



DFID Department for
International
Development



Partnership For Development – DFID's Country Plan In India

State Plan For Orissa, 2004-2008



June 2005 version



State Plan for Orissa, 2004-2008

The Department for International Development (DFID) is responsible for the UK government's contribution to the global campaign to eliminate poverty.

About one-third of the world's poor live in India, so DFID's work in India¹ is a crucial part of DFID's efforts worldwide.

DFID works with the Indian government, State governments and other development agencies to help achieve the objectives of India's 10th Five Year Plan and reach the internationally agreed Millennium Development Goals (MDGs) by 2015. All DFID support is on grant terms and is separated from the UK's commercial interests.

In 2000, DFID focused its work in India on programmes at national level and in four States. Orissa, with its high poverty headcount, its stated determination to improve the living condition of its people and its willingness to work with DFID, is one of these focus states. This Plan sets out objectives for DFID's work to support poverty reduction in Orissa in 2004-2008. The Plan was discussed in a consultation exercise with the Government of Orissa and others in the State.

¹ Described in "Partnership for Development: DFID's Country Plan for India": DFID India, 2004

Context and Challenges

India has substantially reduced poverty in the last twenty years, nearly halving the number of people below the poverty line. However, the benefits of India's development have been uneven. Orissa has become one of India's poorest States.

The challenges facing Orissa are well known:

- India's Planning Commission has identified Orissa as having the highest overall poverty ratio of any major Indian State, with around 48% (17 million) of the population living below the Government of India poverty line.
- Orissa's government has acknowledged it as the most heavily indebted of India's major States, and has stated that the fiscal crisis is incompatible with development. Orissa's economy is highly dependent on the agriculture sector, where growth is sluggish.
- Orissa's literacy is below the national average and demonstrates gender and social variations². Infectious diseases (acute respiratory infections, diarrhoea, tuberculosis and malaria) and under-nutrition are serious problems, and Orissa still has one of the highest infant mortality rates among Indian States despite significant improvements since 1992/93³.
- Poverty among marginalised groups in rural areas is a long-term challenge. Orissa has faced setbacks because it is vulnerable to both slow-onset and rapid-onset natural disasters including droughts, floods and cyclones.

- Poverty varies significantly according to region, social group and gender in Orissa. The State's high proportion of Scheduled Tribe people⁴ are particularly likely to be among the long-term poor. As in many States, women are disadvantaged, with low literacy and high maternal mortality.
- Indicators relevant to all MDGs show positive trends in Orissa, but none of them is likely to achieve the target proportionate change by 2015.

Table 1: Orissa rural poverty profile by region and selected social group

Region*	Poverty headcount ratio
Coastal	31.7
Southern	87.1
Northern	49.8
Social Groups**	Poverty headcount ratio
Scheduled Tribe	63.6
Scheduled Caste	40.5
Others	32.9

* for 1999-2000. Source: Arjan de Haan with Amaresh Dubey, 'Extreme Deprivation in Remote Areas in India: Social exclusion as explanatory concept', CPRC Manchester Conference, April 2003

** for 1993-94. Source: Orissa Development Report, Planning Commission as reported in Panda (2000)

Despite its challenges, Orissa has many advantages, including forests covering almost 40% of its land area, a long coastline, valuable mineral resources and a unique cultural heritage. The Government of Orissa has published ambitious development targets in its 10th Plan⁵ and accompanying White Papers⁶. DFID will seek to deepen its

² All data from 2001 census

³ NFHS data

⁴ 22% of Orissa's population are Scheduled Tribe compared to all-India level of 8%; 16% of Orissa's population are Scheduled Castes which equals the all-India proportion (1991 census)

⁵ Poverty headcount to be reduced by 5 percentage points during the 10th plan period (2002-7), with further targets until 2015. Other 10th Plan targets cover employment, schooling, literacy, population, infant and maternal mortality, forest cover, potable water and pollution control

⁶ White Paper on State Finances 2001, White Paper on Public Enterprise Reform 2002 and Medium Term Fiscal Plan 2000-1 to 2004-5



understanding of Orissa's unique context, including the factors that limit growth and keep people in poverty despite the State's advantages; and is committed to supporting Orissa in 2005-2008 to build on its advantages to reach its poverty reduction goals.

