

**STATE PARTNERSHIP WITH
CHHATTISGARH**

**PROGRAMMING MISSION
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Abstract

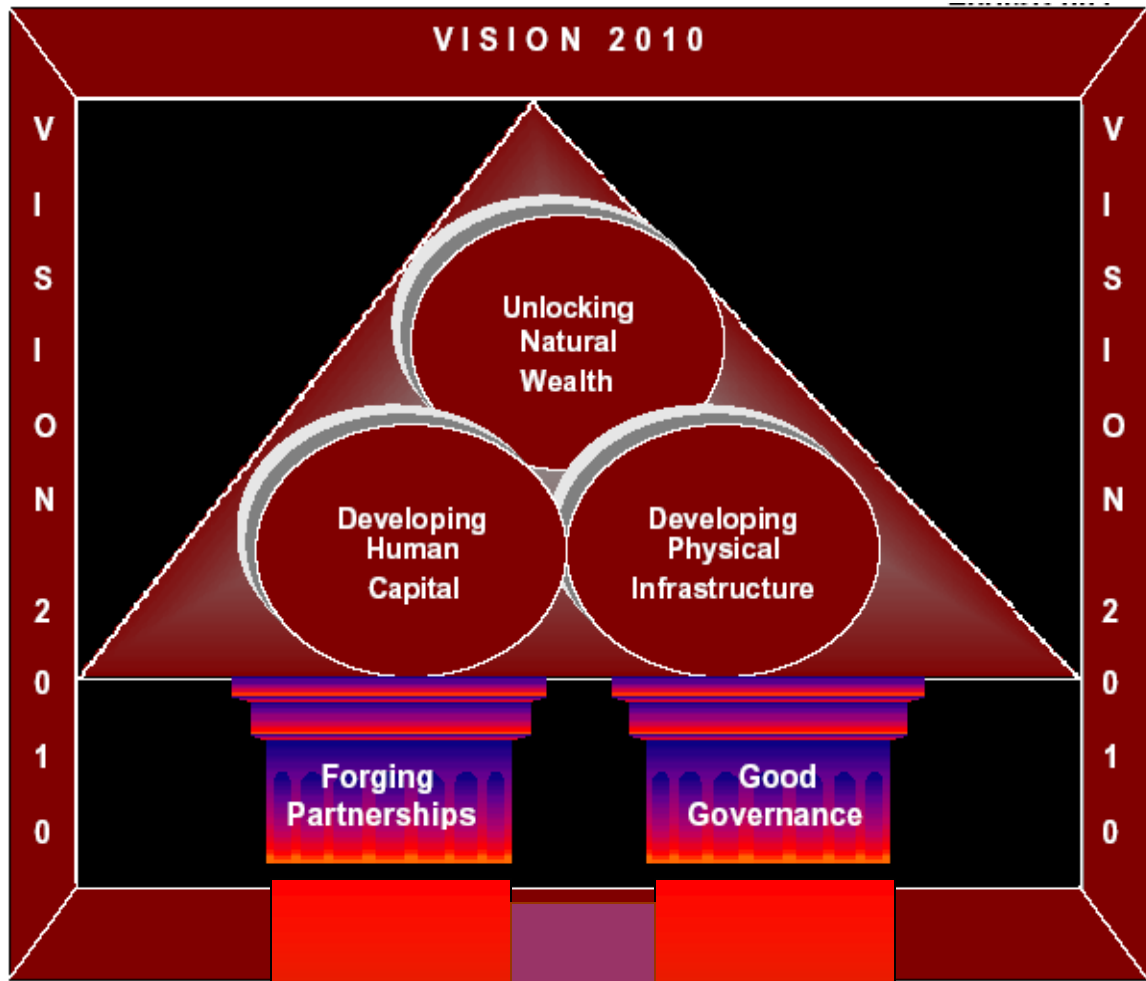
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Capabilities
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1. State Profile

The state of Chhattisgarh has set the target of transforming itself into a sound and viable economy within the next decade. A plan titled 'Vision 2012', laying down the priority areas of action and the Hon'ble Chief Minister Mr Ajit Jogi has outlined initiatives to this effect. To be implemented in time bound phases, the plan seeks to set the pace of socio economic development within the state for subsequent decades.

As outlined in Vision 2012, the state would, address the following issues on a priority basis.

- Rapid human capital development
- Unlocking natural wealth and
- Building *world-class* infrastructure within the coming ten years.

To achieve these, specific initiatives such as strengthening the principles of good governance for complete transparency, efficiency and accountability and developing partnerships with national and international agencies are already underway and many are on the anvil.

Policy documents reveal that the state government recognizes the need for policy and institutional reform. Of these important policy reforms have already been undertaken. However institutional reform also requires important capacities within and outside the state administration. These are lacking and as a consequence capacity building is the critical key that can help unlock the states inherent potential.

Whatever be the reforms they have to be designed such that the states' inherent strengths are used optimally and its weaknesses circumvented. A better design of the EC-Chhattisgarh Partnership such that it can accelerate Chhattisgarh's all round development is only possible if it is based on a good understanding of the states' socio-economic and administrative realities. This section aims at precisely such an understanding.

1.1 Human development indicators (current and changes over the past 10 years)

Chhattisgarh has some of the highest levels of deprivation in the country. The state as part of the old Madhya Pradesh has long been classified among the "BIMARU" or sickly states. Poverty, poor health and education status, low living standards, etc. portray a grim picture of the population of the state. On the positive side however, the area that is now Chhattisgarh has shown significant improvements during the last decade.

