment, Liberal Process and Domestic Level Variables*, Vincent (1998) *Liberalism and the Environment: Environmental Values*, Hess and Hird (2013) *Economic Growth and Sustainable Development*, Heywood (2011) *Global Politics*, Barry John (1994) *Green Political Theory and the State: 'Discursive Sustainability; the State of Green Political theory*, Dreher, Gaston and Martens (2008) *Measuring Globalisation: Gauging its Consequences*, Chowdhary (2008) *Globalisation, Governance, Reforms and Development in India*, Roberts (2007) *The Globalisation and Development Reader: Perspective on Development and Global Change*, Thomas Yeboah, Emmanuel Kumi, A. Arhin (2014) 'Can Post-2015 Sustainable Development Goals Survive Neoliberalism? A Critical Examination of the Sustainable Development-Neoliberal Nexus in Developing Countries', Woods and Mattli (2010) *The Politics of Global Regulations*, Scholte (2010) *Globalisation: A Critical Introduction*, Eckersley (2007) *Green Theory, International Relations Theories* and reports on some important conferences such as *UN Conference on the Human Environment* (1972), *UN*

*Conference on Environment and Development* (1992), *Our Common Future* (1987), *World Commission on Environment and Development* (1982), *Stockholm Conference* (1972), *United National Environment Program* (1997) etc, emphasizes on various non-traditional security threats existing within the realm of IR to be addressed, integrated and mainstreamed, rather than relegating it to the back burner. Increasing shift in the attention provided to some of the global contemporary pressing issues such as poverty, hunger, climate change, environment, growing unemployment, inequalities in health and education, gender, malnutrition etc are evident in most of the work mentioned above. The authors as well as the reports, apart from the issues mentioned, mostly highlights on the increasing environmental threat that has made it to the global priority list, owing to the recognition of excessive use and abuse of environment and the need to prevent or minimize it. These human induced changes if not managed soon, according to the Brundtland report, can have an adverse consequence for both the current and future generations (*Our Common Future, 1987*).

While authors such as Dyer, Gaan, Holst and Sterling in their theorizing maintains a realist stand with strong adherence to 'state' and its power to minimize environmental impact and enhance state's development, others such as Heywood, Hess and Hird, Goldstein, Dreher, Scholte, Woods and Mattli, Chowdhary and Robert focuses on the neoliberal paradigm with increasing importance attached to international institution in addressing these issues. These works uncover constant interplay between major themes such as globalization, development, sustainable resource creation and management. The basic understandings that we can generate from the above mentioned work is a gradual withdrawing of the 'state' from many important sector and replacement of it by various institutions, which work in the form of governance at a broader level. This is where international financial institutions as a dominant actor

come to play. While these works emphasize on the increasing role of finance institutions in term of its aid and assistance provided to both the developed and developing world, they also highlight the negative aspect and consequences of it.

Yeboah, Kumi and Arhin in their work, 'Can Post-2015 Sustainable Development Goals Survive Neoliberalism? A Critical Examination of the Sustainable Development-Neoliberal Nexus in Developing Countries', critically analyses the relationship between neoliberal economic agenda promoted by neoliberal institutions, most importantly the IFIs parallel to sustainable development. The authors does so by examining how the neoliberal policies of privatization, deregulations, trade liberalization, commodification and reduction in government spending on social programmes stand to affect the attainment of the ideals of sustainable development. The author provides ample of evidences from the African and sub Sahara region on how the policy preference implemented by these institution have gone wrong which have only induced environmental degradation (2014). Emphasizing on how the need of sustainable development are even more important now than it was 20 years ago this work strongly argues for the human centric approach to sustainable development, especially in addressing the concern of the poor (2014).

Writing on a same line of thought, Haque (1999) in his article, 'The Fate of Sustainable Development Under Neo-Liberal Regimes in Developing Countries', presents a critical assessment of the adverse impact of neoliberal policies on environment and sustainability in developing countries, and a need to establish an alternative perspective on the future direction of sustainable development.

Taking a different direction, Barry John and Eckersley, with a critical mindset and argument take position with the green theory. These author calls for a thorough

reassessment of the ways in which we think and act in terms of environment calling into question the role of the state and its approach to human security and development in the process (2007). Green IR theorist, drawing on a more radical green discourses from outside the discipline of IR have exposed on what Eckersley states as, 'the ecological blindness of international relations theory' (2007).

### **International Financial Institutions**

Describing another important element of the study is the international financial institutions and the aid/loans provided by it. Kapur and Webb (2000) *Governance Related Conditionalities of the International Financial Institutions*, Bhargava (2006) *The Role of International Financial Institutions in Addressing Global Issues*, Milner (2000), 'Globalisation, Development and International Financial Institutions: Normative and Positivist Perspective', Meier (1971) 'The Bretton Wood Agreement- Twenty-Five Years After', Marshal (2008) 'The World Bank: From Reconstruction to Development to Equity', Rasul (2004) 'The World Bank as International Financial Institutions', McCawley (2017) *Banking on the Future of Asia and Pacific- 50 Years of ADB, World Bank, Governance: The World Bank Experience* (1994), World Bank (2001), *Making Sustainable commitments: An Environment Strategy for the World Bank*, Herbertson (2012), 'Greening the International Financial Institutions Finance for the Next Decade's Sustainable Development', Redman (2008), 'Dirty is the New Clean: A Critique of the World Bank's New Strategic Framework for Development and Climate Change', McGaughey (1990), 'the Role of Multilateral Agencies in Promoting Sustainable Development', Williams (2003), 'Globalization and the International Financial Institutions-Issues and Challenges', Guttal (2008), 'Investing in Pleasure; The Politics and Impacts of Four Decades of IFI Operation in the Asia

Pacific region', Rangan (2008), Paradise Unexplored- At What Price? An Analysis of Issues and Concerns Arising from the Asian Development Bank's Tourism Development Plan for the SASEC Region with Focus on Implications for India's Northeastern Region', provides a holistic understanding on the emergence and evolution of international financial institutions in the global scenario, with changing orientation and approach parallel to changing dynamics of international system. These works uncover early initiative of these institutions with sole focus on economic growth and infrastructure and its application of 'one-size-fits-all' approach to almost all the region of the world, leading to a massive criticism for the developmental flaws and environment degradation their assistance created in the process. These works apart from their past developmental failure also simultaneously focus on the corrective measures that these institutions have adopted in their developmental venture in different parts of the world. Following this, the integration of some of the global pressing issues such as environmental concern, sustainable resource management, sustainable development, poverty reduction etc have become a mandatory requirement for these institutions to uphold in the assistance provided by them.

Herbertson's work, 'Greening the International Financial Institutions Finance for the Next Decade's Sustainable Development' uncovers the inherent tension that lie between the UN and IFIs, especially the World Bank. This work reflects the fact that despite being an important extension of the UN agency the two international institutions are always at odds with regard to their priorities, working and orientations, with the World Bank mostly focused on finance, development and growth and UN towards human rights and the environment with no guarantee on the measurable economic returns on the investment made (2012).

By and large the major aspect that this work deals with is that whatever be the goals agreed on the international forum it will go futile without large amount of financing to implement it. Therefore, the question of ‘where this financing comes from and how it will be used’, according to the author will remain pertinent, wherein IFIs such as WB will play a key role, especially in areas related to the financing the need of sustainable development agendas (2012).

Similar to the above work, Stephen E. McGaughey in his work ‘The Role of Multinational Agencies in Promoting Sustainable Development’, emphasis on the importance of public sector in redirecting growth towards a more sustainable form with active participation from both the multilateral and bilateral financial institutions and technical help from the IFIs and UN agencies. It outlines the concept of sustainable development to be incorporated as basic strategies for multilateral banks and institutions to promote sound environmental programs with some significant lessons learnt from the past programs in its application of it in the new world scenario. This work emphasizes on how the multilateral banks in general and the World Bank in particular can play an important role in helping create policies, investments and institutions that protects the environment (1990). While the author acknowledges the fact that these institutions are mostly concerned with debt crisis and economic recuperation, he still holds his faith in it to act as a major catalyst in environmental protection and to change the path towards a greater degree of resource sustainability (1990).

Redman in her work ‘Dirty is the New Clean: A Critique of the World Banks Strategic Framework for Development and Climate Change’, accounts the paradoxes in what the World Bank as a premier institution of the world claims to do and what it

does in practice. While many evidence of the bank providing fund and making strong case for urgent action on global issues are pinpointed, the author also successfully, backed by enormous data's, exposes the banks misdoing in different parts of the world, most importantly on increased financing on fossil fuels (despite its call for denouncing the use of it parallel to climate change), stalling on the promises made and doing virtually nothing substantial to prioritize decentralized and locally driven mitigation or adoption effort. Further, given the lack of real action to address climate change within the world bank the author describes its initiative of 'strategic framework on development and climate change' and other related initiative to be nothing more than a 'smokescreen' to mitigate or provide solution to climate change (2008).

Williams work, 'Globalization and the International Financial Institutions: Issues and Challenges' (2003), addresses the reforms undertaken by the IFIs over the past few years prompted by the rapid pace of globalization. Mexican crisis of 1995 according the author is an example of first clear evidence of the risks of globalization followed by the Asian crisis in 1997/1998 raising question about globalization and the role of IFIs, especially the IMF and the WB in emerging market and the need to rethink the policies of IFIs. These failures as state by the author, led to the 'soul searching' among these institutions which in a way led to a lot of changes in the way they operated and regulated the funds (2003).

Guttal's article 'Investing in Pleasure, the Politics and Impacts of Four decades of IFI Operation in the Asia Pacific Region', reflects on the aftermath of the development structured as per the guidance of the IFIs; in particular the WB and the ADB. This work pens down the negative impact that these institutions have created in the Greater

Mekong Sub Regionalism project, despite a success story about it is being thoroughly disseminated with future prospect and extension of same model to the South Asian Region. The author vocalizes against the projects that are poorly designed, implemented and managed and the rights of the people being violated with the culture, dresses and traditions of the indigenous communities commodified through eco-tourism projects, but their rights to nationality and traditional territories being rejected (2008). The author in this work provides a thought provoking notion of ‘developmental refugees’ created under these institutions.

Rangan’s article ‘Paradise unexplored- at What Price?’ focuses on the creation of new institutional plans and strategies for fostering tourism in the northeastern region of India, which claims to bring positive changes as well as growth in the region. The author maintains that the strategic location of the region makes it vulnerable to this grand scheme of the IFIs, which in most cases have brought disaster and chaos then the positive changes that the IFIs claim (2008).

All said, aid/loans nevertheless remain to be an important tool for enhancing the developmental prospect of the state or a region. It directly affects both the growth and the development process of the recipient nations through being a supplement to the scarce domestic resource and act as a source of capital formation (Morrissey, 2001 in ‘Does Aid Increase Growth? Progress in Development Studies’). At the same time, huge amount of external assistance inflow may also create threat for a large amount of external debt or burden in a long run (Sahoo and Sethi, 2013). The extent to which an aid can be a decisive factor in the development of a country therefore remains to be controversial. Accordingly, there are diverse views regarding the impact that the assistance and aid from the IFIs can have in general and in the debate parallel to

sustainable development in particular. While some authors hold the view that it has a positive implication, others hold the view that is adverse and many other view that the effect could be negative or positive depending on several factors (Sahoo and Sethi, 2013).

The survey of literature on IFIs such as- Mc Gauhey (1990) *The Role of Multinational Agencies in Providing Sustainable Development*, Conable (1990) *Development and the Environment: A Global Balance*, Equation (2008) *IFIs and Tourism: Perspective and Debate*, Boughton and Bradford (2007) *Finance and Development*, Hoogvelt (2001) *Globalisation and the Post Colonial World: The New Political Economy of Development*, Mishra (1989), *Does Foreign Aid Help*, Oshionebo (2015) *World Bank and Sustainable Development of Natural Resources in Developing Countries*, Ramsamy (2006) *The World Bank and Urban Development: From Project to Policy*, Sogge (2002) *Give and Take: What's the Matter with Foreign Aid*, World Bank (2001) *Making Sustainable Commitments: An Environmental Strategy for the World Bank*, Mahendrapal (1985) *World Bank and the Third World Countries of Asia*, Wangkhierpam and Yumnam (2006) 'Insidious Financial Intrusion in India's North East', Pickard 'Let's Rid the World of International Financial Institutions', Burnside and Dollar (2000) 'Aid Policies and Growth', Sahoo and Sethi (2013) 'Effects of Foreign Aid on Economic Growth and Development of India: An Empirical Analysis', Veerland (2007) 'The International Monetary Fund: Politics of Conditional Lending', World Bank, (1994) 'Governance: The World Bank Experience', reveal a mixed view with regard to the working and the impact that the international financial institutions can have in issues related to development in general and sustainable development in particular.

Miguel Pickard in his article, 'Let's Rid the World of International Financial Institutions', at length emphasizes on the miss doing of these institution and how their existence have only brought out the worst in a given state or region. His work uncovers various lacunas, which gives the reader enough insights on the negative working of the IFIs. The author has also highlighted the negative impact of IFIs under the larger banner of 'development of underdevelopment.'

Taking a same line, Hoogvelt in his major work, *Globalisation and the Post Colonial World: The New Political Economy of Development*, aptly highlights these institution to be nothing but an instrument of monopoly capitalism designed to exploit the countries of the third world (2001). In a same vein, author like Goldstein (1952) argue that the politics pursued by IFIs for development of region is most suitable for promoting industries rather than for creating opportunities and protecting the environment.

Burnside and Dollar, Sahoo and Sethi, Mc Gauhey, Conable highlights the positive and escalating role of IFIs in term of its working and development of the state. These author states that aid from these institution work well in an environment where there is a good policy planning. The study undertaken by Kalpana Sahoo and Naryan Sethi, 'Effects of Foreign Aid on Economic Growth and Development of India: An Empirical Analysis', reveal that there is a positive implication of aid, but it is not translated into a meaningful one as a result of inequality, miss utilization of aid, poverty, corruption and poor economic policies (2013). The authors in line with this strand of argument further emphasizes on how these institution have started reorienting their approach and policies, incorporating various social and environmental factors making it all the more encompassive in its contents and its

undertaking. Authors such as Mc Gauhey and Conable highlights the fact on how these institution have started to set an example for the other actors worldwide, in taking up the issues of sustainable development that can be environmentally, socially and economically viable in the projects and the developmental venture undertake, especially in the global south. These authors also emphasizes on how the leading financial institutions today are environmentally oriented since they have stated to pose and work more as a part of a solution rather than a problem (Ainger, 2002) with which they were attached to initially.

Taking a mixed stand, Milner in her article ‘Globalisation, Development and International Financial Institutions: Normative and Positivist Perspective’, take a critical position in the whole understanding and the working of the international economic institutions, especially the IMF and WB. She poses a critical question on ‘how the world in general and the developing countries in particular would be had there been no institutions of these sorts’ (2000). The author taking into consideration the literatures of various other scholars have enumerated both the pros and cons of having these institutions and decipher their impact in the developing nations.

The report and publications of the WB and ADB such as- *ADB Strategy 2020* (2008), *Asian Development Bank: Fact Sheets* (2011), *The Public Communication Policy of ADB* (2005), *The Public Communications Policy of the Asian Development Bank* (2011), *ADB: Facilitating Infrastructural Development in India* (2011), *ADB: Northeast Region, Midterm Review Mission* (2012), *Integrated Projects for Sustainable Development of Forest Resource in Sikkim* (2009), *World Development Report* (2009), *NERLP (PIP, 2012)*, *Environment Program: Greening Growth in Asia and Pacific*, ADB (2011), *Greening Growth in Asia and Pacific; Follow Up to the*

*World Summit on Sustainable Development: Taking Action on the Regional Implementation Plan for Sustainable Development in Asia and the Pacific*, UN ESCAP (2008), *Facilitating Infrastructure Development in India: ADBs Experiences and Best Practices in Project Implementation* (2011), *Initial Environment Examination Report* (2014), *South Asia Tourism Infrastructural Development Project- Sikkim*, ADB (2014), *NERCCDIP-Tranche 2: Environmental Monitoring Report*, Gangtok (2015), *The Public Communication Policy of ADB; Disclosure and Exchange of Information*, ADB (2005), W David Hopper, ‘The World Banks Challenge: Balancing Economic Need with Environmental Protection’, focuses on both the positive and negative implication of the policies and programmes carried under the supervision of these institution. Ample evidence of its working for developmental projects that has been sustainable in nature and successful in terms of its implementation is provided by these works. The published reports also highlight the shift in priorities of these institutions with the change in time and their mandates accordingly. Justifications of its successful cases in its working and assistance are also enhanced by providing instances of its policy implementation in different states of India such as Kerala, Gujarat, and Chhattisgarh.

Setting aside the positives, these works also addresses the problem and lacunas in implementing developmental schemes in various parts of the developing world and also cases of many unsuccessful developmental initiatives for which these institutions have been criticized and shunned from pursuing developmental schemes. These work uncovers the shift associated in the working of these institutions in order to better reflect the demands of time as well as the people in their operations therefore integrating various elements required for development that makes it more human centric in its approach as opposed to narrow view of just growth and surplus. The

reports mentioned above reflects on many level the weakness of the state in addressing various social and economic concern of the state and its people and withdrawing of it from various activities required for proper functioning of the state and successful implantation of its policies. Lack of schemes for the upliftment of the poor and downtrodden in the periphery, poverty, unemployment have been some of the major issues highlighted by these institutions. Therefore, one of the frequently addressed themes when it comes to international financial institutions in its undertaking is economic development and upliftment of the poor which caters to address the case of 'livelihood management' via various social and economic schemes in various state and regions.

### **Sikkim**

Chhetri (2012) *Decentralised Governance and Development in India*, Lama (1994) *Sikkim: Society, Polity, Economy, Environment*, Singh (2008) *Glimpses of Sikkim* and *Sikkim Development Report* (2008), *Sikkim Human Development Report* (Expanding Opportunities, Promoting Sustainability (2015) and various books on Sikkim and speeches of Chief Minister delivered on different occasion such as *Sikkim: Driving Green Economy: State green mission, A unique innovative environmental programme, Sikkim under the leadership of India's greenest Chief minister: Sustainable development through greening, organic farming, cleanliness and unique social engineering*, Schemes and Policies Implemented from 1995-96 till 2010, *50th National Development Council Meeting* (2002), provides a general background of the state and addresses its progress toward economic, social and political development. The above mentioned works, especially the speeches delivered by the CM highlights the case of environmental drive that the state have initiated and implemented to

ensure development that is sustainable in nature. This works provide ample of evidence on the state's drive toward environmental management and resources creation and its balance to maintain the economic growth with resource and environment management.

While social scientists and researchers have made significant contribution to examine the concept of 'sustainable development' in Sikkim from the 'state' point of view, very few or no literature is available when it come to the sustainable development parallel to the working of IFIs. Working on this line and deciphering the impact created by these institutions is especially important as these institutions have been influencing the developmental path of the state since early 1990s. Apart from few newspaper clippings, notice and data's from concerned departments no other concrete work could be found to be reviewed. And though the above mentioned works have been helpful in providing a general idea about the state and its approach toward development it was inadequate. In addition to this, from the various materials reviewed on the theme, it is evident that although literature in the field of sustainable development by the institution undertaken are available on print it nevertheless fails short in maintaining its effectiveness in the ground level. Therefore, the proposed research work is an endeavour to fill this gap by locating various primary document from the concerned department and analyzing the impact that these institution have in implementing the principles of sustainable development in the projects assisted and supervised by them. Doing this will not only help the state and its people to be conscious about the development path that have been directed by external agencies but will also help the state government in particular to be cautious about the development mechanism adopted by these institutions and the importance of their engagement and intervention in the developmental prospect of the state.

### 1. 3. Framework of Analysis

Deteriorating global environmental condition with passing of the cold war instigated a deepening sense of urgency about the threat that ecological trend pose to human welfare which made environment likely to become an important dimension of life at all level. Further, the fact that environmental issue were not self-contained unit but contingent on actions taken by others, made it to emerge as global issue (Sach, 2010). The global concern on environment is generally accepted to have emerged with Rachel Carson's work, *Silent Spring*, a critique to the damage done to wildlife and human world by increasing use of pesticides and other agricultural chemicals (1962). This, along with number of other works such as- Ward and Dubos (1983) *Only One Earth: The Case and Maintenance of Small Planet*, Meadows (1972) *Limits to Growth*, Goldsmith (1972) *Blueprint for Survival*, Brundtland Commission Report: *Our Common Future* (1987) propelled the initiation of number of convention and conferences such as, UN Conference on Human Environment (1972), Vienna Convention for the Protection of Ozone Layer (1985), UN Conference on Environment and Development (1992), Framework Convention on Climate Change (1992), Kyoto Protocol (1997) etc. (Gaan, 2005). The intensity and magnitude with which these conferences took place and multiplied revived interest among the scientists, practitioners and scholars about the uncertain future of the natural environment and non-renewable resources, reinforcing the public interest on the question of sustainability. With this entered the concept of development in common parlance that called for a considerable shift in its thinking towards a mode of development that was sustainable in nature (Haque, 1999).

Sustainable development is a powerful and at the same times a controversial theme which has been integral to the discourse on development for over past two decades. It in its simplest form is defined as development that provides a holistic consideration of economic, social and environmental need by ensuring equitable and sustainable use of resources (Gasparatos, 2010). The concept gained currency after the publication of Brundtland Report, which defined it as “development that meets the needs of present without compromising the ability of future generation to meet their own needs” (1987).<sup>2</sup> As it evolved, the concept was assigned to different interpretations, including as an economic development that is complimentary to environment and society; as a process of development that emphasizes intergenerational equity; and as a process of ensuring environmental services on a very long term basis (Barrow, 1995; Norman, 1996 and Redclift, 2005).

Today a comprehensive approach to sustainable development encompasses environmental sustainability, economic sustainability and social sustainability (Haque, 1999) with its own set of priority and agendas addressed. Despite its inherent ambiguity the concept of sustainable development is perceived as an irreducible holistic concept wherein the three aspects of economic, social and environment are interdependent and mutually reinforcing (Hardi and Barg, 1997; Dresner, 2002; Meadows, 1998). Although, as suggested in most texts concerning sustainable development that all three pillars must be addressed equally, the weight and attention given to each pillars is dependent on the reflection and orientation of the actors and its interest (Wironen, in Grossman, 2007), the case of which is evident even in the study undertaken. Despite such claim, the most crucial element of sustainability, as aptly

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<sup>2</sup> <http://www.morethangreen.es/en/ideology/four-sustainabilities-cultural-economic-social-environmental-sustainability/>

stated by Dovers, is predominantly related to environment or ecological concern (1989). But to achieve sustainable development in its full glory, keeping aside its complexities and addressing the issue as an integrated whole is important.

Owing to the urgency of its implication, the enforcement of sustainable development in current historical juncture is advanced by not just state or the government but by number of other actor such as International Organization, Multinational Corporations (MNCs), Transnational Corporations (TNCs), Non State Actors, and International Financial Institutions (IFIs). Although all of the above mentioned actors are important in addressing the concern of sustainable development, IFIs for the study undertaken will be employed as a main actor.

IFIs in simple understanding are body that provides financial support via grants and loans for economic and social development activities in both the developed and developing countries. It includes 'public banks' such as the WB and International Monetary Fund (IMF), which are government-owned banks (Herbertson, 2012) and 'Regional Development Banks' such as, the ADB, European Bank for Reconstruction and Development (EBRD), African Development Bank (AfDB), Inter-American Development Bank (IDB) etc. Since its inception these institutions have been playing an important yet debatable role in assisting the needy countries by providing grant/loans, giving professional advises and technical assistance (TA). Their reach and operations have become almost universal and have emerged to be one of the most dominant actors in the contemporary time.

However, it is necessary to understand that although these institutions as mentioned have been providing necessary assistance and funds; they have come under severe criticism especially with regard to the model of developmental assistance they

provided in the past. IFIs, mostly the dominant ones such as the WB and IMF with liberal driven orientation and emphasis on market, promulgated a capitalist model of development wherein growth was considered prime. With the passage of time, the capitalist led growth model came under pressure especially in its application of its model in the developing world. Massive developmental flaws resulting to large-scale environmental degradation and poverty became a major highlight of these institution led development. This criticism of neoliberal development thinking and official development practices led to the culmination of 'Post- Washington' approaches by the end of 1980s. This however, did not entail a complete rejection of neo-classical position or the market per se, but rather attempted to modify development practices so that they would fit a more diverse set of problems (Pant, 2011). These developments, more in sense of rejection and criticism, led these institutions to reorient their approach in its policies and programmes and propelled them to move beyond narrow economic benchmarks. Today, considering the reorientation made the IFIs have started to host broad array of social factors into its mandate such as environment concern, sustainable development, human right issues, governance, legal and judicial reforms and public participations (Blank, 2002), which have not only made it a prominent player but a force to reckon.

Given their reach and prominence it is necessary to highlight that one of the measures through which these institutions enter into any state or region is through channelization of aid, grant or loans. This idea became prominent after Second World War when the United States started contributing to the socio economic reconstruction programme of the war allies. In course of time, it became a worldwide phenomenon with many countries in the world accepting the foreign aids/loan and getting different benefits along with adverse results (Sahoo and Sethi, 2013). It therefore becomes

apparent that the engagement of the IFIs is in operation in many different parts of the world wherein the need for assistance in terms of socio economic development is required. Bringing the case of Sikkim in this context is important, as the state, despite its inaccessible terrain and rugged climatic condition have been witnessing the engagement of these institution in influencing and directing the developmental path of the state. What the study therefore tries to examine is if the two dominant IFIs, i.e. the World Bank and ADB, in its operation in the state for its developmental deed will/have integrated sustainable practices or not, the scope and rationale for which will be substantiated in the subsequent section.

#### **1. 4. Rationale and Scope**

Sikkim a strategically located tiny hill state with an area of 7096 sq. km is the least populated state in the country. It is one of the ‘Special Category States’<sup>3</sup> and the eighth member of the North Eastern Council.<sup>4</sup> It is situated in western part of eastern Himalaya and because of its location; the state has a political and strategic importance out of proportion to its size (Chhetri, 2012). The state, which is second smallest in the country in terms of its area, is surrounded by three international boundaries of China in the north, Bhutan in the east and Nepal in the west. In terms of population, the state

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<sup>3</sup>The concept of special category state was introduced in the year 1969, when the 5th finance commission sought to provide certain disadvantaged states with preferential treatment in the form of central assistance. The rationale was that certain states, owing to their inherent features have a low resource base with little scope for development. Some of the features required for this status are- hilly and difficult terrain, low population density, strategic location along borders and economic and infrastructural backwardness. In view of the above problem, central government sanctions 90 percent in the form of grants in plan assistance to the states in special category, while the remaining 10 percent are provided by the state government.

<sup>4</sup>North Eastern Council is the nodal agency for the economic and social development of the North east Region which consist of eight states of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura. It was constituted in 1971 by an Act of Parliament. The council has been instrumental in setting in motion a new economic endeavour aimed at removing the basic handicaps that stood in the way of normal development of the region (North Eastern Council, Government of India, <http://necouncil.gov.in/welcome-page>).

has a member of 610,577 people with the density of 86 people per sq.km (Census, 2011).

Sikkim like any other state in the world has not been immune to the forces of liberalization and globalization. Since mid 1990s, with the change inherent in the political and economic structure in general and change in the state government in particular the state started developing a renewed interest in infrastructure building- both physical and social (as it was realized that it constituted the major constraints to the development in other sectors). Sikkim then faced a major structural problem with its stagnant economy, increasingly inefficient state-run enterprises and a huge infrastructural gap (Sikkim Development Report, 2008) most visibly in communication, network and industries, which in turn translated into stalled economic growth. Therefore, in order to overcome the crisis-situation, it opted for various measures, such as holding investors forum meetings in the major cities of the country and interacting with investors and agencies during the foreign visits (SDR, 2008). This led to the developed interest and awareness among the investors to initiate their ventures in Sikkim, leading simultaneously, to the signing of number of memorandum of understandings (MOUs) between the national and foreign investors with the Government of Sikkim (GoS).

Efforts of the Government to build the state economy and its infrastructures were further enhanced by its policy of diversifying its development partners with a view to bring better technology, effective governance, management and qualitative funding. This initiative of the government managed to attract a large number of development and donor agencies including UNDP, WB and ADB (Singh, 2008). It can therefore be understood that by the mid 90s the state government emphasis was to facilitate

increasing participation of private players ranging in different sectors of the state economy with an aim of diversifying and addressing the actors as well as the issues in developmental, social and economic arena of the state. Today, owing to state's open nature in terms of broadening its developmental partners, number of IFIs (apart from state and various non-state actors) such as WB, ADB, Japanese International Corporation Agency (JICA), Australian Agency for International Development (AusAID), Britain's Department for International Development (DfID), International Monetary Fund (IMF) are operating in almost all the important sectors of the state which includes infrastructure development, urban development, agriculture, capacity building, social welfare, forest management, education and tourism.

Coming to the case in point of IFIs addressed for the study, it is the ADB and WB, two of the dominant and heavy investors in the state. The rationale in choosing these two IFIs for the study lies in not just the volume with which these two IFIs have been operating in the state but also in its adherence to different sector in its funding. While ADB as a developmental institution is oriented towards development of tangible infrastructures, WB in its approach is focused on social and economic welfare in its scheme and operations.

ADB as developmental bank hold the view that good infrastructure connectivity is a major contributor to the state's economy and development. It is for this reason most of its lending and assistance program in the state are oriented towards the development of physical (tangible) infrastructure, be it in tourism, urban development or roads and infrastructure. Some of the projects undertaken by ADB in the state are-

- i) North East Region Capital Cities Development Investment Programme (NRECCDIP) under which the Sikkim's component includes development of basic

infrastructure services such as; water supply and solid waste management in the capital city of Gangtok in collaboration with GoS under the supervision of Urban Development and Housing Department (UDHD).

- ii) Infrastructural development under North Eastern State Road Investment Programme (NESRIP) which covers the upgradation and strengthening of tertiary roads in the south district of Sikkim
- iii) Tourism and affiliated development activities in collaboration with GoS under the project- South Asia Tourism Development Project (SATDIP) which include strengthening, upgrading and beautification of road and areas that forms major tourist site in the state. The project also covers village tourism and rural development under it as a part and parcel of tourism destination connection in project implemented villages of Rey-Mindu, Damthang and Uttaray.

Similar to the assistance and funding from ADB, the WB in its assistance towards social-economic development project in the state is focused on the North East Rural Livelihood Project (NERLP) that includes apart from Sikkim three other North Eastern States of India i.e. Mizoram, Nagaland and Tripura. Sikkim's component for developmental assistance under this scheme is concentrated in South and West district of the state and aims to reach the 'poorest of the poor, women-led households, physically challenged and the underprivileged' in the targeted areas to overcome poverty through employment opportunities (NERLP, 2012). The basic objective of the World Bank under this project is to create a sustainable institution around women Self-Help Groups (SHGs), youth groups and development of community groups. It aims to increase economic and livelihood opportunities of the people by managing

natural resources and improving agriculture for food security and income enhancement for farming and allied activities (NERLP, PIP Report, 2012).

All said, implementing developmental venture in the state of Sikkim is not an easy task. The states location in the Eastern Himalayas makes it not just rich in biodiversity,<sup>5</sup> but also ecologically fragile and vulnerable to natural calamities. It is for this reason finding a sustainable solution has been one of the priorities for the state in its developmental pursuit (CM, 2014). So far as its implementation is concerned, it still remains to be a challenging concept and has not been easy to promote in a state known for its inclement weather and rugged topography (CM, 2014). Nevertheless, the state has relentlessly tried to pursue it.

Sikkim, since very early followed a development path that has been in tandem with the environment and its protection. The development strategy that the state has opted for has mostly been undertaken with adequate consideration of its environment and its management. The objective as stated by the government is to ‘use wisely the biodiversity resources, making sure that the habitats from which we take are respected’ (CM, 2006). And though it is evident that no development strategy can materialize without adequate damage to the environment, various methods to neutralize it has been adopted in order to achieve a balance between conservation and development.<sup>6</sup> Further, the realization that Sikkim’s biggest strength and blessing are

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<sup>5</sup>Sikkim is listed as one of the 34 global biodiversity hotspots.

<sup>6</sup>Since 1995, the state government has been actively working for the protection and conservation of environment. The observation of Green Revolution Year in 1995 and period 2000-2010 as the Green Revolution Decade and other related campaigns such as Smirit Van, Sikkim green Mission, Ten Minutes to Earth, creation of myriad bio diversity parks, birds sanctuary and herbal garden have played an important role in this endeavour (CM’s Speech, 2014). To further work in line with this form of development, the state government in the year 2003 launched a historical movement to go completely organic by adopting a natural method of farming, free from usages of all form of chemicals in its food products. This vision translated into reality when in the year 2016, Sikkim was declared as the first organic farming state in the country.

its nature and the environment and its development has to be built on its strength rather than outside of it (CM, 2016), made the pursuit of sustainable development all the more worthwhile.

However, considering the history of Sikkim and its geographical location, 'locating where the real opportunities lie for the state becomes important' (CM, 2014) especially with regard to other sources of funding apart from the ones provided by the centre. This is where the diversification of actors for its developmental pursuit is important. Nevertheless, considering all the measures undertaken by the state government and its people to make development not only go hand in hand with environment conservation but also be sustainably viable, what needs to be ascertained is that the other developmental partners do the same in its developmental approach. And given the fact that the state cannot afford to break the pace of development, only viable solution lies in sustainable development. Therefore, what is required for the state is to maintain an effectively formulated sustainable development plan which will cater to the need of balancing the environment conservation as well as the demand of development, economic expansion and employment generation.

### **1. 5. Objective of the Study**

Sikkim like any other state in the world has not been immune to the forces of liberalization and globalization. In fact, the pace of openness and zeal for development has led it to successfully manage and attract the attention of investors and private players from all over the world. The state in its approach to development, although much of its assets created and alliances formed are made taking into consideration the concern for environment and its resource management not much can

be said or deciphered when it comes to the developmental initiative assisted by IFIs or private firms.

