

CHAPTER 6

CONCLUSION

Environment as an issue has progressed from being restricted to domestic and local matters to occupying a niche internationally. It has gradually come to assume such an importance, that environmental diplomacy has come to stay with a plethora of treaties and conventions being signed and international conferences on matters related to the environment being hosted at regular intervals, so much so that environment is often viewed as a possible conflict area between the North and the South. The link between development and environment and the principle of “common but differentiated responsibility” for the environment having been acknowledged and established formally at the UNCED at Rio de Janeiro in 1992, the environment also emerged as an area for potential cooperation between the North and the South. The interpretation of ‘common and differentiated responsibility’ for the environment continues to be controversial, with the South maintaining that the countries of the North, having predominantly been the cause of environmental degradation globally due to their profligate consumerism, bear a responsibility, concomitant to their contribution to its destruction, to now address the problem and restore or repair the environment. On the other hand the countries of the North contend that their greater responsibility towards protecting and conserving the environment stems from their having the resources to adequately address the problem and not from the fact that it is they who have through their economic model of progress and modernization inflicted greater damage to the environment than have the countries of the South. Despite this altercation, the rhetoric of the countries of the North demonstrates their willingness to assist the countries of the South in acquiring appropriate technologies and methodologies to counter the global threat of a possible environmental disaster. Bilateral development cooperation is a site for such assistance.

This commitment assumes significance against the backdrop of the collapse of socialism in 1989. It had been hoped then that the end of the cold war would result in the manifestation of a so-called peace dividend. The belief was that with the cessation of tensions between East and West defence expenditures would plummet

since the threat perception would diminish considerably, setting free large amounts of which could more effectively be utilized for purposes of development. This was proven to be wrong. Even before September 11th no such drastic scaling down of defence expenditures occurred. Moreover the outbreak of civil war in many countries of Eastern Europe created new anxieties and fears. The aiding of the countries in transition further ate into the already sparse budget of development cooperation. In the FRG in addition, the unification resulted in added burdens and despite the solidarity tax raised to facilitate a relatively painless merger, this did not happen and the budget continued to be strained.

The inclusion of the environmental sector as a priority area of Indo-German bilateral development cooperation is fairly recent. As the study bears out it commenced officially only at the beginning of the 1990s, coinciding with the German unification, despite appropriate rhetoric in the late 1980s itself. It is often asserted that the results of development cooperation or aid, as it is more commonly known, tend to be more negative than positive. Amongst other reasons cited is the oft quoted misuse by the incumbent government to remain in power and to further marginalize both political dissenters and the poor while disproportionately benefiting the exploitative elites.¹ To avoid this from occurring, it is suggested that donors apply the principle of selectivity rather than conditionality and thus ensure efficacy of aid. Since the 1990s, with the collapse of socialism, criteria for allocation of aid include good governance, democracy, rule of law and respect for human rights and market-oriented reform. In addition to this the FRG also gauges the development-orientation of the recipient country in allocating aid. At one level these criteria justify selection of a country for aid, at another level they work towards making others comply and conform if they are interested in procuring aid and thus function also as conditionality, despite rhetoric to the contrary. The FRG seeks to apply these criteria for example also in selecting states within India to locate its projects. Thus even for environmental projects non-environmental criteria play a role in the first instance of selection of a country as a partner for development cooperation.

¹ P.T.Bauer, *Reality and Rhetoric, Studies in the Economics of Development* (London, 1984), pp. 38ff.

The Germans are applying the offensive mode of environmental foreign policy. They are attempting to influence environmental policy making in India through the instrument of development cooperation. This would have two outcomes : India would conform to international environmental agreements, even where these may not yet be binding on it, on the basis of the precautionary principle. The underlying idea being that prevention is better than cure and in the long term perhaps less costly. The second outcome would be that in keeping with the constitutional obligation of ensuring no harm comes to its citizens, the FRG is seeking to realize its enlightened self-interest from the point of view of economic interest as well as of security. The cooperation is based on the concept of mutual benefit, which is why it is taking place at all. Environmental cooperation deals with environmental problems from the point of view of management. It is largely technocratic and insofar supportive of preventive technologies to meet the required standards. It therefore seeks to reconcile economic interests with environmental concerns, which is a central concern of both countries.