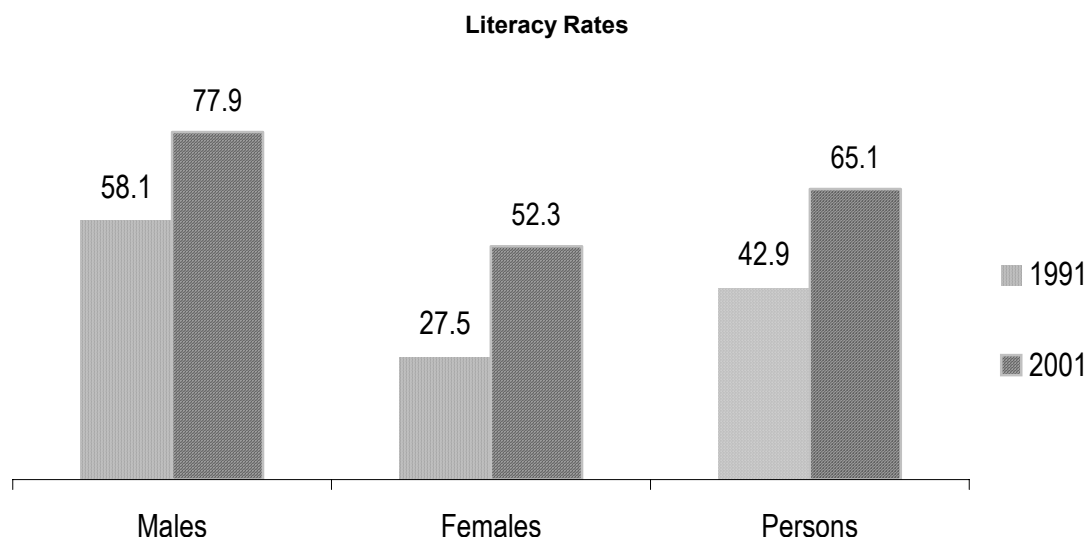
The Planning Commission in 2001 ranked Chhattisgarh combined with Madhya Pradesh at the 12th position out of 15 states in the human development index. There has been some improvement in its rank since 1991 (up from position 17). A separate exercise for Chhattisgarh has not been done but the position of human development in the state would not have been any better. Baring a few components of the index, in the majority of the indicators, the state of Chhattisgarh would be among the worse off.

The profile presented below highlights with the help of certain indicators the present status across various human development indicators. Some of the indicators have been discussed below while the status across the others has been discussed in section 1.2.

Population: The population of Chhattisgarh has been growing at a lower rate than the average population growth of India in the last decade. The decadal growth rates in the rural areas have reduced by half in the past decade while the urban decadal growth rates have doubled. The urbanization levels are still much lower than those in other states, but there is a steady growth in urbanization. Both these factors indicate that the urban infrastructure and services of the state would be under tremendous pressure in the coming decade. The state needs to work towards addressing this issue.

Life expectancy at birth: Life expectancy reflects all round conditions in health standards including nutrition, morbidity and health services. The life expectancy at birth for a person in Chhattisgarh during 1992-97 was calculated as 61.5 years.

Literacy rates: One of the focus areas of overall human development is education, as it is the one sector where any improvement leads to benefits across other sector of human development. Of the indicators used to measure the development across this sector, literacy is one of the basic indicators. The literacy rate (7 years and above) has improved considerably since 1991. But the gender gap and the rural urban gap are very high. Another measure for literacy is the adult literacy rates. By this measure not even half the adult population of the state is literate. On the other hand the adult literacy rate for India is 55%.



Source: Census of India, 2001

1.2 Current situation versus Millennium Development Goals

The state has to put in much effort in order to meet the millennium development goals (MDG). The MDG is to reduce a defined set of indicators to half their present position by 2015. These indicators include population growth, poverty, infant mortality, illiteracy, and

gender disparity amongst others. The present status of Chhattisgarh across some of the important indicators of development are discussed below.

Infant mortality rate: One of the major causes of concern for the state is the high level of infant mortality. The infant mortality rate for the state during 1997-99 was found to be around 78 deaths per 1000 live births. The IMR for the country on the other hand during the same period was found to be 68. The state needs to create better intervention programs for the under one year olds in order to meet the millennium development target of reducing the IMR by half.

Sex ratio: Low population growth is one of the few positive indicators in the social sector, the other being the relatively high sex ratio. Chhattisgarh is one of the few exceptions where the population of females is more than that of the males. But there is variation across districts in Chhattisgarh. Districts with higher level of urbanization have much lower sex ratios. A tribal belt phenomenon, the sex ratio equality may decline with the growth in urbanization.

Poverty: The state has a high percentage of the population below the poverty line. The all India head count ratio (% of population below the poverty line) for the rural areas was estimated at 27.09 and 23.62 for the urban areas in 1999-2000. On the other hand the rural and urban figure for Chhattisgarh were 45.9 and 37.5 respectively. With almost 80% of the population living in rural areas, the overall percentage of people below the poverty line would be amongst the highest for the state.