What therefore is required, especially considering the fragile ecosystem and vulnerability of the state in terms of environmental threat, is to view the operations of these institution from critical lenses and to examine if the ongoing projects undertaken (especially tangible developmental initiatives) are sustainable in nature or not. This is especially important considering the prominence and influence of IFIs in directing the developmental path of the state which is witnessed to be evident in almost all the important sectors. In short, the objectives of the study are as follows:

- i) To analyze the operation of the ADB and WB in the state of Sikkim from the framework of sustainable development.
- ii) To examine if the liberal/market driven institutions be applicable in addressing the concern of sustainable development.

## **1. 6. Research Questions**

- i) What impact does IFIs sponsored lending programs have on issues of sustainable development?
- ii) Can development assisted by the international financial institutions be sustainable or not?

## **1.7. Research Methodology**

The study has employed both the qualitative and quantitative method to address the research question and objective of the study. Sustainable development as a theoretical framework has been employed to analyze the operation of the institutions in its

application and regulation of its policies/programs. In terms of analyzing the nature and structure of IFIs, a quantitative field based method have been adopted through the collection and interpretation of data to understand its pattern of policy regulation. In addition, reference to the institutions 'Environment Impact Assessment Reports' has been made to analyze the working of these institutions in term of its environmental drive and sustainability.

In order to generate information, the study undertaken has employed various methods for collection of data's such as survey, questionnaires, interview and group discussions. The relevant information pertaining to the project have also been collected by interacting with concerned officials during the field visit and by studying and reviewing various Government, Departments and Agency Reports, Published Articles in Newspapers and Journals. In-depth understanding of local condition gained during the field visit has also been helpful in generating information for the study. The study therefore, has adopted a field-based method supplemented with the data's from both the primary and the secondary sources.

The location of the area for the field survey is based in the state of Sikkim, wherein the project of ADB and the WB are being implemented. The study covers three district of the state i.e. East, West and South. For the projects under ADB, the areas in South district cover a road section from Melli-Nayabazar and from Nayabazar-Namchi. For tourism sector, the area covers the section for improvement of road and village tourism in Damthang as part of development of infrastructure and facility development of Indian Himalaya Centre for Adventure and Ecotourism (IHCAE). In the West district, the location for the field study covers the road section from Pelling Zero Point to Helipad, Yuksom Bazar to Helipad and Utteray for village tourism for

the project under SATIDP. In the East district, the study was conducted in areas of Burtuk, Chandmari and Selap for the ADB funded project under Urban Development and Housing Department as part of NERCCDIP and village of Rey-Mindu for village tourism as part of Rumtek circuit and destination development.

Similarly, for the project funded by WB, the area covers the South and West district of the state. Areas in the South comprises of village or units such as Namchi, Jorethang, Namthang, Ravangla, Yangyang, Temi-Tarku, Sumbuk, Sikip and the West comprises of Gyalshing, Soreng, Yuksom, Dentam and Kaluka. It is for the sheer size of the project area and the cross cutting sector it addresses, that the study has opted just one project i.e. NERLP for the WB.

The field visit as mentioned, have been conducted in the areas were the projects of the ADB and the WB were being implemented. The target groups for the study undertaken were mostly locals from the area who were in radar of both direct or indirect benefit/loss from the project undertaken. Apart from the East district and the village tourism for projects under ADB and village/rural development in both the district for NERLP under WB, the areas that the project covered mostly fell in the forest tracts with little inhabitants. Since the area covered was large and segregated not all household in the project implemented areas could be taken into consideration. Therefore, only 10-15 people from each location for road sections, 80-90 locals for village tourism inclusive of all three districts for the both the IFIs and 50-55 people from the east section of Burtuk and Chandmari for Urban Development and related sectors under ADB were taken for the study. Apart from the locals, the Project Managers/In charges/workers/staffs both in the project implemented areas and offices

were interviewed and questioned in order to understand the effectiveness of the institutions and its working for the drive towards sustainability in the state.

### **1.8. Research Limitations**

One of the major setbacks faced while conducting the research for the purpose of the study was difficulty in accessing the required reports and data's from some of the concerned departments of the state. Further, limited literatures with regard to IFIs and sustainable development, especially in the context of Sikkim, made the progression of the work depend entirely on the field visit and interviews conducted with no secondary sources to back it up.

In addition to this, lack of proper communication with some important officials (spearheading the department and also major stakeholder in the development projects assisted by the IFIs) made the interaction difficult and questioning almost impossible making the writing of the thesis difficult.

### **1. 9. Chapterisation**

#### **Chapter -I: Introduction**

This chapter forms the structure of the thesis with all the major themes incorporated for the study addressed. A brief outline is made on the progression of the study substantiated with the framework of analysis, rationale and scope, research questions and the objectives of the study. The chapter outlines the importance of addressing the concern of sustainable development in developmental venture assisted by the IFIs thus pinpointing the research gaps and why it is necessary to conduct and expand research in this field.

## **Chapter- II: Sustainable Development and International Financial Institutions: A Conceptual Overview**

This chapter deals with the progression and transformation of the concept of development and the addition of the prefix 'sustainable' to it. It then outlines the historical development of sustainable development with its background, definition and the actors involved in addressing it enunciated.

The second section of the chapter deals with international financial institutions with its evolution and progression briefly enunciated followed by a section on bridging the two concepts i.e. sustainable development weaved in the policies and programs of IFIs in recent time. Since Sikkim is taken as the case, the last section of the chapter outlines in brief the state's approach to sustainable development.

## **Chapter-III: Locating Sustainable Practices in Infrastructure Development of the Asian Development Bank in Sikkim**

This chapter explores ADB and its existing operations in Sikkim with an attempt to analyze the integration of sustainable practices in the policies and operations of the bank in the infrastructure building of the state. This, the chapter attempts to address by separately exploring the three pillars of sustainable development (i.e. environment, economic and social) and deciphering its applicability in the ground level.

## **Chapter-IV: Sustainable Practices in the Livelihood and Developmental Scheme of the World Bank**

This chapter deals with elements of sustainable development incorporated in the project funded by the World Bank in the state of Sikkim. It explores on examining 'if' and 'how' the sustainability concern have been grafted onto the project design

assisted and funded by the WB under the North Eastern Rural Livelihood Project (NERLP) with attention to bottom up technique that cater to the environment, economic and social sustainability via sustainable livelihood approach.

### **Chapter-V: Conclusion**

This chapter briefly outlines the summary and research findings.

**CHAPTER- II**

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**SUSTAINABLE DEVELOPMENT AND INTERNATIONAL FINANCIAL  
INSTITUTIONS: A CONCEPTUAL OVERVIEW**

## CHAPTER-II

### SUSTAINABLE DEVELOPMENT AND INTERNATIONAL FINANCIAL INSTITUTIONS: A CONCEPTUAL OVERVIEW

#### 2.1. Introduction

Development and its practices despite being inherent element of international system have not been accounted for when it comes to International Relations (IR). Only recently have IR as a discipline started to reflect diversity, integrating various critical, developmental, post colonial and post structuralist tendencies within its fold. The discipline has changed over the last fifteen years and has become less state-centric. Today, the former 'low politics' as Honke states, have become more central to the study of IR (2000). Sustainable development to harp along this line, although much debated in other field of studies have only recently being gaining grounds, coinciding with the increasing environmental concern surfacing in the global priority list.

The concept has emerged as one of the most important concerns to have entered the mainstream of development debate. The multidimensional nature of the concept makes it flexible and at same time encompassive of the element that is required to address the problem that are faced by the globe today. It has acquired the status of the most significant and influential policy-making principle in all areas of activities and a desirable policy objective concerned with future development of the resources of the globe (Fitzmaurice, 2010).<sup>7</sup> Today, the principles and goals of sustainable development are firmly embedded in not just state sponsored institutions but also myriad other actors. Thus, the chapter that follows has discussed first, the progression

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<sup>7</sup> <http://www.eolss.net/Sample-Chapters/C13/E6-67-03-02.pdf>

and transformation of the concept of development and the addition of the prefix ‘sustainable’ to it. It then progress with the background, definition and the actors involved in addressing the idea of sustainable development. Since IFIs have been taken as major actor the second section of the chapter outlines in brief the evolution, progression and transformation of the IFIs with major focus on bridging the two concepts i.e. sustainable development weaved in the policies and programs of IFIs in recent time. The final section of the chapter enunciates in brief the case of Sikkim and its approach to sustainable development.

## **2.2. Development: Background**

The word ‘development’ connotes ideas such as growth, change, progress, unfolding and bringing out the potential that is latent in something (Harris, 2000). It implies a process of change to a more advanced state and is often discussed in relation to ‘developing countries’. However, it is important to understand that development as a concept relates to all part of the world, at every level, from the individual to global transformation (Potter, 2004) and not just developing or the third world. Despite the wide scale use of the term in public policy over the last half a century, the concept has never had consensus or unanimity about its meaning or content. On the contrary, debate, dissension, contestation and negotiation have been present, both on the ground of localities and among the numerous official and unofficial agencies engaged in development work (Simon, 1997).

The study of development has a moderately short history, dating back only as far as 1950s. Back then, the global development problem was conceived as one in which less developed nations needed to ‘catch up’ with the west and enter the modern age of capitalism and liberal democracy (Hettne, 2002). ‘Under-Development’ was

seen as an initial stage through which western nations had progressed and the gaps that existed could be gradually overcome through an 'imitative process' (Hettne, 2002). In short, development was perceived parallel to 'modernisation' which in turn was equated with 'westernisation'. This modernization view dominated the mainstream theories of development from the 1950s through early 1970s.

As development policies evolved, various approaches were emphasized at different times (Harris, 2000). During the 1970s and 1980s, development was seen as a multidimensional concept with no single model for achieving it. To substantiate, development thinking in the 70s was firmly influenced by the writings of the scholars from within the developing world of which the work of Andre Gunde Frank (1967) 'Development of Underdevelopment', is of prominence. The idea was, 'rather than seeing the western world as the source of cure for the ills of developing world, these approach saw the role of the west as the source of those ills in actively creating and perpetuating the problem of underdevelopment.' Further, expanding development debate to a different directions, Paul Streeten and Mahbub Ul Haq (1981) in their book *First Things First Meeting Basic Human Needs in the Developing Countries*, advocated the idea of 'Basic Needs', that tended to address the problem of extreme income inequality and emphasized on the provision of certain basic needs for the underprivileged or destitute sections of the population (Haque, 1999).<sup>8</sup> Elements such as education, health, sanitation and employment were some of the central themes advocated by this approach, with much broader reflection on an acknowledgement that the benefits of development

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<sup>8</sup>In the 'Basic Need theory', education, nutrition, health, sanitation and employment for the poor are the central component. Inclusion of these variables as a parameter for development inspired the creation of the United Nation Development Program, Human development Index (HDI), wherein health and education together with Gross Domestic Product (GDP) is calculated for an overall index of development success.

did not necessarily ‘trickle down’ to those who needed it the most (Harris, 2000). Phrases such as ‘growth with equity’ and ‘redistribution with growth’ emerged during this period which addressed the recognition that although economic growth remained a fundamental ingredient within development thinking and action, it was nevertheless, equally important to ensure that the benefits did not fall solely to minority of the population (Elliot, 2006).

Another important development strategy that dominated this phase was the development model that called for ‘Development from Below’ (Stohar and Taylor, 1981). This model asserted that, rather than a single ‘Top-Down Method’, development needed to be closely related to specific local, historical, socio-cultural and industrial conditions (Elliot, 2006). In a stark contrast to development theories that preceded this phase, ‘development’ according to this model was required to be more inclusive and participatory with responsibility on an individual to become a central means for development (Elliot, 2006). Strong notion of ‘participatory development’ emerged during this phase in recognition of the shortcoming of top-down, externally imposed developmental practices.

Important turning point in the development paradigm surfaced in the late 1980s, when gradual withdrawal and disappointment with the state intervention in the economy was recorded. This led to the shift of focus in what Simon terms, ‘the magic of market’ (2002). The Neo-liberal ideas of development with this shift, made a massive inroad with its advocacy of ‘free market’ as the best form to initiate and sustain developmental practices. This policy cemented ‘structural adjustment’, with liberalization of trade, eliminating the influence of state in market, removing tariffs on imports and subsidies on exports, de-nationalizing

public industries as the fundamental criterion (Harris, 2000). For many nations in the developing world, their entry into world economy throughout the 1990s was defined by the neo-liberal policies of the World Bank (WB) and International Monetary Fund (IMF). It was during this time the credential of Structural Adjustment Program (SAP)<sup>9</sup> hit highest.

Promise of growth and progressive development however remained as elusive as ever, launching one of the most radical reaction within the development thinking denoted as 'Post Development School', as oppose to the limitation of both conventional and alternative schools of thought (Elliot, 2006). Two of the prominent figures advocating this model of development are Escobar (1995) and Nandy (1986). Within this line of thinking, the concept of development as desirable process itself was contested for the ways in which it involved a 'dependent and subordinate process, creating and widening spatial inequalities, harming local culture and values, perpetuating poverty and poor working condition, producing unsustainable environment, and infringing human rights and democracy' (Elliot, 2006). Not only was development considered to have failed according to this model, but the development project itself was condemned for creating and producing the opposite of what it promised (Corbridge, 1999). What therefore can be understood is that the post development era depended on breaking the hold of western method of development that only perpetuated poverty and inequality with massive emphasis on defending the local environment, culture and practices.

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<sup>9</sup>'Structural Adjustment Program' refers to a set of economic policies often introduced as a condition for gaining loans from the institutions such as WB and IMF. It is also considered to be one of the most devastating programs imposed by these institutions in the third world countries. It, in its adjustment program have been highly controversial leading to debates that claim free market policies to be unsuitable for developing economies, which only perpetuates wider inequality and low economic growth. Its policies include a combination of free market principles such as privatization, free trade and deregulation. However, in recent years, some restructuring has been undertaken in the policies of SAP, with global issues such as, poverty reduction, gender equality etc added as an element of it.

The subtlety in the concept therefore confirms the fact that interdisciplinary field of development studies has underwent many changes with regard to its meaning and content. The concept, as aptly stated by Harris, has been accepted, rejected, modified and extended by countries of varied political structure (2000). Drawing from this analysis we can assume that although the idea of development is progressive, the fact that it still does not have unanimity and lacks distribution of benefits with increasing negative impact on the environment and societies (especially in the developing world) cannot be ignored. Growing awareness of these challenges to traditional development thinking especially in consideration of environment and society has led to the emergence and wide spread acceptance of the concept of ‘sustainable development’, revolving around the idea of development which ‘protects the environment’ and which ‘advance social justice’ (Harris, 2000). The concept has been gaining a strong foothold and is increasingly adopted by various actors, development practitioner, academician, politician, scientist etc. The subsequent section of the chapter will emphasize on the concept of sustainable development and what it means.

### **2. 3. Sustainable Development**

From the literatures available, it is evident that sustainable development has a short history of its own and is predominant in the study of both the development and environment. The concept, similar to that of ‘development’ has no standard definition, and has been prone to substantial debate and contestation concerning its meaning and practices. Literally, sustainable development refers to ‘maintaining development over time.’ However, owing to its inclusive nature as well as inherent elusivity within the concept there are many accepted definitions of it. The

following section provides a description of various explanations available, each with increasing vigor and refinement.

One of the frequently quoted definition of sustainable development is the classic definition put forth by Brundtland Commission, which defines development to be sustainable “if it meets the needs of the present without compromising the ability of future generation to meet their own needs” (Brundtland, 1987).<sup>10</sup> The other definitions taking root from this are-

-‘Sustainable development means improving the quality of life while living within the carrying capacity of supporting system’ (*World Wide Fund, International Union for Conservation of Nature, 1991*).

-‘Sustainable development is a strategy by which communities seek economic development approaches that also benefit the local environment and quality of life’ (*US Department of Energy, 2001*).

-‘Sustainable development will be non declining per capita utility- because of its self evident appeal as criterion for intergenerational equity’ (*Word Bank, 1990*).

-‘Sustainable development involves a process of deep and profound change in the political, economic, social, institutional and technological order, including redefinition of relation between developing and more developed countries’ (Strong, 2000).

-‘Sustainable development means ensuring dignified living conditions with regard to human rights by creating and maintaining the widest possible range of options for

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<sup>10</sup><http://www.morethangreen.es/en/ideology/four-sustainabilities-cultural-economic-social-environmental-sustainability/>

freely defining life plans. The principle of fairness among and between present and future generations should be taken into account in the use of environmental, economic and social resources. Putting these needs into practice entails comprehensive protection of biodiversity in terms of ecosystem, species and genetic diversity, all of which are the vital foundations of life' (MONET Project, 2001).

Analysis of the above definitions reveal a number of common theme within the realm of sustainable development such as importance attached to environmental concern, social securities (quality of life, inclusivity and poverty elevation) and intergeneration equity. These aspects owing to their priorities form the base when concerned with the working on sustainable development. What can also be generated from the above definitions is the change in both the content and meaning of the subject. This has led many researchers and analyst to confirm that sustainable development as an idea has lost its essence, and is used to cover so many aspects of societal-environment relationship that there are now doubts on whether anything good can ever be agreed (Mawhinney, 2001). For others, sustainable development is an idea that 'makes a difference' precisely because it is contested, requires debate and compromises and challenges both the researchers and policy makers (McNeill, 2000).

Sustainable development as a full-fledged concept joined the lexicon of development in the last decade of 20th century (Scoones, 2007). It came to public attention after the 1972 report on *Limits to Growth*, issued by the international think tank *Club of Rome*. Thereafter, the concept began to be widely adopted following the United Nation Conference on Human Environment in Stockholm in 1972. Number of other influential work revolving around the idea of environmental limits and constraints on

development such as *The Population Bomb* (Ehrlich, 1968) *Blueprint for Survival* (Goldsmith, 1972), *Only One Earth* (Ward and Dubos, 1972) etc, served to reinforce fear among people to head towards development that was sustainable in nature. These themes became central concept in the World Conservation Strategy Report (WCS) published in 1980, developed by the International Union for Conservation of Nature (IUCN) in collaboration with the United Nation Environment Programme and World Wildlife Foundation (WWF). Most importantly it became founding text for the report on World Commission on Environment and Development seven year later titled *Our Common Future*, also known as the ‘Brundtland Report’ (1987), which set out a global agenda for change. Very soon as Adams puts, these agenda began to command attention in the core of the development universe (2001).

The ‘Brundtland Report’ was followed by many international meetings and conferences of which the United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro, 1992 deserves special mention. It was in this conference that the aim to identify the principle agenda for action towards sustainable development was discussed.<sup>11</sup> Another important milestone in this regard was the creation of United Nations Environment Program (UNEP) in 1997, which was commissioned to consider and report on the conservation problem of the world and to identify effective solutions. This report, according to Martha and Chapman (1995) set a plank for a ‘launch pad’ of sustainable development and the nearest approach set for a comprehensive action-oriented program for political change (Adam, 2001). By then, sustainable development as a concept had entered the

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<sup>11</sup>This conference issued a declaration of principles, a detailed ‘Agenda 21’ of desired actions, international agreements on climate change and biodiversity, and a statement of principles on forests (UNCED).

mainstream of developmental debate with massive capacity to restructure its discourse and practices.

Commitment to sustainable development was further reaffirmed in 2002, when the World Summit on Sustainable Development (WSSD) in Johannesburg, South Africa was formulated. By this time, the concept had not only gained currency but had started to move beyond the environment clutches that it was confined to. The adjective 'sustainable' which initially was attached as a synonym for green, environmental friendly and the likes, gave way to adoption of two other pillars i.e. economic and social sustainability (Elliot, 2006). The Johannesburg Declaration further created a call for 'collective responsibility to advance and strengthen the interdependent and mutually reinforcing pillars of sustainable development at local, national, regional and global levels' (2002). What therefore becomes evident is the fact that while Stockholm conclusion were strictly concerned with environmental issues within the field of development, Rio notably shifted the balance towards a range of socio-economic concern. This change was reflected with the integration of three pillars, to ensure a balance between economic development, social development and environmental protection as interdependent and mutually reinforcing components of sustainable development (UNGA, 2002).

### **2. 3. a. Three Pillars of Sustainable Development**

Several UN texts and the World Summit Outcome Document, refer the 'interdependent and mutually reinforcing pillars' of sustainable development to be the economic development, social development and environmental protection (2005). These three pillars are intended to be means of configuring civilization and human activity so that society and its member are able to meet their needs and express their

greatest potential in the present, while preserving biodiversity and planning and acting for the ability to maintain these ideals indefinitely (Schutte).<sup>12</sup> The National Strategy for Sustainable Development (NSSD) states that social, economic and environmental sustainability do not emerge spontaneously. These conditions only emerge through deliberate strategic and operational interventions by government to achieve long term durability of its policy programmes aimed at reshaping society in a more desired form and can only be achieved through systematic attempts by government to achieve good governance outcomes that integrate the desired longer-term social, economic and environmental outcomes” (2006).<sup>13</sup>

Just as a common and predominantly accepted definition of sustainable development is farfetched, same line of understanding can be attributed to its pillars which is mostly defined or applied in a way that suit its particular purpose. Although as suggested in most texts concerning sustainable development that all three pillars must be addressed in an equal footing to achieve development that is sustainable in nature, the weight and attention given to each pillar is dependent on the reflection and orientation of the actors and its interest (Wironen, in Grossman, 2007), the case of which will be also be substantiated in subsequent chapters of the study. In line with the above argument what is also important to understand is, that while many of the early contribution to defining sustainable development came from the discipline of ecology and economics, the third sphere i.e. social sustainability has only recently been gaining ground and integrated to its study. To define these three pillars in brief-

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<sup>12</sup> [http://dspace.nwu.ac.za/bitstream/handle/10394/2252/Schutte\\_IC\\_Chapter2\\_Sustainability.pdf](http://dspace.nwu.ac.za/bitstream/handle/10394/2252/Schutte_IC_Chapter2_Sustainability.pdf), Accessed: 10.08.18

<sup>13</sup> [http://www.environment.gov.za/nssd\\_2005/draft\\_chapters/NSSD\\_Chapter\\_4\\_Framework\\_forM\\_E.pdf](http://www.environment.gov.za/nssd_2005/draft_chapters/NSSD_Chapter_4_Framework_forM_E.pdf), Accessed: 10.08.18.

Environmental sustainability is a sphere that calls for development that does not endanger the natural system that support life on earth such as the atmosphere, waters, soil and the living being (*Our Common Future*, 1987). The focus of environmental sustainability is on maintenance of biological diversity and ecological integrity, which is directly linked to the health of the living world (Rolson, 1994) and its ability to regenerate itself. An environmentally sustainable system according to Harris, must maintain a stable resource base, avoiding over-exploitation of renewable resource and depleting non-renewable resources only to the extent that investment is made in adequate substitutes (2000).<sup>14</sup>

Economic sustainability, taking a slightly different direction bases itself on a belief that acknowledges ‘humanity’ as a centre of the debate, with adherence to the ‘quality of life.’ Its sole concern is human, with one view being that ‘happy thoughtful humans look after their environment.’ The base of this form of sustainability is that the progress on sustainable development requires success first with economic development, and in particular the ‘poverty alleviation’. It maintains a stand that the other two prongs of sustainability i.e. environmental protection and social justice will lack force until the basic living standards of people are improved. According to this model, meeting essential need depends in part on achieving full growth potential and that sustainable development clearly requires economic growth in places where such needs are not being met (*Our Common Future*, 1987). Accordingly for Harris, ‘an economically sustainable system must be able to produce goods and services on a continuing basis, in order to maintain manageable levels of government and external

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<sup>14</sup>[http://ase.tufts.edu/gdae/publications/working\\_papers/sustainable%20development.pdf](http://ase.tufts.edu/gdae/publications/working_papers/sustainable%20development.pdf)

debt, and to avoid extreme sectoral imbalances which damage agricultural or industrial production' (2000).

Starkey and Walford, defines social sustainability as a moral concept that seeks to define a 'fair and just' development (2001).<sup>15</sup> They argue that since the environment is the basis of all economic activity, and of life itself, 'it is surely only right that the quality and integrity of the environment be maintained for future generation. The notions of 'environmental justice', including the moral concern on how environmental aspects are distributed across society have risen to become an important component within the social system and a prominent part of contemporary discussions on sustainable development (Elliot, 2006).

Social sustainability adheres to realization of human dignity and the way in which local and global environmental problems jeopardize human dignity. This form of sustainability focuses on sustaining the environmental conditions of a fully human life and emphasis on addressing the problem of large number of people who live in poverty. Accordingly, for this strand of sustainability, poverty reduces people capacity to use resources in sustainable manner, which only intensifies pressure on environment (WCED). Accordingly for Harris, socially sustainable system must fulfill basic health and educational needs of the people coupled with gender equity, political accountability and participation, which are crucial elements of development (2000).

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<sup>15</sup>See Elliot, (2006), *An Introduction to Sustainable Development*, 3<sup>rd</sup> Edition, Routledge, Milton Park, Abingdon, Oxon.

Reflecting on the above lines, what become evident are the differences in each of the pillars when it comes to its priorities and the agendas addressed. Taken together, these principles nevertheless suggest a new guideline for the development process (Harris, 2000). Therefore, what is required is to take this three pillars as an integrated whole, keeping aside its difference and complexities in order to achieve development that is sustainable in both nature and content. And as Durning suggests, ‘a moderate level of consumption, together with strong social institutions and a healthy environment, represents a better ideal than ever-increasing consumption (1992)’. Therefore, despite its inherent ambiguity it is important to address and perceive sustainable development ‘as an irreducible holistic concept where the three aspects of economic, social and environment are interdependent and mutually reinforcing (Hardi and Barg, 1997; Dresner, 2002; Meadows, 1998).

### **2. 3. b. Actors in Sustainable Development**

Taking cue from the above argument of the complexities involved in the attainment of sustainable development, the role played by the actors in sustaining it becomes all the more important. The involvement of various actors in accentuating the concept became especially prominent after 1980s, when the desirability and the acceptance of the concept worldwide prompted these actors in addressing the global community to start taking action (Elliot, 2006). Today, sustainable development as a policy goal features among the mandatory requirement in action and orientation of almost all the actors involved in the developmental venture. Some of the principal actors accentuating the concept and the ones that will be addressed in this chapter are the State (government), Business (Private firms), Civil Society and the IFIs. Although all these actors are independent in their own right in

terms of its functioning, it is important to understand that sustainable development can be best achieved by optimizing gains from several variables, rather than from a single one (Elliot, 2006). This requires the government, private corporations and other actors to work together in achieving a set target with transparency, accountability and proper planning, as a prerequisite in the implementation of the projects.

### **2. 3. b. (i) The State (Government)**

States in IR are considered to be the most important and rational actor and are responsible for establishing the policy and institutional framework within the country. It plays a key role in achieving development goals and setting targets such as implementing water quality policy framework and standards, regulating the discharge of pollutants into the environment, wastewater management, recycling, allocating funds for conservation etc (Elliot, 2006). All this attributes makes it an important actor in the prospect for sustainable resource management within its own boundaries. It further plays an important role in influencing cross boundary environmental problems in international negotiations and establishing multilateral agreements and outcomes. The role of the state in setting mandates for environmental protection and participation of regional and local agencies for environmental protection also makes it an important player in this endeavour (Elliot, 2006).

The state, as considered by the Brundtland commission have a key role in finding solution to environmental degradation and in ensuring that the various actors in development, including business and commerce behave in the interest of environmental conservation (1987). According to the UN, state can favorably push for a change towards sustainability in both producing and consuming sector by setting

policy and regulations that set procurement standard based on sustainability criteria for boosting sustainable production (UN, ESCAP, 2008). The state can also set an example for private consumers and companies by demonstrating government's commitment to environmental protections which can play an important role in other actors conducting their developmental drive with adequate consideration of environment and resources.

According to Elliot, by the year 1990 almost every country in the world had prepared a national report on its environment, most notably on *National Conservation Strategy* or *National Environmental Action Plan* (NEAP).<sup>16</sup> The Dutch National Environmental National Policy of 1989 for instance, was heralded as a significant landmark, containing 'some of the strongest language seen in an official document on the environment' (Stark, 1990) and the first attempt to convert the principle of sustainable development into concrete steps for action to change both production and consumption (WRI, 1994).

Agenda 21 and the *World Summit on Sustainable Development* (WSSD) further commits the government worldwide to establish a framework at the local level through which local authorities can work towards implementation of agenda through the development of their own sustainable development plan. The Rio+20 outcome document, further reaffirms the role of the state and its legislative bodies in promoting sustainable development. This document acknowledges the efforts and progress made at the local and sub-national levels and recognizes the important role of these authorities and communities in implementing sustainable development. It further

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<sup>16</sup>NEAP is a comprehensive plan to contain the increasing environmental degradation. Its main objective is to integrate environmental concerns into the social and economic development planning process of the country. The main thrust of the NEAP is to identify environmental problems and issues, analyze their causes and recommend actions required to resolve those issues.

highlight the importance of involving all relevant decision makers in planning and implementation and engaging citizen and stakeholders with relevant information, which according to the document can be catered only by the state (2012).

However, the state as an institutions has its own fallacies with an increasing concern on its ability to act within its territories and over its people, especially as the doubt on the capability of state as an 'ultimate security provider' is being severely tested with the intensification of the process of globalization.

### **2. 3.b. (ii) Business (Private Firms)**

From the aforementioned lines it is evident that the government set standards and impose regulation and enforcement within its own territories. However, this line of understanding have started to come into question with the advent of globalization and with it, its agents of change in the form of market, private firms, MNCs (Multinational Corporations) and TNCs (Transnational Corporations) etc. These global non state actors in contemporary time have emerged to be one of the most important players, especially in promoting business and industries to change. Their increasing hold in terms of strength and its capacities of reaching out in different parts of the world for trade liberalization on number of fronts have had many environmentalist fearful of the prospect of sustainable development (Elliot, 2006).

The dominance of these actors in the world trade, their economic size and their power to shape global policy cannot be take for granted especially when these actors are known to put profit first and hold no allegiance to any particular place, community or environment (UNRISD, 1995). In addition to this, there is also concern regarding the influence of these actors in the working of the government as they are claimed to be highly resourced and powerful pressure group today. Although till date no agreements

on corporate responsibilities have been signed (Ainger, 2002), considerable amount of pressure on these actor on account of integrating environmental factor in their activities have begun to start.

Pressure from consumers taste,<sup>17</sup> government policy and industries own perception of its environmental responsibilities has combined to move many of these actors to behave in a more environmentally responsible manner then they previously did (WRI, 2003). Owing to such pressure, these actors today have started to incorporate many environmental aspects into their agenda. They have started to present themselves, as Ainger puts, ‘a part of the solution, rather than the problem’ (2002).<sup>18</sup> However, a call for legally binding treaty especially for the MNCs and TNCs that ensure ‘compliance with minimum criteria of human rights, environmental and labor standards, and place legal responsibility for the impact of their business practices’ (Friends of Earth) are still being lobbied.

Although important, what is pertinent for us to understand is that these actors on account of their conduct and affairs are very important players and are progressively in-roading into sectors related to natural resources, energy, telecommunication, transport and also other prominent public services related sectors such as water,

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<sup>17</sup>Consumers are group that includes an individual or an organization that are considered to be the originator of economic activities (UN ESCAP, 2008). Change in the consumer tastes have been a powerful factor in giving direction to the companies for environmental concern. According to a survey conducted, consumers all over the world, especially in the developed countries shows the willingness among people to pay more for goods that are greener and organic. A survey of 25000 consumers worldwide in 1999 suggested that 20 per cent had either avoided the product or publicly criticized companies on the basis of their perceived social and environmental performances (Elliot, 2006).

<sup>18</sup>A global paradigm shift is guiding business and investment, based on the profits that sustainability strategies can generate. Around the world, rising consciousness and political will for developing more ‘sustainable’ global economy is evidenced by more than US \$100 billion in annual capital flows generated by pioneering entrepreneur, organizations and government in renewable and alternative energy production to reduce CO2 emissions. Business have shown they can quickly move towards offering more sustainable products and services when the demand for them is evident (UN ESCAPE, 2008)

sanitation, health, education and environment. Therefore, their conduct and how they go about in the process are vital for issues related to sustainable development.

### **2. 3.b. (iii) Civil Society**

Civil societies in recent times have emerged to be one of the most important actors in promoting the idea of sustainable development. It on the ground of its activities and reach have increasingly gained acceptance in the contemporary literature and debates on sustainable development. In a common dictum, civil society is defined as ‘an area for association and action that is distinct and independent from both the state and the market. It is a voluntary, self regulating, ‘third sector’ in which citizen comes together to advance their common interest (Potter, 2004). These actors are diverse in their organizations and are engaged in various activities, operating at varieties of level. Civil society although different from state in its working and limited capacities in terms of decision making, have nevertheless started to play and sustain itself as a strong force in lobbying for actions of the state such as- modifying governmental activities and contesting the operation of international institutions such as the WB and WTO. These actors today are attributed as major participants in important international summit and conferences and are also considered as a driving force behind greater international cooperation (Elliot, 2007).

Civil society as an umbrella term harbor many independent and interdependent organizations. One such aspect of civil society are ‘NGOs’ known mostly for tackling issues of truly global concern through lobbying, campaigning, direct action and delivery. Some of the world’s most known NGOs are Amnesty international, Greenpeace, Oxfam, World Wide Fund for Nature etc. These organizations have worldwide members and work for the benefit of public. Civil society also includes

‘social-movements’ which operates transnationally with network of other actors. Although similar in its nature and content some authors forge a distinction between social movements and NGOs on the basis that the former tend to work outside existing structure and work to present a more radical challenge to those than in the case with the latter (Ford, 1999). Apart from these two organizations of truly global nature in terms of its reach and activities undertaken, there also exist numerous local, grass root or community level organizations. This is prominent especially in the developing world where the cases of people coming together for addressing activities such as water management, sewerage, agriculture development is evident. The mushrooming of this community based organizations is often labeled as a response to the failure of the government in providing basic services to its people. It is estimated that there are over 200,000 grass root organization in Asia, Africa and Latin America (Thomas and Allen, 2001). These actors, owing to number of character traits such as flexibility in its work method and structure, tradition of working closely with local people and their environment are thought to make them particularly suited in effecting sustainable development (Elliot, 2006). The WCED further recognizes the key role which NGOs have in fostering sustainable development based on their ability to secure popular participation in decision making process, and in putting peoples priorities first than those defined by outside actors and agencies.