For India the interest lies in building up the necessary know-how both through institutional and capacity building, wherever there are currently deficits, and also in acquiring the required technology through some financial support at least. India recognizes environmental concerns both at the national and international level. Being financially constrained it seeks to take the requisite steps through international cooperation and development cooperation is one such available channel.

The international treaties and conventions are the result of hard fought battles between the industrialized and developing countries as has been illustrated in chapter 2. As a consequence the developing countries, with India as one of the leading voices, has garnered certain rights in the form of new and additional financial resources for facilitating the transfer of technology necessary for introducing environmentally benign production technologies. In order to accelerate the process of technology transfer India has to make concrete proposals for the same. To do this she has to make an inventory of the state of the art environmentally benign technologies available internationally, which India could

avail of in the framework of the UN-FCCC and UN-CBD and which are suited to Indian conditions.

The second reason India agrees to cooperate in the environment sector as part of development cooperation is to cover costs in areas which do not enjoy as great a priority as the economic sector does. This is not peculiar to India alone. In the FRG also, the Ministry for Environment is not as powerful or influential as the Ministry of Finance or for Economic Affairs or the Ministry for External Affairs, as has been demonstrated in chapter 4. Due to its low priority the Ministry lacks sufficient funds to tackle environmental problems comprehensively on a war footing. It therefore seeks to enhance its resources through international cooperation. India is supplementing its public spending through aid especially in low priority areas. Environment is a priority for India, since it finds mention in the Five Year Plans, but it is not an overriding priority.

Sovereignty and equity are staunchly defended and remain the cornerstone of Indian foreign policy in the area of development cooperation also. As was evident in the section on bilateral negotiations in chapter 4, India remains firm that institutional and systemic procedures as laid down by the Government of India have to be observed in every case. They cannot be undermined or overturned at the whim of the donor. The Department of Economic Affairs, Ministry of Finance is responsible for negotiations and all consultations and communications till the project has been approved have to be conducted with this department. The donors cannot independently deal with the eventual project implementing agency in India, ignoring the DEA. There is no room for the imposition of unilateral decisions by the donors. Any attempt to do so is strongly and successfully resisted.

Neither can the funding be extended directly to the project implementing agency without the approval of the DEA. As regards external assistance to the states of the Indian Union, this also has to be routed through the Central Government. The states incur expenditure on agreed bilateral projects and this expenditure is then subsequently reimbursed by the Centre. Regardless of whether the Government of India is extended a grant, a soft or hard loan or a commercial loan by the donor, the Central Government disburses aid to the states as 70% loan and 30% grant. To

provide relief to newly created states and the North Eastern states, the allocation of aid from the Centre is 90% grant and 10% loan. Thus bilateral aid as forwarded to the states results in a 20% to 25% subsidy by the Centre.

Sovereignty and equity come into play again with regard to asserting and gaining acceptance for Indian priorities, whether these pertain to criteria for selection of projects/programmes, or to preferred regions for locating development cooperation projects/activities or to individual projects themselves. The Indians have *not accepted* (not even reluctantly) the priority sectors laid down by the Germans for future cooperation, insisting that for the Indians the Five Year Plan defines the priority areas for development and therefore shall be applied to determine the selection of areas for all bilateral development cooperation. Similarly, as regards the preferred states for cooperation activities the Indians have unequivocally stated that this restriction would not apply to any Central Government bilateral projects with the Germans. The Indians have also requested the Germans to extend their activity to other regions and states where development is imperative.