Key Socio-economic Indicators

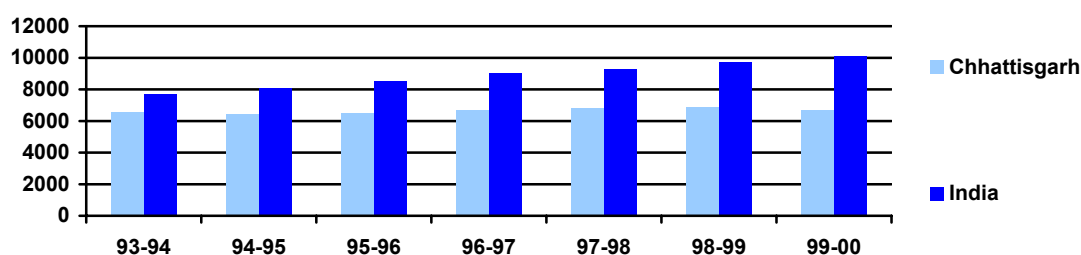
	Chhattisgarh	Rajasthan	Madhya Pradesh	India
Poverty (HCR) %	44.7	16.6	35.5	
Literacy %	65.1	61.0	64.1	65.2
Infant Mortality Rate (per 1000 live births)	78	79	87	68
Population growth (%)	1.7	2.5	2.2	1.9
Life expectancy at birth (years)	61.4	59.5	55.2	60.7
Sex Ratio (per 1000 males)	990	922	920	933

1.3 State government policies and strategies vis-à-vis poverty reduction

1.3a Background

The above section reveals the high levels of deprivation prevailing in the state. Over the last decade the poverty levels in the country have reduced, but the progress in Madhya Pradesh (Madhya Pradesh + Chhattisgarh) has been much lower. The state government needs to address this issue on an urgent basis. The first measure of the government's policies in improving the economic conditions is the growth rate in state domestic product. Not surprising, the average annual growth rate of the SDP for Chhattisgarh in the nineties has been a mere 2.45 % while that of India has been more than double that figure.

Per Capita Income (in Rs., 93-94 Prices)



Chhattisgarh's paradox is that it is *'a rich state of poor people.'* On the one hand, it is well endowed with natural resources and generates more tax revenues for the central government than it receives from devolution. However, on account of its geographic challenges- a large share of area under forests, and demographic complexities - 44% of its population are scheduled tribes and castes, large sections of its population remain marginalized and isolated from the process of social and economic development. Being mostly illiterate, economically weak and unable to be mainstreamed economically, socially and politically, they are vulnerable to insurgent influences; some Naxalite influence is also present in the Bastar, Dantewada and Jashpur districts.

District	Pop. 1991	Literacy rate 1991	Pop. 2001	Literacy rate 2001	Decadal Pop. Growth %	Scheduled tribes % (1991)	Scheduled castes % (1991)	Poverty (%)
Northern								
Koriya	500758	38.8	585455	63.4	16.9	44.0	7.9	35.90
Surguja	1581872	27.3	1970661	55.4	24.6	56.7	4.8	35.90
Jashpur	656352	38.3	739780	65.4	12.7	65.4	7.2	30.02
Korba	825891	45.3	1012121	63.2	22.5	43.1	10.0	53.05
Raigarh	1065939	43.0	1265084	70.5	18.7	36.8	14.0	30.02
Central Plains								
Bilaspur	1694883	45.5	1993042	63.7	17.6	20.5	19.1	53.05
Janjgeer-Champa	1110200	47.4	1316140	66.3	18.5	12.2	22.4	53.05
Kawardha	513496	29.8	584667	55.4	13.9	20.2	13.9	42.86
Rajnandgaon	1089047	48.8	1281811	77.6	17.7	26.9	10.1	42.86
Durg	2397134	58.7	2801757	75.8	16.9	12.4	12.8	32.66
Raipur	2529166	48.7	3009042	69.0	19.0	13.1	16.7	32.18
Mahasamund	791197	42.9	860176	67.6	8.7	28.1	12.7	32.18
Dhamtari	587679	52.8	703569	75.2	19.7	27.2	6.9	32.18
Southern								
Kanker	532151	37.7	651333	73.3	22.4	55.7	4.5	52.82
Bastar	1116896	23.1	1302253	45.5	16.6	66.5	7.5	52.82
Dantewada	622267	16.5	719065	30.0	15.6	78.8	4.1	52.82
Total	17614928	42.9	20795956	65.2	18.1	32.5	12.2	44.67

Note: The northern and southern districts have a combined SC and ST population of greater than 50%.

1.3b Government Policies

The state government rightfully has focussed on long-term economic growth as the key to sustainable poverty reduction. According to the state's own vision document, "Reducing poverty - Poverty reduction would be one of the priorities of the government. At present 38.91% of the State's population is below the poverty line. The government would work towards halving this number by 2010." It has identified the following to contribute in the achievement of its priority objective:

- Access to employment opportunities for all irrespective of geographical, social or economic considerations
- Reducing the population growth from 1.86% to 1.48% per annum
- Double economic growth
- Shift in cropping pattern and double cropping and increase in irrigation
- Connecting all villages with metalled roads
- Greater opportunities through growth in the tertiary sector as the driving factor

In order to meet the above targets, the government's vision aims at revitalising the State's economy; it aims at doubling the growth in net state domestic product from 4.2% in 2001-02 to 11.5% by the year 2009-10 in real terms. It expects to do so through greater growth in the tertiary sector - tourism, recreation, amusement transportation, trade, real estate, banking, etc. This is expected to increase the per capita income by over Rs.5000 from Rs. 7,072 to Rs.12, 276 in 2010.

The goals that the state has set for itself are measurable and it has identified "focussed strategies that involve the judicious use of natural assets along with substantial investments in physical and human infrastructure" as the enabling mechanism of doing so. These are also discussed later.