Putting aside the positives, one of the major reasons for the proliferation of NGOs is attributed to the fact that the ‘Official Development Aid’ in recent times is channeled via NGOs than the government. The example of this can be taken of the Overseas Development Aid (ODA) of 1999 where over US\$5 billion were channeled through NGOs, either as subsidies to their activities or via contract with NGOs to implement donor activities (WB, 2001). The evidence of such cases can be found all over the

world. Thus, it is increasingly accepted that many new NGOs have been formed in response to the increasing availability of such funds. While historically, NGOs have been vociferous opponents of international institutions especially the WB and its operations, it today is seen working along with it (Elliot, 2006). Therefore a challenge remains within them to maintain their accountability more to the local communities and the cause, especially on account of funds being channelized directly through them.

### **2. 3.b. (iv) International Financial Institutions**

In continuity with the actor's prominent in the current debate of sustainable development one cannot avoid the prominence and existence of new development mechanism referred to as International Financial Institutions. Although other institutions such as WTO and UN have set up and opened space for a constructive debate on environment, development, human rights and sustainable development agendas, the volume with which these institutions are shaping and operating developmental practices in line with the current model makes it unavoidable. And as aptly stated by Marshall; 'even the critics agree that if the World Bank did not exist it would be necessary to create something similar to it' (2008).

International Financial Institutions in simple understanding are the actors that have been established or created by more than one country. The most prominent IFIs are the creation of multiple nations. However, some bilateral financial institutions created by two countries also exist and are technically considered IFIs.<sup>19</sup> IFIs in its working provide financial support mostly via grant and loans for the economic and social

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<sup>19</sup>Example: Netherland Development Finance Company (one of the largest bilateral development bank worldwide), The German Investment Corporation, French Development Agency etc.

development activities in both the developed and developing countries. This include ‘public banks’ such as the World Bank (WB) and International Monetary Fund (IMF) created by a group of countries that provide financing and professional advising for the purpose of development and the ‘regional development banks’ such as the Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD), Inter-American Development Bank, African Development Bank (AfDB), etc. These institutions finance project in the form of long-term loan or credits below market rates and through grants. The frequently used other names of these institutions are Multilateral banks, Multilateral development Banks, and Multilateral Economic Institutions.

Since its inception, these institutions have been playing an important yet debatable role in assisting the needy countries by providing grant and loans, giving professional advices and technical assistance. Assistance from it also includes loans to public and private sectors for projects, which promotes socio economic development, technical assistance for preparing projects and giving advice on operations supporting regional activities. Their reach and operations have become almost global and have emerged to be one of the most important actors in international system. Their emergence have also led to the initiation of number of debates regarding the ‘retreat of the state’,<sup>20</sup> thus questioning the prominence of an actor that has always been central to the study of international relations. Apart from this, these institutions in recent times have also moved beyond narrow economic benchmarks and have begin to consider broad array

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<sup>20</sup>Owing to the general dissatisfaction among the people with the state led model in providing basic services to its citizen and economic growth more and more countries were forced to choose an alternative development path directed by the IFIs and private corporation. Further author like John Glenn states, that even in the industrialized countries, growth in both the number of international institutions and the scope of their activities have led to an ‘unbundling of sovereignty’, resulting in the plethora of functions parceled out to various international and regional institutions (2008).

of social factors in their programs and policies such as the environmental concern, human right issues, governance, legal and judicial reforms and public participations (Blank, 2002) which have made its presence and reach all the more prominent. The subsequent section of the chapter will focus on this aspect of IFIs, especially in its integration of sustainable concern in its policy implementation.

#### **2. 4. Bridging International Financial Institutions and Sustainable Development**

As stated by UN in its document, *The Future We Want* (2012) sustainable development, apart from the specialized agencies of UN system is required to be considered by all the relevant entities, including the IFIs in accordance with their respective and existing mandates. Mainstreaming sustainable development in its programme, strategies and decision making process, in support of the efforts of the countries in its developmental process via both the fund and assistance is therefore considered prime. But taking up a concept as fresh and capricious as sustainable development perceived from the lenses of another controversial but prominent actor like IFIs is a challenge in itself, especially considering its history of many failed and unsustainable development practices that these institutions have promoted in the past. Although important, taking a diversion from this line of thought, what this section will draw together is the discussion on IFIs and sustainable development and how it stands to affect or progress towards the achievement of it.

IFIs have strongly influenced the development thinking and practices in recent decades. It has exerted direct influence through the volume of their financial transfer, and indirectly through their impact on the resource transfer of others, including donors and the private sectors (Leipziger, 2014). Arguably, for Leipziger, no development debate can take place without the talk of the Washington Consensus and

IMF conditionality's and without reference to the number of people living below poverty line in accordance to the WB data's (2014). Thus, it is worth acknowledging that IFIs analysis and idea have dominated aspects of development strategy and ideology.

From the literatures available, there is a consensus, that the Structural Adjustment Program (SAP) initiated by the Brettonwood institutions in particular and the other neoliberal actors in general were 'environmentally blind' in the first ten years of its implementation (Elliot, 2006). Through that time, fiscal issue generally dominated, with little importance attached to the environmental concern in the government and public agenda. Fundamentally, decreasing the states expenditure and its intervention in some of the core sectors became the feature of neoliberal approach. Further, 'in an effort to rapidly trim budgets deficits, governments were forced to make choices, and inevitably, the environment loses' (FOE, 1994).<sup>21</sup> Nevertheless, we cannot take it for granted that the developing countries, both large and small have benefited (and at the same time had adverse results) from the embedded advice and know-how of these IFIs. Stories of development process, as Leipziger states, in many third world and developing countries will remain incomplete without the mention of the funding and assistance under these institutions (2014).

Despite its popularity, reach and operations in array of sectors, IFIs have been on the radar of many nongovernmental organizations specifically that of the environmental critiques. This makes sense, especially considering the indifference in the approach of

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<sup>21</sup>Not only were the budgets and staffing of environment departments downsized, the policy to attract the investments from these institutions weakened the government to enforce environmental laws with increased relaxation on the legislation on environment law. There is also evidence that structural reforms served to widen socioeconomic and gender disparities, impoverishing some of the poorest group in the society and compounding environmental degradation (see, Potter, 2004).

these institutions in-incorporating factor associated with environmental and social objectives. Today, it is more or less accepted that no other issues when it comes to IFIs have exerted as much pressure on development debate as the environment. The attack on the part of the other actors, most notably from civil society organization led to a seismic shift in the way these institution conducted their operations. Accommodating broader set of changes in social analysis with regard to its safeguard policies applicable to the society at large (Elliot, 2007) became the order of the day. This shift became especially evident as the strength and arguments put forth by the environmental critique gained stable ground. Therefore, as aptly stated by McGaughey, ‘the concept of sustainability provided a new set of development priorities, with a foremost requirement that project and non-project lending take into account the protection and improvement of natural resources as one of its main goals (1990).

Despite the record of controversies, the IFIs in general and the World Bank in particular have undertaken a series of reform over the past two decades to become an environmentally and socially responsible investor (Hebertson, 2012). The WB defines sustainable development as a ‘process of managing a portfolio of assets to preserve and enhance the opportunities people face’ (WB, 2000). These assets according to the WB include natural and human capital, and for this capital to be sustainable, development must provide a space for these assets to grow or at least not to decrease (Elliot, 2007).

IFIs in line with this thinking have known to adopt various internal policies and institutional reforms to ensure that its investments meet at least a minimum standard of acceptability in its operations. One can witness a massive change in the investment

of these institutions especially in the sectors that have made it to their priority list. Sustainable development tagged with ‘poverty reduction’ in this context has become one of the most recurring themes addressed and financed by the IFIs. Not only have these institutions been integrating sustainable development as an important criteria in most of its operations, but have also been disseminating the importance of resource management parallel to growth and development.

In addition, these institutions have also started to establish various offices to cater to the issues related to sustainable development and in particular the environment. In 2006, for example, the WB created its Sustainable Development Network, led by one of the WB’s vice presidents, to provide financial support on issues related to climate change, agriculture and natural resource management (Hebertson, 2012). Progressive, the WB have also strengthened its ‘safeguard policies’ that set the minimum environmental and social requirements expected from the borrowing nation/party.<sup>22</sup> In 2010, the WB adopted an ‘access to information’ policy, which contained a disclosure of many of its documents, that allowed the communities and the civil society to learn more about the investment made by the WB that might affect the people directly or indirectly (Hebertson, 2012).

There is also evidences of these institution creating a condition wherein provision for ‘green project lending’ are provided to the individual government for specific project as identified and designed by the government of recipient nation in collaboration with the institutions undertaken (Elliot, 2006). These institutions have also known to support different countries to design and implement scheme such as National Environmental Action Plans (NEAP), which aims to assist developing nations to

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<sup>22</sup>The borrowers are expected to conduct an environmental impact assessment, with consultation among the local communities as one of the major condition for financing (Hebertson, 2012).

move beyond environmental reporting and to set up a specific action plan for the environment, towards integrating environmental consideration into a nations overall economic and social development strategy (Elliot, 2006).

The assistance from the IFIs in line with sustainable development agenda include, investments in tackling global environmental problem, reduction of green house gases, protection of bio diversity, international water management and energy conservations. Funds are also provided in areas which specifically aim to strengthen environmental management, with assistance in area such as research, capacity building, training and monitoring, as well as direct investment in pollution prevention and treatment funded (Elliot, 2006). In addition to this, Environmental Assessment Plan,<sup>23</sup> in order to safeguard the environment have also started to be integrated as a major component in the projects funded, making the prospect of sustainable development all the more vibrant and achievable. Further, the policy of ‘non-imposement’ of developmental initiative on the government, allowing the borrowing nation the space to choose the appropriate model and policies for the state in its developmental venture is important to address. Adherence to this policy, as the Brundtland report states, ‘allows a target population to decide what their choices of priorities would be, which would place the development in the human centered end of sustainable development’ (1987).

Apart from this, IFIs such as the Inter-American Development Bank (IDB) are also know to have played an important role in imparting consciousness and following developmental practices that have been in line with the environment and its protection

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<sup>23</sup>According to the institutions mentioned above, the environmental assessment plan is very important in continuing with the projects financed by them. Before the projects are preceded for approval they are screened for environmental impacts with various levels of investigations. The forward call for the project is given only if the project is environmentally sound.

since early 1970s. The Environmental Committee (CMA) of the IDB set up in 1983, is considered to be a high-level management committee whose main tasks are to supervise environmentally sensitive projects and analysis of special environmental issues in loan projects, from the stage of preparation and analysis, until their final approval and execution (McGaughey, 1990). Today, the IDB have gone beyond the environmental surveillance and have started accounting for its emissions in its portfolio. In 2015, IDB figures stated that 0.6 million tons of CO<sub>2</sub> equivalent were avoided while 0.5 million tons were generated (Wright, 2017). The European Bank for Reconstruction and Development has also started to publish its emission figures for its portfolio (Wright, 2017). Taking cue from these institutions, other actors in the developmental field have also started to adopt and publish its 'accounting for the portfolio emissions', in terms of both emissions avoided and generated, and have gone as far as setting a target for its portfolio level emission (Wright, 2017). The stating of the emissions generated in the annual reports and working on its reduction can be taken as an important step by these institution as a good stewardship of public responsibilities in general and sustainable development in particular.

However, there have also been evidences of claim which goes against the good stewardship directed by these institutions. While the WB is known to have been vocal for making strong case for urgent action on some of the pressing global issues, such as climate change, its commitment to it nevertheless remain skeptical. There is no doubt that the WB have been playing a leading role in directing much needed finance and setting the precedents for future financing, but there have also been cases where it has remained ignorant of such acknowledgement and have carried on with the process of funding, which have worked against some of the basic policy propagated by it. The cases of it funding fossil-fuel projects, stalling on the promises made and doing

virtually nothing substantial to priorities decentralized and locally driven mitigation or adoption effort (Redman, 2008) are some of the instances. At the same time, it is also a known fact that the World Bank has not made any commitment to reduce its own climate change footprint.<sup>24</sup> In 2008, a research conducted by the World Resources Institute (WRI) revealed that 60% of the Bank's financing for the energy sector did not take climate change into account. Further, in a follow-up survey in 2010, it was revealed that only a limited number of World Banks sector loans support clean energy development (Herbertson, 2012).

IFIs status as the main source of addition financing for the developing countries with a major role in encouraging environmental activities cannot be discounted for. What however, is required is these institutions staying true to its content and claims. This is especially important as the operation of these institutions can be found in all most all the important sectors of the countries and in almost all the part of the world. Therefore, it is essential for these institutions to incorporate principles of sustainable development and to execute it in its projects and funding. This become all the more important for these institutions as adoption of UN Sustainable Development Goals<sup>25</sup>

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<sup>24</sup>The Asian Development Bank (ADB) has exceeded the World Bank in clean energy lending. In 2009, the ADB adopted a new energy policy that commits to measuring the carbon footprint of proposed project, providing technical support for countries to undertake low carbon strategies, and helping countries determine more energy efficient options. The ADB also committed to provide \$2 billion annually to clean energy project beginning in 2013, a doubling of such investments based on 2008 lending.

<sup>25</sup>The Sustainable Development Goals (SDGs), otherwise known as the Global Goals, are universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. It was unanimously adopted by 193 member states and came into effect in January 2016. It includes 17 goals, embracing a triple bottom line, combining economic development, environmental sustainability and social inclusion, with major emphasis on new areas such as climate change, economic inequality, innovation, sustainable consumption, peace and justice, among other priorities. SDGs provide clear guidelines and targets for all countries to adopt in accordance with their own priorities and the environmental challenges of the world at large ([undp.org](http://undp.org)). It calls for partnership of governments, private sector, civil society and citizens alike to ensure that its targets are met, (<https://www.undp.org/content/undp/en/home/sustainable-development-goals.html>).

and the Paris climate agreement<sup>26</sup> by the member countries have further put sustainable development at the heart of their mandate. Aligning its assistance with the working of these globally agreed goals therefore is both a challenge a necessity for these institutions in order to survive and maintain its hold. So what it must strive towards is adoption of sustainably viable developmental practices. In prospect, the action of these institutions with regard to environment and development are very much crucial in formulating new environmental policies and in determining the future course of sustainable development.

## **2. 5. States Approach to Sustainable Development**

Sustainable development as a concept made its head way with the realization of globally felt crisis. So far as its implementation is concerned, it still remains to be a challenging concept with state of Sikkim being no exception to it. However, the measures undertaken by the state for its developmental endeavor in line with sustainable development are commendable. The state with a total geographic area of 7,096 sq km, finds its place as one of the biodiversity hotspots in the world. It is also for this reason that finding a sustainable solution has been one of the priorities for the state in its developmental pursuit (CM's Speech, 2014). The primary goal, as the Chief Minister (CM) of the state puts, 'is to put an end to the man-nature conflict i.e. to pursue development without damaging the environment, to raise humanity without lowering the quality of fragile eco-system in which we live and to achieve new heights of existence without threatening the existence of vibrant living environment around us' (2016).

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<sup>26</sup>The Paris Climate is an agreement within the United Nations Framework Convention on Climate Change (UNFCCC) dealing with greenhouse gas emissions mitigation, adaptation and finance starting in the year 2020. The Paris Agreement's central aim is to strengthen the global response to the threat of climate change by keeping a global temperature rise this century below 2 degrees Celsius.

Sikkim, since very early followed a development path that has been in tandem with the environment and its protection. The development strategy that the state has opted for has mostly been undertaken with adequate consideration of environment and its management. And though it is evident that no development strategy can materialize without adequate damage to the environment, various methods to neutralize the damage has been adopted to achieve a balance between conservation and growth. Further, the realization that Sikkim's biggest strength and blessing are its nature and the environment and its development has to be built on its strength rather than outside of it (CM, 2016) made the pursuit of sustainable development all the more worthwhile.

Sustainable development has been one of the key focus areas in Sikkim for the past two decade. The objective as stated by the government is to 'use wisely the biodiversity resources, making sure that the habitats from which we take are respected' (CM, 2006). Although one of the youngest state to join the Indian union, the state has achieved some rare feat in the area of sustainable development. However, an important aspect that needs to be understood and which has already been discussed in the preceding section is the 'inclination to a pillar of sustainability,' based on the interest of the actor accentuating it. In line with this understanding and especially addressing the case of Sikkim, it is important to understand that maximum importance in addressing the concern of sustainable development has been attached to the environmental pillar of it, the case of which will be enunciated below.

To go about with the initiatives undertake and the recognition awarded to the state in this area; the state has been recognized as- the Greenest State, first Organic State, first Nirmal Rajya, first state in the country to initiate the capacity building and livelihood

measures, cleanest state, first state in the country for Green Protection Index, first Environment Friendly State, State with lowest BPL population, first state to ban grazing, plastics and styrofoam products, bursting and selling of crackers, wildlife killing etc (From CM's speeches, 2016). Prime Minister Narendra Modi, in his inaugural speech during his visit to Sikkim stated that, 'the development environment conflict is globally felt reality, however, Sikkim is a model in the world, where the environment is fully protected while at the same time new heights of development are being achieved' (2016).

Since the year 1995, the state government has been actively working for the protection and conservation of environment. The observation of Harit Kranti Varsha (green revolution year) in 1995, and the period 2000-2010 as the 'Harit Kranti Dashak'<sup>27</sup> (green revolution decade) and other green campaigns such as Smiriti Van,<sup>28</sup> Sikkim green Mission,<sup>29</sup> Ten Minutes to Earth,<sup>30</sup> creation of myriad Biodiversity park, Bird's Sanctuary and herbal gardens have played an important role in attributing this status to the state (CM's Speech, 2014). For these scheme initiated, the CM, in the

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<sup>27</sup>The aim of this initiative was to inspire people to protect forests by avoiding damage to trees and encouraging the people to plant trees and nurture them wherever open spaces were available. Under this program forest protection, wildlife and environmental conservation in the state became the prime focus of the government. Large scale afforestation programmes and protection of natural resources through people's participation were undertaken. The targeting of an increase in forest cover under this scheme is considered to be the beginning of an era of environmental resurgence in the state. Owing to this consciousness the forest cover of the state has increased from 47.62 per cent in 2017 from 43.95 per cent in 1993, <https://indianexpress.com/article/india/sikkim-increases-forest-cover-by-over-4-per-cent-since-1993-pawan-kumar-chamling-5456984/>

<sup>28</sup>Smiritivan is an idea conceptualized by Chief Minister of the state Dr. Pawan Kumar Chamling. The idea is to plant trees in the memory of near and dear ones. It was launched in occasion of World Environmental Day at Bulbuley smiritivan, near Gangtok. So far, approximately 40 Smiritivans have been created all over the state (CM's Speech, 2014).

<sup>29</sup>The state green mission was initiated in the year 2005 by the GoS. It was a mission undertaken to raise avenue plantation along the roads and beautification of all vacant and waste land in order to reinforce wide spread recognition of Sikkim being a green state (CM's Speech, 2014).

<sup>30</sup>Ten minute to earth is a planting campaign conceptualized by GoS in the year 2010. Since then this campaign has been transformed into an annual ritual. The idea was to mobilize the entire population of the state to plant hundreds of sapling within a matter of ten minutes. This initiative according to the former Governor of the state, Mr. Balmikik Prasad Singh, is not only 'an innovative' but represents the highest tradition of Indian civilization (CM's Speech, 2014).

year 1999, was conferred the title of “Greenest CM of India”. In a nationwide survey conducted by Centre for Science and Environment (CSE), New Delhi, in the year 1999, Mr Chamling was chosen as the CM most committed and dedicated to environment and sustainable development.<sup>31</sup> In the same year, the Centre for Development Finance (CDF) at the Institute for Financial Management and Research (IFMR) ranked Sikkim first in ‘natural resource management’, first in ‘performance of land use’ and second best state in overall ‘Environmental Sustainability Index’ (ESI). Sikkim was again ranked highest by CDF on ESI in 2009 in two categories i.e. ‘reducing pressure on environment’ and ‘states response to maintaining its environment.’ And in the year 2011, it figured among the category of most sustainable states of India, according to the ranking of ESI for Indian states.

To further work in line with this form of development, the state government in the year 2003 launched a historical movement to go completely organic by adopting a natural method of farming, free from usages of all form of chemicals in its food products. This vision translated into reality when in the year 2016<sup>32</sup>, PM Narendra Modi declared Sikkim as the first organic farming state in the country. The driving force for going organic as stated by the CM is to ensure economic viability and environmental sustainability, coupled with generating feeling of social responsibilities among the people (CM, 2014), which taken together forms the core of sustainable development.

Another aspect which forms an important base of sustainable development is the engagement of people in the developmental venture of the state. It is generally stated,

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<sup>31</sup>Nearly 90 percent of the environmentalists contacted by CSE whose patron was the then president of India, Mr. K.R. Narayanan, were of the opinion that Sikkim was moving towards sustainable development.

<sup>32</sup>In Sustainable Agriculture Conference held in Gangtok, Sikkim in the year 2016.

that the objective of sustainable development cannot be achieved without ensuring larger participation, empowerment and social mobility of all sections of the society. Participation and inclusion of the people at all level therefore becomes prime. This factor when it comes to Sikkim have been well accounted for, as the engagement of the citizens, right from people from various walks of life to the students and taxi drivers can be witnessed participating in the state building process in general and in all the government initiated ventures in particular. The case of locals and taxi drivers bearing the responsibilities for maintenance and protection of some of the major tourist sites in the state can be taken as instance for this. Further, the introduction of compulsory environmental education in government schools of the state, starting from primary level is also an important initiative undertaken by the government. The rational, according to the CM, 'is to create environmentally conscious citizens who will work for the betterment of society and the environment they live in.' It is for this reason, the school student of the state, has been targeted as one of the major agent of change for this endeavor.

Despite these effort, the history of Sikkim, its geographical location and its settlement (majority rural) makes its population heavily dependent on the state government, wherein mass awareness of centre and the state initiated schemes on human empowerment are still basic requirements which needs to be catered (Subba, 2015). Further, owing to other challenges such as the state lacking avenues for economic growth and also missing many of the five year planning process which massively handicapped its developmental pursuit in terms of its growth and development makes small state such as Sikkim dependent on other sources for funding apart from that provided by the centre. Therefore, as the CM of the state puts, 'locating where the real opportunities lie becomes important' (2014). It is in this context, diversification of the

actors in developmental pursuit is claimed to be a necessity. And as discussed in the previous chapter, the state managed to open up in a grand scale when it comes to diversifying its developmental partners, attracting some of the major institutions of the world for both assistance and funding. Nevertheless, considering all the measure undertaken by the state government and its people to make development not only go hand in hand with environment conservation but also be sustainably viable, what needs to be ascertained is that the other developmental partners do the same. This, when it comes to external institutions such as IFIs becomes important especially talking into consideration their past history of development which have mostly been seen in a negative light.

## **2. 6. Conclusion**

The idea of development is not new but has a substantive history. However, what is new about the developmental studies in the late 90s and early 20th century is the way in which the two literatures of development and environment are integrated owing to the recognition of its significance and interdependence in terms of its nature and goals (Elliot, 2007). This paved the way for the concept of sustainable development which encapsulated the notion of development based in the reality of local environment and needs of the poorest sector in the society that were removed from the unilinear economic development model of 1960s (Elliot, 2006).

The concepts as such cuts across the disciplinary barrier owing to its multi-dimensionality and have emerged as one of the most used concept in contemporary time with multiple actor accentuating the relevance of it. Further, the expansion of sustainability debate from the older and greener argument, which saw sustainable development as concerned solely with environmental issues (Murray, 2001) to be

replaced by a fuller version with equal consideration of social and economic aspects of life made it all the more encompassive and contemporary.

The concept since gaining its foothold is increasingly recognized as a challenge for people across the globe, rather than for particular institutions of development or certain regions of the world in isolation (Potter, 2004). It is in this context we find various actors and institution promoting sustainable development transforms what they do in their operations and modifies their internal structure to address it duly. This is where the relevance of IFIs comes to play, whose internal structure in order to address some of the pressing issues faced by the globe today are progressively being transformed.

While there is no doubt that these institutions in its assistance and operation brings advance technologies, managerial and marketing skills, reference to their past undertaking provide ample of evidences of these institutions being insensitivity to the social and economic needs of the recipient state/nations. It therefore, becomes the responsibility of national/state government to maintain full commitment, communication and active participation in the projects funded or assisted by these institutions. This will not only help the state to use these investments for further interest of the national/state economic development, but also protect its citizens from the possible negative consequences of it. This is more so when addressing the case of Sikkim, as the states path toward development have to be implemented cautiously owing to its physiographic profile and unruly climatic condition.

In addition, progress towards sustainable development when addressing the case of IFIs is dependent not only on the financial assistance provided by them but also in enabling individual and the local community groups to become more proactive in

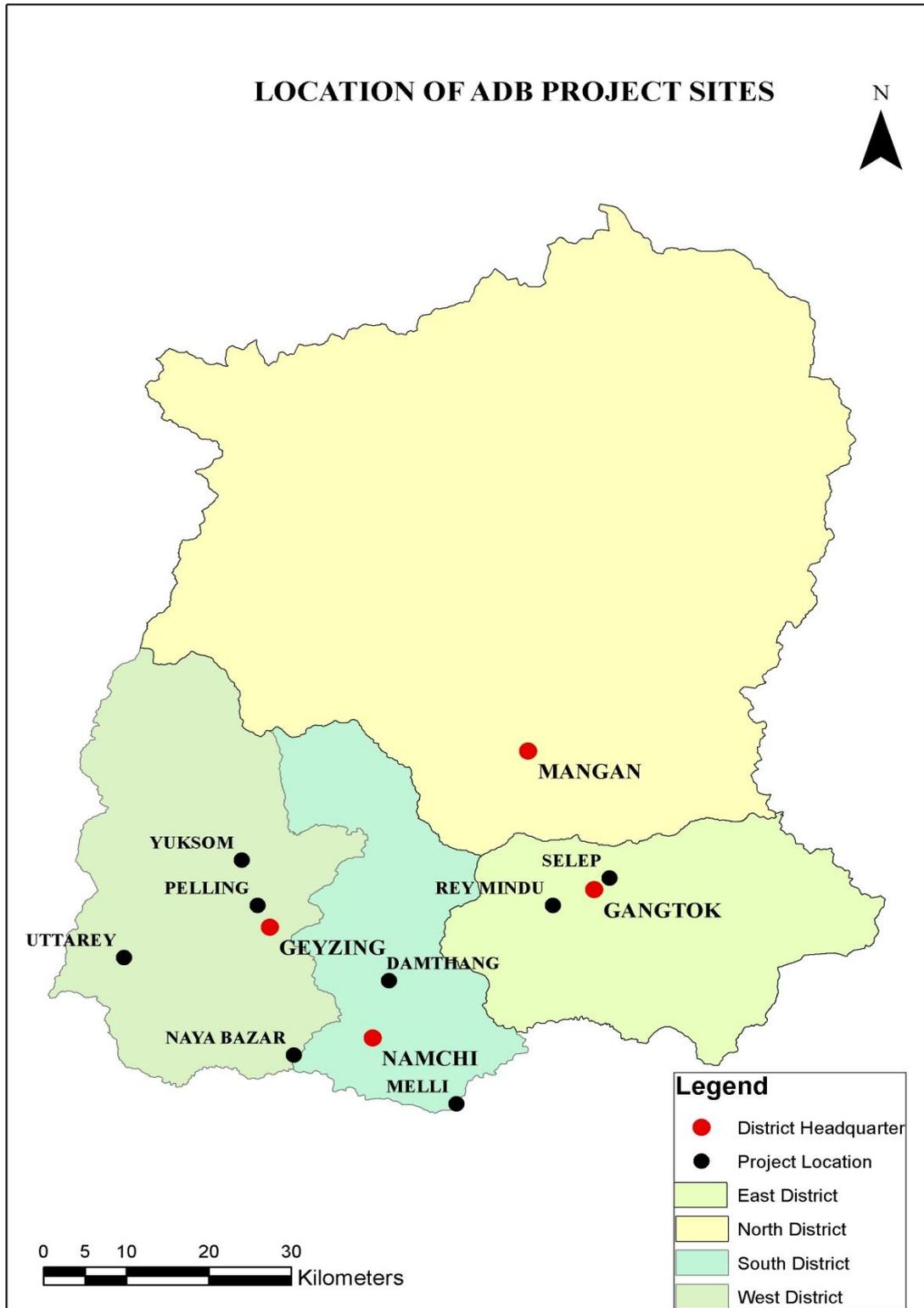
terms of their participation and in their access and control over their resources, failing which the developmental model will lapse back to where it began. There is no doubt that IFIs influence in development policy and planning in the developing world is important to an unprecedented extent but questions have also been raised with regard to their commitment to development that is sustainable. Thus, it remains to be seen 'if' and 'how' the IFIs can play an important role in determining the prospect of sustainable development. The subsequent chapters of the study deal exclusively with this aspect wherein ADB and WB in promoting and integrating the practices of sustainable development in its assistance in the state of Sikkim are taken as a case in point.

### **CHAPTER-III**

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#### **LOCATING SUSTAINABLE PRACTICES IN INFRASTRUCTURE DEVELOPMENT OF THE ASIAN DEVELOPMENT BANK IN SIKKIM**

**Map 2: Location of ADB Project Sites**



Source: Location of Project Sites Extracted from Google Earth Pro

## CHAPTER-III

### LOCATING SUSTAINABLE PRACTICES IN INFRASTRUCTURE

#### DEVELOPMENT OF THE ASIAN DEVELOPMENT BANK IN SIKKIM

##### 3. 1. Introduction

Sustainable development as explored in the previous chapter has risen to become one of the most important concerns to have made it to the developmental debate. Integrating practices of sustainable development in any developmental pursuit by an actor is not only important but a mandatory requirement. This aspect is not just applicable to the nation state but is extended to all the other actors involved in development directly or indirectly.

Rooting to this line of thought, an attempt in analyzing the integration of sustainable practices in the assistance of Asian Development Bank (ADB/bank) in the state of Sikkim will be the core element of the chapter. The chapter begins with a general background of the ADB and its changing priorities in its operation, enunciated with brief mentioning of its current practice of mainstreaming sustainable factor into its country partnership strategies and sector road maps. Narrowing down to the country level, the chapter then progresses with ‘ADB and India’ and its increasing partnership in developmental front of the country, especially in sectors related to infrastructure and innovation, with themes such as ‘environment’ and ‘sustainability’ replete in most of the cases. Addressing the core aspect, the chapter then flows with the case in point of Sikkim wherein increasing role of ADB can be witnessed directing the developmental path of the state. It explores ADB and its existing operations in Sikkim with an attempt to analyze the integration of sustainable practices in the policies and operations of the bank in the infrastructure building of the state. This, the chapter

attempt to address by separately analyzing the three pillars of sustainable development (i.e. environment, economic and social) and deciphering its applicability in the ground level. The chapter ends with the conclusion that it is not just the fund and assistance from the bank but inclusivity of masses and their commitment to the project undertaken that is required for development that is sustainable.

### **3. 2. ADB: On A Road to Sustainability**

The Asian Development Bank was conceived amid the postwar rehabilitation and reconstruction of early 1960s by the Asian leaders who believed that regional cooperation supplemented with international financial resources would help promote development in Asia (McCawley, 2017). Several ideas underpinned the establishment of the bank. One, was that the Asian countries needed to win together to promote progress. Second, was the realistic recognition that additional resources ‘from both within and outside the region’ were needed to promote development and third, that the establishment of a strong and credible regional bank would be an effective organization to support these goals (McCawley, 2017). The vision, in other words was of a financial institution that would be ‘Asian in character’, which would help foster economic growth and cooperation in the region. It was to safeguard this particular interest that the ‘Banks Charter’ is structured in a way that empower the regional member to hold at least 60 percent of the capital stocks leaving only 40 percent of the authorized stock to its non regional member (McCawley, 2017).

The path upon which the bank treaded since its inception has been long and one with arduous challenges. Although it started with its focus exclusively diverted to food production and rural development, it gradually shifted to development of

infrastructure, in particular the energy project (adb.org).<sup>33</sup> With time, the bank started to expand its assistance to support social infrastructure development projects such as education, health, gender, urban planning, micro finance, environment etc (adb.org),<sup>34</sup> which made the bank not only encompassive in its approach but fuller in its content. The beginning of new century brought more challenges to ADB as it was realized that development still bypassed many in the region (ADB, 2011). This recognition translated into ADB adopting ‘poverty reduction’ as its overarching goal. The initiation of Millennium Development Goals (MDGs)<sup>35</sup> further propelled ADB to speed up its process of development as it became increasingly evident that achieving goal 1, i.e. ‘eradicating poverty’ was unlikely unless goal 7, i.e. ‘ensuring environmental sustainability’ was also achieved. At the 2007 annual meeting in Kyoto, the bank’s the then president, Haruhiko Kuroda highlighted, that these two concerns ‘if not taken care of would threaten social cohesion and hamper economic growth of the region.’ Thus, the previous philosophy widely held across Asia of ‘growth now, clean up later’, (McCawley, 2017) gave way to adoption of new development model that required economic growth to be combined with environment and its management.

The year 2008, further marked a turning point in the work approach of the bank as it had to undergo major readjustment in order to cope up with the demand of time and changing social forces. The integration of environment and its concern and aligning

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<sup>33</sup> <https://www.adb.org/projects/sector/energy-1059>, Accessed: 28.12.18.

<sup>34</sup> <https://www.adb.org/about/history>, Accessed: 28.12.18.

<sup>35</sup> The Millennium Development Goals (MDGs) are eight goals with measurable targets and clear deadlines (2015) for improving the lives of the world's poorest people. It was adopted in the year 2000, by 189 nations. These eight goals are- 1: to eradicate extreme hunger and poverty, 2: to achieve universal primary education, 3: promote gender equality and empower women, 4: reduce child mortality, 5: improve maternal health, 6: combat HIV/AIDS, malaria and other diseases, 7: ensure environmental sustainability and 8: develop a global partnership for development ([unmillennium.org](http://unmillennium.org)).

most of its operations in line with development that is sustainable is an important example of this phase. In addition to this, the growing realization that the initial growth model adopted by different nation not only led to increasing pressure on the environment inducing natural disaster but also intensified and threatened sustainable development (ADB, 2016), helped reaffirm faith in adopting this line of development.