Objectives of DFID's programme in Orissa, 2004-2008

Objective 1: Poverty reduction through accountable governance and effective use of resources

The Government of Orissa set itself a poverty reduction target of 5% during the 10th plan period. But it has acknowledged that without decisive action to promote accountable government and address the causes of Orissa's fiscal crisis, resources will not be freed up to reduce poverty. DFID will support the Government of Orissa to free those resources and invest them effectively for poverty reduction.

"If the policies and strategies so far followed continue to be pursued unchanged, all the resources generated would be used up in debt servicing and unproductive expenditure, with little or no money left to take up any developmental work worth the name".

*Government of Orissa White Paper on
State Finances (2001)*

Central to this work is the Orissa Socio-Economic Development Programme, supported by the World Bank. DFID will work closely with this programme, providing advice and technical assistance in priority areas such as public sector reform, public financial management and improved service delivery. There is also a case for financial support from DFID to enable the State Government to access Government of India



funds for work towards the MDGs and 10th Plan goals.

Given the need to plan effectively to address the causes of poverty and measure the impact of actions taken, we will continue to support the work of the Government of Orissa's inter-departmental Poverty Task Force (PTF). Effective communication with the public about Government's poverty reduction plans, and stronger poverty monitoring systems, are essential if Orissa's poverty reduction targets are to be met.

Objective 2: A coordinated approach to human development so as to improve health and education outcomes, especially for the poor

DFID supports the Government of Orissa's intention to improve health outcomes and reduce disparities according to region, gender and vulnerable social group, as set out in its Health Sector Policy and Strategic Framework. Once preparation of this strategy is complete, DFID can offer financial support to help





implement it. This financial support is not linked to specific elements within the health sector, and could therefore help improve health services for all. However, in monitoring the impact of this approach DFID would focus on outcomes for the poorest. Effective coordination with National Rural Health Mission programmes (NRHM), with other organisations in the health sector, and with other sectors which affect health outcomes (such as water and sanitation, nutrition and food security) will be important.



DFID strongly supports India's commitment to universal elementary education and will continue to fund the District Primary Education Programme (DPEP) in Orissa until 2008, when Sarva Shiksha Abhiyan (SSA) will take over in the current DPEP districts. DFID is already contributing to SSA at the India national level. In Orissa, DFID also assists the reconstruction of primary schools destroyed by the 1999 super-cyclone.

Objective 3:
Improved and sustainable rural livelihoods and economic growth opportunities for the poor

Orissa is the least urbanised of DFID's focus States, with 85% of the population living in rural areas. DFID supports efforts to reduce Orissa's rural poverty and promote better livelihood opportunities for the poor, for example through improved watershed



and forestry management, agriculture and non-farm activities, strengthened land administration, and empowerment of Scheduled Caste and Scheduled Tribe communities. DFID-assisted projects (Western Orissa Rural Livelihoods Project, Orissa Tribal Empowerment and Livelihoods Programme) will continue to work on these issues in deprived districts throughout the period 2005-2008. These projects also aim to generate valuable ideas for policy-makers at State level.

Continued stagnation in Orissa's economic growth rate could threaten all development work in Orissa. We support the Government's commitment to "equity-oriented growth" - both to accelerate economic growth, and to ensure that it offers opportunities to all. Building on our current work supporting the Government's Industrial Policy Resolution 2001, there is potential for additional DFID assistance to help boost economic growth, focusing on sectors which offer most opportunities to the poor.





Priority themes throughout all objectives

Inequality: A key challenge for policymakers is to ensure that Orissa's development path prioritises opportunities for disadvantaged



regions and groups. DFID has reviewed all its work in Orissa to assess the role we can play in tackling inequality and social exclusion, and will continue to monitor this throughout 2005-08.

Disaster risk reduction: Orissa is vulnerable to natural disasters including flood, drought and cyclone, and the Government's response has rightly moved from relief to long-term emphasis on disaster risk reduction. Vulnerability to disaster will be considered in the design of all DFID work in Orissa. In case of a major rapid-onset disaster, DFID would be guided by the Government of India on the need for provision of emergency relief.