In other words, the state government's priorities aimed at development and poverty reduction are designed taking into account the special needs of the state and the idiosyncrasies of its economy.

1.4 Fiscal situation and constraints

1.4a Background

Being a new state the government of Chhattisgarh has a gross fiscal surplus. In 2001 this surplus was almost 1.48 % of the SDP. If the low SDP growth rate and the total revenue receipts in 2001 being lower than the total expenditure in 2001 are any indicators, then the surplus may turn to deficit very quickly. The relatively better performance of Chhattisgarh state's fiscal is not based on strong economic or administrative base, but mainly because it is a new state. A careful analysis of the states' budget reveals that if current trends were to continue, the state would very quickly be among the most fiscally distressed states of the country. However, at 3.99 percent,

Chhattisgarh has lower share of public sector in its total employment than either MP (4.67) or the all India average (5.15). If it is able to maintain this, then the state will have lower pressures on its fisc from wages and salaries than other states.

1.4b Capital needs

The approved outlay for the state under the Tenth Five Year Plan is Rs 110 billion, with Rs 17.5 billion allocated for 2002-03. The highest priority under the plan is for social sectors, which absorb more than 47% of the states' plan outlay.

Table: Capital needs for the tenth plan

Development Head	2002-07 Crore)	(Rs. Share of Plan Outlay
All Social services	5256.2	47.8%
School Education	2407.4	21.9%
Health	429.6	3.9%
Water Supply and sanitation	847.1	7.7%
Housing /Urban development	800.7	7.3%
Welfare of backward castes	262.6	2.4%
Irrigation and flood control	2,506.7	22.8%
Rural Development	1,158.9	10.5%
Agriculture	861.0	7.8%
Industries	214.1	1.9%
Transport	451.6	4.1%
Others	551.6	5.0%
Total	11,000.0	100.0%

Note: 100 crores = 1 billion, 1 crore = 10 million Source: Dept of Finance, Govt of Chhattisgarh

Health receives an insignificant (less than 4 percent) part of the plan allocation. However, a better understanding of the capital outlay can be gauged from the capital-expenditure break-up of the state government budget for the year 2002-03.

Table: Allocation of capital expenditures

Capital Expenditures: Chhattisgarh (Budgeted Estimates 2002-03)	Rs. Crore	Distribution of Development Expenditures	Distribution of Social Services	Distribution of Economic Services
Total Disbursements	1176.5			
Total capital outlay	919.8			
Developmental	902.7	100%		
Social services	233.0	25.8	100%	
Education, sports etc	11.2		4.8	
Medical & public health	19.4		8.3	
Family welfare	0.0		0.0	
Water supply	0.3		0.1	
Housing	40.6		17.4	
Urban development	74.2		31.8	
Welfare of SC, ST & OBC	71.3		30.6	
Social security & welfare	15.4		6.6	
Others	0.8		0.3	

Capital Expenditures: Chhattisgarh (Budgeted Estimates 2002-03)	Rs. Crore	Distribution of Development Expenditures	Distribution of Social Services	Distribution of Economic Services
Economic services	669.6	74.2		100%
Agriculture	30.7			4.6
Rural development	101.3			15.1
Irrigation & flood control	405.3			60.5
Transport infrastructure	119.9			17.9

Note: 100 crores = 1 billion, 1 crore = 10 million Source:

RBI State Finances: A study of Budgets 2002-2003, See Appendix for greater details

About three fourths of all capital expenditure is classified as ‘developmental’. Of this however barely a fourth is allocated to social services. Within this as well education and health together receive barely an eighth of the total. Rs 30 crore is less than Euro 6 million for the entire state for the entire year. At such low levels of allocations, it is not clear what state-wide impact can be had on either education or health facilities.

In sum, the current budgetary allocations reveal that the state is unlikely to be able to meet its 10th plan targets from its own resources. External inputs (whether domestic or international) will be essential.

1.5 Administrative structure and decentralisation

1.5a Background

The administrative structure is similar to that of other states with a legislature overseeing the executive and different tiers of administration (from state to district to block to village/local body level). Each level has its own set of elected representatives and bureaucracy. It is likely that the level of centralization will *increase* in the future. This is because of lack of a sound administrative skill base in the lower levels of administration. The state level administration would be forced to centralize decisions if this weakness in skill base continues.

1.5b Administrative structure

When the state of Madhya Pradesh was bifurcated, only 22% of the administrative service manpower was transferred to the new state, against the original schedule of 27%. In this process, the new state received a greater proportion of field staff than the higher-level administrative manpower, and several senior officials refused to be transferred to the new state as well. As a result, Chhattisgarh inherited a lean and top-light administration. The state’s strategy has been to convert this into a plank of good governance and translate into a long-term advantage.

To administer the 51 departments inherited from the state of Madhya Pradesh, Chhattisgarh has allotted portfolios among 17 ministers and 11 ministers of state. Eight ministers have charge of four or more departments. Similarly, secretaries and chief secretaries have multiple portfolios, some reporting to more than one minister. The state government has adopted a voluntary ceiling on establishment expenditure, at 40% of non-plan expenditure. All new recruitments have been frozen for the time being, pending a detailed manpower planning exercise.