One of the efforts undertaken by the bank in this direction was the documentation of report referred to as ADB's 'Long-Term Strategic Framework' or 'Strategy 2020'.<sup>36</sup> This strategic framework reaffirmed ADBs commitment to support environmentally sustainable growth in Asia and the Pacific that would help realize green growth for the region as part of its ongoing effort to reduce poverty (adb.org).<sup>37</sup> To pursue this mission, ADB identified three complementary strategic agendas: sustainable economic growth, inclusive social development and environmentally sustainable growth. Along with these, five core areas of intervention i.e. infrastructure, environment, regional cooperation and integration, finance sector development, and education (ADB, 2011) were also identified to be an important part of the investment portfolio directed by the bank.

It therefore should come as no surprise that between 2008-2012, more than 80% of ADBs operation were in the above identified 'strategy 2020' five core areas (adb.org).

Accordingly, the number of loans and grant with environmental sustainability as

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<sup>36</sup>Strategy 2020 is a long term strategic framework adopted by the ADB in the year 2008. The vision that the bank holds according to this strategy is poverty free Asia and Pacific. The mission of this long term strategic framework is to help developing member countries reduce poverty and improve living conditions and quality of life. The report on the document lays out the direction and planning for ADBs operation and process in order to reshape the bank into more effective and innovative developmental institutions. The then President of the bank, Haruhiko Kuroda, in order to make it a workable strategy requested all the meter of the bank for "a stronger support.... to help Asia realize its potential as a fully developed part of the world, a partner in global prosperity, and a beacon of hope for the advancement of societies everywhere" (ADB, 2016), <https://www.adb.org/sites/default/files/publication/182652/sd-wp-041.pdf>.

<sup>37</sup><https://www.adb.org/about/strategy-2020-mid-term-review>, Accessed: 05.07.18.

theme increased steadily with majority of project supporting the development of urban environmental improvement projects (42%), projects using clean energy (40%), and natural resource conservation projects (13%) (ADB, 2011). Fifty-three such projects totaling about \$4.9 billion were approved in 2010, which marked an upward trend, from 5% in 2003 to 38% in 2010 (ADB, 2011). In addition to this, 57 technical assistance projects worth approximately about \$71 million and 19 grants worth nearly \$188 million were approved in 2010 with environment and sustainable development as a theme (ADB, 2011). At the project level, the emphasis on the environment as an independent sector also increased with maximum fund aligned towards strategic environment and climate change objectives, the evidence of which is substantiated by increasing attention towards this sector i.e. 57% during 2013–2015, from 45% during 2010–2012, and 17% during 2005– 2007 respectively (ADB, 2016).

The year 2015 further witnessed two important international agreements being ratified - the Paris climate agreement<sup>38</sup> and the UN Sustainable Development Goals.<sup>39</sup> In line with this new global goals, ADB in its developmental pursuit, reaffirmed the commitment to ensure social and environmental sustainability in all of the projects supported, directed and funded by it. Also, owing to the increase in the demand of international development agencies for issues related to environment, the bank have progressively started to strengthen its assistance for environmental sustainability over

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<sup>38</sup>The Paris climate is an agreement within the United Nations Framework Convention on Climate Change (UNFCCC) dealing with greenhouse gas emissions mitigation, adaptation and finance starting in the year 2020. The Paris Agreement's central aim is to strengthen the global response to the threat of climate change by keeping a global temperature rise this century below 2 degrees Celsius.

<sup>39</sup>The Sustainable Development Goals (SDGs), otherwise known as the Global Goals, are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. It came into effect in January 2016, and includes 17 goals with emphasis on new areas such as climate change, economic inequality, innovation, sustainable consumption, peace and justice, among other priorities. SDGs provide clear guidelines and targets for all countries to adopt in accordance with their own priorities and the environmental challenges of the world at large ([undp.org](http://undp.org)). It calls for partnership of governments, private sector, civil society and citizens alike to ensure that its targets are met, (<https://www.undp.org/content/undp/en/home/sustainable-development-goals.html>).

the years and have also supported the use of environmentally friendly technologies, adoption of environmental safeguard measures and established the institutional capacities to facilitate the enforcement of it (ADB, 2016).

Thus, it is evident that the ADB in its journey toward sustainability has undergone massive transformation with regard to its approach and its lending procedure. The expanding diversification of sectors in case of its assistance, the reform and changes initiated while at the same time readjusting and modifying some of its core features, is important to consider while trying to understand the bank as an institution. This change in its orientation is not only a response to the changing social forces, but a basic requirement in order to strengthen its capacities in order to mobilize its resources and help itself work better with its developmental partners. In prospect, what is required for the bank apart from expansion and restructuring (which no doubt is important) is to withstand all the internal complexities and align itself with these globally agreed goals in pursuing sustainable development in order to be the force to reckon.

### **3. 3. The Case of India**

Narrowing it down to the country level, India is one of the founding members of the ADB. It commenced its first lending in the year 1986, during the initial stage of its economic reform and today is its fourth largest shareholder. The bank, considering its relationship with India, works in partnership with not just the Centre but also with the state government and private firms/agencies to facilitate developmental initiative towards meeting the nation's economic and human development goals (ADB, 2011). Progressively, ADBs India program have developed and matured over the year cross-cutting not just the sectors but also geography and its thematic coverage (ADB, 2014).

Since the start of its first lending operation, ADB have approved approximately 210 loans amounting to \$31.5 billion, i.e. \$173.8 million for 10 grants and \$262 million for 348 technical assistance projects (adb.org).<sup>40</sup> Today, apart from its continuing support to reduce poverty through infrastructure-led growth, it has also started to support core infrastructure related sectors such as energy, transport, and urban services. The bank have also been investing in innovation, in areas such as infrastructure development for improving water resource management, agribusiness and other related infrastructure and skill development which runs parallel with the governments guiding principle of ‘Innovation Impulse with Investment’ (think-asia.org).<sup>41</sup> This brings us to an understanding that ADBs assistance to India since the procurement of its first loan has in many ways been in tandem with the evolving priorities of not just the bank but also the government.

Coming to the case in point of integrating sustainable practices in the banks operation, it is evident considering the preceding section, that the idea has made it to the priority list in most of the mandate undertaken by the bank. Further, the increasing consciousness among the nation as well its people that “not just growth but growth that is sustainable” is important, has made sustainable development an important concept in the policy prescription of both the state and these institutions. Following this lead, ADB when it comes to its operation in India, have begun to support the government’s ‘Twelfth Five-Year Plan’ priorities, which aims for ‘faster, more inclusive, and sustainable growth.’ This the bank, in collaboration with the Government of India (GoI), plans to achieve by incorporating the ‘three strategic pillar’ of inclusive economic growth, environmentally sustainable growth and

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<sup>40</sup><https://www.adb.org/publications/india-fact-sheet>, Accessed: 11.05.17.

<sup>41</sup><https://think-asia.org/handle/11540/346>, Accessed: 04.03.17.

regional integration stated in its 'country partnership strategy' (2013-2017). In addition to this, to supplement GoI's effort to reduce interstate disparities and promote balanced growth, it has also started expanding its operations in low-income and Special-Category State's.<sup>42</sup> These states, as per the bank, are characterized by high poverty, low income, low level of social development, weak capacity, and inadequate infrastructures. From the year 2009 to 2013, majority of ADB's project approval in India involved such states, with much of its focus directed on strengthening the capacities of executing agencies in planning and implementing its infrastructure projects (adb.org).<sup>43</sup>

The state's of North Eastern India fits the above mentioned profile well, and therefore it should come as no surprise that most of the developmental project undertaken by the bank and other financial institutions such as WB, JICA, AUS Aid are directed to this region. However, the instance of low income and special category status is not the only reason for the attention diverted. It is no secret that North East as a region remained neglected for a long time, as it was not only difficult to access the terrain and engulfed in internal conflict but it also did not fit the pattern of development that was being implemented in other part of the country. However, this stand of the region gradually shifted as the GoI, unearthing the locational advantage of northeast generated a massive interest, especially in its need to expand trade and investment cooperation between the countries and dominant economic interest of South Asia and

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<sup>42</sup>The concept of special category state was first introduced in the year 1969 when the 5th finance commission sought to provide certain disadvantaged states with preferential treatment in the form of central assistance. The rationale for special status is that; certain states, because of its inherent features, have a low resource base and cannot mobilize resources for development. Some of the features required for special status are: hilly and difficult terrain, low population density, strategic location along borders with neighboring countries and economic and infrastructural backwardness ([http://www.arthapedia.in/index.php?title=Special\\_Category\\_States](http://www.arthapedia.in/index.php?title=Special_Category_States)). In view of the above problem, central government sanctions 90 percent in the form of grants in plan assistance to the states in special category, while the remaining 10 percent are provided by the state government.

<sup>43</sup><https://www.adb.org/publications/india-fact-sheet>, Accessed: 11.05.17.

South East Asia (Wanghheirakpam&Yumnam, 2006). It is in this context of expansion of trade, economic growth and liberalization, a massive increase in the attention diverted as well as the infiltration of different actor in not just funding major projects but also directing the development path in the region was witnessed. The region, as aptly put by Wanghheirakpam, 'had become India's new development frontier' (2006).

ADB's portfolio in India's North East region includes funding and assistance in project such as- Urban Development, Roads & Rural connectivity, Power distribution and management, Public Resource Management and Skill Development. It is important to mention here, that most of the assistance and funding from the bank in the region are in the form of 'packaged loans' that include minimum of two or three states of the region. The justification according to the bank for this is to promote regional integration and connectivity which confirms to both its strategic area of intervention as well as a necessary endeavor for economic growth and interconnectedness.

Accordingly, Sikkim's section of loan and TA from ADB as part of both packaged funding for North East Region and independent loan covers:

- i) Private sector development
- ii) Restructuring of state owned enterprise
- iii) Capacity building
- iv) Infrastructure development and
- v) Reforms of public finance, the case of which will be dealt exclusively in the following section of the chapter.

### **3. 4. The Case of Sikkim**

Maintaining a balance between ‘desired economic growth and the environmental need’ have remained one of the challenges for Sikkim. Considering the states physiographic profile therefore become necessary as any developmental scheme (tangible) conceptualized or implemented have to take into account its fragile ecology. This and the other inherent constraints mentioned before have in many ways created a huge disadvantage in terms of access (with regard to basic services) and infrastructure building of the state. The region as such is deficit in physical infrastructure which has had a multiple effect on its development pattern (HDR, 2014). Developing better infrastructures therefore will not only help lay foundation for economic growth and other commercial activities but will also ensure essential services accessible to the poor.

Although the state government, as mentioned in the initial chapter, has been in the centre stage of development and has been involved in every sphere of activity, it is increasingly proving inadequate. This is where the prominence of institutions such as ADB comes to play, which with its abundant resources and know how is well received by the state to help unearth its potential and use its resources diligently for the development of the state and its people. The subsequent subsection of the chapter focuses on developmental initiative funded and assisted by the bank in the state of Sikkim. Addressed below are the list of approved loans and TA provided by the ADB (Table. 1 and 2) with details on the sector and the area of its assistance.

**Table 1: List of Approved Loans/Technical Assistance for Sikkim**

Sl. No.	Category	Project Name	Project No	Project Type	Amount	Strategic Agenda	Approval Date
1	Tourism	SATIDP-IND	39399-013	Loan 2578/regional	\$20,00 Million	1. Environmental Sustainable Growth. 2. Inclusive Economic Growth 3. Regional Integration	16.11.09
		SASEC	39399-012	TA 6362/regional	\$950,000,00 (Source: JSF)	Same as above	13.12.06
2	Capacity Building	Capacity Building For Fiscal Reform	3605-012	TA4297-IND	\$600,000,00 (Source: Govt. of UK)		18.12.03
3	Infrastructure Development	NESRIP-Tranche 1	37143-023	Loan 2770-IND	\$ 74.80 million	Inclusive Growth	22.08.11
		NERCCDIP-Tranche 1	35290-023	Loan 2528 NERCCDIP	\$25.54 million	1. Environmental Sustainable Growth. 2. Inclusive Economic Growth	01.07.09
		NERCCDIP-Tranche 2	35290-033	Loan 2834-NERCCDIP	\$60. million	-	10.12.11

Source: Wangkheirakpam and Yumnam (2006), 'Insidious Financial Intrusion in North East India'; adb.org, (Project Factsheets), <https://www.adb.org/publications/india-fact-sheet>, Accessed: 26.07.17.

**Table 2: List of Sector Wise Approval of Loans and TA for Sikkim**

CATEGORY	DESCRIPTION OF PROJECT	AMOUNT	APPROVAL DATE/TIME OF COMPLETION	STATUS
<b>TOURISM</b>	-Strengthening and upgrading of road from Ranka to Sajong (8.580 km)	143.347 million	18.04.13-14.11.15	Ongoing
<b>1. SATIDP</b>	- Strengthening and upgrading of roads in West Sikkim- i) Access road to Pemayangtse Monastery ii) Pelling Zero Point to Helipad iii) Yuksom Bazar to Yoksom Helipad	149.55 million	30.04.12-29.10.14	Ongoing
	- Strengthening and upgrading of road from Damthang to IHCAE (2.36 km)	57.29 million	10.07.13-09.10.14	Completed
	-Village Tourism for Rey Mindu, Damthang and Uttarey	64.03 million	-	Ongoing
<b>CAPICITY AND INFRASTRUCTURE DEVELOPMENT</b>	1. NESRIP Tranche 1 i) improvement of road section and upgradation of road section from-Melli-Nayabazar (9.5 kms), SK-01 and ii) Nayabazar-Namchi (19.7 kms), SK-02.	69.67 crore	28.03.13-28.11.14	Ongoing
	2. NERCCDIP Tranche 1 Urban Development: water supply (supplying and laying distributive system in Burtuk and Chandmari, Construction of pump house and installing pump sets.	15 crore (approx)	27.09.11-26.09.13	Completed
	3. NERCCDIP Tranche 2 Support physical improvement of urban infrastructure in water supply system, sewerage and sanitation systems and solid waste management.	-	16.12.11-30.06.18	Ongoing

Sources: South Asia Tourism Development Project-Sikkim India, *Quarterly Progress Report*, Jan 2014-March 2014; North Eastern Road Investment Project India, *Quarterly Progress Report*, December 2013 and North Eastern Region capital Cities Development Investment Programme, *Semiannual Social Safeguard Monitoring Report*, July 2013.

### **3. 5. Sector and Areas**

As evident from the table above, the assistance and funding of the bank is operational in all most all the important sectors of the state. Its assistance spans from tourism development to urban development (inclusive of component such as water supply, sewerage and solid waste management) and building up of connectivity in the state via its assistance to road infrastructure building, up-gradation and beautification of existing roads and pathway. Substantiated below are the sectors in which we find the assistance and funding from the bank.

#### **3. 5.a. Roads and Connectivity**

Roads are key infrastructure connecting Sikkim with other part of the country. The state has a total length of 2,873 km with road density of 41 km per 100 sq. km (SIBEF, 2010) and is maintained by State Public Work Department (PWD) and Border Road Organization (BRO). Funding towards road infrastructure in the state are generally made under three heads, i.e. the Centre, State, and increasingly today from the international financial institutions, under externally aided project. Today, in collaboration with the state government the bank, apart from other sectors has started to play an increasingly important role in improving road connectivity in the region.

The bank's fund in this category include strengthening and upgrading of road in two section of the state in the south district, i.e. from Melli-Nayabazar (9.5 kms, Project SK-01) and Nayabazar-Namchi (19.7kms, Project SK-02) with total of 29.2 km covered under the programme funded for North Eastern State Road Investment Programme (NESRIP). This project covers six North Eastern States of Assam, Manipur, Meghalaya, Mizoram, Sikkim, and Tripura. The investment program aims to improve the secondary road network and enhance the performance of 'states roads

sector' in the region. The improved secondary road network according to bank will provide important linkage between the primary and tertiary road network (NESRIP, 2012). As stated by the bank, connectivity via road is a major contributor to the state's economy and development, especially in land locked and hilly area such as Sikkim. It is important to mention in this section that funding and assistance towards road connectivity and allied activities have also been addressed as an important component under other sector such as tourism development. However, owing to the uniqueness of each project and priorities set, the road connectivity section under tourism will be dealt exclusively under the set project.

**Table 3: Total Length of Roads Funded by ADB in North East Region under NESRIP.**

<b>State</b>	<b>Length (Km)</b>	<b>Length Funded by ADB (Km)</b>
Arunachal Pradesh	10,240	-
Assam	37,555	137.6
Manipur	12,628	93.2
Meghalaya	2,786	93.4
Mizoram	6,840	55.0
Nagaland	2,786	-
Sikkim	2,873	34.2
Tripura	16,931	20.3
North East (Total)	86,479	433.7

Sources: Government of Arunachal Pradesh, PWD (2010); Department of Industry and Commerce, Assam (2010); Manipur, Roads and Bridge Department (2011); Meghalaya State Portal (2010); Road Development Policy, Mizoram (2010); Nagaland Home Portal of India (2011); Sikkim-India brand Equity foundation (2010); Road Map of Tripura (2013); National Highway Authority of India, Ministry of Road Transport and Highways, GoI; NESRIP, ADB (2011).

### **3. 5. b. Urban Development**

ADB in the wake of urbanization propelled by rapid economic growth raised an urgent concern to address the requirement for urban infrastructure with a necessary need to combine environmental improvement with urban development (Mid Term Strategy, 2006). For the bank, there exists a correlation between urban development and economic development and in order to effectively implement its other projects and its overall economic strategy; urban centers in the region require assistance both technically and financially (ADB, 2004).

Thus, an integrated approach to address this concern in the state was conceptualized by pairing water supply component with sanitation and waste management under the project North East Region Capital Cities Development Investment Programme (NERCCDIP). This project same as the NESRIP, is a packaged loan diverted to address some of the urban problem faced by the capital cities in the north east region of Agartala (Tripura), Aizawl (Mizoram), Shillong (Meghalaya), Kohima (Nagaland) and Gangtok (Sikkim), with major objective of improving the environment and well being of the urban residents in these capital cities (NERCCDIP, 2015). This the project aims to do by addressing and upgrading the environmental and public health conditions through improved water supply system, drainage and sanitation facilities and providing basic skills and experiences in improving capacities in urban management.

Part of the funding and assistance directed towards Sikkim under this project is managed under two tranches, with different component addressed under the larger platform of 'sustainable investment in urban infrastructure sectors', such as water supply, sewerage and sanitation, and solid waste management. Component under

Tranche-1 includes water supply and its management in areas of Burtuk and Chandmari in Gangtok and Tranche 2, with continued assistance on water supply and management expands to other related urban infrastructure and physical improvement activities such as sewerage/sanitation and solid waste management in the east district of the state.

### **3. 5. c. Tourism**

Tourism is often portrayed by the bank as one of the solution to the economic problem that the state or region face. For Sikkim, tourism since very early have been an important source of revenue. However, lack of proper road connectivity and inadequate infrastructure has emerged as an impediment, which is a problem to not just this sector but the state as a whole. The bank, taking into consideration that Sikkim's comparative advantage lie in tourism have diverted maximum of its funds and assistance to this sector, with many cross cutting areas included within its fold.

The project, under the larger banner of 'tourism development', funded and assisted by the bank is the South Asia Tourism Infrastructure Development Project (SATIDP), which again is packaged loan diverted for improvement of some of the basic infrastructures and services in key tourism sites in Bangladesh, India and Nepal. The project aims to address these concern by upgrading airports, fixing roads and maintaining the tourist sites with improvement of some of the basic requirement such as water supply, sanitation systems, and solid waste management (adb.org), especially in some of the states/countries most renowned natural and cultural attractions sites so as to sustainably manage and protect it (SATIDP, 2014).

This projected as substantiated in the preceding section is an instance of how the three strategic agenda of environment sustainability, inclusive economic growth and

regional integration is materialized at the project level. Three projects under SATIDP-Sikkim have been sanctioned under this project in collaboration with the Tourism Department, GoS. First, is Ranka-Sajong road connectivity network and village tourism; in the form of home stay development and development of skills and marketing idea in the form of workshop and capacity building at Rey Mindu, which is a part of Rumtek circuit and destination development. The second project is the up-gradation, strengthening and beautification of road towards Damthang as part of village tourism and destination development. This connectivity project runs parallel to the development of infrastructure and facility development of the Indian Himalayan Centre for Adventure and Ecotourism (IHCAE), along with development of skills and capacities in the form of producing and marketing the same. Similar to the above two projects priorities, the third project covered by the bank is up-gradation and strengthening of roads in and around the sub division of West Sikkim and development of village tourism in the form of home stays and rural development in Uttarey, West Sikkim (ADB, 2011).

In short, the project covered by the bank under this sector is mostly for up-gradation and strengthening of existing roads for improvement of last mile connectivity in some of the major tourist sites of the state and associated projects for improvement of the lives of the people by focusing on the livelihood skills management through capacity development and creating voluntary organizations and micro entrepreneurs at the grass root level (SATIDP, Draft Feasibility Study Report, 2014).

### **3.6. Analysis of ADB Led Sustainable Practices in Infrastructure Development of the State**

With reference to the above section it is evident that the operation of the bank is in full swing, with its presence in almost all the important sectors of the state. However, what is required is to view these operations from critical lenses and to decipher if the assistance provided by the bank for the developmental projects in the state are sustainable or not. The following section of the chapter is divided into three subsections, taking into consideration the three pillars of sustainable development, with an attempt to uncover if practices of the bank coincide with the practices required under the each pillar respectively. Apart from that, what this section will also focus on is the applicability of the fact as prevalent in the report published by the bank at a ground level, especially with regard to integrating sustainable factor in the projects funded and assisted by it.

#### **3. 6. a. Environmental Sustainability**

Sound environment management according to the bank is critical to sustainable development. For this endeavor, the ADB's Board of Directors, in July 2009 approved Safeguard Policy Statement (SPS)<sup>44</sup> to reinforce environmental safeguards in its country operation system. The SPS, according to the bank's report, aims to ensure not just the environmental soundness and sustainability in the project but also integration of environmental consideration into its decision-making process

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<sup>44</sup>The goal of the SPS is to promote the sustainability of project outcomes by protecting the environment and people from potential adverse impacts of the project. The basic objectives it with holds to are- avoiding adverse impacts of project on environment and affected people wherever the projects of the bank are implemented, to minimize/mitigate/compensate for adverse project impacts and to help the borrower state or nation to strength their safeguard system and develop the capacity to manage environment and social risks (Operations Manual Bank Policies, 2009), <https://www.adb.org/sites/default/files/institutional-document/31483/om-f1-20131001.pdf>.

(adb.org).<sup>45</sup> The proposed project for the recipient countries under this policy are classified into three categories<sup>46</sup> and screened according to type, location, scale, sensitivity and the magnitude of their potential environmental impact (adb.org). Based on the primary document and reports collected from the bank and other concerned department it is evident that most of the project assisted by the bank in the state of Sikkim fall in 'Category B' with 'no serious implication on the environment'. However, the visit to the field and the interviews conducted accordingly speak a different story which is substantiated in the section below.

To begin with, the road and connectivity project under NESRIP, according to statement produced in the Initial Environmental Examination (IEE) report confirm, 'no adverse environmental impact, although the project road passes through the reserve forest with moderate vegetation density'(IEE Report, GoS, 2014). The IEE report further confirms that none of the road under the project is located in environmentally and ecologically sensitive area. However, the report ensures to notify that the 'environmental impact' associated with upgrading and improvement of road project will occur mainly during the later phase of construction. And since most of the constructed roads are located in hilly areas, landslide could occur during the construction and operation (IEE Report, GoS, 2014). Although as mentioned that there is no indication of immediate threat in the operation from the reports available,

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<sup>45</sup> <https://www.adb.org/sites/default/files/institutional-document/32056/safeguard-policy-statement-june-2009.pdf>, retrieved: 18.06.17.

<sup>46</sup> Category A: comprises of proposed projects which are likely to have significant adverse environmental impacts that are irreversible, diverse, or unprecedented. These impacts may affect an area larger than the sites or facilities subject to physical works. For project under this category an environmental impact assessment (EIA) is required.

Category B: comprises of proposed projects which may have potential adverse environmental impacts which are site-specific. Negative impacts if any surface during construction a mitigation measures can be applied. For this category projects an Initial Environmental Examination (IEE) is required.

Category C: comprises of proposed project which are likely to have minimal or no adverse environmental impacts. An EIA or IEE is not required for this category of projects (SPS, 2009).

sustainable practices when it comes to the bank's operation may be questionable. No doubt the vegetation density along the road project is moderate, but there are pockets, which although sparsely populated nevertheless host moderate population. The people residing in this area were of the opinion that the slow pace with which work is undertaken has led to a lot of problem making it difficult for people to live. The completion year for this project according to the report is scheduled for 2014, with no change or extension made. However, the project is still incomplete. The problem that has arisen because of it, in addition to there being trouble to travel is that the increase in dust from the road construction have emerged to be an important health hazard issues for the locals, especially the children. This clearly violates the clause in an 'environmental management plan' of the bank which states, that the 'contractor will take every precaution to reduce the level of dust at construction sites, with all earth work to be protected and covered in a manner acceptable to the satisfaction of engineer and local residents', (IEE Report, 2014) which clearly is not the case considering the statement made by the locals (unstructured interview) and the field visit conducted.

Another problem that surfaces is the unmanaged disposal or dumping of soil from the project implemented area. This, according to NESRIP project manager is one of most neglected problem in Sikkim. According to the statement made by him, neither there is an approved land for dumping the excavated soil nor have the contractors been taking precautionary measures for it. This aspect on the basis of the report, (IEE Report, 2014) goes against the clause of the bank which states that 'identification of disposal site is mandatory before the initiation of project', added with certification from the engineer's side, that the 'site for disposal of soil is not located within designated environmentally sensitive areas with no impact on natural drainage

courses' (IEE Report, 2014). Further, the contractors, according to the project manager of road connectivity project in Jorethang, South Sikkim, are very indifferent to this aspect with no seriousness and willingness on their part to impart consciousness among the workers. As a result, the soils are disposed on the down-slope side of the road which again is against the bank's policy of 'non disposal of construction waste to be carried out into the river or streams' (IEE Report, 2014). This unprotected measures carried by the workers does not only clog the rivers below and damage sensitive vegetation but also affect the aquatic and natural habitat of the area.

Another aspect that come to the limelight parallel to the pace of work progress which already is behind the stipulated time frame is, that some of sites of work are left unattended without adequate care or consideration of the surrounding environment. This is especially complained by the locals residing in such areas where stockpiles of construction debris left were unattended. In addition to this, walls along the road in some of the construction areas were left unmanaged after excavation with no proper base or adequate support. Considering the fragile slopes with tendency of landslides triggered by slightest rainfall it becomes not just unsafe for the people residing in the locality but also affects the aesthetic of the area.

For the bank, environment mainstreaming when it comes to the project under NERCCIDP is reflected in the use of integrated project design to reduce pollution of water resources by pairing the water supply component with sanitation and improving infrastructure for sewerage system.<sup>47</sup> Detailed IIE according to the report, in

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<sup>47</sup> For bank the linked need of water supply and sanitation is environmentally important, with deficiencies in these areas as visible manifestation of environmental stress. According to the bank, in the developing world, the failure to meet these key needs is one of the major causes of many communicable diseases such as malaria, gastro-intestinal infestations, cholera, and typhoid (ADB, 2011).

compliance with GoI and ADB's safeguard policy statement was prepared (SPS, 2009), which deemed the project 'environmentally compliant'. However, the interview conducted from the field visit and the data collected accordingly paint a different picture. The locals from the project implemented area were of the opinion that work in the construction site were not carried on in a professional manner. This was in response to the building of a water tank which was being constructed without proper structure. The locals held the view, that for these kinds of tanks to be constructed the digging had to start from below the ground level but what the contractors did was just build the structure from the surface. The locals feared that if something unfortunate might happen than there is a high chance for at least four to five villages being destroyed in a flood. This clearly implies the unsustainable development process that has been going on in the state with little or no consideration of the residents and the environment they live in. This not only goes against the policy of the bank but also rejects the base on which the sustainable development is built.

In addition to this, the locals were of the opinion that initially there were very few people from the area who obtained water from the PHE (Public Health Engineering) department, as there were enough water supplies from myriad natural sources. However, gradually because of the diversion of water sources to the main tank at water treatment plant at Selep, there have been many cases where water sources dried up. Reference to the ADB's policy of improving 'natural resource management'<sup>48</sup> and protecting 'fragile renewable resources' in the region which otherwise would hasten environmental degradation, therefore, totally goes against this policy especially considering the above statement. It also goes against ADBs claim that 'only growth

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<sup>48</sup>Including; depleting water sources, shrinking forests, declining biodiversity and degraded lands.

that is environmentally sustainable can eliminate poverty as most poor people depend on natural resources for their livelihood, and that the poor are the most vulnerable to the impact and risk brought about by a degraded environment and extreme weather event' (ADB, 2011).

In continuation with environmental pillar, the sub project under SATIDP, as mentioned aims to upgrade the existing infrastructure facilities available in the aforementioned village cluster of Rey Mindu, Damthang and Uttarey, which would cater to attract the tourists to stay within natural surroundings, as part and parcel of the village community (DoT&CA, GoS, 2014). The assistance provided by the bank under this section is mostly undertaken to improve the destination connectivity with especial consideration of nature and culture based eco tourism. According to the report available from the department of tourism, the proposed improvement is planned within the existing component area and on the basis of the demand made by the locals. No negative impact as such is anticipated as the proposed project components do not have any intervention in or near sensitive and valuable ecosystem, including protected area and forest (SATIDP, 2014). And since the village communities were well aware that the 'nature' is what attracted the tourist to their place, preservation of nature is well taken care of under this project intervention. The demands of the locals have further been simple, such as up-gradation and beautification of already constructed road, building of community hall and connecting pipelines for water from rivers and other sources, with minimum or no damage inflicted on environment.

It is important to mention in this context that Sikkim's component under SATDIP-IND originally included not just the above mentioned sub-projects but also project which required road up-gradation from Pelling Zero point to Tikjuk section and

improvement of Singalila trek with development of basic amenities and services in Khecheopadi lake complex. But these projects were dropped as objection from the forest department was made owing to environmental fragility in case of first. The second and the third case were dropped as the designated project area lay in the ecological sensitive area and wet land zone. This brings us to an understanding that the bank, especially when the participation of local people are taken into consideration can bring about a positive change in the way of its working. This instance of people dictating the developmental policies with necessary help from the bank in integrating sustainable practices in its operation can be taken as a meaningful example of partnership between the bank and local people in achieving development that is sustainable.

In addition to this, the bank in order to address the environmental concern in its operations have also set up a provision for input from an ‘environmental specialist’ whose responsibility is to interact with sector specialist and integrate environmentally sound practices into the project component (IEE Report, 2014). The environmental specialist according to the bank are entrusted in practice with the responsibility of organizing environmental training, program and workshop for staff of the bank and other staff of the concerned department with basic training required for environmental awareness along with prospect of environmental cost and its implication in the project designs (IEE Report, 2014). This aspect when inquired among the project coordinator and project manager of various department is relevant and in practice since the semi-annual report on the project with environmental assessment as a core component is required to be submitted regularly to the bank. Although important and required what also needs to be done is to engage such people in the ground level so as to generate awareness among the people in the project designated areas. Doing so will not bring

about a consciousness among the people about the project, its impact, consequences and the benefits but also help the bank in turn in its decision making process. This element runs parallel with the idea disseminated by new development theories which opine that, ‘the local population are more aware of the environmental they live in’, and as such can contribute positively from their participation in helping the developmental actor avoid decision which directly or indirectly hamper the environment and development process in general.

### **3. 6.b. Economic Sustainability**

ADB as a financial institution operating in the state of Sikkim is oriented towards development of tangible infrastructure. Impact generated in addressing the economic pillar is therefore minimal. While addressing the economic aspect of sustainable development is important the attention diverted (as discussed in the initial chapter) is dependent mostly on the interest of the actors and institutions. In the same vein the impact generated is also dependent on which pillar the attention is diverted most to. Nevertheless, economic sustainability and its importance are addressed in the subsequent chapter wherein the orientation of another international financial institution undertaken for the study i.e. the World Bank is diverted mainly to this pillar of sustainable development.

Coming to the case in point of the engagement of the bank under this pillar of sustainable development, is the project assisted by the bank under South Asia Tourism Infrastructure Development Project (SATIDP). The expected outcome of the project according to the report available are- fostering community participation, capacity building program for village development and sustainable asset management for tourism product in the aforementioned village clusters (ADB, 2011). These

villages, according to the joint report from both the ADB and GoS have significant issues particularly concerning the weakness in infrastructure such as lack of proper road connection, electricity, water supply, sanitation and basic tourist services. Therefore, the overall objective is to evolve a strategy for reducing poverty in the region, conserving natural resources, and sustaining the traditional ways of life of local community (SATIDP, 2014).

Taking cue from the above lines and based on the published report, it is important to understand that although Sikkim is known for tourism, basic facilities when it comes to this sector, especially ‘rural tourism’ is missing. Further, considering the changing preferences when it come to the patter of tourism, it is evident that people, especially in current time are more interested in visiting nature based areas where they can be amidst natural environ, preferring rural over urban area and home stays<sup>49</sup> over hotels. Nevertheless, providing basic services even in this environment becomes necessary. It is for this reason a component under the project SATIDP is diverted to the improvement of basic services and skill development wherein rural tourism with development of home stay and its management is given priority. The idea that the bank holds in implementation of this project is to provide a channel to the locals so that they can directly benefit from the services offered by them to the tourists.