Communications: Consultation with poor people on development policies, and ensuring they have access to information, has the potential to help build strong constituencies for reform. We will continue to support communication between Government and other key stakeholders in Orissa on tackling poverty reduction together. DFID's Civil Society and Poverty Programme will help empower civil society organisations, through capacity building and strengthening the demand for accountable governance.

Implementing the programme

DFID's programme will be implemented in partnership with the Governments of India and Orissa and with other partners in Orissa. We use mechanisms including technical assistance;

financial aid to sectors such as health;

projects; research; and

transfer of financial

resources via

partner

organisations.

DFID world-

wide is under

pressure to

reach its

objectives

more

efficiently, so

we will focus

our efforts in

Orissa on a few high-

value interventions,

carefully chosen in consultation

with partners. DFID is unlikely to start

work in sectors which are not aligned with the

objectives above, or where others are better

placed than we are to lead.

Rigorous performance monitoring of DFID's work will continue. Individual initiatives within





our programme will be subject to specific monitoring and review arrangements, while the overall impact of our programme will be subject to a regular formal review with Government and with other partners in the State.

In India, DFID works with UN organisations, the multilateral development banks, other bilateral agencies, civil society organisations, NGOs and the private sector. In Orissa, DFID works with these partners to share information and coordinate approaches so as to maximise impact, especially in key areas such as health or livelihoods. We can also transfer financial resources via partner organisations in areas where they are better placed than DFID to lead.

Resources

DFID's expenditure in Orissa was as follows⁷:

2001-02	2002-03	2003-04	2004-05
£22m	£49m	£12m	£20.48m
Rs. 165 cr	Rs. 368 cr	Rs. 96 cr	Rs. 163 cr

DFID's financial forecast for India over the next few years is as follows⁸:

2005-06	2006-07	2007-08
£280m	£285m	£300m
Rs. 2240 cr	Rs. 2280 cr	Rs. 2400 cr

⁷ At average conversion rates at the time

⁸ Forecast figures at December 2004

Over the period 2004-08 DFID intends to strengthen its partnership with Orissa, drawing on the rising India funding allocation above. The exact scale and profile of expenditure in Orissa will depend on progress towards the State's development goals and DFID's programme objectives, and on the mechanisms which DFID is able to use to support the State's progress.

The major risks to the DFID programme would be a deepening of the fiscal crisis, or a weakening of the Government of Orissa's determination to address the crisis and invest freed resources to tackle poverty. Continued stagnation in Orissa's economic growth rate, lack of capacity to implement the State's ambitious development programme, or failure of actions to improve the transparency and accountability of public services would also threaten the achievement of Government's - and DFID's - aims. Finally, in the context of Orissa a key risk is of external shocks, such as natural disaster on the scale of the 1999 super-cyclone.

DFID provides support to mitigate some of these risks within its programme in Orissa. Assessment of these risks would also be a key factor in deciding the future shape and scale of the DFID programme in Orissa.





DFID's Programme in Orissa 2005

Objective 1

Orissa Public Sector Reform Project (II)
Orissa Public Enterprise Reform Programme (Phase II)
Orissa Civil Society and Poverty Programme

Objective 2

District Primary Education Project and Sarva Shiksha Abhiyan, Orissa
Reconstruction of Primary Schools
Support to Orissa's Health Sector Plan

Objective 3

Western Orissa Rural Livelihoods Project
Orissa Tribal Empowerment and Livelihoods Programme
Support to the Government of Orissa's Industrial Policy Resolution 2001
Support for Strengthening of Land Administration in Orissa



Department of International Development (DFID)
British High Commission
B-28, Tara Crescent, Qutub Institutional Area, New Delhi-110016
Ph: 91-11-26529123
Fax: 91-11-26529296
Website: www.dfidindia.org

DFID India-Orissa
17, Forest Park, Bhubaneswar-751009, Orissa.
Ph: 91-674-2533359 91-674-2530512
Fax: 91-674-2530228