The state has weak planning and administrative skills in many if not most departments. Much of its staff are not experienced in tasks that will be required for it to meet its short, medium or long term objectives

1.6 Governance and community involvement

1.6a Background

Community involvement goes hand in hand with decentralization of executive and political powers. Some of the broad decentralization powers have been discussed above; here specific issues of empowering the local government are discussed

1.6b Decentralization and community involvement

Decentralization of political and economic power is essential to any democracy, because a few power centers cannot fulfill the needs of large populations especially in a variegated socio-cultural spectrum as in the case of India. The 73rd Constitutional Amendment (1993) made it mandatory for all states having a population above 2 million to adopt a three-tier structure of local government (Panchayats) at the village, block and district level. These institutions must hold elections every five years through the state election commission; reserve one-third seats of members and chairpersons at all levels for women, scheduled casts and scheduled tribes; constitute district planning committees to integrate development plans for the district and village assembly levels. States are also required to appoint a State Finance Commission to look into financial powers of Panchayats.

Most centrally funded development schemes call for the village institutions to form task forces to participate in programme implementation. Almost all states have formed working committees /standing committees (five to seven persons) to execute different functions of panchayats. Typically, committees are required to be formed for the following work groups:

- Planning finance and budget
- Agriculture, livestock and irrigation
- Education, health and sanitation
- Welfare of weaker sections
- Amenities, public works and communications

- General admin, policy issues and establishments

The **development of panchayats as effective local governance bodies depends substantially on the attitude of state governments.** Because panchayats derive their scope under state Panchayat laws, the provisions of these laws determine the actual degree of decentralization in each state. There can be a wide gap between the powers given and powers exercised, and between the functions enlisted and functions carried out in practice. While states demarcate functions to panchayats, they often retain controlling regulatory powers such as recruitment, transfer of personnel, with the result that line departments, while remaining under the administration of panchayats, operate independently and beyond the control of these institutions.

The state government also appoints the following staff to Panchayats:

- *District:* CEO, Additional Collector (Development) also in the DRDA, Assistant Secretary, District Education Officer, Accounts Officer, Project Officer, District Planning Officer, Civil/Mechanical Engineer, Clerks, and Drivers
- *Block:* CEO, Block Development Officer, Block Education Officer, Education Extension Officers, Cooperative Extension Officers, Panchayat Extension Officer, Accounts assistant, Junior Engineers, Clerks, and Drivers
- *Village:* Gram sevaks

Chhattisgarh inherited from its parent state its local government institutions, set up under the Madhya Pradesh Panchayati Raj Act. Of the 29 functions listed in the Eleventh Schedule of the 73rd amendment, the state has transferred funds in ten, functions in twenty-three and functionaries in nine subjects, respectively. .

The PRIs do not currently have the required skills in most areas of administration, such as project formulation, prioritization, implementation, monitoring, etc. These will have to be upgraded if decentralization is to be successful

1.6c Civil Society Groups and NGOs

In Chhattisgarh, NGO activity is at an elementary stage compared to several other states, though several NGOs are present in the state under programmes initiated in un-bifurcated Madhya Pradesh. Important sectors in which NGOs have been working in the state are: primary education, health, natural resource management, biodiversity, gender empowerment issues and tribal welfare. Some of the NGOs active in the sectors of interest are: Action Aid, Lok Shakti, Ekta Parishad, Rupantar, RAHA, Eklavya, Centre for Environment Education, Mata Rukmini Shiksha Sanstha, Jan Swasthya Kalyan.

Based on meetings with these agencies, it appears that NGOs tend to share a hot-cold relationship with government. On one hand, there is recognition of their emergence as crucial grassroots level agencies of social mobilization and rural development, and governments support activities by NGOs because of the realization that NGOs are:

- Financially more efficient as they spend less on establishment costs
- More efficient because of limited function and area focus

- In touch with public on day to day basis
- Easy to get public contribution
- Flexible in functioning
- Community based and have local workers, and are not outsiders.
- Technically knowledgeable in subjects like watershed development, education and health
- Sustained for longer time and develop specific area expertise

However, the differences between governments and NGOs often arise on account of differing perceptions and experiences in respect of:

- Advocacy and participation in policy making
- Farming out difficult tasks at unviable budgets
- Low-risk experimentation with complex concepts using NGOs as test project operators
- Limitations of NGOs to scale up successful models to work on a broad platform

As a result, some voices in government consider NGO activities as islands of excellence that serve as good demonstration examples but are not practicable as mainstream solutions to implement and deliver welfare objectives across the state and to all sections.

Yet, in both education and health, the role of NGOs has been highly appreciated by the government and in fact, NGOs are important implementation partners under the most important programmes in these sectors: the District Primary Education Programme in education, and the ‘Swasthya Mitnin’ Programme in health and family welfare.

The Ministries of Health and Education have both involved NGOs in policy-making exercises with a view to formulate the state’s goals in public services in the social sectors, besides assisting the state in delivering these services effectively. The Secretary, Health engaged all the major NGOs in the sector for four weeks of intensive brainstorming sessions before outlining the Health Policy and developing the Swasthya Mitnin programme in partnership with NGOs at the block level.

However, the role of NGOs as watchdogs of public interest remains a sensitive aspect in the state, as highlighted in two significant instances of whistle-blowing by NGOs- the Syngenta rice germplasm case and the contracting of river water rights to a private entrepreneur. Organizations having a wide charter find it difficult to play the watchdog role and at the same time being involved as implementing partners in government-led programmes. At least one NGO met by the mission, is a partner in some education programmes coordinated by the state, and is on the panel of advisors to the education department for curriculum reform, but has filed public interest litigation against the state on environment and human rights issue.

Accepting and dealing with this duality in NGO roles will be a key aspect in the development of an active and mature cooperation between government and civil society groups.