Again as regards individual projects Indians are not deterred by German reluctance to extend successful but incomplete projects on unspecified grounds. Similarly Indians do not allow themselves to be hampered by narrow definitions of poverty. The poor according to them are to be found all over India, in both rural and urban areas. Therefore programmes/activities which would improve the quality of their lives, through improved social sector infrastructure and services, should include urban areas as well. This despite German preference for supporting the basic health care and education sector in rural areas. The concept of 'ownership' is no doubt used in a diffused manner, yet again to ward off any possible encroachment on sovereignty. The entrenched Indian position on NGO participation and support, as is discussed in greater detail below, is also based on the suspicion that its sovereignty was under threat. Self-determination and autonomy in decision-making continue to be the hallmark of Indian negotiating positions. At the same time Indian willingness to enter into trade-offs occasionally to ensure the acceptance of Indian priorities reveals her openness towards flexibility in negotiating, provided sovereignty is not eroded.

The Germans like other donors feel they do not exercise any leverage over the Indians, the way they are able to do so in many African and some Asian countries where the national budgets are financed largely through aid, often comprising 50% to 80% of the overall budget. In addition, some countries have foreign advisers for their governments. These 'agents of development' have ready access to those in power including the heads of a state and government. In such a scenario the donors exercise considerable clout. In comparison in India the ambassadors and delegations of donors have to interact with the Joint Secretary, Department of Economic Affairs, Ministry of Finance. Since the overall volume of aid to India is a miniscule amount, in terms of its national budget a mere 0.5%, donor dominance is non-existent. In 2001 India received net ODA to the tune of US\$ 1,705 million. 55% of this constituted bilateral aid (gross ODA) and the net ODA to GNI ratio for the same year was 0.4%. Germany was the fourth largest bilateral donor for India in 2000-2001. It contributed US\$ 140 million.² Germany's contribution to overall bilateral aid to India is less than 1.0%, concomitantly its leverage is as low. The principles of sovereignty and equity remain intact while negotiating for development cooperation and are in fact further consolidated.

From the above it is evident that India is not willing to accept aid in any form or for any programme. The DEA, which is responsible for negotiations in this area, is extremely selective and has its own set of criteria for project selection. It is not willing to have criteria thrust upon it as was clear from chapter 4 and the foregoing. The criteria for deciding priority remain the Five Year Plans. Moreover during the negotiations the Indians try and ensure as favourable conditions as possible for the hard loan element, the 'market funds', endeavouring to keep its volume small - as compared to the soft loan, the attempt is to keep the proportion below 50% of the volume agreed to for the soft loan. Power sector reform appears to be a thrust area with the Indians for all the reprogrammed funds³ as decided during the 2002 negotiations appear to have been allocated to either the power sector reform or health. Reprogramming of aid is interesting from the point of view

² all figures taken from www1.oecd.org/dac/images/AidRecipient/ind.gif

³ These are funds committed but not spent for various reasons. These funds are then utilized for other purposes than those decided on initially but the new programmes for which these are now used, have to be approved by both sides during the negotiations.

that funds committed earlier for specific purposes are in the ultimate analysis used for some other purpose, mutually agreed no doubt, but the catch is that funds once committed and for which implementation agreements have been signed, have to be spent in India. Here the significance of the German desire to shift from project to programme aid becomes obvious. Not only can greater number of interrelated complementary activities be financed in the hope of making aid more effective, it also provides the Germans more flexibility in moving around finances committed to a particular sector or programme within that sector but to relocate the spending to another project in the same sector. Presently it is only possible through reprogramming to direct the use of funds to a totally different sector.

Committed funds lapse if no implementation agreement is signed within 8 years from the date on which the commitment was made. If the project is not implemented or only partially implemented it may be replaced through mutual agreement. The Indians view the development cooperation effort as precious or value-added money to augment local and national efforts. The problem in negotiations is sometimes the restrictions the donors seek to impose on their financial and technical support. This triggers off hard bargaining. The Germans believe they have an advantage over other donors because of their long term experts. These experts are in a position to judge where the Germans can best contribute towards value addition with their little money, where for instance the Indian Government cannot spend as much as it would like to. Therefore the likelihood of the project being approved at the negotiation stage is that much greater.