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<sup>49</sup>Home stays generally offer tourists a combination of accommodation and food along with certain cultural packages, for instance, cultural shows, dressing in traditional attire etc. Each home stays is unique in itself due to the inclusion of cultural package. This package generally allows the tourists to experience a slice of life lead by rural Sikkime’s people. The home stay packages often involves cross cultural learning experiences such as learning a recipe of traditional food and delicacies, learning local languages, voluntary teaching in some cases and engaging oneself in agricultural and farming practices led by the villagers. The idea as such is to add value to the tourism experience of the tourist which clearly differentiates home stays and it experiences from other form of tourism. Certain other recreational activities are also included in the packages which includes, angling in the rivers and streams, bird watching, meditating, jungle walk, trekking, yoga, camping, sightseeing etc. The accommodation however is generally modest as per typical rural culture of the region and of the ethnic groups inhabiting, ADB, 2014; [http://sikkimtourism.gov.in/Webforms/General/DepartmentStakeholders/pdfs/ADB%20%20SASEC%20Tourism%20Project%20Overview%20\[Compatibility%20Mode\].pdf](http://sikkimtourism.gov.in/Webforms/General/DepartmentStakeholders/pdfs/ADB%20%20SASEC%20Tourism%20Project%20Overview%20[Compatibility%20Mode].pdf)

According to the report and data's collected from the field visit in Rey Mindu, Damthang and Uttarey, workshop for the locals before the initiation of the project are organized by the staff of ADB in collaboration with GoS, wherein training on importance of basic services such as hospitality and hygiene are provided. The bank in collaboration with GoS, in order to further disseminate this idea made it a point to print and distribute pamphlet with basic do's and don'ts in conducting home stay related business. The idea is to make people conscious of various economic activities available within the village which could help them generate income and provide a sense of security in a sustainable fashion. Further, the idea of home stay business in these areas as disseminated by the bank is not projected for a day or two visit but a week and months of stay. According to the Project coordinator of ADB from the department of tourism, GoS, the vision is to attract researcher and foreigners by making the entire concept innovative with active engagement of the visitor in a daily business conducted by the locals such as agriculture/farming and other voluntary services such as teaching in government schools. These activities, especially agriculture and farming are not only interesting in its own rights but can also go a long way in promoting the organic attribute of the state, the case of which has already been discussed in the initial chapter. However, according to the statement made by the Project Coordinator, the success of the project in providing adequate economic and social benefit can only materialize if the local population has the willingness and the aptitude to take up this venture, and especially now when Sikkim has already achieved the feat of being the first organic state in the country.

The second aspect under the same project is to make the local people aware of the marketing facilities, which in case of Sikkim is very poor. Since all three project designated area are rural, farming is an important and a necessary part of their lives.

Therefore, sustainable uses when it comes to the practices of growing organic vegetables and imparting knowledge to people about marketing the same is a major part of this project. According to the bank, training on entrepreneurship development is necessary to make rural tourism a successful enterprise and socially, commercially and sustainably viable project (ADB, 2014). This is especially evident in case of Damthang which has unique feature of all its farming and horticulture produce to be organic. Therefore, what the bank envisions is to help the locals to inculcate practices of farming and marketing that sustainably harness the available resource without losing the essence of daily life practices.

Third, based on the findings from both the report and field visit conducted, it is evident that owing to its locational advantage Uttarey has a well traversed trek route destination to trekking bases such as Chiva-Bhanjayang and Singalila, (trek based tourism) with many locals dependent on it as source of income and livelihood. However, many of the trek operators are not in position to own trekking equipments. Thus, what the bank in initial phase of its project plan had decided to do was to start a provision to lease the trekking equipments to the locals so that it would help them start a business to improve their standard of living. This project however could not be materialized as the proposed land for building the infrastructure for storing the trekking equipment was not provided by the government despite much acceptance and eagerness among the locals for this venture to materialize.<sup>50</sup>

Apart from the village tourism, the SASEC component in Sikkim under the bank is also directed towards developing and transforming the state into a centre of sub regional learning centre in nature and culture based tourism. This it ensures to do by

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<sup>50</sup>Requirement associated with land and rehabilitation is the responsibility of the state government.

supporting the development of Indian Himalayan Centre for Adventure and Eco Tourism (IHACE) in Chemchey. The proposed project according to the bank aims to establish Sikkim as an ultimate and unique eco tourism destination offering memorable and high quality learning experience to visitors and to contribute to poverty alleviation by optimizing both local communities for future sustainable uses (SATIDP, 2014). The project includes up-gradation of 2km road stretch, up-gradation of buildings in the main campus, procurement of equipments and imparting training on skill and development (SATIDP, 2014). Apart from the technical line, the project also caters to help local community by engaging the locals in home stay businesses, minor labor works, drivers and orienting the people for improved livelihood skills via creation of voluntary organisation and micro entrepreneurship at the grass root level, such as opening and installing fast food stall and stall of similar kind to sell locally produce products such as vegetables, diary product, handicrafts etc. However, the bottom line as the project director states, “success of the project is entirely dependent on the willingness and eagerness of the locals to engage in and sustain the given project.”

The locals from the field visit conducted are mostly positive about the economic benefit that they have derived from the developmental venture initiated by the bank. Many locals who had nothing to do before the initiation of the project are now engaged in the field, farming seasonal vegetables as well as pulses which has led them to fetch better price for their produce. Further, setting up of various sheds in these village clusters constructed under the supervision of the bank in collaboration with the government, for selling vegetable and other produce on the road sides has helped them gain tremendous economic gain. Overall the locals are positive about the

intervention made by the bank, which has helped them to gain sufficient economic gains.

### **3. 6.c. Social Sustainability**

Social sustainability according to Mckenzie, is a positive condition within communities, and a process within communities that can achieve that condition (2004). This form of sustainability have only recently started to be accounted for in the developmental debate but nevertheless have started to gain increasing attention and accommodated accordingly. Social sustainability, as discussed in the preceding chapter is human oriented in its approach, with most debate revolving around well being of all human and the environment they live in. It is inclusive of idea such as participation, accountability and transparency of humans at all level, with adequate attention provided to environment and its conservation. This idea in line with sustainable development becomes all the more important as it is, to quote a frequently referred line “for enhancing the lives of people and reduction of poverty” that theses institution venture into any given region or state. Therefore, it is necessary for these institutions to work with a broad range of people and organization to be effective and to ensure developmental effectiveness. Hence, analyzing these factors when it comes to ADBs operations becomes pertinent.

To begin with, participation in simple understanding is a process through which all the member of a community or organization are involved in and have influence on decisions related to activities that will affect them. Thus, participation of local people at all level in the process of development and under any institution which directly or indirectly affect them is considered to be an important factor. Accordingly, one of the most cited and an important criterion of the bank in its policy prescription is

‘participation of local people in project funded by the bank’. However, when it comes to analysis of the working of the bank in the state, involvement of people in most of the project implemented area, with an exception to home stay and marketing sector is found to be missing. To substantiate, most locals in project implemented area, despite the workshop and engagement of the people claimed by the bank’s staff, were not aware of the fact as to what ADB is. The general view gathered from the people was that the projects under progress were government initiated. This implies the exclusive nature and operating system of the bank. Not only were the locals unaware of their working but even some of the panchayats and locally elected representatives were unaware of their plans and operations in their territories (Panchayat, Damthang, South Division). Out of almost eight to ten project implemented in the state there were very few cases wherein the local peoples opinion, consultation and participation were taken into consideration, both at the time of initiation of work and during its progress.

Further, IFIs venture into any state or region with the stand that their main objective is to reduce poverty, create employment opportunity for people by creating job and help benefit the people in particular and region in general. Inclusion of the people in projects assisted and funded therefore becomes an important criterion for these institutions. In the same vein, the loan covenant signed between the three parties i.e. the ADB, Government of India (GoI) and Government of Sikkim (GoS), states that, ‘the priority will be given to people from the area where the works are being implemented’ (Semi Annual Social Safeguard Monitoring Report, 2014). ADBs Executive Summary Report for NERCCDIP project in Gangtok, also states that the ‘project will employ in the workforce i.e. the people who live in the vicinity of construction sites to provide them with a short-term economic gain; and also provides

an assurance that the people employed in the longer term to maintain and operate the new facilities will be residents of nearby communities' (2010).

However, this statement seems adverse when it comes to practice. No doubt the labors required for big projects are skilled laborer, which in Sikkim's case genuinely lacks, but what can be observed in general about the banks operation in the state is the marginalization of local people even from the avenues where they can generate some benefit. Apart from the skilled labors, even for a simple work like carrying load and physical-intensive works, maximum laborers were being hired from the nearby regions.<sup>51</sup> Attesting to this fact many locals were of the opinion that they were not given jobs, with confrontations ending with people being thrown in jail.<sup>52</sup>

Another aspect within the same line of understanding is 'accountability'. According to the Organization for Economic Cooperation and Development (OECD), 'accountability is the possibility to identify and hold public officials to account for their action' (2005). This factor stands out to be one of the most important criteria under institution of any kind in their action and undertaking. Only when the regulating body is accountable to the people in general will it be able to garner support of the larger masses. Further, as repeatedly portrayed by the IFIs, lack of accountability is one of the major reasons for failure of the state in delivering basic services to its citizens.

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<sup>51</sup>Nearby region in this context includes Darjeeling and other districts of West Bengal and Bihar. On being interviewed about the situation, the project manager of NERCCDIP for water supply in Gangtok, placed the opinion that it was much cheaper and easier to hire and employ people of these areas as their demand for wages were significantly low compared to their Sikkimis counterparts. He also stated that taking in locals in the projects was problematic; this statement was made in relation to the majority they held which in case of some internal problems could easily challenge the authority and obstruct the work in progress.

<sup>52</sup>Chettri, Suraj. Interview, Selep (East Sikkim), 3 April 2017.

Addressing the case in point, the policy of the bank in collaboration with the state government for ‘rehabilitation of the affected people’ in the project implemented area forms an important part. The covenant signed between the Bank, GoI and GoS, states that, ‘the state of Sikkim shall ensure that prior to any land acquisition and resettlement project, the resettlement plan, including its date, based on the consensus of the affected person is disclosed with all the necessary information made available to the person affected by the project’ (SATIDP Report, 2014). It therefore is a necessary condition for these institutions to inform the people about a project being undertaken and the consequences and impacts that it will have in the future. Additionally, there is a covenant signed between the bank and the government which holds that the ‘state of Sikkim shall ensure that people affected by the project are fairly compensated in timely manner with all the applicable laws of India and the state of Sikkim’ (GoS, 2014). However, this is not practiced in reality. The people are neither informed about the impact of project nor are the compensation disbursed in a timely manner. In fact, in the case of the road project, SK-02, even after almost five years (20.03.13) of the initiation of the project the question of compensation to the affected people is still pending. In case of the road section of project SK-01, local people confessed that information regarding the project and its impact were not disclosed to them. It was only during the process of construction that information about their section of land to be included in the plan for construction and up-gradation were disclosed.

Apart from the lack of information and pending compensation, the initiation of work without prior notice and inclusion of people, has led to resentment among locals against the contractors and the bank in general. This has created a lot of problem for smooth constructions to take place. For instance, one section of road under progress,

Project SK-02 had to be momentarily halted as a result of such protest. Such circumstances have further slowed the progress of the work which is already in a slow pace, and unlikely to be completed within the stipulated time frame. According to one of the respondent, many complaints about this problem were made from the side of the people to the contractors, project directors, local panchayats and also the representative of the member of legislative assembly of that area, but little response or intervention were made from their side. This leads us to the question of accountability, which in case of the operation of the bank and its implementing unit is clearly absent.

In addition to this, the case of diversion of water sources to the main tank in Selep under the project NERCCDIP is important to be mentioned. While initially the people from that particular area did not have to pay for the water supply they received, there seems to be gradual reversal of the trend. Today, the local people, (especially after the intervention made by the bank for the development of various tanks and internal upgrading) are made to pay for the water which previously was free. This, in many ways exposes the pattern of development and social welfare schemes disseminated by the bank and private players, who are accountable to only those who can pay.

Reflecting on the same line of thought, transparency is another important aspect which needs to be addressed. Article 19 of United Nations Universal Declaration of Human Rights (UDHR) hold that, the right to access information held by public bodies is a fundamental human right, which guarantees individuals the right to ‘seek, receive and impart information and ideas.’ The article further states that this is equally applicable to intergovernmental organizations, just as it do at the national level (UDHR, 2008). Thus, transparency in terms of conducting an affair and disclosing

general information to the public, which implicitly or explicitly involves them, is an important criterion for proper functioning and delivering proper result in any given society. Lack of transparency coupled with corruption and accountability in the state led model is sustained as one of the most important rationale by private actors for failure of the state led model. Further, ADB in its report recognizes the fact that transparency not only enhances development effectiveness, but also increases public trust (2011), which is not only important but goes a long way in sustaining the assets created by such institutions.

Considering the field visit conducted, the above case seems adverse. Most of the work under progress in the state is done in a clandestine fashion with very little information disclosed to the locals in particular and larger public in general. The same can also be said in case of procurement and dissemination of information from the ADBs regional office located in Gangtok, which were very limited and inadequate. Further, the importance of transparency in operation of the bank also becomes critical on the question of the proper utilization of the funds. No doubt, the investments made by the bank are in huge quantity as evident from the loans sanctioned. However, in the ground very little of the amount utilized could be observed; this becomes even more evident in the case of the funds utilized for the road construction and circuit development in tourism. The road project implemented in Ranka-Sajong as a part of the tourist development circuit is way behind its stipulated time of completion with very slow progress. When inquired and complained about this issues, the response from the officials according to the locals was that ‘the contractors do not have money to carry on with the work’, which clearly implies the undemocratic way the bank and the private contractors have been operating in the state. It is also indicative of the fact that the project once sanctioned is beyond the banks supervision.

Further, the statement of the local people about ‘nothing is as it was promised when the scheme was conceptualized’, gives enough insight on the improper utilization of funds and lack of transparency with which the bank and implementing units have been operating in the state.

### **3. 7. Conclusion**

Sustainable development is a grand narrative with a short history of its own and as explored in the chapters, is one of the most used concepts with a powerful hold in dictating developmental debate in the current historical juncture. Integrating practice of sustainable development in any developmental venture therefore become not only important but a necessary condition for any given institution to exercise its hold and influence. Examining the same therefore has been attempted in this chapter with reference to ADB in its assistance and operation in the state of Sikkim.

Taking historical evolution of the bank as a reference, it is evident that the ADB as an institution have underwent huge transformation with regard to both its structure and area of assistance. It in its almost fifty years of existence has had expansion in not just the sector/areas but also the region under its fold. Sikkim in this case is an example, as the state is not only far flunked with regard to geographical proximity but is also a challenging state for a developmental pursuit considering its fragile ecology and inaccessible terrain.

Going in line with the sections substantiated in the chapter, it is evident that the operation of the bank is in full swing with its assistance in almost all the important sector of the state. What is also evident considering the report and data’s available is the attempt made under the policies of the bank to integrate the sustainability factor for the projects funded and assisted by it. The integration of practice of sustainable

development in its working is explored in relation to its three pillars and its applicability in ground reality. It is important to understand in this context, that most of the analysis made in the chapter has been generated from the field visit with understanding made on the ground level and have deviate a bit from the standard definition of sustainable development when it comes to addressing these three pillars. However, considering the report and data's collected from the field as a reference, what has come to the limelight is that although there is a massive increase in the themes related to sustainable development with most attention diverted to environmental pillar of it, integrating sustainable practice in the project is still found to be minimal in the operations conducted by it in state.

There is no doubt that the bank, in collaboration with the state and its agencies is making an effort through the investments and assistance in the infrastructure development of the state but not much can be achieved if the developmental venture initiated in the state goes against the environmental health of the state in general and social and economic health of the larger mass in particular. Same goes with the engagement of the locals in the developmental venture which is considered to be the cornerstone of sustainable development. Engaging people in activities that is directly or indirectly conceptualized to improve their lives is important to be considered, which again is not the case when it comes to developmental schemes undertaken by ADB. However, there has also been reflection of cases wherein a meaningful collaboration between the bank's staff and the people have been maintained, which has led to diverting of infrastructure development from the environmentally fragile area despite the clearance from the side of the government to pursue it. Therefore, inclusion of the local people in the developmental path is a necessary condition not just for proper working and meaningful utilization of the funds but also for

sustainable development. What therefore is required for institution such as ADB is to full fledgedly internalize new sustainable goals in its practice so that it can be the institution that it envisioned to be during its establishment in the 1960's.

## **CHAPTER-IV**

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### **SUSTAINABLE PRACTICES IN THE LIVELIHOOD AND DEVELOPMENTAL SCHEME OF THE WORLD BANK**

**Map 3: Location of NERLP Sites under World Bank**



Source: Location of Project Sites Extracted from Google Earth Pro

## **CHAPTER-IV**

### **SUSTAINABLE PRACTICES IN THE LIVELIHOOD AND DEVELOPMENTAL SCHEME OF THE WORLD BANK**

#### **4. 1. Introduction**

The previous chapters enumerate the origin and development of sustainable development and how it has been progressively dominating the development debate, especially in line with the functioning of IFIs. The chapters also identify how integrating practices and principles of sustainable development have become an important factor for not just the state sponsored institutions but also other actors in their project management and implementation, the evidence of which is sustained by the aforementioned chapter of integrating sustainable practices in the infrastructure development of ADB in Sikkim.

In this chapter the focus is transferred to other important IFIs i.e. the World Bank (WB/bank) and its integration of sustainable practices in the project funded by it in the state of Sikkim. A brief outlining has been made on other areas important for the chapter such as a history of the WB and a shift made in its work policies. Discussing this aspect is important as it will help shed light on the shift that the bank has made from its original mandate conceding to the demand of time and just how far it has gone in the process. By and large, the central focus of the chapter will be on examining ‘if’ and ‘how’ the sustainability concern have been grafted onto the project design assisted/funded by the WB under the banner of North Eastern Rural Livelihood Project (NERLP) with attention to the bottom up technique that caters to addressing environment, economic and social sustainability via sustainable livelihood approach.

## 4. 2. World Bank: From Reconstruction to (Sustainable) Development

Founded in 1944 at the UN Monetary and Financial Conference, commonly known as the Bretton Woods Conference, the World Bank is one of the largest sources of financial assistance to both the developed and the developing world and an accepted hegemonic player in the arena of development. Headquartered in Washington, D.C. and officially named the International Bank for Reconstruction and Development (IBRD), it began its operation in June 1946. It was established first, to assist the reconstruction and restoration of war-ravaged Europe and later, to support the development process of less developed countries (LDCs)<sup>53</sup> (Ramsamy, 2006).

Throughout the 1950s and the 1960s the WB sought to expand its reach via creation of several organizations but with different set of area and responsibilities to overlook both at home and abroad. These institutions are- the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the International Centre for Settlement of Investment Disputes (ICSID).<sup>54</sup> However, it is to be noted that the ‘World Bank’ as a term refer

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<sup>53</sup>John Maynard Keynes, who chaired the commission that drafted the Bank’s Article of Agreement at Bretton Woods, outlined the following priorities for the Bank; “It is likely, in my judgment, that the field of reconstruction from the consequences of the war will mainly occupy the proposed bank in its early days. But, as soon as possible, and with increasing evidence as time goes on, there is a second primary duty laid upon it, namely, to develop the resources and productive capacity of the world, with special attention to the less developed countries”. (Opening remark of Lord Keynes, at the first meeting of the Second Commission on the Bank for Reconstruction and Development (Ramsamy, 2006).

<sup>54</sup>Each of these institutions plays a different role in the group’s corporate mission of reducing global poverty and improving living standard of the people in the developing world. While IBRD focuses on middle-income countries and creditworthy low-income countries, IDA established in 1960, focuses on the poorest countries in the world. The IDA accounts for almost 40 percent of total World Bank Group lending. Similar to it, the IFC focuses on financing private sector projects and provide loans and loan guarantees and equity financing to business undertakings in the developing countries. The MIGA in its working promotes foreign direct investment in developing countries by insuring investors against political or noncommercial risks involved in those countries. And finally, the ICSID, which operates independently of the IBRD, is responsible for mediating disputes between foreign investors and governments and help advice the governments in their efforts to attract investment. Together, these

only to IBRD and IDA, whereas the term ‘World Bank Group’ and ‘Bank Group’ includes all five institutions (WB, 2011).

The World Bank Group in its mandate works in partnership with countries government, the private sector, civil society organizations, regional development banks, think-tanks, and other international institution on issues ranging from climate change, conflict, food security, education, agriculture, finance and trade to fighting poverty, supporting economic growth, and ensuring sustainable gains in the quality of people’s lives in developing countries (worldbank.org).<sup>55</sup> They also provide services in area such as strengthening democratic processes, promoting partnership with private sectors, providing knowledge on development related activities, global environment and correcting market failure and management of global capital flows (Shams, 2004). Over the period of time the demand for the WB’s assistance and services have increased which is evident not just from the fact that its loans have increased from 4 loans totaling \$497 million in 1947 to 302 commitments totaling about \$60 billion in 2015 worldwide (worldbank.org), but also in its opening and expanding to new areas of activities in both advanced and poor developing countries.

As mentioned, the WB was conceived mainly with the idea to reconstruct Europe from the ravages of Second World War. However, as the European nation replenished its energy and picked up on its growth, the requirement for its assistance decreased. Its focus therefore, increasingly moved outside of Europe on financing the development of less economically developed countries (Meier, 1971). It is necessary to understand in this context that throughout the 1950s and 1960s, the working of the

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institutions provide low-interest loan, interest-free credit and grants to the government and the private sector in developing countries for investments in education, health, infrastructure, communication, and other related sectors (*Guide to the WB*, 2011).

<sup>55</sup><http://projects.worldbank.org/P154523?lang=en>, Accessed: 05.07.18.

WB cautiously began to shift from that of a 'bank' to 'development bank'. This change in the emphasis is also highlighted in many of the speeches addressed by the, then president of the bank, Eugene Black (1956) who described WB as a 'development agency' (Ramsamy, 2006). Eugene Black, in one of his presidential address stated, "that though originally conceived solely as a financial institution, the WB has evolved into a development agency which uses its financial resources as a means of helping its members"<sup>56</sup>.

In addressing the concept of 'development' in consonance with the WB, reference to Marshall Plan<sup>57</sup> is necessary, for it was the creation of this plan that truly shifted the focus of WB from that of postwar 'reconstruction' to 'development' (Ramsamy, 2006) with expanding interest and emphasis on building up of infrastructures such as dam, electrical grid, irrigation system and road connectivity. However, it is important to note that 'development' was never a primary purpose of the founding member of the WB, and the change in its mandate were not self realized but initiated owing to the increasing pressure put forth by the member of developing countries parallel to their work policies.

The mounting pressure from the developing world forced the WB to broaden its interpretation of what development meant and encompassed. This became especially evident when Robert S. McNamara became the president of the WB (1968-1981). From the beginning of his Presidency, McNamara stressed on the 'new element to the approach of development'. For him, development encompassed more than just

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<sup>56</sup>Eugene R. Black, "Address to the Board of Governors," in IBRD, Summary Proceedings, Eleventh Annual Meeting of the Board of Governors (November 15, 1956) (Ramsamy, 2006).

<sup>57</sup>The Marshall Plan, also known as the Economic Cooperation Act of 1948 was a bilateral assistance program between the United States and various European States to assist European states in post-war recovery.

financial concern and sought to widen its definition to include ‘societal centric issues’ such as nutrition, education, equitable distribution of income, improvement in the quality of life, the environment and most importantly the elimination of poverty as a part of WB’s responsibilities (worldbank.org).<sup>58</sup> In short, his approach was oriented towards the concept of ‘basic human needs’, which in later years was reckoned to be one of the most dominant approach to the study of development. Further, it was also under his stewardship that the WB formulated the concept of ‘sustainable development’ and ‘use of capital flow’ (in the form of development assistance and foreign investment) in not just attempting to reconcile growth and environmental protection but also to narrow the income gap between rich and poor countries (Chossudovsky, britannica.com).<sup>59</sup>

Change in the orientation of WB surfaced, when in the late 1970s, problem of indebtedness of many developing countries arose as a result of a slowdown in the world economy, marked with high interest rate, decline and fluctuation in the commodity and oil price (Shams, 2004). Many developing countries as a result were unable to service their external debt to borrower institutions. Lack of capacity and insufficiency of resources therefore led to insidious intrusion of the WB into the areas of these nations which were initially conceived as domestic jurisdiction. This intrusion was mechanically institutionalized through the introduction and later application of what came to be known as structural adjustment loans. The new form of loan under Structural Adjustment Program (SAP) allowed the space for the borrowing countries to borrow new loans to pay back the old debt, but under the condition that the borrowing countries had to agree to change certain macroeconomic

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<sup>58</sup><http://www.worldbank.org/en/about/history>, Accessed: 26.05.18.

<sup>59</sup><https://www.britannica.com/topic/World-Bank>, Accesses: 20.12.18.

policies toward what the bank proscribed as an acceptable model <sup>60</sup>(Shams, 2004). The condition placed by the WB however attracted fierce criticism during and after its implementation, so much so that the event and protest of 1980s not just helped change the structure of the WB but also played a crucial role in the evolution of its operations throughout 1990s.

Throughout this period the definition of development continued to be broadened with many new idea and entities accommodated within its scope. One such idea that deserves a mention is the concept of ‘Good Governance’<sup>61</sup> coined in 1989. The WB in its document in Sub-Sahara Africa, affirmed that for any institution to improve its developmental performance good governance was a necessity and it was due to the ‘crisis of governance’ that its program of adjustment and investment were not proving effective (Choudhary, 2000). As a response to this document, there came up a push for good governance as a ‘sound development management’ which was defined by the WB, ‘as the manner in which power is exercised in the management of countries economic and social resources and development’ (World Bank, 1992).

Entering 21st century, many reform were initiated within the WB in both its structure and content owing to the changing dynamic of the international system. In the year 2000, the WB in collaboration with the UN and the broader international community

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<sup>60</sup>As a condition of receiving loans, borrowing countries were required to implement stringent structural adjustment programs, which included severe cuts in spending for health and education, the elimination of price controls, the liberalization of trade, the deregulation of the financial sector, and the privatization of state-run enterprises. Most of the countries which initiated the reforms plunged in debt and those which underwent financial recovery especially felt the brunt of this policy. The result of SAP were increased level of poverty, mounting unemployment, and a mounting external debt (Shams, 2004).

<sup>61</sup>Good governance is a concept frequently referred in developmental literature. Major donor agencies and international financial institutions today base their aid and loans on the condition that the reforms undertaken ensure good governance. The concept is responsive to the present and future needs of the society and comprises of eight major elements which are-participation, accountability, transparency, equitable and inclusive, consensus oriented, responsive, effective and efficient and rule of law (UNESCAP, <https://www.unescap.org/sites/default/files/good-governance.pdf>).

endorsed the Millennium Development Goals (MDGs) to be achieved by the year 2015 (World Bank, 2011). The MDGs in all its glory seek to commit the international community to promote ‘human development’ as a key to sustaining social and economic progress in all countries. Thus, entered sustainable development as one of the most invaluable approach in the development debate.

For WB, the goals of MDGs are the most dominant, coordinated and visible sustainable development initiative till date, and although the commitment made in the MDGs are not new and hold similarities with the commitments made in Stockholm and Rio, what makes it different, is the way these goals are synthesized into single program with concrete goals (World Bank, 2011). This, according to the WB is crucial to sustainable development which can be achieved only with recognition of the interdependence of social, economic and environmental factor.

The WB in its official document recognizes that ‘the achievement of sustained and equitable development remains to be the greatest challenge facing the human race’ (1992). Therefore, the most important and pressing goals of MDGs when it comes to the WB in addressing, are its twin goals of ‘eliminating poverty’ and ‘achieving sustainable development.’ Further, for institution such as WB ‘Goal 8’ which stands for “developing a global partnership to address the needs of the least developed countries,”<sup>62</sup> continues to remain pertinent for maximization and utilization of its reach as well as its services. In addition to this, sustainable development, apart from its prominence in developmental debate, served as a major entry point for the WB to

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<sup>62</sup> Goal 8 of MDGs states that, developing a global partnership in order to address the social need of least developed countries is important. Goal 8 of MDGs comprise of components such as- tariff and quota free access for the exports, enhanced debt relief for heavily indebted poor countries, cancellation of official bilateral debt and more generous official development assistance for countries committed to poverty reduction,[http://www.undp.org/content/undp/en/home/sdgoverview/mdg\\_goals.html](http://www.undp.org/content/undp/en/home/sdgoverview/mdg_goals.html), Accessed : 21.12.18.

enter the mainstream of development world, especially at a time when whole scale criticism from various actor considering its past performances were leveled against it. Grafting the principle of sustainable development in its policies and program therefore became prime when it came to the operation assisted and funded by it. Further, the integration of different policies and channel adopted by the WB to promote sustainable development and conserve natural resources (projects. [worldbank.org](http://worldbank.org)) worked a long way for it to champion the cause. For the WB, sustainable development in its simplest form is to ‘enhance human well-being through time’, with an assurance on some non-economic dimension such as physical security, the exercise of basic civil liberties, and the enjoyment and maintenance of natural environment (World Bank, 2003).

The WB in its recognition of the way in which the developmental model adopted by it threatened the attainment of its objective, proposed a four-fold agenda in which ‘to reduce poverty and to promote sustainable development’ became its major focus (WB, 1994). To support and integrate the practice of sustainable development the WB created an office of environmental affair to review prospective environmental impact of its lending (Elliot, 2007). Further, to advance its environmental policy it also started to support the National Environmental Action Plans (NEAP), which aimed to assist the developing countries in moving beyond environmental reporting and to set up a specific action plan for the environment, towards integrating environmental consideration into the nation’s overall economic and social development strategy (Elliot, 2007). In addition to this, to further delineate the importance of the concept and its adherence to it, the WB launched an environmental strategy in 2001, titled

‘Making Sustainable Commitments’<sup>63</sup> (WB, 2001) and established Sustainable Development Network (SDN)<sup>64</sup> in 2006 to minimize the negative impact of the development on the environment (worldbank.org).

Over the past decade, the WB have committed approximately \$33 billion in funding for the environment and natural resource management, with IDA contributing approximately \$7.7 billion for environmental sustainability in the poorest countries of the world.<sup>65</sup> Therefore, as one of the leading institution with major impact worldwide, WB has started to play a pertinent role in channelizing the idea of sustainable development through its operation, assistance and funding. What however needs to be ascertained is if the practices of it on the ground level and in its implementation policy are executed in proper or not. The subsequent section of the chapter focuses on WB assistance in India in general and the state of Sikkim in particular taking North East Rural Livelihood Project (NERLP) as a case.

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<sup>63</sup>This report outlines the work of the World Bank in addressing client countries with environmental challenges, and aims to ensure the lending program integrates principles of environmental sustainability. It highlights that the challenge of development assistance lies in working with clients to implement policies, programs, and investments that distribute the gains of development in an equitable manner, by reducing poverty, and avoiding sacrificing the interests of future generations, to meet the needs of the current one, and in addition, it builds on the consensus that natural resources, and environmental assets must be managed sustainably. This environment strategy links environment and development with the qualities of life, growth, and regional and global commons, by enhancing the livelihoods of poor people who are heavily dependent on the productivity of ecosystems, and natural resources; by preventing, and reducing environmental health risks; by supporting policy, regulatory, and institutional frameworks for sustainable environmental management, and, by supporting private sector development, to help improve, and protect the regional, and global environment, i.e., climate change, land degradation, forests, water resources, and biodiversity. The strategy stresses on strengthening analytical, and advisory activities, on country-level environmental analysis, and on strategic sectoral, regional, and policy-focused environmental assessments, through improved project design, performance criteria, and capacity development, while emphasizing on the commitment of countries towards sustainable development (An Abstract from *Making sustainable commitments - an environment strategy for the World Bank*, 2011).

<sup>64</sup>The aim of SDN is to make sustainability a comparative advantage by enhancing the quality of growth experienced by developing countries. Much of the banks work on sustainable development is piloted through this network which supports the clients directly or through the Bank’s regional units, with aspects related to sustainable development. The network covers a wide range of sectors such as: agriculture, rural development, energy, environment, infrastructure, transport, urban development, as well as sub national activities (Elliot, 2007).

<sup>65</sup><http://www5.worldbank.org/mdgs/environment.html>, Accessed: 22.12.18.

### **4. 3. India and the World Bank**

India is one of the founder members of IBRD, and its involvement with the bank dates back to its earliest days. It was one of the 17 countries which met in Atlantic City, USA in June 1944 to prepare the agenda for the Bretton Woods Conference, and one of the 44 countries which signed the final agreement that established the Bank.<sup>66</sup> India is also a member of four of the five constituent of the World Bank's group ([www.worldbank.org.in](http://www.worldbank.org.in)) with exception to ICSID, and has been accessing funds from the WB, mainly through the IBRD and IDA for various developmental projects.

India procured its first assistance from the WB in the year 1949, when the loan of \$34 million was approved for Indiana railways (Mahendrapal, 1985). Today, it is one the largest recipient of loans from the WB, amounting to \$102.1 billion, between 1945 and 2015 (as of July 21, 2015). The assistance from it has mainly been for the purpose of development and building up of related infrastructures with lending in areas such as rural and urban development, transport, water and irrigation, health and social services, power, agriculture, education, energy, information, communication and technology. Apart from the mentioned arena the WB have also provided assistance for financial services for multipurpose projects such as power generation, development of railway and aviation, iron and steel industries, coal mining and extended loans to other commercial and non commercial financial institutions such as Industrial Development Bank of India (IDBI) and Industrial Credit and Investment Corporation of India (ICICI).<sup>67</sup>

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<sup>66</sup><http://www.ieo.org/world-c2-p1.html>, Accessed: 12.07.18.

<sup>67</sup><http://www.ieo.org/world-c2-p1.html>, Accessed: 12.07.18.

It is therefore evident that the assistance and lending from the WB is massive bypassing both the sector and the region. India as mentioned is one of the largest recipient countries of the WB's fund, and in reciprocity it has also in a large way influenced the WB's conception of development (Mahendrapal, 1985). The WB in turn has also attached considerable importance to its relation with India, so much so, that as stated by Mahendrapal, 'the close cooperation between India and the WB goes far beyond the normal creditor-debtor relations' (1985). To further cement the relationship between the two, Robert McNamara, the former president of the bank in one of his presidential address stated that, 'India occupies a position of truly exceptional importance in the global development effort' (Mahendrapal, 1985).

Heading towards 21st century, both WB and India have rooted its stand in addressing some of the pressing issues of the globe, especially related to poverty reduction, climate change and achieving sustainable growth and development. However, it is important to understand, that despite WB's increasing assistance to India and other developing nations, it has come under harsh criticism with respect to its policies and program that thwarted not just the development process of these nation but also aggravated environmental degradation.<sup>68</sup> The WB recognizing its own fallacies, have reoriented many of its polices in line with sustainable development and resource management. Further, the recognition that many past assistance efforts of its failed

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<sup>68</sup>When it comes to WB's performance and its impact in India there are many cases of environmental and social damages arising from development projects funded by it, wherein the executing agencies have either been blind or have ignored their own rules. One instance that deserves mention is the case of Sardar Sarovar dam project (1985) wherein the role of the bank has been particularly noteworthy. Despite the project not being sanctioned by the Ministry of Environment and ample evidence of no viable resettlement plan for the people to be displaced and environmental degradation that would be in order, the WB violating international environmental standards and its own policy of "not assisting development project that knowingly encroached on the traditional territories being used or occupied by the tribal people, unless adequate safeguards provided", went ahead on financing only to be criticized later. The WB withdrew from the project in 1993. Despite its exit, the Indian government is continuing with the project in the face of continued many popular resistance.

because the WB, rather than the governments they were trying to assist drove the agenda, led to it adjusting many of its approach and policies in tune with the need and demand of the developing countries.