1.7 Geographic analysis at District level (poverty/health/education/environment)

There is significant geographic disparity among the socio-economic profiles of the districts in the state. Chhattisgarh can broadly be divided into three zones – the southern and northern belts and the central plains. The southern and northern zones are characterized by large forest areas, high tribal population, and relatively lower levels of over-all socio-economic development.

The reduction of disparity would involve greater emphasis on the northern and southern belts. Since the differences are spread across almost all sectors of the socio-economy, it follows that whether in health, or education sectors, greater emphasis has to be paid to these areas. Moreover, since tribals are a large constituent and the most deprived in sections, geographical disparity can also be reduced with programs that target lower economic and social class groups. However, geographically targeted programs need not be the only way.

We find that in both education and health services there are significant gaps in the provision of quality and accessible services by the government. Because of these the poorest and under-privileged are affected the most. In other words, *by purely improving quality and accessibility across the state there would be a large beneficial impact on reducing geographical disparity.*

Chhattisgarh: Some Socio-economic Indicators

District	Poverty	Proportion not getting sufficient food	% Children immunized	% Villages connected to pucca road	% having access to safe drinking water
Northern					
Koriya & Surguja	35.9	Neg	38.8	72.1	48.3
Jashpur	30.0	4.1	63.1	79.7	70.2
Raigarh	30.0	4.1	63.1	43.4	70.2
Central Plains					
Korba, Bilaspur & Janjgir	53.1	12.7	58.9	63.4	93.6
Kawardha & Rajnandgaon	42.9	Neg	64.3	68.6	90.7
Durg	32.7	2.3	73.2	52.0	100.0
Raipur, Mahasamund & Dhamtari	32.2	7.3	69.8	60.0	94.2
Southern					
Kanker, Bastar, & Dantewada	52.8	Neg	54.6	80.4	89.1

Note: Blank cells indicate insufficient data; these suggest extremely low levels of hunger. Source: Deprivation in the New Millennium – An identification of India's most backward districts, Indicus and RGICS, Konark, New Delhi, 2003.

Poverty: There is some variation in poverty levels across the districts in the state. Most of the tribal regions and higher rural population districts have almost 50 % of the population below the poverty line. Districts of Raipur and Jashpur have considerably

lower poverty levels. But in general all districts have a much higher than the average poverty level in India.

Health: There are large variations in the health status of the population across the districts. The percentage of children getting complete immunization is as low as 39% in the districts of Koriya and Surguja it is almost 75% in the case of Durg. According to the RCH Survey conducted in 2000 the percentage of women receiving skilled attention at the time of pregnancy is considerably higher in districts of Raipur and Durg at around 75%. While in almost 5 out of the 16 districts barely a fourth of the women received skilled attention during pregnancy.

Education: There have been significant improvements in literacy across the states. However literacy levels in the southern part are still significantly below the state norm. Moreover, the current focus has been purely to increase basic literacy (basic reading and writing).

More and more the requirement will be on improving the quality of education and health, ensuring low drop out rates, eliminating gender disparity in elementary education and access to health care, and also the ‘contextualizing’ of education. These require different focus in different areas as the needs and requirements are different.

1.8 Special schemes targeting under-privileged/marginalized groups

Gender Issues

Chhattisgarh has some unique features in its gender and social gap structures. The gender ratio, at 990 females per 1000 males is better than most Indian states, and in seven of its 16 districts, the ratio is more than 1000, which reveal its social tradition of equality of women and men. Female literacy, at 52.4% is below male literacy (77.86%) but has doubled in the last decade. Work participation rates for women (36%) are much higher than the all-India level of 22%.

The state’s department of Women and Child Development focuses specifically on the integrated development of women and children through a Nutrition Programme for improvement in health, and through the Policy for Women Empowerment for their social and economic upliftment. The state’s priority for women’s empowerment includes: promoting of mixed farming among women farmers, incentives for industrial units employing women as more than 30% of their workforce, and earmarking 10% of social sector expenditure on income-generating activities for women.

The general observation is that women as a group are not as underprivileged as in most other states of the country. However, if experience in other states is an indication, if special care is not taken in ensuring women’s accessibility to educational institutions, health care, and employment opportunities, gender bias will become significant.

Scheduled tribes and castes

However, scheduled tribes form 32.46% of the state's population, as against the all-India level of 8.08%, and scheduled castes form 12.2%, which is below the national average of 16.5% (Census 1991). The scheduled tribes remain marginalized from the mainstream development process, as they inhabit remote, forest-adjoining areas, and follow ancient traditions (in some areas living still in the bronze age). To address the specific needs of this large tribal population, the state has also created a separate department called the Tribal Welfare Department.

A substantial part of funds – about 45% of the total - is earmarked for the welfare of these groups, under the Tribal Sub Plan (35.3% of Tenth Plan outlay) and the Special Component Plan (10.05% of Tenth Plan Outlay), respectively.

On-going Programmes

A list of State, Central and Externally Aided Programmes in Chhattisgarh appears in the Appendices.

2. SWOT Analysis

Chhattisgarh's key strength lies in the fact that it is a new state with few entrenched lobbies. Though geographically large, in terms of population it is a small state. The state also has a large natural resource base, good environment, and high levels of local/folk knowledge in how to manage its environment. Traditional systems of water management, harnessing of forest resources etc. continue in many parts. The state is largely peaceful and has a good labour climate. All in all, the state has the basic necessities required for socio-economic progress.