Another area of conflict and where the Indians are cautious about making commitments is with regard to the NGOs, as has been shown in chapter 4. Only once in 1993 did the Indians agree after a lengthy negotiations process to funds being made directly available to NGOs without being routed through the ministries. The Germans set a lot of store by the NGOs. They seem to regard them as being more effective and efficient as compared to government departments. The feeling is also very strong that the outreach to the local community is stronger in the case of NGOs as compared to the government departments. The Germans are therefore, in India, very actively and consistently pursuing this issue at two levels :

at one level they seek to actively change the mindset of government officers, who are seconded to the projects as well as through the training programmes they offer to government personnel. This is viewed as part of institution building. At another level they seek to strengthen the NGO sector in the country. As regards the latter, for a brief time they succeeded in directly financing select NGOs. Even when this is not possible, the Germans insist that NGOs be linked with their projects. Through this linkage also NGO activity in the country is strengthened. The Germans claim that the choice of a NGO as partner is determined by the work of the NGO in the region and sector concerned, its outreach and the support it enjoys amongst the grassroots.

From the Germans point of view the NGO appears to be regarded as performing a watchdog function. Its mere association with a project seems to imply greater transparency and accountability, both of which it is considered would prevent or at least reduce corruption greatly. The concept of transparency and accountability are closely related to the concept of good governance as defined by the World Bank. This in turn is claimed to lead to efficient and effective administration. Moreover the NGOs are supposed to contribute towards empowering the poor and creating in them the confidence and ability to help themselves in becoming self-reliant both economically and politically. This would ensure active and informed participation by the grassroots in decision-making affecting their lives. In the case of the watershed management projects, this is often sought to be realized by the creation of Village Development Committees. These Committees, according to the Germans, are meant to strengthen the Panchayati Raj Institutions by encouraging decentralization. However since the PRI themselves are an instrument for decentralization and empowerment of the grassroots, there is bound to be some friction between the two institutions.

The NGOs are perceived as a catalyst for change by the Germans. The selection of the NGO linked to the project activity has to have the acquiescence of the line ministry. That the Indians are not overjoyed by the inclusion of the NGO is understandable. Although the Government itself is seeking to promote the NGO sector and, post liberalization, there have been several indications of the Government seeking to disaggregate its functions by choosing to let NGOs deliver

certain services for instance, which should be the responsibility of the Government in the first place and thereby actually eroding the credibility of the NGO concerned, by making it an appendage of the government, yet the intervention on the part of the Germans or for that matter of any other donor, further contributes to distorting the process of democratization by selectively privileging certain voices, groups and communities over others. It also then makes a mockery of the whole programme of participation of the grassroots, the bottom-up approach. At the same time such an intervention is an infringement on the sovereignty of India. In addition, not all NGOs are equally committed and sincere in their work. There are also several who are opportunistic – this is a fact known to both governments and reason enough to tread a warily in this area.

In the light of the foregoing, it is clear that the negotiations are indeed the site for bargaining, be it regarding priorities underlying the selection of sectors, programmes and projects, be it regarding the correct mix of soft loans and market funds, be it regarding the strengthening of the NGO sector. Hence the term partnership preferred by the Germans is not inappropriate in the case of India, where it is not possible for the Germans or for any other donors, currently at least, to impose their will on India. The only time India has bowed to pressure has been when she was in balance of payments difficulties in the 1960s and again at the beginning of the 1990s, when in fact she was forced to mortgage some of her gold reserves. From the beginning India has been distrustful of dependence and therefore has actively sought self-reliance. In the field of development cooperation also she has from the outset sought to diversify the sources of assistance available, especially after her bad experience with the US in the 1960s. Apart from seeking to meet her needs through her own resources, as far as possible, she has also sought to activate the use of remittances from Indian nationals working abroad, especially in the Middle East to further supplement her financial requirements. Consequently it has been possible for her to retain her independence and sovereignty in decision and policy-making. Where she has entered into cooperation it has been deliberate and intentional to upgrade existing gaps rapidly and thus avoid the slow path of evolution through trial and error. Indian negotiators are firm on their requirements and have been known to turn down aid offers if these did not conform to their needs. If India had to go without assistance she would step up her domestic efforts.