Considering this, WB has undergone a huge internal reform wherein both its financial services and lending model have underwent transformation toward providing a more tailored responses to the borrowers needs (Shams, 2004). This new approach to ‘developmental policies’ calls for the government of the respective country or state to take lead in preparing and implementing development strategies. This approach is more in-tuned with a belief that ‘if the recipient country owns the program and has widespread stakeholder support, the program has a greater chance of success’ (World Bank, 2011). This approach parallel to the current hegemonic idea of sustainable development gives high priority to sustainable social and human development and strengthening economic management with emphasis on inclusion, governance and institutional building.

In line with this understanding, some of the project funded by the WB in India, in area of sustainable development and resource management are: Sustainable Livelihood and Adaptation to Climate Change (a project that caters to improve adaptive capacity of the rural poor engaged in farm based livelihoods to cope up with climate variability and change) (worldbank.org),<sup>69</sup> Development Policy Loan (DPL) to Promote Inclusive Green Growth and Sustainable Development in Himachal Pradesh (in collaboration with Government of Himachal Pradesh (GoHP) centered to promote inclusive green growth and sustainable development and support the action towards sustainability across the key engines of economic growth, namely energy, watershed

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<sup>69</sup><http://projects.worldbank.org>, Accessed: 12.07.18.

management, industry and tourism) (worldbank.org), Sustainable Rural Livelihoods and Security through Innovations in Land and Ecosystem Management (initiated to support the development and implementation of innovations in agriculture through collaboration among farmers, private sector, civil society, and public sector organization) (worldbank.org), Sustainable Land, Water and Biodiversity Conservation and Management for Improved Livelihoods in Uttarakhand Watershed Sector (project initiated to improve the productive potential of natural resources and increase incomes of rural inhabitants in selected watersheds through socially inclusive, institutionally and environmentally sustainable approaches) (worldbank.org), and North East Rural Livelihoods Project (NERLP), (project initiated to support livelihood program across four States in the North East Region viz. Mizoram, Nagaland, Tripura and Sikkim). Although addressing the case of each state and project is important, the following section of the chapter will detail only the case of Sikkim under NERLP which cater to improve rural livelihood in a sustainable fashion, especially of women, unemployed youths and the most disadvantaged in the state (worldbank.org).

#### **4. 4. The Case of Sikkim**

World Bank as one of the most powerful multilateral development institution has been playing an important role in development ideology and practices since 1946. Although the history of it is an area that is extensively covered within the literature, same cannot be said for its engagement with the North Eastern State of Sikkim and especially not from the framework of sustainable development. The WB's relationship with Sikkim goes back to 1999, when it provided its first loan/assistance

for the development of two polytechnics,<sup>70</sup> (which in later years served as a model for the upcoming institutions) equipped with latest technologies and facility (Sikkim Development Report, 2008). Since then, the WB in collaboration with GoI and GoS have been assisting and investing in various sector of the state (both independently and packaged) which includes Capacity Building and Skill Development (2000), National AIDS Control Support Project (2013), Sustainable Livelihood and Adaptation to Climate Change (2014), Technical Education Quality Improvement Project (2016), National Hydrology Project (NHP) (2017) and various other scheme for developing livelihood, Management and Marketing Skills etc. The bank in this process have also tied up with various international institutions such as Australian Agency for International Development (AusAID) and UNDP for programmes related to the provision of basic services in the state such as water supply, sewerage and other allied sanitation projects.

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<sup>70</sup>Centre for Computers and Communication Technology (CCCT), South Sikkim and Diploma in Computer Science and Technology (DCST) Bardang, East Sikkim. The establishment of these two institution is a major initiative taken by the Govt. of Sikkim for the development of technical education in the state set up under the World Bank assisted ‘Third Technician Education Project’ of MHRD, Govt. of India.

**Table 4: World Bank’s Loan for Sikkim under Packaged Funding**

<b>Project Title</b>	<b>Project ID</b>	<b>Commitment Amount</b>	<b>Status</b>	<b>Approval Date</b>	<b>Closing Date</b>
<b>National Hydrology Project</b>	P152698	US \$ 175.00 million	Active	15.03.17	31.03.2025
<b>Technical Education Quality Improvement Project III</b>	P154523	US \$ 201.50 million	Active	24.06.2016	30.09.2020
<b>MSME Growth Innovation and Inclusive Finance Project</b>	P151544	US \$ 500.00 million	Active	24.02.15	31.03.2020
<b>Sustainable Livelihood and Adaptation to Climate Change</b>	P132623	-	Active	09.12.2014	31.12.2019
<b>NERLP</b>	P102330	US \$ 130.00 million	Active	21.12.2011	15.03.2019
<b>Capacity Building for Urban Development</b>	P099970	US \$ 60.00 million	Closed	21.07.2011	30.06.2018
<b>National AIDS Control Support Project</b>	P130299	US \$ 255.00 million	Active	01.05.2013	31.12.2019

Sources: The World Bank: Projects and Operations, [http://projects.worldbank.org/search?lang=en&searchTerm=&countrycode\\_exact=IN](http://projects.worldbank.org/search?lang=en&searchTerm=&countrycode_exact=IN), Accessed: 28.12.18.

Coming to the case in point of NERLP, it is one of the major initiatives of the WB in the state. What the WB under this project pertains to do is to design a project component which caters to build a strong grass root institutions of the poor with creation of SHGs (Self Help Groups), SHG Village Federations, Youth Groups and Community Development Groups (CDGs) (NERLP, 2012). The project undertaken is for the duration of five year with major focus on improving the livelihood of ‘most

disadvantaged people<sup>71</sup> in the project implemented area. The project, in order to reduce the existing gap in poverty and livelihood sector have pronged on three area in view of achieving sustainable development i.e. social empowerment, economic empowerment and partnership linkages (NERLP, 2012).

**Table 5: Profile of Livelihood Activities in Sikkim under NERLP**

State	Organisation	List of activities
Sikkim	SHG	Small holder dairy farming, piggery, poultry, land development, horticulture (cardamom, ginger, fruits), floriculture (rose, cymbidium), vegetables, bee-keeping, handicrafts.
	CDG	Water storage tanks, Spring-shed development, environmental governance.
	Youth Group	Vocational trainings, entrepreneurship development fund and placement support.
	Federation	Marketing, village tourism promotion, providing support services to village market committee, Management & wider enabling of environmental preservation and protection, Marketing of products of SHGs, development of SHGs, etc.

Source: NERLP, Ministry of Donor, GoI. Project Implementation Plan (June, 2012).

The areas where the projects have been initiated are in the South and West district of the state. Areas in the South comprises of village or units such as Namchi, Jorethang, Namthang, Ravangla, Yangyang, Temi-Tarku, Sumbuk, Sikip and the West comprises

<sup>71</sup>Most disadvantaged as decided through Poverty Wealth Ranking which would include, poor, widows, handicapped, households in remote, inaccessible locations, households with food insecurities, tribal people (including primitive and minor sub tribes), scheduled castes and other backward castes (OBC)(NERLP, 2011).

of Gyalshing, Soreng, Yuksom, Dentam and Kaluka. It is for the sheer size of the project area and the cross cutting sector it addresses, that the study has opted just one project as the case for the bank in the state.

According to the WB, seventy-five percent of the world's poor live in rural area and are mostly engaged in farming. Agriculture and rural development therefore remains fundamental for economic growth, poverty reduction and environmental sustainability. Further, in line with debate on sustainable development, Agriculture and Rural Development Department (ARD) makes up one of the core department of Sustainable Development Network (SDN). Addressing these issues is also pertinent in case of Sikkim as the state is predominantly characterized by an agrarian society. However, it is to be noted that although agriculture plays a key role in the state and remains to be the backbone of the economy, it is increasingly recorded to be in a state of decline with high rate of dependency on import of food grains from neighboring states.<sup>72</sup>

To address this issue what the WB under this project aims to do is to commission a 'livelihood based agri-business and market study', with an objective to assess economic opportunity in both farm and nonfarm activities (NERLP, 2012). The initial assessment report of the project claims that that intensive and innovative use of the local opportunities can result to an enhanced livelihood opportunities and income generating scheme for the communities (NERLP, 2012). Addressed below are the

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<sup>72</sup>Ninety percent of the state population is rural and agriculture is the primary source of livelihood for the villagers. However, the contribution of agriculture to the state GSDP has been showing a declining trend, indicating a stagnation and reduction in income due to reduction in productivity and production of the major cash crops, namely, ginger, large cardamom and orange leading to low income levels in the villages. The sectoral contribution of agriculture to the GSDP has declined from 52% (1980-81) to 21% (2004-09) (Sikkim Development Report, 2008).

initiatives undertaken by the bank to fulfill its objective of creating ‘sustainable livelihood’ for rural poor under the larger banner of NERLP.

#### **4. 5. North East Rural Livelihood Project (NERLP)**

The concept of ‘sustainable livelihood’ was popularized by Agenda 21, but it also owes a great deal to the work of Robert Chambers,<sup>73</sup> one of the central advocate of participatory development (Hira, Parfitt; 2004). Chambers along with other prominent authors such as Guha and Martinez-Alier, shares the view that the poor would react to oppose environmental depredation that harmed their ability to make a living (2004). Instead, they developed an idea that recognized; if the poor were given secure rights over their share of the land and its resources, together with an adequate livelihood, they would actively protect their environment (Hira, Parfitt; 2004). Herein lays the base for sustainable livelihood approach.

Today, apart from the WB, number of other agencies such as UNDP and DfID has started to introduce sustainable livelihood approach into their projects and activities assisted by them. Accordingly for UNDP, sustainable livelihood connotes ‘the means, activities, entitlements and assets by which people make a living’ (UNDP, 2013). Assets, for UNDP in this particular context, are defined as ‘not only natural/biological but also social, political, human and physical’ (UNDP, 2013).

The WB under the mentioned project caters to integrate sustainable livelihood measures by creating SHG, youth groups and community development groups by

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<sup>73</sup> Robert Chambers is considered to be one of the most important advocates of participatory development. He is of the opinion that people’s priority must be at the fore of any intervention, as it is necessary for the people to feel that their true needs are being addressed and represented by the project undertaken. He in his work promotes, the approach of ‘self help’ to be the best means of creating and promoting sustainable livelihood.

helping them develop various skills and capacity management skills in the form of assistance via development of home stays, agribusiness, skill development programs and linking the same with marketing opportunities to better enhance their livelihood (NERLP, Final Report, 2011). The basic thrust, according to the published report on the project is to ‘demonstrate a new approach to development by adopting a genuine partnership among all the relevant stakeholders, wherein maximum interventions made are demand-driven and client-oriented and implementation of it made, taking into consideration the indigenous knowledge and capabilities of the people’<sup>74</sup> (NERLP, 2011; 2012).

#### **4. 5. a. Self Help Groups (SHGs)**

As mentioned in second chapter, the idea that NGOs are better equipped for grass root or specialized operations and small scale development project took off in the 1990s, when the WB and other major international agencies began to openly incorporate them into their project plans as subcontractors and partner (Elliot, 2006). Following this the mushrooming of SHGs especially in the rural areas became not only evident but also necessary vehicle for carrying out the works related to everyday aspect of their lives.<sup>75</sup>

In consonance with the various report collected of the WB under this project with regard to SHGs, what the project deems to cater is the formation of sustainable and vibrant primary institutions in the form of SHGs comprising predominantly of

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<sup>74</sup>These elements in relation to sustainable development are important. And as adopted in Stockholm Conference (1972), ‘Principle 4’ of the declaration states, ‘that developing countries must direct their efforts to development bearing in mind their priorities and the need to safeguard and improve the environment.’

<sup>75</sup>Apart from SHGs there also exist numerous local, grass root or community organizations. This is prominent especially in the developing world where cases of people coming together for different reason such as water management, sewerage, agriculture development is evident. The mushrooming of this community based organizations is often labeled as a response to the failure of the government in providing basic services to its people. It is estimated that there are over 200,000 grass root organization in Asia, Africa and Latin America (Thomas and Allen, 2001).

women. The report states, that the strategy behind forming a group comprising mainly of women is to strengthen the building block of community structure, in transforming their social problems and to empower them to address their own needs (NERLP, 2012). Further, the idea of establishing SHGs flows from the notion that by working in groups rather than as individuals the rural poor will be able to combine and make best use of their skills and resources (NERLP, 2012). The locals according to the statement addressed in the report, will have more bargaining power and have a collective view and approach in choosing the best alternatives for themselves (NERLP, 2012).

After the creation of SHGs what the project will do, is to form a SHG federation<sup>76</sup> for promotion of a self-reliant and a collective women force, who would work towards not just financial independence and social empowerment but also to help SHGs become institutionally and financially sustainable (NERLP, 2012). This, the project claims to establish by making the provision of the services viable and for SHG federation to act as a conduit between financial intermediaries and service providers facilitating linkage of groups.

#### **4. 5. b. Youth Groups/Community Development Groups (CDGS)**

Sikkim as one of the least populated state in the country with only 610,577 inhabitants (Census, 2011) is considered to have a very young demographic profile,<sup>77</sup> which if properly motivated and trained could be of tremendous value to the state building

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<sup>76</sup>The federations would work as a social service provider, business entity and would partner with variety of organizations for providing back end services to different market institutions, such as, correspondents for banks and insurance companies, procurement franchises for private sector corporations and delivery mechanisms for a variety of government programmes.

<sup>77</sup>60 percent of total population of the state falls under the category of below 24 years of age. The category belonging of 60+ consist of only 4.5 percent of population, with remaining age group of 0-4 consists of 39 percent (State Development Report).

process. According to the bank the state has a sizeable segment of young people, with most having a school level credential i.e. 5th, 8th passed or primary education. The youth energy in the state according to the statement produced by the WB (2012) remains under-utilized, and can be trained for impactful livelihood through skill building process. What the project caters to do under this sub-section is to form 'groups' comprising of young men and women aged between 18-35 in the project implemented areas and impart trainings on various skill development activity identified under the project. The project according to the reports available have also opened up a space to provide support to youth by funding up to eighty percent of the course fees for necessary qualification in some of the identified sectors (NERLP,2012).

In the same vein, the need to create CDGs according to the bank is to promote bottom-up participatory planning approach at all levels and to identify and address real need of the society (NERLP, 2011). According to the report, CDGs entails the creation of strong community with effective social and physiographic understanding of the locality. The groups created under the project is to provide service to the poor and address the need and demand of people by providing platform for them to effectively participate and engage in decision making process for economic and social empowerment (NERLP, 2012). Further, it is also up to these groups to develop the practices of promoting environmental protection and management in the policies and programs initiated by the bank and also other institution of similar kind.

#### 4. 5. c. Rural Tourism and Home Stay

Tourism is one of the most important sector of the state. It is perceived as not just creator of a substantial source of employment for the people but a major contributor to the state's economy (the case of which has already been discussed in chapter three). However, rural tourism is a form which is new to the state and also the one that is fast evolving. The idea of home stay<sup>78</sup> in line with this form of tourism is one of the most sought after and a major component under the project undertaken.

Home stays as evident from the previous chapter is a booming industry in Sikkim which is frequently quoted as a 'responsible and sustainable tourism approach', modeled to achieve critical social objectives through people's participation. Home stay businesses in general is also perceived as not just an effective tool in boosting the overall tourism scenario in its rural hinterlands but also a strategy to disperse the tourists from city congestion to the villages so that they can have a glimpse of rural Sikkim, and familiarize themselves with unique village culture and heritage (ADB, 2014). The objective stated by the bank therefore is to harness vast untapped rural tourism potential of Sikkim so that their multiplier benefit reaches out directly to the rural communities (NERLP, 2011). The WB under NERLP proclaims home stays as having potential to improve employment and livelihood opportunity of the rural poor,

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<sup>78</sup>Home stays generally offer tourists a combination of accommodation and food along with certain cultural packages, for instance, cultural shows, dressing in traditional attire etc. Each home stays is unique in itself due to the inclusion of cultural package. This package generally allows the tourists to experience a slice of life lead by rural Sikkim's people. The packages often involves cross cultural learning experiences such as learning a recipe of traditional food and delicacies, learning local languages, voluntary teaching in some cases and engaging oneself in agricultural and farming practices practiced by the villagers. The idea as such is to add further value to the tourism experience of the tourist which clearly differentiates home stays and it experiences from other form of tourism. Certain other recreational activities are also often included in the packages which includes, angling in the rivers and streams, bird watching, meditating, jungle walk, trekking, yoga, camping, sightseeing etc. The accommodation however is generally modest as per typical rural culture of the region and of the ethnic groups inhabiting (ADB, 2014; [http://sikkimtourism.gov.in/Webforms/General/DepartmentStakeholders/pdfs/ADB%20%20SASEC%20Tourism%20Project%20Overview%20\[Compatibility%20Mode\].pdf](http://sikkimtourism.gov.in/Webforms/General/DepartmentStakeholders/pdfs/ADB%20%20SASEC%20Tourism%20Project%20Overview%20[Compatibility%20Mode].pdf))

and finds it feasible to be promoted in almost all the identified villages in both the South and West districts.

#### **4. 5. d. Agribusiness and Marketing**

When it comes to livelihood management, production and marketing skills, there are number of activities that project deems feasible to be undertaken such as production of vegetable, fruits, pulses, fisheries, piggery, goatery, cow rearing, rubber plantation and nuts cultivation. However, few activities such as; vegetable production, fruits (especially pineapple), pulse production and fish rearing have been shortlisted by the project directors, of NERLP and the WB staffs for detailed value chain analysis using criteria such as interest and capacity of poor, possibilities of engaging large number of people, market demand and gestation period (NERLP, 2012). According to the bank the supply of the above mentioned produce in the state are less compared to their demands and therefore can be promoted in the state. Apart from these produce, attention is also directed to sectors such as poultry, piggery and dairy farming. However, what sets the production of these produce aback is lack of proper marketing skills and marketing facilities among the people. Low level of business and marketing skills among rural people of Sikkim is also the case which has been highlighted by the ADB personals. The villages as such have no regulated market for farm based produce. Thus, another important aspect apart from agribusiness and its development is increasing connectivity and integrating market to enhance the livelihood of these people and reduce poverty and inequality. Therefore, the activities to be performed under this section involves selection of beneficiaries, preparation of business plan with the community, organize technical and business training, market exposure visits, establish backward and forward linkages with resource agencies, facilitating market

linkages and monitoring the evaluation and promotion of higher order institutions such as federation for collective action (NERLP,2012).

#### **4.6. Analysis of World Bank Led Sustainable Practices in NERLP**

Although an institution of global reach and recognition, the World Bank has not always received a positive attitude for its work, especially in connection to its past failed assistance. Thus, one of the major controversies associated with the WB and also an element that needs to be addressed is whether its program ‘promotes’ or ‘thwart’ development in the recipient nation. Critically analyzing the developmental schemes of WB in Sikkim therefore becomes important as the state is not only far flunked from the mainstream developmental practices followed by the other state but is also a state which has been witnessing a series of private and financial institutions directing its developmental path, the case of which is evident from the engagement of not just WB but also other institutions of its kind such as ADB, JICA, Aus-AID to name a few. Analyzing the project implemented by these institutions therefore becomes necessary to understand if the developmental schemes assisted by these institutions are sustainable or not.

Attempt in this endeavour is made by first, reading the reports published under the project, followed by field visit and interviews in the project implemented areas. The section that follows therefore presents a field level analysis of NERLP and sub projects under it taking the three pillars of sustainable development as a base. This three pillars as mentioned in the initial chapters are considered as an ‘interdependent and mutually reinforcing forces’ (WSOD, 2005) and also a necessary condition for achieving long term durability of developmental venture initiated in a state or region. What has also been discussed is that although it is important to address these pillars in

an equal footing, the weight and attention given to each pillars is dependent on the reflection and orientation of the actors and its interest (Wironen, in Grossman, 2007). Addressing of specific interest can also be reflected in case of WB in its operation under NERLP wherein maximum attention is diverted to the economic pillar with social and environment pillar addressed in decreasing order.

#### **4. 6. a. Economic Sustainability**

Economic sustainability bases itself on the stand that the progress toward sustainable development requires success first with economic development, and in particular the ‘poverty alleviation’. It maintains, that the other two prong of sustainability i.e. the environmental protection and social justice, will lack force until the basic living standard of people are improved. According to this model, meeting essential need depend in part on achieving full growth potential and that sustainable development clearly requires economic growth in places where such needs are not being met (*Our Common Future*, 1987).

Creation of SHGs, youth group and CDGs to improve the livelihood of the people is one of the most important objectives underlined by WB under this project. In retrospect, most of the components addressed under this project are in one way or the other related to addressing the livelihood of people via various farm and nonfarm activities for economic gain. Reference on the data’s collected from the report on NERLP (2012) states, that at least 50 percent of women in the project areas who were not formerly in SHGs have become a member of project- supported SHGs, and at least 90 percent of established SHGs which have received loans under the project is reported to have paid back in time and with regularity (PIP, 2011). Based on the field visit conducted, most of the SHGs, consisting predominantly of women work force,

are engaged in activities such as agriculture (mostly related to vegetable production, ginger, fruits and cardamom), poultry, piggery, bee keeping and handicrafts.<sup>79</sup> With regard to creation of the SHG, the opinion of the people based on the unstructured questioner and interviews were mostly positive, with opinion ranging from secured livelihood, economically independent to dutifully employed. To elaborate, one of the respondents<sup>80</sup> was of the opinion that the intervention made by the project is well accepted in the village as it has given them the means to earn a livelihood. According to her, home maker such as her and most of the women in the villages had nothing to do before, but after the initiation of the project all most all the women in the village belonged to one SHG or the other and engaged in some sort of activities. She with the loan received from the group invested on seeds, and now sells vegetables in the shed constructed by NERLP, which is managed and supervised by the member of the group.

Another respondent<sup>81</sup> held the opinion, that the projects have in many ways helped them to sustain their livelihood and be economically independent. Similar views were expressed by many other who mostly reflected on the self empowering element under the project initiated. Similar to the case reflected above, another respondent<sup>82</sup> now owns a small poultry farm with money procured under the project as a member of

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<sup>79</sup>It is important to mention that not all the identified blocks/villages are engaged in the mentioned categories. People's engagement is mostly dependent on the area and kind of activities that are apt for the people of the village to practice. For instance people of Maniram (Namthang) are more in favor of vegetable production compared to Bhnajayang (Namchi) wherein the people were more intensively engaged in poultry farming. A respondent from West Sikkim (Buddha Tamang, Aged 29, Dentam, 25.06.18), when enquired about the manner of engagement in the activities identified explained, that different agricultural and non agricultural ventures are tried under the project and if any given venture do not yield the desired result the ongoing activity is tossed and replaced by new one. Trial and error method is in practice in order to generate maximum profit. This is a pattern deciphered at both the district and block level.

<sup>80</sup>Amrita Pradhan (43), Member of SHG, Phalidara GPU, Namthang, South Sikkim, 23.06.18.

<sup>81</sup>Yanku Maya Mangar (52), Member of SHG, Kaluk, West Sikkim, 26.06.18.

<sup>82</sup>Angie Tamang (40), Member of SHG, Sumbuk, South Sikkim, 20.05.18.

SHG. She was particular in mentioning the financial independence that the women of her village were getting accustomed to. According to her, economic empowerment of the women folk is massive and they no longer had to depend on their husband or brothers as they were financially in much better position.

Second component under the project parallel to economic sustainability is the creation of youth group. The idea of channelizing the youth force of the state for livelihood enhancement is very pertinent in Sikkim, especially considering the increasing youth unemployment in the state, with public sector services reaching its saturation point. The reports collected from the project implementation plan ensures that the ‘study in the pre-implementation phase would be conducted at community level to assess the existing level of skills and correlate them with the market potential in order to carry on the skill development plan’ (PIP, 2011). The report also states that the ‘training and support would be provided to the members based on their interest and capacities, which would then be linked to training institutions’<sup>83</sup> such as, State Institute of Capacity Building in Karfactor, Jorethang, with which the WB have collaborated in arranging for the trainings to be conducted.

From the material collected based on the report, field visit and the interview conducted among the WB’s staffs, training for the youths (of identified blocks) includes basic level courses on profession such as; driving, security guards, business and management, parlor and grooming industry, air hostess and computer courses. According to the District Project Manager, based in Jorethang, South Sikkim,

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<sup>83</sup>Memorandum of understanding has been signed between the WB and various capacity building institutions in the state, which are to provide placement to the trained youth after the completion of their training in respective fields. According to the District Project Manager based in Jorethang, South Sikkim, and the reports available (NERLP, 2012) the training agencies that are able to provide placements to the youth are provided with additional incentives.

trainings are also provided to the people considering the need of an hour, for instance; although the trainings to be provided for the 'Airport ground staff management' is not mentioned in the report, nevertheless training on it are provided to the youths (25.09.2017). According to statement made by him, more than twenty girls who were member of the youth group have been trained and now are employed as an air hostess in domestic flights. In addition to this, almost 60 to 70 percent of the member of the group has been given placements as drivers and security guards in many private and public firms. Also based on the claim made on report, at least 50 percent village youths (women and men) trained under the project are gainfully employed (PIP, 2012).

Visit to the field and the interview conducted for the purpose of the study for this sub-project however provide different picture with difficulties in locating the people who were imparted trainings, and on whom the interviews could be conducted. One of the reasons for this could be that no sooner they complete their trainings and are employed, they move out of the village. However, when enquired about this to the locals, they attested to the fact that many youths trained under the project have been successfully employed. Further, they were also open to mention that the youth in the villages lacked motivation and zeal to work, and despite being provided with many opportunities for employment the absence of willingness to work among the youths prevailed them to grab the opportunities which lay ahead of them. The locals also mentioned, that apart from the professional trainings imparted to the youths, basic level trainings for the village people were also organized in the village community hall on basic skill development related to services on hospitality and hygiene especially in connection to the rural tourism, home stays businesses and for

developing marketing and production skills so that they can learn to integrate with the nearest markets and sell their produce competently.

Third component under the project is the creation of CDGs, which serves the same purpose as that of SHGs and the youth groups but only larger in term of its share of responsibilities and magnitude of scope. According to the report on Community Operation Manual (COM), one of the major task of the CDGs is to make community development plan that would address the livelihood infrastructure gaps<sup>84</sup> (2011). The CDGs under the project are mostly responsible for overseeing and directing the development of tangible infrastructures in the village such as water storage tank, concrete shed and inter-village road connectivity (NERLP, 2011), with no immediate or permanent threat to the surrounding ecology and the environment. Another important task of the CDGs that is very crucial to the project sustenance is to act as a conduit between the people and the market. This according to the villagers have helped them gain advantage over the market in term of collective bargaining and selling their produce in main market, generating greater profits. In addition, the constructions of various concrete and semi concrete vegetable sheds under the CDGs have also started to play an important role in providing direct economic benefit to the people. The vegetables and the other produce sold in the shed are the product of the effort put forth by the member of SHGs who now reap the profit by selling it in the shed established solely for the purpose. Rest houses for the travelers and the villagers have also been constructed under their supervision. When asked the locals about their satisfaction and dissatisfaction, women forces were quick to respond to the positive

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<sup>84</sup> Apart from NERLP, there are many other rural development schemes provided by the state government under rural development schemes. One of the important tasks of the CDGs is to identify the sectors not covered by those schemes and direct the fund for the activities that require immediate attention at the block level.

change that have developed owing to the intervention made by the project, while the men folks expressed dissatisfaction especially with issues related to funds and its disbursement. According to a respondent,<sup>85</sup> the vegetable shed build under the project is not sufficient in its construction, with no slots or place to keep their produce and lacked safety grills and main shutter. According to him and many other respondents there have been many instance of theft from the shed which needs immediate action from both the member of CDGs and the project staff.

Fourth component under the NERLP is agribusiness and marketing. For Sikkim, food security is a pressing issue which has its roots in not just the physiographic profile of the state but also inadequate farming land. Although it is mostly an agrarian state with majority of its population inclined in farming and allied activities it still need to depend heavily on its neighboring states for the supply of basic food amenities.

An interesting component under this project is identifying the strength of the village in term of its production capacity and feasibility of marketing the same. When inquired about the sub project among the locals and their engagement on it, many were quick to respond to the positive change that the sub projects have brought to their lives. According to the locals in the project implemented area, many patches of land which were initially left barren have started to be cultivated and utilized. The general opinion that could be garnered is that, the people of the village initially lacked capital as well as the zeal to cultivate the land for various food products (mostly seasonal vegetables, fruits and pulses) and whatever little they produced were mostly for self consumption or for village people at large. This stand however have changed since the intervention made by the project with vigorous engagement of the people.

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<sup>85</sup>Mani Kr Chettri (51), Nandu Gaon (Jorethang) South Sikkim, 24.06.18.

Thus, a positive change can be witnessed among the local and their attitude toward farming and related activities.

These changes in the attitude have also been accentuated by the fact that after harvest the locals have a platform to sell their produce and generate profit accordingly. This is where the second aspect of 'marketing' comes to play. The absence of marketing skill among the people of the state, as discussed in the initial chapter is one of the reason for failure of the state to manage/sustain or even compete with other state when it comes to farming and allied activities. And as stated by the WB, 'even if the production is surplus the absence of marketing skills among the people makes it difficult for people to sell their produce (2012). This can be taken as one of the reason why the people of the state are reluctant to try new venture. In addition to this, in a report published on NERLP, the WB stated that, 'a lot of project for livelihood enhancement have been undertaken by various agencies in the past, but only few have been able to sustain the pace, primarily because more emphasis is laid on production rather than on marketing' (2011). Developing marketing skill by providing basic training and services to the people therefore is considered prime by the WB, which according to the filed visit and interviews conduct is well attested by the locals according to whom frequent training and exposures to market related activities and skill development by the staff of the project are provided. The locals were also open to mention the visit, scrutinisation and engagement of project officials in the villages, wherein people were questioned about their engagement, participation, loan received and their profit and loss. This in many ways confirms the participation and engagement of people at all level and from both side of the project.

Fifth component under the project is rural tourism, which according to the WB (2012), enables a direct cash flow to the rural and underdeveloped pockets of the state and boosts the local economy. Tourism, as mentioned is one of the most important revenue generators of the state. However, until recently it was only limited to urban area with rural areas being thoroughly neglected from the benefits of this sector. The intervention made under the project on home stay based tourism according to the report (NERLP, 2011) is a direct attempt to include the poor in the larger ecosystem of tourism. According to the report stated in the PIP, 'almost 40 percent of the villages visited by the staffs under the project had its villagers interested in home stay based village tourism.' The report further states that 'both the districts have the potential to conduct this venture with different types of promotional strategies to attract tourists and show case their culture and heritage' (NERLP, 2011).

Field visit conducted for this sub project brought to surface that the implementation of this project is still in its nascent stage with early training and workshop provided to the locals. The visit also attested to the statement provided by the report on NERLP for this subproject on engaging other stake holder of the state such as Travel Agents Association of Sikkim (TASS) and Sikkim Hotel and Restaurant Association (SHRA) (NERLP, 2012). The interview conducted on both the locals and stakeholder, ensures active engagement of both the party for the project initiated. When enquired about the relevance in collaborating with these actors, one of the reason provided by the project manager under this subsection (Kaluk, West District) was to ensure that the project in general and the home stay business in particular to be a successful venture. Association with this stakeholder of the state according to him would lead to include home stay packages in their itineraries which would make this business a prospective case for development that is sustainable. The survey among the people also brought to

limelight, that apart from trainings and workshop in basic services the locals are also provided trainings in handling situations in case of unfortunate accident and death among the tourist during their visits, which is indicative of seriousness and preparedness of the project and stakeholders involved.

When inquired about the slow pace of implementation of this subproject, the project coordinator and also a member of NGO<sup>86</sup> stated, that ‘home stay as an activity is different from other activities initiated under the project, in a sense that only interested and adequately capacitated household can be included in the business’. According to him, this activity require a lot of customization at the household level which is difficult to regularize, thus a thorough scrutinisation is required in order to choose the household capable to run it. The visit to field helped in locating at least 10-15 households identified to run the home stay businesses in both the project districts (mostly in west). The feasibility of the project is further supported by the evidence that there were already in existence some home stays in these villages which were either privately owned or government funded.<sup>87</sup> The owner of these home stays explained how this venture is prospective and has allowed them to engage people of the villages whom they consider to be dutifully employed. What therefore can be stated is that, although home stays under the project is just in its initiation phase with very little execution in the field, a meaningful materialization of it can have an impact of generating maximum profit for the villagers in order to sustain their livelihood.

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<sup>86</sup>Gokul Gurung, Member of NGO, Kaluk, West Sikkim, 26.06.18.

<sup>87</sup>For instance, Darap Eco tourism Committee of Darap village in West Sikkim reported that in the last financial year, around 3000 tourists stayed in 10 home stay houses which have resulted in an average income of Rs 1 lakh per household in a season.

#### **4. 6. b. Social Sustainability**

Social sustainability according to Mckenzie, is a positive condition within communities, and a process within communities that can achieve that condition (2004). It is inclusive of ideas such as participation, accountability and transparency of humans at all level. This in line with sustainable development is important as it is ‘for enhancing the livelihood option and reduction of poverty’ that these institutions venture into any state or region. Further, according to the recommendation framed by the UNESC, the government or an institution should adopt popular participation as a basic policy measure in a development strategy and should encourage widest possible active participation of all individuals such as women and youth organization, in the development process in setting goals, formulating policies and implementing plans (Commission for Social Development, 1975).<sup>88</sup> It therefore is a necessity for these institutions to work with a broad range of people and organizations to be effective and to ensure developmental effectiveness.