<i>Strengths</i>	<i>Weaknesses</i>
<ul style="list-style-type: none"> ▪ Rich natural resource base ▪ High forest cover ▪ Good environment ▪ Favourable industrial climate ▪ Low population density • A new state with few entrenched lobbies. • A vision and a commitment to reform. • Existence of instruments for community participation and consultation • High life expectancy, a lower population growth and a higher sex ratio compared to the rest of India. • Generating more tax revenues than receiving. • Better fiscal indicators than most states • Sufficient surface water potential • Power surplus • Fertilizer free agriculture. 	<ul style="list-style-type: none"> ▪ High levels of poverty ▪ Low levels of socio-economic development (education and health indicators) ▪ Narrow economic base ▪ Small tax base ▪ Agriculture is low value ▪ Much of cultivated land not irrigated ▪ Difficulty in high value agriculture ▪ Weak administration, both at state and local level ▪ Poor connectivity with large economic centers in north, east and south • Lack of planning, monitoring and evaluation/control capacity at all level of the administration • Lack of infrastructure: road, airport, hotel, irrigation system, low tension electricity, urban infrastructure, school, inadequacy of water supply and sanitation systems • NGOs network still at an embryonic stage • Geographical challenges linked to large forest areas and demographical complexity. • Insufficient teaching training centres • Attitude of population concerning service delivery, quality, maintenance, public health and urban cleanliness, etc....

<i>Opportunities</i>	<i>Threats</i>
<ul style="list-style-type: none"> ▪ Good environment and forest cover – scope for natural tourism ▪ Scope for large scale organic farming ▪ Wide potential of crop diversification. ▪ Large forest cover – income from forest sources- including forestry, minor and minor forestry produce ▪ New state – easier to set up administrative mechanisms that follow best practices and are responsive to the needs of the under-privileged. ▪ Potential for private sector investments ▪ Private initiatives and public-private partnerships in social sectors. ▪ Possibility to accelerate decentralisation path to empower the Panchayats ▪ Development of alternative employment schemes. ▪ Development (and strengthening of existing) of alternative education and health programmes to reach inhabitants in the remote or very urban poor areas. ▪ Quality-based incentives for education and health personnel ▪ Community involvement in development 	<ul style="list-style-type: none"> ▪ Economic militancy – <i>Naxalite</i> movement ▪ Inadequacy of own resources to meet huge development challenges could create severe competition for funds ▪ Food surplus in other parts of the country. ▪ The growing pressure on urban infrastructures and services linked to a roaring growth of the population in urban areas. ▪ Worsening of fiscal indicators leading to deficit. ▪ Lack of consensus among all stakeholders on development agenda

However, Chhattisgarh is a largely poor state, has high poverty levels and low levels of affluence. It has low levels of industrialization, and does not contain any markets of national significance. Its agriculture is largely for subsistence and is not yet a food surplus state of significance. Moreover, its agriculture is largely based on rain-fed irrigation (with almost three fourths of its cultivated area not being irrigated). Low levels of education among farmers, their poor economic conditions all add up to a situation where conventional high value agriculture (that uses HYV seeds, chemical inputs, mechanized farming, and requires substantial irrigation) is unlikely. The state did not have many institutions of higher learning. As a consequence, its current human capital base also does not match the requirements of a high growth economy. Moreover, because of its small economy, the state does not contain a high tax base for the government to kick-start progress through funding from tax revenues.

Moreover, there is also some economic militancy (the leftist *Naxalite* movement) in some state, though it has not been able to gather any momentum in the past few decades. The movement is largely a result of concerns related to exploitation of the poor. However, the state government will not be able to address these concerns in a short time. One

important factor that lies behind this inability is that the government can draw upon few economic activities for its revenue requirements. This is also likely to lead to a situation where there will be high levels of forces and pressures among various lobbies for the small pie.

However, there are significant opportunities. The state does have significant strengths. First, its high forest cover, better environment indicators, low population density, low levels of crime give it the right combination of characteristics for many different forms of tourism - whether it is nature or adventure tourism. Second, its large forest cover provides many opportunities in developing its forest resources for economic considerations. Third, though Chhattisgarh may not gain significantly from conventional HYV type cultivation, it can make significant inroads into the internationally sunrise sector of organic farming. It has the resources and its cultivators have the knowledge and skill base for this type of activity. (This sector by itself has the potential to take Chhattisgarh into a high economic growth path. The constraining factors are related to the controls that normally operate in the international agriculture markets.) Fourth, perhaps its most important strength lies in its status as a new state. As a result the state can set up mechanisms and institutions that are more in line with those required for 21st century economies than those operating in other states of India.

3. Key Macroeconomic Issues

Chhattisgarh has three macro issues that it needs to address. In the immediate short term is the issue of setting up a governance structure that is more responsive to the needs of its people. In the medium term the key issue lies in ensuring that its fiscal situation remains under control. In the long term however, the key issue is that of human capital.

3.1 Governance and administration

Experience has shown that governance and administrative structures once set-up are very difficult to change in India. A system once in place creates many beneficiaries who are fearful of any subsequent changes. Reform therefore becomes a very slow process. Chhattisgarh, because it is a new state has the opportunity to start off with a ‘reformed’ governance and administrative structure. This would have many long-term implications for the states fiscal position, responsiveness to changing conditions, and economic growth. Hence whether it is *Panchayati raj* or the power sector, the social sector or scheduled tribe issues, good administration is the key macro-economic issue that should be addressed immediately.