The external assistance to India in absolute terms may be miniscule and insignificant but in real terms it is sizeable. Thus India certainly determines the shape external assistance takes within the country and is not dictated terms to and in so far is a real partner in the joint venture of development cooperation, sharing responsibility for the projects implemented, while at the same time safeguarding her sovereignty.

Characteristic of German development cooperation in India is its major objective of bringing about reforms in administrative structures by seeking to streamline the functioning of government departments through their desire to create and influence policy setting and management bodies. Many of the projects related to the environmental sector offer assistance in formulating standards, norms and regulations and so contribute in the first instance to institution building and also to capacity building of those who are to run and further develop these institutions after the departure of the Germans. The formulation of standards and regulations is important in that they make it binding on those affected to undertake appropriate action to protect the environment through the mitigation of greenhouse gases and thus the abatement of pollution. In the absence of action laid down, those violating norms and regulations face punitive action. Not only punitive action, for in the long run lack of action could in fact impinge upon their productivity and profitability. The potential threat of being doubly disadvantaged spurs many to undertake the necessary modernization of plant and equipment. Apart from the disincentives, attractive incentives are also offered in the form of fiscal incentives for introducing clean technologies and financing is also offered at attractive rates. Here also the Germans are active through their offer of credit lines and through the provision of soft loans to the ICICI for the purpose of making funds available to those in the Indian industry desirous of introducing clean technologies.

The Germans are attempting through their consultancy services to integrate environmental considerations into decision making at all levels. The recommended means of reducing pollution is the internalization of environmental costs to discourage waste and to stimulate the use of efficient and clean production procedures and technologies. This is important because it demonstrates a shift from the curative approach, characteristic of which was the end-of-the-pipe solution, to

the preventive, based on the principle of precaution. The curative approach, apart from being more costly, since it also meant the restoration of the environment, which often was irreversibly damaged, was based on cleaning technologies, which could clean up one medium but possibly create problems in another. These were naturally not intended to prevent pollution from occurring, merely to clean up after it occurred. Advocating the use of the best available practical technical solution is intended to spur industry to acquire state of the art technology, which is commensurately expensive in the short term but in the long term more beneficial than aged technology that is likely to become obsolete and maybe create more environmental problems. This would also generate orders for equipment from abroad.

Standards are important for setting the pace and level of technology to be acquired. The aim in setting standards for abatement of pollution is directed at minimizing waste production, encouraging its recycling by promoting its use as input for another industry. This again provides the motivation to modernize. Fiscal incentives in the form of rebate are further intended to advance the use of clean technologies. Economic instruments, internalizing the cost of pollution are additional mechanisms to encourage conservation and efficient use of resources. Finally the use of public pressure will also contribute towards the adoption of clean technologies. By creating environmental awareness and encouraging the demand for environmentally friendly goods as well as those manufactured through application of environmentally benign technologies more pressure will be built up for the use of clean technologies. This can be achieved by encouraging an eco label to identify such goods and also through awarding prizes to industries excelling in environmentally friendly production methods. The Government of India itself is intensely interested in protecting the environment. And has already taken the initiative in many of the above mentioned areas, but it would prefer to set the pace for environmental protection as well as determine the policies for it, thus once again not compromising on its principle of sovereignty. For this purpose it also seeks to inventorise available technologies that are capable of being adapted suitably to Indian conditions.

The importance of policy making, regulation and legislation for encouraging the introduction of appropriate technologies is self-evident. This would naturally result in business for the producers of the machinery or equipment required to implement the policies as well as business for the producers of the capital goods needed to manufacture the goods required for realizing the goal of a clean environment. Here the Vorsorgeprinzip or the precautionary principle is particularly meaningful – to stay ahead. The Germans claim that they always offer state-of-the art technology and in the area of environment and energy they belong to the leaders. Development cooperation, in the form of environmental cooperation, would thus serve to fulfil two goals : that of protecting the environment effectively and of brokering a successful business relationship. At the same time the mutual interests of both countries will be realized in the sense of achieving jointly a goal by reducing the ‘opportunity cost, while maximizing benefit. In the long run a policy showing this kind of foresight may enable India itself to secure a foothold in the market for environmental technologies in the region, if it is able to successfully adapt the new technologies to local conditions and develop upon the same through a greater R & D effort. In the sphere of R & D also the Germans are offering assistance to some degree.