Coming to the case in point of project undertaken, maximum intervention made, as stated in the report (2012) are based on the ‘demands driven by the client’. When inquired, the answer was in affirmative with majority of local attesting to the fact that the interventions made were based on their need, demand and full participation. While participation of people in the developmental venture initiated by these institutions are mostly seen in a negative light same cannot be said for this particular project wherein participation of the local people can be witnessed in all most all the villages where the projects components were introduced. This is also attributed to the fact that majority

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<sup>88</sup>Rural Development in Sikkim, <http://shodhganga.inflibnet.ac.in/bitstream/10603/165835/14/14chapter06.pdf>, Accessed: 21.12.18

of the work under the project are for the upliftment of people and to enhance their livelihood opportunities, wherein their presence is prime.

One peculiar aspect under this section is that, almost every adult interviewed for the purpose of the study was a member of SHGs created under the program. This provides an understanding of the inclusivity of masses under the project. Most of the interviewed locals were well aware of the project initiative and affirmed their participation in the both the decision making process and in the implementation phases of the project. Another indirect yet positive effect of the project at a societal level is increasing social mobilization among the people of the village. This is evident not just from the fact that there is an active participation among the people but also in them being dependent on one another at the end of the string which is an important component to support the sustainability of the project as well as the assets created.

Social cohesion can also be deciphered from two cases- first, according to the standard fixed by the project staff, the designated group are required to meet the project manger and staffs twice a week to report on their status i.e. the profit made from the loans taken, loss incurred and returning the loans taken. In addition, the member of the group, based on a unanimous decision meets twice a week to discuss the progress made, demands to be made for next meetings and problems faced in process. The frequencies in these meetings have helped people understand themselves better as well as to unearth the good and priority requirement for the village as a whole.

Second, on the basis of unanimity some villages in the project implemented area have made it mandatory for the member in the group or community to voluntarily provide help in the form of capital and labor if any member of the group find themselves amid

misfortune and death. These help us to unearth the social mobilization among the people which has helped them to understand not just the problem inherent in village but also they being part of larger societal ecosystem.

To continue within this line of thought, the locals in most of the project area were aware of the fact that the project was under the aegis of the WB. This links us to the question of transparency and accountability which apart from participation is considered to be other two important element of social sustainability and also an important inlet for an actor in the field of development. Transparency when it comes to the project is evident from both the reports published for the project and the field visit conducted. Majority of the locals when interviewed were aware about most of the intervention made and attested their engagement in it. The locals were not just aware about the development project initiated in their area but were also aware of the fact sheets, loans received, funds disbursed and future plans related to their area under the project.

In continuation with social sustainability, it is a common understanding that that one of the greatest cause of developmental failure in rural development program is a lack of commitment among the people to carry on with the project once the duration of the time for its completion is met. However, involving local people in a project, right from the time of its initiation and through its completion phase will not only help people to be committed to the project but also participate and voice their opinion if the staff or the implementing units falter somewhere. This is where the idea of accountability comes to play. The timeline of NERLP is only for five years, after which the asset and group created are left to the people to manage it. It is to fulfill this criterion that SHG federation is created in order to generate a sense of ownership

among the people which is necessary for the longevity of the project. The established federation according to the Project Manager, will not only help ensure the sustainability of the institution created, but keep the project cycle running by means of exercising and engaging the group member in various training and programs (NERLP, 2012). In addition to it based on the evidence collected from the field visit via unstructured questioner and interviews the locals were positive to keep the cycle running even after the completion of project. Also, when questioned the Project Manager about the sustainability of the project, he was of the opinion that at least 70 percent of the SHGs supported by the project were 'institutionally sustainable' from the prism of regular attendance in meetings (held twice every month) and 'financially viable' from the point of view of taking and repaying the loans.

In addition, the locals were also open to mention the fact that the regular visit from the staff of the project, their engagement and constant dialogue with the locals in all area of activity has led to better coordination between the local and the staff in terms of successful implementation of this project in the state. Also, the interviews conducted provide an understanding that members of the group were vigorously engaged in the activities that they were confirmed to do, more precisely because of the fear of questioning form the project manager as well as the subordinate staff under the project. The case of following strict work method is also supported by District Project Manager who claims that only South has been qualified for the funds under Tranche III of the program (which is yet to be implemented) with West district failing to procure funds owing to incompetence among the member of the SHGs as well as larger village population in achieving required commitment for the project (25.09.17). This in many ways provides an understanding of accountability which is prevalent in both the donor and donee.

#### **4. 6. c. Environmental Sustainability**

Environmental sustainability as discussed is in-tuned with development that does not endanger the natural system that support life on earth such as the atmosphere, water, soil and the living being (*Our Common Future*, 1987). The focus of this pillar is on maintaining the biological diversity and ecological integrity, with ability of the environment to regenerate itself and its resources (Rolson, 1994). Aspect of environmental sustainability when it comes to the project undertaken is minimal as majority of work undertaken are for economic and social upliftment of the residents. Since the project introduced is mostly for the livelihood management and poverty alleviation very little to almost no problem in terms of environment, displacement and rehabilitation could be unearthed from the field visit. Although construction of water storage tanks, concrete sheds for vegetable and other produce as well as rest house have been constructed, it has been done under the supervision of CDGs with very little impact on both the environment and resources. In addition many of the project intervention were made on existing resources with not much construction work involved and even where there have been creations of assets; it has been done in the area where there is not much harm to the immediate and surrounding ecology (Field Visit, May 2017).

Within this line of thought, one important role of the CDGs is to ‘develop practice and policy which protect the environment’ (COM, 2011). Therefore, an important activity required by the member of the CDGs to perform apart from the ones mentioned above, is to engage the member of the SHGs and other groups of the society in social and environmental activities such as cleanliness drive, plantations and over-seeing of the agricultural practices in their respective villages (NERLP; COM, 2011). The

involvement of communities in these socio-environmental ventures is evident from field visit conducted wherein the people of the villages were positive about their engagement in the mentioned activities. According to one of the respondent<sup>89</sup> this ritual has become mandatory to be attended by at least one member of the family as a representative. And since improving the quality of the lives of the villagers and the village is one of the prime responsibilities of the CDGs, environmental protection which forms the base of their livelihood is well take care of.

Further, it is also the responsibility of this group to see if the project hamper or protect the environment. It is for this reason that there has been massive participation and engagement of the people in both the pre-implementation and implementation phase of the project. The locals owing to the platform provided to them have (according to the unstructured interviews conducted) actively engaged themselves and voiced their opinion on the feasibility of the project in consonance with the environment protection and natural resource management. This aspect is important as it goes in line with the fact that the local are more aware of the environment they live in, which form the base of sustainable development. What therefore is evident is that the CDGs acts as a platform which helps in not just supervising and keeping the project implemented and groups intact but also help in channelizing unified voice on economic, social and environmental problems in a collective fashion.

Apart from the three pillars addressed independently what one could decipher from the report collected and the field visit undertaken is that, in order to make the project successful different element of the project have been used in the form of chain, interlinking each for the overall development. For instance, home stay which as much

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<sup>89</sup>Meena subba, Member of SHG, Temi-Tarku, South Sikkim, 29.06.18.

as it is for rural development is also instrumental for SHGs and farming practices, as much of what is produced (products such as vegetables, dairy products, poultry and pulses) by the farmers and member of SHGs are supplied for the requirement of the home stays in conducting its business smoothly. Second, the idea of engaging people in agriculture, and the CDGs working as a conduit between the farmer and market for selling the produce and also developing shed for the products cultivated in the village provide an idea of mutual dependence among the people. This interdependence is important as it will not only help maintain the end product of sustenance of assets created but also in strengthening the socio-economic lives of the people.

#### **4. 7. Conclusion**

Since its establishment in 1944, WB has been pivotal in development studies. As one of the largest multilateral development organization in the world, its role in development process has not only been glorified but has also been subjected to a lot of criticism and debate. Deviating from its past practices of sole importance attached to economic growth and adopting sustainable development in its work policies can therefore be taken as an important step by the WB to make up for its past failure, especially with regard to the developing world.

Applying the same developmental model in the state of Sikkim what this chapter has catered to analyze is the application of sustainable practices in the operation of the WB under NERLP. Attempt in this endeavour has been made by providing a field level analysis of its working by conducting a field visit substantiated by interviews conducted among the locals, the staff of NERLP and other stakeholders in both the project office and project implemented areas.

Although the work approach of the WB in other state and region has been subjected to criticism, the analysis of this project in the state sheds different light, with people's opinion mostly positive. One of the reasons for this can be attributed to the fact that no major construction had to be facilitated for the project with issues of displacement, rehabilitation and land grabbing in the list. The projects undertake is mostly committed to economic growth via improved livelihood measure with issues of social and environmental element also addressed but in lighter tone.

Concern of economic, social and environmental sustainability is well grafted into project design with element of security, livelihood and enhancement of economic opportunities of the people well addressed. The idea of channelizing the youth population for various livelihood enhancing measures is an important instance wherein the sustainability of the project is addressed. Further, the formation of different groups under the project is not only indicative of the long term vision of the project but also reflects the commitment of people in sustaining the assets created (i.e. both tangible and non tangible), which based on the interview conducted among the people is no doubt a priority among the people.

The new approach adopted under this project of assisting developmental measure based on local perspective, situation and in addressing real need of the people have played an important role in providing various livelihood measure in the project implemented areas. This has not only changed the attitude of the people inhabiting the area but has also given them a means to earn their livelihood. In addition, improving agriculture for food security and engaging the local people in agriculture and allied activities for various income enhancement opportunities can go a long way in supporting the cause of 'Organic Mission' of the state.

However, it is important to understand that it is not just project fund and assistance that is required for the project assets to be sustained. Willingness, commitment and work ethic among the people to sustain and manage the resources are also important for sustainable development. The current attitude and work ethic of the people especially in the project implemented areas, if sustained will be not only crucial for changing the dynamic of the state in terms of production but also for overall development of both the state and its people.

## **CHAPTER V**

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### **CONCLUSION**

## **CHAPTER-V**

### **CONCLUSION**

The idea of development is not new but has a substantive history. However, what is new about the development studies in the late 90s and early 20th century is the way in which the two literatures of development and environment were integrated owing to the recognition of its significance and interdependence in terms of its nature and goal. This paved the way for the concept of sustainable development which encapsulated the notion of development based in the reality of local environment and the need of the poorest sector in the society that were removed from the unilinear economic growth model of 1960s. Further, the acknowledgement that sustainable development involved more than just growth and a change in the content of growth (WCED) played an important role in broadening the field of development studies.

Question of sustainability however, was not initially seen as being complementary to development. This view in many ways was reinforced by idea that development damaged the environment (Hira, 2004). The reconciliation between the two was attempted in the form of sustainable development in Stockholm Conference, which is considered to be one of the most important contributions of it. Following this, the integration of these two aspects i.e. development and environment were frequently emphasized and reemphasized at almost every stage of debate on development. A breakthrough in this line of work was made with the publication of report by World Conservation Strategy (WCS) in 1980, which argued for the case that conservation and development should be integrated at every stage of planning and that the conflict between these two objectives needed to be minimized first and gradually eliminated (Hira, 2004).

Today, sustainable development is recognized as a challenge for people across the globe rather than for a particular institution of development or certain regions of the world in isolation (Potter, 2004). The concept in its approach cuts across disciplinary barrier owing to its multi-dimensionality and has emerged as one of the most used concept with multiple actors accentuating the importance of it. Further, the expansion of sustainability debate from the older and greener argument, which saw sustainable development as concerned solely with environmental issues (Murray, 2001) to be replaced by a fuller version with equal consideration of social and economic element of life made it all the more encompassive and contemporary in its content.

In addition to this, the importance of Stockholm conference in line with both sustainable development and IFIs also rest with the fact that it was the first international conference of a truly global magnitude to stress the need for provision of financial and technological assistance to the developing countries, especially in its emphasis on the actors in the development field in addressing the environmental and social problem persisting in both the developed and the developing world. This conference therefore, not only shaped the policy and activities of these developmental agencies but also made it necessary for them to integrate the practice of sustainable development in its work policy. The activities of IFIs such as WB, ADB, JICA and other institution of such kind, accommodating environmental concern and fine-tuning its policies in line with sustainable development can therefore be attributed to this conference.

Coming to the case in point of Sikkim, the state is one of the country's richest in terms of its natural resources yet it lags behind the rest of the country. There are number of reason for the state's backwardness as explored in the preceding chapters

with inaccessibility and fragility in terms of its physiography remaining the most persistent one. And although the state government has been in the centre stage of development and has been involved in every sphere of activity, it is increasingly proving inadequate.

The state in its developmental pursuit has aimed to pursue an eco friendly and sustainable development plan for which number of initiative have been undertaken. Nevertheless, it has been difficult to materialize this developmental plan, especially in maintaining the balance between the environment and economic need of the state. It is for this reason the government in mid 1990's, opened up the state in a grand scale, 'trying to locate where the real opportunities for the state lay' (CM, 2014). This is where the importance of IFIs in the developmental venture of the state comes to prominence, whose presence can be witnessed since early 1990s in actively influencing and directing the developmental path of the state.

IFIs such as ADB, WB, IMF and JICA can be witnessed operating in many important sector of the state since the year 2000, but the case of analyzing the impact of its operation in the state is lacking. This become pertinent since the evidence of development directed by these institutions in the state is not only present but increasing, in relation to both its number and sectors addressed. This in many ways can hamper the working of the state and influence the state to take various measures that can have an ambivalent prospect in near future. Therefore, what this study has attempted to analyze is the working of two IFIs i.e. the ADB and WB in its conduct and operation from the framework of sustainable development, most importantly in its integration of sustainable practices in its operations. This, the study have attempted to deliver by analyzing the research question posed in the beginning of the study.

Linking the subsequent section with the question posed before, the impact that the IFIs sponsored lending programs have on sustainable development are many, with inclination to both the positive and negative effect, mostly depending on the sector addressed. Much of its working in integration of sustainable practices is dependent on the intervention from the side of the government and active participation from the people, mostly the locals in the project implemented areas, the case of which is evident from the analysis of the IFIs taken for the purpose of this study. Furthermore, sustainable development as a concept contrary to dominant thinking is not just about environment and its management/protection but also about attaching equal importance to the social and economic need of the society. The impact created under the institution undertaken is therefore analyzed from the prism of three pillars and its application on the ground level. However, it is important to consider that although a vast subject with neutrality in both its acceptance and rejection, a definite application of it in case of its implementation has not worked well, more so in case of developing world. And, as aptly stated by Victor, ‘advocates of sustainable development should not try to promote false universal goal as there is high chance wherein the local needs and interest will vary and that it as a concept needs to be redefined repeatedly, from the bottom up, wherever it is to be put into practice’ (2006). Therefore, adopting the line of work propagated by Victor, the impact that the IFIs has had in the state in line with sustainable development are-

In case of economic sustainability the assistance provided by both the institutions for the improvement of basic services and skill development for rural tourism, home stay and marketing facilities is important. Addressing the case of livelihood and women empowerment via various farm and non-farm measure and rural development have played an important role in creating a sense of consciousness among the people in the

project implemented areas to change their ways of life and lift themselves off the poverty that existed. This has mostly been achieved by engagement of people in the activities conceptualized by these institutions under the project. The common people on being exposed to various skill development measure provided by these institution, especially the WB, have started to implement it in practices in the form of petty businesses, market entrepreneurship, shop ownership etc. The engagement of locals in production of vegetables, pulses and dairy farming have not only helped them to produce products for themselves and village at large but to sell it in a stall opened by the groups created under the project or send it to market to fetch better price, which have played a major role in livelihood management of the locals.

In addition, the assistance from these institutions for rural development by the means of home stay and agriculture have enabled a direct cash flow to the rural and underdeveloped pockets of the state and helped in poverty reduction. The initiation of home stay and related facilities have also led these villages to turn into booming tourist destination with partnership among village home stays with major hotel chains and NGOs for both tourist diversion as well as income. Focus from these institutions in marginalized areas of the state have in many ways helped the people in these areas to directly benefit from the services provided by them. Addressing these issues in many respects also provides an insight on the gaps filled by these institutions in creating and addressing some of the basic services which the state along with its citizen had failed to address. Further, the skill development scheme provided by these institutions has helped many un-employed youths to get jobs and be economically independent. This has not just helped the youths in terms of financial independence but has also helped them to be part of constructive work force with better prospect for future of both self and the state.

Impact on social sustainability under these institutions can be garnered from the mass participation of the people especially in project under the WB and the commitment of the people to preserve the assets created and to keep the cycle running even after the duration of the project is completed. Social cohesion and social mobilization of people is another important impact that the project of the WB have created, which have played an important role for people to understand themselves first and the need of the village at secondary level. Further the improvement of people's condition on the economic front via various livelihood measure have helped them to address the social cause of health and education better, the provision they lacked before.

Also, the case of 'intangible assets' created in the form of human resources with peoples engagement in various sectors have managed to created a conscious set of work force with credible work culture. This is another important impact that these institutions have created which can go a long way in creating a sustainable work force in the state. The work culture promoted by these institutions, although new and sluggishly adopted by the people has created a well equipped and ethical workforce with positive work culture and attitude. Creating sustainable work force when it comes to state such as Sikkim is especially important wherein people are laid back and over dependent on government services which are already reaching a saturation point. This in prospect can play an important role in delivering both direct and indirect benefit to both the state and its citizens alike. Further, activities such as home stay; marketing business and agricultural practices if maintained and developed with this intensity and seriousness can play an important role in changing the dynamic of the state in both the production as well as overall development.

Not much when it comes to the impact of the WB in the environmental front can be deciphered. This can be attributed to the fact that most of its project has been directed towards livelihood management and economic and social empowerment of people, with application of some basic ideas penned down in the 'environmental impact assessment' considered. However, the environmental impacts parallel to sustainable development when it comes to operation of ADB is many, with little consideration of EIA in the projects funded and assisted by it. The case of unmanaged disposal or dumping of soil from the project implemented area without proper disposal site identified, damaging of sensitive vegetation owing to the dumping of soil on the down slope side of the road, assisting the construction of water tank without proper base and structure built, diversion of water from the natural sources to main tanks constructed, provides an understanding that rejects the very foundation of sustainable development. On the other hand, there have also been evidences of some cases wherein the ADB have rejected some of the proposal put forth by the state on the ground of environmental fragility and project area being in the wet land zone, averting massive environmental impact. And since ADB is more into creation of tangible structure in the form of road connectivity and linkages and building basic infrastructure, to quote the ADB's project manager from the department of Tourism, GoS, 'slight environmental chaos is bound to be expected in any construction related activities without which the construction of an infrastructure is almost impossible' (22.08.17).

In addressing the negatives, one of the major impact that the globalization has had is the increase in number of non state actors and a simultaneous withdrawing of the state from many arena which came under its strict purview. Emergence of institutions such as IFIs in this regard is particularly noteworthy with many of the states function such

as provision for welfare, security, governance and development being gradually diverted to these institutions. The Governments partnership with these institutions for the development of the state has given these institutions an immense upper hand in dictating the rules and condition for the state. To substantiate, the case of a clause maintained by the ADB which states, “that the state of Sikkim shall carry out the project in accordance with the plans, designs standards, specification, work schedules and construction method acceptable to the bank” (ADB, 2014), clearly indicates the bank’s policies and practice that constrains the capacity and will of the government in its working.

These in many ways undermines the role of the state in not just decision making process but also in addressing the plea and concern of common people, further legitimizing the action and dominance of these institutions. Addressing this issue becomes important as more power to these institutions means dilution of state power and as evident from the aforementioned chapters the successful cases of development funded by these institutions have been more prominent in cases wherein states commitment to the project and people is prime and more so for development that is sustainable in nature.

Another negative impact created by these institutions is the case of local people being marginalized from developmental ventures, especially in projects funded by ADB (with exception to home stay and marketing business) with minimum or no participation. This again goes against the base of sustainable development which asserts participation and inclusion of the people in the development to be its corner stone. To substantiate, IFIs venture into any state or region with the stand that their main objective is to reduce poverty, create employment opportunities for the people

by creating jobs for them. Inclusion and participation of people therefore becomes important criterion for these institutions. However the case in reality is different with minimum to no participation in most of the projects funded for infrastructure development. Although, there is no doubt that the labors required for big projects needs to be skilled which in Sikkim's case genuinely lack, but the observation and the interviews conducted provides an understanding that there is marginalization of people even from the avenues where they can generate some benefit. Apart from the skilled labors, even for simple work such as carrying loads and physical intensive work, maximum laborers were hired from nearby regions, with much justification provided in favor of the bank than the common people.

Addressing the second question, it is important to mention at the outset that it has not always been the case wherein the developmental initiative pursued by the state have been sustainable or in favor of the larger masses. The literatures available in this subject provide ample evidence wherein developmental measures undertaken by the state have been inconsiderate with massive resort to human right violation and displacement of its people. The case of continuation of Sardarsarovar dam by the Government of India, even after a nationwide protest and withdrawing of the WB in the later stage is but one example. On the other hand, the evidence of IFIs abandoning projects owing to environmental fragility, despite it being proposed by the government and clearance provided by it to go forth, provide an insight into consideration of sustainable concern in the developmental project assisted by these institution. This brings us to the understanding of 'interest at play' among each actor in its pursuit of development, mostly parallel to its gain and stakes.

To continue with this line of thought, sustainable development is not only important for the state in its developmental process but a necessary condition for the other actors in their developmental directives. And from the chapters discussed it is evident that there is a massive increase in the projects related directly or indirectly to the theme, and the integration of it in the form of mandatory requirements. Taking the case of ADB and WB, the integration of the practices of sustainable development in its reports and paper is evident in all most all the projects funded by it but the application of it on a day to day operation is minimal and in some case totally missing. This is prevalent mostly for projects funded by the ADB wherein the practice of it is minimal with issues important to the concept such as environment and its management and other social elements important to sustainable development such as participation, accountability and transparency missing or practiced in minimum.

Major difference in the approach to sustainable development can be witnessed in the working of the two institutions. While ADB in its working have mostly neglected the basic principles important to sustainable development, WB for the project undertaken have considered most of it, with locals attesting to the fact of the work method applied and most works being implemented based on the demand made by the people with active participation in decision making process related to it. Aspects of sustainability in the WB project can also be deciphered from the social cohesion and social mobilization inculcated among the locals in terms of frequent gathering to discuss basic aspect related to the problem and prospect of developmental venture initiated in their area and on coming to a unanimous decision to provide voluntary help to the affected family in case of deaths or misfortunes.

Addressing sustainable concern can also be reflected in the WB's lending wherein owing to its consideration of the past developmental failure, have in case of the NERLP, diverted most of its assistance in the ventures which allowed the target population to decide on their priorities and need. Execution of this method in a ground level in many ways reflects on the priority, as the Brundtland Report states, 'on human centered end of sustainable development.'

In addition to it, NERLP and the component under it have helped people improve not just their livelihood but have also helped them be conscious about various means from which they could sustain their lives in the long run. Engaging people right from the initiation phase through the completion of the projection have made people part of the project with commitment among the people to keep the cycle running. Further, the economic benefit that the people have achieved can be witnessed translating into social sphere with emphasis on environment and its management, which is evident from the case of CDGs organizing cleanliness and plantation drive in the villages. Therefore, the tangible and intangible assets created, with commitment from the people to maintain it can prove to be a major achievement in the approach towards sustainable development led by the IFIs.

Therefore, the question of 'if the development assisted by IFIs be sustainable in nature or not' is dependent entirely on the institution and its priorities and most importantly to the sector attached to it. If the fund from these institution are oriented towards economic or social upliftment the impact can be positive and answer to it in affirmative. But if the fund is towards development of tangible infrastructures then the answer to it is mostly negative, especially considering the environmental element of it. Nevertheless, sustainability in long term, even when it comes to the social and

economic pillar is dependent on the people and its commitment towards it. And as aptly stated by the Project manager, 'success is mostly dependent on the willingness and commitment of the people.'

All said it is nevertheless important to understand that small and developing states such as Sikkim with very little alternative for pursuing developmental measures need to rely on other sources for funding and assistance apart from that provided by the centre. In doing this, sometimes some core features of development especially in line with environment and human centric development get discounted for. But taking the case of the institution analyzed for the study, despite many criticisms leveled against it for their past model of failed and unsustainable development, what can be observed in the working of the institutions is the changes in the way of its operations being conducted.

While there is no doubt that these institutions are playing an important role in integrating and disseminating the idea of sustainable development, practices of it should be translated better in the ground reality, which applies more to the assistance and funding provided by the ADB. In addition to this, the case of successful development process with maximum participation of people in the project cycle brings us to an understanding that it is the importance of people's participation and not the actor which dictates that makes development process a successful one. So long the people's opinion are taken into consideration and given enough space for them to participate, development is bound to be successful and hence sustained. What also becomes evident is the importance of partnership between the state and these institutions. Only when there is full commitment and support from the side of the government with necessary interference on their part can the development be

successful and beneficial to the people in general. This argument can be supplemented with the fact of successful implementation of NERLP in most of the project implemented area wherein commitment to the project from both the donor and the donee can be witnessed with full enthusiasm among people to keep the cycle running even after the completion of the project. Thus the rhetoric and action of these institution and other developmental actor as aptly put by Elliot, will remain crucial in determining the prospect for sustainable development(2006), and more so in case of developing world wherein the idea of sustainable development have only recently begun to be applied with seriousness.

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## **APPENDICES**

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## Appendix I

### 5. ADB LOAN COVENANTS COMPLIANCE STATUS

ADB Loan Covenants Compliance Status, as per ADB Mission Aide Memoire May 27 – June 1, 2013 is as under:

**Table 5.1: Covenants and Status Report of Compliance  
(Loan Agreement between India and ADB)**

Reference in FA	Major Covenants	Status of Compliance
1 LA, Schedule 5 Para. 1	<p>Sub regional Task Force Sub regional Task Force - Together with India and the People's Republic of Bangladesh, Nepal shall establish and maintain a Sub regional Task Force (STF) for purposes of the South Asia Tourism Infrastructure Development Project and ensure adequate representation from its Ministry of Finance, MOTCA, CAAN and LDT in the STF. The STF shall</p> <ul style="list-style-type: none"> <li>(i) Coordinate the national components of sub regional tourism circuits developed as part of the Project,</li> <li>(ii) Review the Project's progress and address key issues, and</li> <li>(iii) Monitor the sub regional actions set out in the Sustainable Heritage and Tourism Action Plan attached as Appendix 4 to the RRP.</li> </ul>	Complied STF established
2 LA, Schedule 5 Para. 2	<p>National Project Steering Committee For the entire duration of the Project, India shall maintain a National Project Steering Committee (NPSC) comprising representatives from the Department of Economic Affairs from India's Ministry of Finance and representatives from DOT. India shall designate the Secretary of the Ministry of Tourism as chair of the NPSC. The NPSC shall supervise and provide guidance on the implementation of the Project to the SLSC, especially in relation to any sub regional aspects of the Project. The NPSC shall meet annually, preferably prior to the annual meeting of the STF.</p>	NPSC yet to be formed. Sikkim Govt. To remind Government to India
3 LA, Schedule 5 Para. 3	<p>State Level Steering Committee For the entire duration of the Project, State of Sikkim shall maintain a State Level Steering Committee (SLSC) comprising representatives from DOT and State of Sikkim's Departments of Finance, Public Works, Forestry, Cultural Affairs and Heritage, Urban Development and Housing, Rural Development, and the Ecclesiastical Department. State of Sikkim shall designate the Chief Secretary as head of the SLSC. The SLSC shall supervise and provide guidance on the implementation of the Project to the PMIU, pursuant to which it shall</p> <ul style="list-style-type: none"> <li>(i) Facilitate coordination and cooperation among agencies involved in project implementation and release of resources,</li> <li>(ii) Take action to ensure that project management and implementation arrangements are in place,</li> <li>(iii) Oversee Project progress and monitor the implementation of the Sustainable Heritage and Tourism Action Plan, and address key issues, and</li> <li>(iv) Provide policy guidance and support to the</li> </ul>	SLSC established  SLSC meeting held on 19-

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Reference in FA	Major Covenants	Status of Compliance
	<p>PMIU. The SLSC shall meet quarterly.                      The SLSC shall meet half yearly. The SLSC shall prepare and submit annual progress reports to the STF through the NPSC.</p>	9-2013
4	<p>LA, Schedule 5 Para. 4</p> <p>Role of DOT; Project Management and Implementation Unit                      India shall designate State of Sikkim, acting through DOT, as the Project Executing Agency. Within DOT, State of Sikkim shall establish and maintain a Project Management and Implementation Unit (PMIU), headed by a full-time Project Director, for overall management and implementation, including, without limitation, of</p> <ul style="list-style-type: none"> <li>(i) Detailed design and construction supervision;</li> <li>(ii) Procurement of goods works, and services for the Project;</li> <li>(iii) Contract administration;</li> <li>(iv) Management of the Project accounts, including processing disbursement requests, operation of the imprest accounts and preparation of financial statements;</li> <li>(v) Monitoring and reporting on Project implementation in compliance with the provisions of this Loan Agreement and the Project Agreement; and</li> <li>(vi) Coordination, support, and liaison activities as required.</li> </ul> <p>The PMIU will maintain project implementation units (PIU) in South Sikkim and West Sikkim to oversee implementation and construction activities in the field.</p>	<p>PMIU established. PIUs designated in South Sikkim, West Sikkim and East Sikkim.</p>
5	<p>LA, Schedule 5 Para. 5</p> <p>State of Sikkim shall ensure that the PMIU employs sufficient staff with adequate expertise in the field of project management, financial management, engineering, architectural design, eco-tourism, community tourism, heritage management, procurement, environmental and social safeguards implementation, and marketing. State of Sikkim shall keep the PMIU equipped with the necessary office space, facilities, equipment, support staff and management information systems for the entire duration of the Project.</p>	<p>PMDSC recruited and mobilized. Experts of the consultancy firm are providing consultancy in the field of project management, financial management, engineering, architectural design, eco-tourism, community tourism, heritage management, procurement, environmental and social safeguards implementation, and tourism marketing and tourism promotion plan. DoT has also designated one officer in the PMIU as a focal person who would be responsible for monitoring and reporting the social and environmental safeguard requirements.</p>
6	<p>LA, Sustainable Heritage and Tourism Action Plan</p>	Being complied. Actions

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Reference in FA	Major Covenants	Status of Compliance
Schedule 5 Para. 6	State of Sikkim (through DOT, the Department of Finance, Department of Forest and the Urban Development and Housing Department) shall take all necessary steps to complete the actions for which it is responsible under the Sustainable Heritage and Tourism Action Plan attached as Appendix 4 to the RRP, on schedule and in a manner satisfactory to ADB.	in hand on all components of Action Plan.
7 LA, Schedule 5 Para. 7	<b>Counterpart Funds</b> State of Sikkim shall make available all counterpart funds required for timely and effective implementation of the Project, including any funds required to make land available for the Project, to mitigate unforeseen environmental and social impacts and to meet additional costs arising from design changes, price escalation in construction costs and/or unforeseen circumstances. State of Sikkim shall make the resources thus required available on an annual basis for each fiscal year.	Counterpart funds available
8 LA, Schedule 5 Para. 8	<b>Operation and Maintenance of the Project facilities</b> State of Sikkim shall ensure that sufficient funds are provided to meet any shortfall between the cost and revenues for the operation and maintenance of the Project facilities	Not yet due
9 LA, Schedule 5 Para. 9	<b>Environmental safeguards</b> State of Sikkim shall ensure that (a) The Project is carried out in accordance with the project design, and construction and operations will comply with applicable national and local environmental laws and ADB's Environment Policy (2002); (b) The relevant environmental mitigation measures specified in the Environmental Management Plans are incorporated in tender and bidding documents; (c) Works contractors' specifications include requirements to comply with the environmental mitigation measures contained in the Environmental Management Plans; (d) Works contractors are closely supervised to ensure proper implementation of mitigation and management measures; (e) The Project environmental performance will be monitored; and (f) A monitoring report describing the progress in implementing the Environmental Management Plans and measures adopted to address environmental issues, if any, is prepared and submitted annually to ADB.	Being Complied.
10 LA, Schedule 5 Para. 10	<b>Resettlement and Land Acquisition</b> State of Sikkim shall, subject to compliance with the relevant provisions of the Resettlement Plan and the Environmental Management Plans and in accordance with all applicable laws and regulations of India and State of Sikkim, acquire or make available the land and rights to land required for commencement of construction activities of the Project facilities in accordance with the schedule agreed under the related Works contract and will have cleared the utilities trees	Being Complied.

Reference In FA	Major Covenants	Status of Compliance
	and any other obstruction from such land.	
11	LA, Schedule 5 Para. 11 State of Sikkim shall ensure that the Resettlement Plan, including compensation and entitlements for affected households and persons, is implemented in conformity with all applicable laws and regulations of India and State of Sikkim, as amended from time to time, and the entitlement benefits as listed in India's and State of Sikkim's applicable laws and ADB's Involuntary Resettlement Policy (1995).	Being Complied.
12	LA, Schedule 5 Para. 12 State of Sikkim shall ensure that people affected by the Project are fairly compensated in a timely manner in accordance with all applicable laws and regulations of India and State of Sikkim, ADB's Involuntary Resettlement Policy and the Resettlement Plan, and that payments will be made in a timely manner, prior to dispossession from land and other assets. State of Sikkim shall submit progress and completion reports on land acquisition and resettlement under the quarterly progress reports.	Being Complied.
13	LA, Schedule 5 Para. 13 State of Sikkim shall ensure that prior to land acquisition and any resettlement for the Project, the Resettlement Plan, including its update based on consensus of the affected persons, is disclosed with all necessary information made available to persons affected by the Project and confirm that it be uploaded onto the ADB website.	Being Complied.
14	LA, Schedule 5 Para. 14 State of Sikkim shall ensure that essential public infrastructure that may be affected by land acquisition and resettlement is replaced, as appropriate, in an expeditious manner in accordance with the Resettlement Plan.	Being Complied.
15	LA, Schedule 5 Para. 15 State of Sikkim shall ensure that construction contracts contain binding requirements for construction contractors to fully reinstate pathways, other local infrastructures, and agricultural land to at least their pre-project condition upon construction completion. State of Sikkim shall adequately record the condition of roads, agricultural land and other infrastructure prior to transport of material and construction commencement.	Being Complied.
16	LA, Schedule 5 Para. 16 State of Sikkim shall establish, within 3 months of the Effective date, a grievance redress committee or committees with representation from all stakeholders in the Project facilities for addressing any grievances from affected peoples concerning resettlement, environment and any other social issues in a timely manner, misuse of funds or any other irregularities.	Being Complied.
17	LA, Schedule 5 Para. 17 Any changes to the location, land alignment, or social or environmental impacts on account of detailed designs shall be subject to prior approval by ADB.	Being Complied.
18	LA, Schedule 5 Para. 18 Indigenous People State of Sikkim shall ensure that the Project will not negatively impact vulnerable groups, such as	Being Complied.