The disproportionately large component of loans, both soft and commercial, in German development cooperation reveals it to be a commercial relationship. P.T.Bauer⁴ remarks that if that were the case donors could as well utilize the money more effectively domestically to generate employment but the question is would it be possible to generate a concomitant demand for the goods thus produced. Also the debt servicing involved would result in a flow back of funds in the direction of the donor. Currently there is indeed a negative net flow, that is the debt service liability for India with regard to German aid is higher than the current inflow of assistance from the FRG.

The KfW being a bank , albeit one for development, operates like a bank ,viz, it is doing business and has to realize not only its costs but also profits. India would therefore be a chosen partner given its creditworthiness. Apart from which the

⁴ Bauer, n. 1. p. 55.

public private partnership model of working jointly with the private sector in developing countries is popular with the GTZ and KfW in the sector of environment and energy. Naturally this benefits the enterprise involved in the transfer of technology and know-how commercially.

The commercial interest of the Germans in the business of development cooperation is distinctly discernible in their continued preference for infrastructure and commercially viable projects when most bilateral donors have completely abandoned infrastructure projects in favour of those in the social sector. Infrastructure projects are the ones that are commercially viable. In addition the credit lines provided by German assistance to the ICICI and IREDA as well as loans extended earlier to the NABARD and HUDCO demonstrate further the commercial nature of German assistance. In addition the grant element of German assistance continues to be very low in proportion to the entire assistance package. This also is indicative of the commercial nature of German cooperation. Even in the area of environment the Germans are particularly interested in supporting technology related projects. Thus the grants are also in the long term intended to generate business for German industry. Moreover mixed financing has apparently come to stay even under the red-green coalition. This too reveals the commercial interest of the Germans in development cooperation.

German development cooperation policies are closely aligned with the World Bank policies. In addition the OECD countries seek to coordinate their policies to increase the overall efficacy and efficiency of the funds provided by them . Consequently most countries tend to support similar programmes and criteria for allocation of aid are also very similar.

The emphasis of poverty in German assisted programmes has been shown in chapter 4 to be largely an illusion.

India's commitment to protecting the environment cannot be faulted. It is the only country in the world to have a Ministry for Non-conventional Energy and given the paucity of resources India is doing a lot towards increasing the share of alternative and renewable energy in power generation.

The GTZ believes that its most important contribution towards achieving international structural policy in the field of environment is the implementation of international environmental agreements at the national level. It is their belief that civil society would be a crucial instrument in realizing this task. The underlying conviction is that civil society alone can succeed in creating an influential environmental lobby so that environmental policy becomes an overriding priority. This will facilitate the task of implementing international conventions at the national level. This the GTZ perceives as being important, since it is convinced that one major reason for the delay in implementation is that the task of implementation is the responsibility of ministries that are not powerful. The constituency of the environment ministry is sought to be enlarged so that the environment ministry may gain in influence. So far that has not happened in the FRG either.

The networking at the transnational level would serve to strengthen the idea of a global domestic policy in this age of globalization, an idea which was articulated by the then Foreign Minister of the FRG, Klaus Klinkel, during his visit to India in 1997 to resolve conflicts to secure peace. Here the idea of the tragedy of the global commons as articulated by Garrett Hardin in 1968 gains prominence: it is because all those sharing a common resource seek to maximize their self-interest without any responsibility for its continued maintenance that it results in the depletion of the resource and hence injury to all. Self-restraint is not practised and from this lack of self-restraint emerges the need for a global authority to oversee necessary restraint or a global consensus to sustainably manage the resource at stake. In fact development cooperation is being viewed as a possible instrument to achieve the practice of self-restraint by ensuring that the concerned countries were adequately compensated for exercising restraint. Such a policy would also insidiously circumvent the right to jurisdiction over the natural resources within the territorial limits of a country's jurisdiction, a principle hotly fought over during the Stockholm Conference in 1972, resulting in the consensus over Principle 21. In influencing policy making, regulations, norms and legislation foreigners are in effect seeking to intervene in decisions on the specifics of managing resources, even if this is done jointly with the recipients.

The Clean Development Mechanisms are also being sought to be implemented in India and the Germans would be putting up proposals to that effect in 2003. The Germans would be interested in this, as it will enable them to gain emission credits. Moreover it is cheaper to cut emissions in a developing country rather than in an industrialized country although the Germans have thus far sought to stay ahead in reducing emissions domestically also as compared to many industrialized countries. In participating in CDMs they will also benefit their industries because it is that technology that will be used. This programme also contributes towards the realization of the goals set at Kyoto.

There is nothing new and really innovative in terms of methodologies and strategies in the projects taken up by the FRG in the environmental sector. Western donors appear to generally follow the lead provided by the World Bank, with regard to sectoral emphasis and strategies. These are then further coordinated at the level of the OECD. Issues pertaining to environment are generally described as either green or brown issues. The green issues cover the preservation and conservation of natural resources. In the case of German environmental cooperation these constitute the watershed management programmes. The projects seek to counter erosion and prevent flooding and silting and simultaneously to alleviate poverty. The approach is that of integrated rural development, which was introduced by the World Bank and the Ford Foundation in India much before the Germans did so. As part of the project, awareness is raised and participation of the affected community, the 'beneficiaries' or target group is sought. The projects are claimed to be bottom-up and not top-down, contributing also to the much hailed concept of 'ownership', i.e. that the project was indeed conceived by the Indians, at the time it was floated. This is not always true. Often the Germans based in India as part of on-going projects help in formulating the proposals, even if this is accomplished at an informal level. As regards the active involvement of the community in drawing up the specifics of the project post-implementation, that too is doubtful : it is claimed that the project is not imposed but rather that a village is taken up for a pilot project after its inhabitants evince interest in the project and prove that interest by taking up a task which they seek to jointly tackle to prove their spirit of cooperation and then other villages showing a similar interest and

inviting the project to be extended to their areas are taken up. But it was also stated that to motivate the villagers they were taken to visit a village which was already part of the project and the village being visited is paid per visitor because the village functions as facilitator. Participation here seems to be induced through promise of material gain.

Moreover the evidence of working together, transcending caste divisions, was not really true either since the hamlets continued to exist along caste lines and social interaction was also on similar lines. Clearly the material interest is the dominant factor and social changes did not materialize. A further change sought to be ushered in was the integration of the village economy into the national and its local-regional economy. Instead of subsistence farming an attempt was being made to bring market economy into play.

The green issues of interest to India are centered around the development of forests. This is an area the Germans are not particularly enthusiastic about supporting, despite their commitment to protecting the rainforest elsewhere as sink for sequestering carbon. Maybe the added attraction for the rainforest is the fact that it is rich in biodiversity and therefore is promising from a commercial point of view as well. The Germans prefer to concentrate on brown issues in India. This is possibly due to the fact that forestry projects require a large amount of money which is perhaps not available. In comparison the urban environmental problems require a larger input of technology and relatively less money because the technology would have to be acquired and paid for. The commercial interest is alive here as well.

Although overall bilateral aid to India is insignificant, yet according to the Indian negotiator, Mr. Naveen Kumar, it is important for India for two reasons : one , it offers a forum for dialogue with countries which are important internationally and which support India at international fora. Through the process of regular consultations and negotiations a relationship and understanding of each others problems is developed which stands India in good stead at international meetings. The second reason is that the quality of projects implemented is very high. The projects are subjected to rigorous scrutiny. As a result the people involved in the

projects have the benefit of a tremendous learning process through exposure to new concepts and techniques of management which can then be effectively replicated. The donors interest is that they gain a foothold for their industry and that keeps their interest alive.

From the foregoing it becomes clear that the German policy is directed towards commercial gain even in the area of environment cooperation. The Germans seem to view it as an opportunity to obtain fresh orders. The link between development cooperation and foreign policy with the promotion of national interest is obvious.