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Reference in FA	Major Covenants	Status of Compliance
	indigenous people. In the unforeseen event that indigenous people are affected by the Project, State of Sikkim shall ensure that the Project complies with applicable laws and regulations of India and State of Sikkim and ADB's Policy on Indigenous People (1998).	
19	<p><b>LA, Schedule 5 Para. 19</b></p> <p>Social and Other Matters                      State of Sikkim shall ensure that the bidding documents for the Works contracts include specific provisions to ensure that the Works contractors</p> <ul style="list-style-type: none"> <li>(a) Comply with applicable labour laws of India and State of Sikkim and incorporate applicable workplace occupational safety norms;</li> <li>(b) Disseminate, or engage appropriate service providers to disseminate, information on the risks of sexually transmittable infections, including HIV/AIDS, to the employees of Works contractors engaged under the Project and to members of the local communities surrounding the Project facilities, particularly to females; and</li> <li>(c) Follow and implement all statutory provisions on labour (including the prohibition on employment of child labour, forced or compulsory labour and the requirement to provide equal payment for equal work, regardless of gender or caste); and</li> <li>(d) To the extent possible, maximize employment of local poor and disadvantaged persons for construction purposes, provided that the requirements for efficiency are adequately met.</li> </ul>	Being Complied.
20	<p><b>LA, Schedule 5 Para. 20</b></p> <p>State of Sikkim shall ensure that the Project considers gender issues at all appropriate stages of the project particularly during design, and that the Project will be carried out in accordance with ADB's Policy on Gender and Development (1998).</p>	Being complied.
21	<p><b>LA, Schedule 5 Para. 21</b></p> <p>State of Sikkim shall announce the Project and business opportunities associated with the Project on its websites. In addition, the websites shall at least disclose the following information in relation to goods and services procured for the Project:</p> <ul style="list-style-type: none"> <li>(i) The list of participating bidders,</li> <li>(ii) The name of the winning bidder,</li> <li>(iii) The amount of the contracts awarded, and</li> <li>(iv) The goods and services procured.</li> </ul>	Being complied.
22	<p><b>LA, Schedule 5 Para. 22</b></p> <p>Performance Monitoring and Reporting                      India and State of Sikkim shall ensure that within 3 months of the Effective Date, a Project Performance Monitoring System (PPMS) shall have been established in a form and with a composition acceptable to ADB, based upon the PPMS indicators agreed upon between India and ADB. State of Sikkim shall collect base line data for performance monitoring and undertake periodic Project performance review in accordance with the PPMS to evaluate the scope, implementation arrangements, progress and achievements of objectives of the Project.</p>	Being Complied. PPMS Expert proposed for approval to PMIU. On its concurrence, PPMS shall be mobilized and activity taken up.

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Reference in FA	Major Covenants	Status of Compliance
23	LA, Schedule 5 Para. 23  Review ADB, India and State of Sikkim shall meet regularly as required to discuss the progress of the Project and any changes to implementation arrangements or remedial measures required to be undertaken towards achieving the objectives of the Project.	Being complied.
24	LA, Schedule 5 Para. 24  ADB, India and State of Sikkim shall jointly undertake a comprehensive mid-term review of the Project. The mid-term review shall assess the Project's achievements and progress in implementing the Project against the PPMS indicators and the project implementation schedule in order to identify any difficulties or constraints encountered in implementing the Project and to make adjustments, if necessary, for the remaining project implementation period. In particular, the mid-term review shall, among others, evaluate the Project scope, costs, overall implementation progress, and status of compliance with loan covenants.	Being Complied.

## Appendix II

### South Asia Tourism Infrastructure Development Project India-Sikkim

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**Table 5.2: Covenants and Status Report of Compliance  
(Project Agreement between ADB and State of Sikkim)**

Reference in PA		Major Covenants	Status of Compliance
1	PA, Article II, Section 2.01	(a) State of Sikkim shall carry out the Project with due diligence and efficiency, and in conformity with sound administrative, financial, engineering, and environmental and airport management practices.	Being Complied.
2	PA, Article II, Section 2.01	(b) In the carrying out of the Project and operation of the Project facilities, State of Sikkim shall perform all obligations set forth in the Loan Agreement to the extent that they are applicable to the State of Sikkim.	Being Complied.
3	PA, Article II, Section 2.02	State of Sikkim shall make available, promptly as needed, the funds, facilities, services equipment, land and other resources which are required, in addition to the proceeds of the Loan, for carrying out of the Project.	Being Complied.
4	PA, Article II, Section 2.03	(a) In the carrying out of the Project, State of Sikkim shall employ competent and qualified consultants and contractors, acceptable to ADB, to an extent and upon terms and conditions satisfactory to ADB.	Being Complied. Contractors to be selected using the procurement procedures in the Loan Agreement and Procurement Guidelines
5	PA, Article II, Section 2.03	(b) Except as ADB may otherwise agree, all Goods, Works and Consulting Services shall be procured in accordance with the provisions of Schedule 4 to the Loan Agreement. ADB may refuse to finance a contract where Goods, Works or Consulting Services have not been procured under procedures substantially in accordance with those agreed between India and ADB or where the terms and conditions of the contract are not satisfactory to ADB.	Being Complied.
6	PA, Article II, Section 2.04	State of Sikkim shall carry out the Project in accordance with plans, design standards, specifications, work schedules and construction methods acceptable to ADB. State of Sikkim shall furnish, or cause to be furnished, to ADB, promptly after their preparation, such plans, design standards, specifications and work schedules, and any material modifications subsequently made therein, in such detail as ADB shall reasonably request.	Being Complied.
7	PA, Article II, Section 2.05	(a) State of Sikkim shall take out and maintain with responsible insurers, or make other arrangements satisfactory to ADB for, insurance of the Project facilities to such extent and against such risks and in such amounts as shall be consistent with sound practice.	Being Complied.
8.	PA, Article II, Section 2.05	(b) Without limiting the generality of the foregoing, State of Sikkim undertakes to insure, or cause to be insured, the Goods to be imported for the Project and to be financed out of the proceeds of the Loan against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable to replace or repair such Goods.	Being Complied.
9	PA, Article II,	State of Sikkim shall maintain, or cause to be	Being Complied.

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Reference in PA	Major Covenants	Status of Compliance
	Section 2.06 maintained, records and accounts adequate to identify the Goods, Works Consulting Services and other items of expenditure financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect, in accordance with consistently maintained sound accounting principles, its operations and financial condition.	
10	PA, Article II, Section 2.07 (a) ADB and State of Sikkim shall cooperate fully to ensure that the purposes of the Loan will be accomplished.	Being Complied.
11	PA, Article II, Section 2.07 (b) State of Sikkim shall promptly inform ADB and India of any condition which interferes with, or threatens to interfere with, the progress of the Project, the performance of its obligations under this Project Agreement, or the accomplishment of the purposes of the Loan.	Being Complied.
12	PA, Article II, Section 2.07 (c) ADB and State of Sikkim shall from time to time, at the request of either party, exchange views through their representatives with regard to any matters relating to the Project, State of Sikkim and the Loan.	Being Complied.
13	PA, Article II, Section 2.08 (a) State of Sikkim shall furnish to ADB all such reports and information as ADB shall reasonably request concerning (i) The Loan and the expenditure of the proceeds thereof; (ii) The Goods, Works, Consulting Services and other 3 items of expenditure financed out of such proceeds, (iii) The Project; (iv) The administration, operations and financial condition of State of Sikkim; and (v) Any other matters relating to the purposes of the Loan.	Being Complied.
14	PA, Article II, Section 2.08 (e) Without limiting the generality of the foregoing, State of Sikkim shall furnish to ADB quarterly reports on the execution of the Project and on the operation and management of the Project facilities. Such reports shall be submitted in such form and in such detail and within such a period as ADB shall reasonably request, and shall indicate, among other things, progress made and problems encountered during the quarter under review, steps taken or proposed to be taken to remedy these problems, and proposed program of activities and expected progress during the following quarter.	Being Complied.
15	PA, Article II, Section 2.08 (f) Promptly after physical completion of the Project, but in any event not later than three (3) months thereafter or such later date as ADB may agree for this purpose, State of Sikkim shall prepare and furnish to ADB a report, in such form and in such detail as ADB shall reasonably request, on the execution and initial operation of the Project, including its cost, the performance by State of Sikkim of its obligations under this Project Agreement and the accomplishment of the purposes of the Loan.	Not yet due

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Reference in PA	Major Covenants	Status of Compliance
16 PA, Article II, Section 2.09	State of Sikkim shall (i) Maintain separate accounts for the Project; (ii) Have such accounts and related financial statements (balance sheet, statement of income and expenses, and related statements) audited annually, in accordance with appropriate auditing standards consistently applied, by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB; and (iii) Furnish to ADB, promptly after their preparation but in any event not later than 6 months after the close of the fiscal year to which they relate, certified copies of such audited accounts and financial statements and the report of the auditors relating thereto (including the auditors' opinion on the use of the Loan proceeds and compliance with the covenants of the Loan Agreement as well as on the use of the procedures for the imprest accounts and statement of expenditures), all in the English language. State of Sikkim shall furnish to ADB such further information concerning such accounts and financial statements and the audit thereof as ADB shall from time to time reasonably request.	APA for FY 2010-11 submitted
17 PA, Article II, Section 2.10	State of Sikkim shall enable ADB's representatives to inspect the Project, the Goods and Works financed out of the proceeds of the Loan and any relevant records and documents.	Being complied.
18 PA, Article II, Section 2.11	Except as ADB may otherwise agree, State shall not sell, lease or otherwise dispose of any of its assets which shall be required for the efficient carrying on of its operations or the disposal of which may prejudice its ability to perform satisfactorily any of its obligations under this Project Agreement.	Being complied.
19 PA, Article II, Section 2.12	Except as ADB may otherwise agree, State of Sikkim shall apply the proceeds of the Loan to the financing of expenditures on the Project in accordance with the provisions of the Loan Agreement and this Project Agreement, and shall ensure that all Goods, Works and Consulting Services are used exclusively in the carrying out of the Project.	Being complied.

## Appendix III

### ENVIRONMENTAL MANAGEMENT PLAN

Potential environmental impacts identified in the IEE due to implementation of the project components are to be minimised or avoided through appropriate mitigation and avoidance measures. The agencies that shall be responsible for implementing the mitigation measures, required to be undertaken have been identified as under:

Sl. No	Environmental Issues	Extent of Impact	Impact Magnitude	Mitigation Measures	Responsibility
1.	<b>Location Impacts</b>				
1.1.	Land acquisition and resettlement impacts required due to proposed infrastructure improvement.	Nil	Low	No land acquisition impacts anticipated as the proposed "Community Based Village Tourism Infra Structure Development in Village Clusters of Rey - Mindu and PIU Damthang in East and South Sikkim" is within the existing infrastructure facility area.	PIU/PMIU
1.2.	Alteration of present condition	Nil	Low	NA	PIU/PMIU
2.	<b>Design and Pre-construction Impacts</b>				
2.1.	Slope instability due to cutting	Nil	Low	Project sections will be designed to avoid cut and fill as far as possible. Where cutting is required, excess material will be reused.	PIU / PMDSC/PMIU
2.2.	Alterations of drainage pattern of the site	Nil	Low	Design would be carried out so as to avoid alternation of drainage pattern.	PIU / PMDSC/ PMIU
2.3.	Encroachment into surrounding land use	Nil	Low	Designs of infrastructure improvement will consider for storage of construction material. Materials will be made to accommodate within the existing available area of the project component as per as possible.	PIU / PMDSC/PMIU
2.4.	Damage to sensitive vegetation	Temporary	Low	There is no involvement of tree cutting in the proposed infrastructure improvement, except few bushes and shrubs. There is no major impact on sensitive vegetation, except dust particle generation during construction period, which affects nearby vegetation of the construction site. Identify each tree nearby the proposed construction site	PIU / PMDSC/PMIU

Sl. No	Environmental Issues	Extent of Impact	Impact Magnitude	Mitigation Measures	Responsibility
3.	Pre-construction Activities by Contractor			and adequately mark them. Take all precautions to protect them from any damage.	
3.1.	Construction Camps – Location, Selection, Design and Layout	Temporary	Moderate	The construction camps will be located at least 500 m away from habitations at identified sites and will be away from hill slopes. Layout of the camp may be developed as per conceptual drawing provided in <b>Appendix 3</b>	Contractor / PMDSC
3.2.	Drinking water availability and water arrangement	Temporary	Severe	The contractor will be responsible for arrangement of water in workplace at suitable and easily accessible place for the whole construction period. Sufficient supply of cold potable water (as per IS: 10500) to be provided and maintained. If the drinking water is obtained from an intermittent public water supply then storage tanks will be provided.	Contractor / PMDSC
3.3.	Identification of disposal sites	Permanent	High	Location of disposal sites will be finalized based on the guidelines given in <b>Appendix-4</b> and the Engineer will certify these are not located within designated environmentally sensitive areas and confirm that disposal of the material does not impact natural drainage courses. No endangered / rare flora is impacted by such material. Settlements are located at least 500 m away from the site.	Contractor / PMDSC
3.4.	Quarry Operations	Permanent	High	The materials will be obtained from licensed quarries having environmental clearance. Quality and legality to be examined by the Contractor and copies of environmental clearances for these needs to be submitted prior to sourcing of material.	Contractor / PMDSC
3.5.	Ready Mix Plant	Temporary	Moderate	Manual mixing process will be carried out for the proposed project. Where Ready Mix Plant is not avoidable, will be located sufficiently away from habitation; otherwise possible precautionary measures such as restricted and	Contractor / PMDSC

Sl. No	Environmental Issues	Extent of Impact	Impact Magnitude	Mitigation Measures	Responsibility
4.	<b>Construction Impacts</b> Project components are located within the Rey - Mindu and Damthang & Jaubari village cluster. Improper stockpiling of construction materials can cause impacts starting from obstruction of drainage, disturbance/ safety hazard to local population etc.	Temporary	Moderate	time bound use will be provided.	Contractor / PMDSC
4.1.				Due consideration will be given for material storage and construction sites such that it doesn't cause any interference with environment. Stockpiles will be covered to protect from dust and erosion.	Contractor / PMDSC
4.2.	Quarry Operations	Permanent	Moderate	Adequate safety precautions will be ensured during transportation of quarry material from quarries to the construction site. Vehicles transporting the material will be covered to prevent spillage. Operations to be undertaken by the contractor as per the direction and satisfaction of the Engineer.  The topsoil from areas of cutting for construction work will be stripped to a specified depth of 150 mm and stored in stockpiles.† The stockpile will be designed such that the slope does not exceed 1:2 (vertical to horizontal), and the height of the pile is to be restricted to 2m. Stockpiles will not be surcharged or otherwise loaded and multiple handling will be kept to a minimum to ensure that no compaction will occur. The stockpiles will be covered with gunny bags or tarpaulins. It will be ensured by the contractor that the topsoil will not be unnecessarily transferred either before stripping or when in stockpiles. Such topsoil will be reused for landscaping.	Contractor / PMDSC
4.3.	Stripping, stocking and preservation of top soil	Permanent	Moderate		Contractor / PMDSC

Sl. No	Environmental Issues	Extent of Impact	Impact Magnitude	Mitigation Measures	Responsibility
4.4.	Soil Erosion	Permanent	Moderate	Adopt suitable protection techniques for soil erosion like covering stockpiles, clearing of excess soil etc. from construction site to the designated disposal site.	Contractor / PMDSC
4.5.	Compaction of Soil	Temporary	Low	To minimize soil compaction, construction machinery and equipment will be parked or stationed in designated area only.	Contractor / PMDSC
4.6.	Destabilization of Slopes	Permanent	High	In order to stabilize the slopes, retaining walls would be designed to enhance the stability of slopes as per requirement.	Contractor / PMDSC
4.7.	Soil and Water Pollution due to fuel and lubricants, construction waste.	Temporary	Moderate	The fuel and construction machinery storage area will be stationed in such a way that runoff from the site does not drain into the water body. Oil interceptor will be provided at construction machinery and equipments parking area, ensuring that all waste water flows into the interceptor prior to its discharge. The oil and grease generated may be disposed off into pits filled with the clay-shale dominant debris that would be produced by earth cutting. This material is a good absorbent and can later be removed and disposed in safer places. Soil and water pollution parameters will be monitored as per monitoring plan.	Contractor / PMDSC
4.8.	Siltation on Rivers and streams due to spillage of construction wastes	Temporary	Moderate	Silt fencing to be provided near construction sites to prevent sediments from the construction site to enter into the nearest water courses. The silt fencing consists of geo-textile with extremely small size supported by wire-mesh mounted on a panel made up of angle frame. The number of units of silt fencing to be installed is to be decided by the Engineer. Discharge standards promulgated under the Environmental Protection Act, 1986 for surface water	Contractor / PMDSC

Sl. No	Environmental Issues	Extent of Impact	Impact Magnitude	Mitigation Measures	Responsibility
4.9.	Generation of Dust	Temporary	Moderate	<p>bodies will be strictly adhered to. No disposal of construction wastes will be carried out into the nearby rivers, streams and water bodies. Extraneous construction wastes will be transported to the pre-identified disposal site for safe disposal.</p> <p>The contractor will take every precaution to reduce the levels of dust at construction sites.</p> <p>All earthwork to be protected/covered in a manner acceptable to the satisfaction of the Engineer to minimise dust generation. Clearance will be affected immediately by manual sweeping and removal of debris, or if so directed by the Engineer, the dust surfaces will be hosed or watered using necessary equipment.</p>	Contractor / PMDSC → PWD
4.10.	Emissions from Ready Mix Plant.	Temporary	Moderate	<p>Manual mixing process will be carried out for the proposed project. Where Ready Mix Plant is not avoidable, will be located sufficiently away from habitation; otherwise possible precautionary measures such as restricted and time bound use will be provided.</p> <p>Establishment of Ready Mix Plants will be avoided at environmentally sensitive receptors.</p> <p>Exhaust gases will comply with the requirements of relevant current emission control legislation. Monitoring of air and noise parameters will be as per monitoring plan.</p>	Contractor / PMDSC
4.11.	Emission from Construction Equipment and Machinery	Temporary	Moderate	<p>The discharge standards promulgated under the Environmental Protection Act, 1986 will be strictly adhered to. All equipment and machinery used for construction will conform to the relevant Bureau of Indian Standard (BIS) norms.</p> <p>All equipment's and machinery used for construction will be regularly maintained to ensure that pollution emission</p>	Contractor / PMDSC

Sl. No	Environmental Issues	Extent of Impact	Impact Magnitude	Mitigation Measures	Responsibility
4.12.	Dust Pollution from Crushers	Temporary	Low	levels comply with the relevant requirements of SPCB. Compliance copies will be submitted regularly to the Engineer. For crushers, siting clearance from SPCB need to be obtained and only those will be used, which has got license from SPCB. Maintenance of equipment and machinery will be regular and to the satisfaction of the Engineer, to control the noise level.	Contractor / PMDSC
4.13.	Noise from construction equipments	Temporary	Moderate	All vehicles and equipment used for construction will be fitted with exhaust silencers. During routine servicing operations, the effectiveness of exhaust silencers will be checked and if found to be defective will be replaced. Noise limits for construction equipment will not exceed 75 dB(A), as specified in the Environment (Protection) Rules, 1986. Notwithstanding any other conditions of contract, noise level from any item of construction equipment and machinery must comply with the relevant legislation for levels of noise emission.	Contractor / PMDSC
4.14.	Safety and precautionary measures around construction site.	Temporary	Moderate	The contractor will take all necessary measures for safety during construction, provide and maintain barricades around construction site, including signs, marking flags, lights as per site Engineer's direction.	Contractor / PMDSC
4.15.	Existing facility	Temporary	Low	All facilities and amenities will be constructed as per engineering design and to the satisfaction of the Engineer. Similarly, restoration of all facilities will be carried out as per design and to the satisfaction of the Engineer.	Contractor / PMDSC
4.16.	Material handling at site	Temporary	Low	All workers employed on mixing asphaltic material,	Contractor /

Sl. No	Environmental Issues	Extent of Impact	Impact Magnitude	Mitigation Measures	Responsibility
				<p>cement, concrete etc., will be provided with protective footwear and protective goggles.</p> <p>Workers, who are engaged in welding works, would be provided with welder's protective eye-shields.</p> <p>Workers engaged in stone breaking activities, if any will be provided with protective goggles and clothing and will be seated at sufficiently safe intervals.</p> <p>The use of any toxic chemical will be strictly in accordance with the manufacturer's instructions. The Contractor will have to give at least 6 working days' notice of the proposed use of any chemical. A register of all toxic chemicals delivered to the site will be kept and maintained up to date by the Contractor. The register will include the trade name, physical properties and characteristics, chemical ingredients, health and safety hazard information, safe handling and storage procedures and emergency and first aid procedures for the product.</p>	PMDSC
4.17.	Disposal of Construction Waste / Debris etc.	Temporary	Moderate	<p>Safe disposal of the extraneous material will be ensured in the pre-identified disposal locations. No construction waste will be disposed off around the site.</p> <p>All relevant provisions of the Factories Act, 1948 and the Building and other Construction Workers (regulation of Employment and Conditions of Service) Act, 1996 will be adhered to.</p>	Contractor / PMDSC
4.18.	Safety Measures During Construction	Temporary	Moderate	<p>Adequate safety measures for workers during handling of materials at site will be taken up.</p> <p>The contractor has to comply with all regulations regarding safe scaffolding, ladders, working platforms, gangway, stairwells, excavations, trenches and safe means of entry and egress.</p>	Contractor / PMDSC

Sl. No	Environmental Issues	Extent of Impact	Impact Magnitude	Mitigation Measures	Responsibility
				The Personal Protective Equipment for workers on the project will conform to respective IS codes. In addition, at every workplace, a readily available first aid unit including an adequate supply of sterilized dressing material and appliances will be provided as per the Factory Rules. Suitable transport will be provided to facilitate transfer of injured or ill person (s) to the nearest hospital. At every workplace and construction camp, equipment and nursing staff will be provided.	
4.19.	Risk caused by Force Majeure	Temporary	Low	All reasonable precaution will be taken to prevent danger to workers from fire, drowning, etc. All necessary steps will be taken for prompt first aid treatment of all injuries likely to be sustained during the course of work.	Contractor / PMDSC
4.20.	Malaria Risk	Temporary	Low	The Contractor will, at his own expense, abide by all anti-malaria instructions given to him by the Engineer.	Contractor / PMDSC
4.21.	Hygiene	Temporary	Minor	All latrines will be provided with dry-earth system (receptacles), which will be cleaned at least four times daily and at least twice during working hours and kept in a strict sanitary condition. Receptacles will be tarred inside and outside at least once a year. All temporary accommodation must be constructed and maintained in such a fashion that uncontaminated water is available for drinking, cooking and washing. Garbage bins must be provided in the camps and regularly emptied and the garbage disposed off in a hygienic manner. Adequate health care is to be provided for the work force. Unless otherwise arranged by the local sanitary authority, the local medical health or municipal authorities will make arrangement for disposal of excreta. Excreta may be	Contractor / PMDSC

Sl. No	Environmental Issues	Extent of Impact	Impact Magnitude	Mitigation Measures	Responsibility
				disposed off by putting a layer of night soils at the bottom of permanent tank prepared for the purpose and covering it with 15 cm layer of waste or refuse and then covering it with a layer of earth for a fortnight (by then it will turn into manure). On completion of the works, all such temporary structures will be cleared away, all rubbish burnt, excreta tank and other disposal pits or trenches filled in and effectively sealed off and the outline site left clean and tidy, at the Contractor's expense, to the entire satisfaction of the Engineer.	
4.22.	Archaeological Property	Temporary	Minor	The contractor will take reasonable precaution to prevent his workmen or any other persons from removing and damaging any such article or thing and will, immediately upon discovery thereof and before removal acquaint the Engineer of such discovery and carry out the Engineer's instructions for dealing with the same, awaiting which all work will be stopped 100 m all directions from the site of discovery. The Engineer will seek direction from the Archaeological Survey of India (ASI) before instructing the Contractor to recommence work on the site.	Contractor / PMDSC
4.23.	Clearing of Construction Camps & Restoration	Temporary	Major	Contractor to prepare site restoration plans for approval by the Engineer. The plan is to be implemented by the contractor prior to demobilization. On completion of the works, all temporary structures will be cleared away, all rubbish burnt, excreta or other disposal pits or trenches filled in and effectively sealed off and the site left clean and tidy, at the Contractor's expense, to the entire satisfaction of the Engineer.	Contractor / PMDSC

Sl. No	Environmental Issues	Extent of Impact	Impact Magnitude	Mitigation Measures	Responsibility
5.	O&M impacts			Residual topsoil will be distributed on adjoining/ proximate barren/ rocky areas as identified by the Engineer in a layer of thickness of 75mm - 150mm.	
5.1.	Environmental conditions	Permanent	Moderate	The PIU/PMIU will undertake sufficient facility to control pollution during peak tourist season. They will undertake seasonal monitoring of air, water, noise and soil quality through an approved monitoring agency. The parameters to be monitored, frequency and duration of monitoring as well as the locations to be monitored will be as per the Monitoring Plan prepared.	PIU/PMIU
5.2.	Pollution due to increased number of tourist.	Permanent	Moderate	Attractive and better infrastructure facility will reduce generation of noise. Provision of vegetative barriers around the project component will decrease noise pollution level.	PIU/PMIU
5.3.	Accident safety	Permanent Risk	Moderate	During monsoon season, there is possibility of accident hazard due to algal growth, which can be control by regular cleaning and maintenance.	PIU/PMIU

## Appendix IV



Initial Environmental Examination Report

### CONTRACT CLAUSES

#### General

The Contractor will take all precautions for safeguarding the environment during the course of the construction of the works. He will abide by all laws, rules and regulations in force governing pollution and environmental protection that are applicable in India.

The Contractor will be responsible for implementation of environmental provisions with applicable specifications outlined in the EMP as part of good engineering practices.

All works undertaken towards protection of environmental resources as part of the EMP while adhering to relevant specifications will be incidental to works being carried out and no separate payment will be made unless otherwise specified explicitly. The costs towards environmental management as per EMP unless otherwise provided as a separate head, will be part of the BoQ of the project.

The detailed provisions for specific environmental issues will be as outlined in the EMP table on impacts and mitigation measures. Key clauses are outlined in the following sections.

#### Quarry Operations

The contractor will identify procurement of quarry material from licenced quarry operator. If quarry operation is not avoidable, prior approval will be submitted, to the satisfaction of the Engineer. The quarry operations will be undertaken within the purview of the rules and regulations in force.

#### Control of Soil Erosion, Sedimentation and Water Pollution

The Contractor will carry out works in such a manner that soil erosion is fully controlled, sedimentation and pollution of natural water courses, tanks and reservoirs is avoided. Prior to the start of the relevant construction, the Contractor will submit schedules for carrying out temporary and permanent erosion/sedimentation control works<sup>6</sup> as applicable along with proposed method of erosion / sedimentation control near the apron, passenger amenities to the Engineer for approval. Work will not be started until the erosion/sedimentation control schedules and methods of operations for the applicable construction are approved by the Engineer.

The surface areas of erodible earth material, exposed by clearing and grubbing, excavation and fill operations will be limited to the extent possible. The Contractor will provide permanent or temporary erosion and sedimentation control measures to prevent soil erosion and sedimentation.

#### Air and Noise Pollution

All works will be carried out with reasonable noise and air pollution. The Contractor will take all precautions outlined in the EMP to avoid the air and noise pollution.

Ready Mix Plant will be located sufficiently away from habitation, agricultural operations or industrial establishments. The Contractor will take every precaution to reduce the levels of noise, vibration, dust and emissions and will be fully responsible for any claims for damages caused to the owners of property, fields and residences in the vicinity, due to working of such plant (s).

<sup>6</sup> clearing and grubbing, drainage excavation, subgrade construction, and other structures across water courses

The Contractor will monitor the environmental parameters periodically as specified in the monitoring plan and report the outcome to the Engineer.

The Contractor will immediately the Employer against any liability for damages on account of noise or other disturbance created while carrying out the work, and against all claims, demands, proceedings, damages, costs, charges, and expenses, whatsoever, in regard or in relation to such liability.

#### **Precautions for Protection of Environmental Resources**

The Contractor will maintain ecological balance by preventing water pollution and maintaining natural landscape. The Contractor will, so conduct his clearing operations, as to prevent any avoidable destruction and to enhance scenic beauty of the surroundings. In respect of ecological balance, the Contractor will observe the following instructions.

(i) Where destruction, scarring, damage or defacing may occur as a result of operations relating to clearing activities, the same will be repaired, replanted or otherwise corrected at Contractor's expense. (ii) All work areas will be smoothened and graded in a manner to confirm to natural appearance of the landscape as directed by the Engineer.

(iii) All due care will be taken by the contractor to avoid incidental damage to the nearby existing infrastructure.

(iv) All trees and shrubbery will be preserved and protected from any damage that may occur by Contractor's clearing operations and equipment. The removal of trees or shrubs will be permitted only after prior approval by the Engineer. The Contractor will be responsible for injuries to trees and shrubs caused by his operations. The term "injury" will include, without limitation, bruising, scarring, tearing and breaking of roots, trunks or branches. All injured trees and shrubs will be restored, without delay, to their original condition at Contractor's expenses. The contractor will control and minimise air / noise pollution arising out of the construction/ cleaning activities.

#### **Debris Disposal**

Prior to start of construction and dismantling operations, the contractor will identify potential sites for disposal of hazardous construction debris, sites for general construction wastes and domestic wastes from construction camps. The contractor will submit a plan for disposal of waste materials and obtain approval on identified sites from the Engineer. Disposal will only be done after getting consent letter from the Engineer.

#### **Occupational Safety**

The Contractor will not use or generate any materials which are hazardous to human, animals or vegetation. Where it is necessary to use some substances which can cause injury to the health of workers, the Contractor will provide protective clothing or appliances to workers.

The Contractor will provide necessary Personal Protective Equipments (PPE's) to avoid mishaps and reduce risk of accidents onsite

#### **Maintenance**

All dust/mud or other extraneous materials arising out from vehicles or from the works will be immediately cleared by the Contractor.

## Appendix v

### Environment Safeguard Activities (NERLP)

Activities	Issues	Impact (Give weight between 1 to 5) 5 being highest <sup>13</sup>		Mitigation measures (for negative impacts)
		Positive	Negative	
Jhum Cultivation	Deforestation		3	Reforestation efforts through line departments or provision of incentives and saplings. Promoting enriched fallow areas with agro-forestry system.
	Jungle burning			Fire line protection to be followed in the community level
	Soil erosion			Check dam or vegetative barrier to check soil & nutrient loss.
	Tree felling			Clear the plot according to family strength.
	Deterioration of water quality due to excessive use of agro chemicals			Organic farming, or environment friendly chemicals to be applied.
	Promotion of high yielding crops	Impact of Agrochemical fertilizers		1
	Degradation of pastureland & Forest			Practice stall feeding
	Scarcity of Fodder			Chop fodder and use feed through to prevent wastage of fodder
	Poor hygiene leading to spread of disease			Always store fodder in clean and dry places.
Livestock rearing				Practice fodder treatment
				Dispose animal carcasses by burning/burial.
Non Timber Forest Produce (NTFP)	Illegal harvesting of NTFPs			Sustainable harvesting. Community conserved area of fallow or secondary forest area.

## Appendix VI

### Profile of Livelihood Activities

State	Organization	List of Activities
Tripura	SHG	Incense stick making, Bamboo-shoot production, Floriculture, Pineapple, Piggery, Fishery, Puffed- rice preparation, Piggery, Poultry, Rubber plantation, milk production, etc
	CDG	Handicrafts, Bamboo plantation, Rubber plantation,
	YG	Vocational training for self employment in different trades for entrepreneurship development, agriculture and horticulture products processing plants
	Federation	Marketing of products of SHGs, Support Service, Management & wider enabling of environment (State level policies & processes in accordance with the principles of good inter-project collaboration)
Mizoram	SHG	Livestock rearing ( Including Piggery, Poultry, Sheep/Goat, Dairy Cows), Fish farming, Silkworm rearing, Bee keeping, Ginger Passion fruit cultivation, Mandarin Orange cultivation (Inter crop with banana), Hartkora cultivation (Intercrop with Banana), Aloe Vera plantation ( Intercrop with banana), Pineapple, Incense stick making, Floriculture, Handicrafts, Bamboo plantation, Rubber plantation, Red Oil Palm plantation, mushroom cultivation, food processing, etc.
	CDG	Construction of Agriculture Link Roads, Rainwater Harvesting structures, Rural Godowns, Irrigation canals, Rural Market buildings, Cold Storages, etc.
	YG	Vocational training for self employment in different trades, entrepreneurship development
	Federation	Marketing, Support Service, Management & wider enabling of environmental preservation and protection, procurement of Fish and Animal feeds, Marketing of products of SHGs, development of SHGs, etc.
Nagaland	SHG	Animal husbandry, backyard piggery, backyard poultry, fishery, improved land management practices, perennial cash crops, homestead garden, horticulture, sericulture and silk handloom production
	CDG	Infrastructure development (renewable power and link roads), appropriate technology for value addition, environmental governance
	YG	Providing seed capital and tools for trade, entrepreneurship, para techs, post harvest technology, market chain analysis, operation of micro-macro business plans, establishing market cell, establishment of collection centre
	Federation	Marketing, providing support services to village market committee, establish collection centre, villages cluster formation, collaboration with SEZ and business partners, rural godown, cold storage, Do it yourself training center
	SHG	Small holder dairy farming, piggery, poultry, village tourism, land development, horticulture (large cardamom, ginger, fruit plants, floriculture (rose, cymbidium), offseason vegetable, bee keeping, handicrafts, fodder development, floriculture
Sikkim	CDG	Spring-shed development, water storage tanks, stream shed development
	YG	Vocational trainings, entrepreneurship seed funds, placement support
	Federation	Marketing, village tourism promotion, value addition plants, para technicians, bulk procurement of raw material, rural godowns, cold storage