The state government realizes this and that perhaps is one of the key factors behind its pro-active handling of many reform issues. A decentralized and ‘people friendly’ government however requires not only broad policy changes but also internal systems, rules and regulations, that are in line with these objectives. Even more importantly, it needs the right skill base within the state government, in non-government entities, in the Panchayats, etc that can operate in such an environment. Other add-ons such as technology (usage of information technology) can prove instrumental in enabling such a governance systems to evolve.

3.2 Strengthening the fiscal

Fiscal indicators for 2001-02

- Interest as share of revenue receipts: 17%
- Primary deficit as share of SGDP: +1.94% (a primary surplus)
- Revenue deficit as share of SGDP: -1.4%
- Gross fiscal deficit as share of SGDP: -0.25%
- Capital expenditure as share of SGDP: 3.4%
- Capital expenditure as share of total expenditure: 15.0%
- Surplus on capital account to receipts: 25%
- GDP growth rate 2001-02: 19.0% at current prices, 17.6% at constant prices.

The **fiscal indicators for the state are better than several states** of India, and within the norms of sustainability as advised by the Planning Commission. However, the low fiscal deficit is misleading, as it conceals a large surplus of nearly 25% on the capital account, which is almost to the extent of the revenue deficit. While the state is able to attract large amount of debt on account of its current financials and also its special status

as a new state, there is a need to neutralize the revenue gap with its fiscal reform programme. Therefore, the key priority for the state in the next five years is to streamline the revenue system and make it efficient, so that capital receipts are increasingly utilized in development capital expenditure and not to service the revenue deficit.

An analysis of the figures yields some insights that are relevant for the partnership program:

- There will be increasing pressures on the government to impose user charges of some type on all its services
- These would in all likelihood include both health as well as education
- Whether the state government imposes such charges and to what extent will depend upon many factors – but one important one would relate to its success in accessing alternatives to meet its budgetary requirements
- It will be impossible for the state to embark upon an ambitious program of expansion in social services without high levels of external (national or international) assistance.

State Finances of Chhattisgarh

Items	2000-01	2001-02 be	2001-02 re	2002-03 be
Capital Expenditure				
Total disbursements	30523	84234	90344	117651
Capital outlay	22051	57594	66386	91975
- Developmental	21204	55742	64030	90265
- Social services	4366	8956	14359	23303
- Economic services	16838	46786	49671	66962
- Non-developmental (services)	847	1852	2356	1710
Discharge of Internal debt	1876	6017	4939	4463
Repayment of Centre loans	6222	12836	12830	15336
Loans and advances by state	374	7787	6189	5877
Surplus/deficit on capital account	-4650	21182	30099	24271
Surplus/deficit on revenue account	27105	-37937	-36659	-49554
Overall fiscal surplus /deficit	22455	-16755	-6560	-25283

Source: RBI State Finances: A study of Budgets 2002-2003, See Appendix for greater details

The state has a vision of doubling its GDP by 2010, i.e. have a CARG of 11% in its SGDP from 2002-03. The growth is expected to come through a higher share of services and manufacturing than agriculture, which would call for a substantial investment in infrastructure and social services. These in turn can be expected to have an adverse effect on fiscal indicators. *The state can afford a higher fiscal deficit if the same is deployed for development capital expenditure and not for bridging revenue deficit as is being done currently.*

The challenge before the state in managing its fiscal indicators is to create favourable conditions for the flow of private, including foreign, investment to expand the economic base, foster wealth creation, and also share the capital investment requirements in public spending, so that the state is able to address its development objectives effectively.

Medium Term Fiscal Reforms Programme

Revenue expenditure is a large part of aggregate expenditure, and interest is a large component of this expenditure. Chhattisgarh has a better than average position on the interest burden, 20%, compared to national average of 26%. This will deteriorate if the current trend of capital account surplus and revenue account deficit continues. To encourage fiscal reforms in states on the basis of a monitor-able programme, the Centre has drawn up the States Fiscal Reforms Facility (2000-1 to 2004-5), with an incentive fund of Rs 106 billion, to encourage states to implement monitor-able fiscal reforms. Releases from the incentive fund are based on a 5% reduction in revenue deficit as a proportion to state's total revenue receipts in each year till 2004-05. Additional amounts are allowed by way of open market borrowings if the state has a structural adjustment burden on account of VRS, severance payments for public enterprises or for debt-swap for bringing down interest payments.

Chhattisgarh has participated in the Medium Term Fiscal Reforms Programme and has signed a MoU with the Centre with the following agenda:

- Elimination of revenue deficit by 2005
- Bring down fiscal deficit to sustainable levels
- Reduction in debt-GDP ratio to sustainable levels
- Fiscal consolidation- improving tax and non-tax receipts, reprioritizing expenditure
- Administrative reforms- restructuring of public enterprises including disinvestment, winding-up and privatization
- Power sector reforms- setting up electricity regulatory commission, corporatisation and unbundling of state electricity boards, metering, reducing transmission and distribution losses

Key measures proposed by Chhattisgarh in 2002-03 are:

- *Fiscal*: rationalization of tax structure, simplification of tax procedures, strengthening of tax administration, ceiling on establishment expenditures at 40% of state revenues, ban on further recruitment in all government departments, and preparation for VAT introduction
- *Institutional*: setting up pension fund, computerization of revenue department and other major departments
- *Sectoral*: creation of state electricity regulatory commission and adoption of the MoU of Madhya Pradesh

Chhattisgarh is also one of the 11 states that have set up a consolidated sinking fund to meet redemption of market loans, and using a flexible borrowing route for a part of its borrowings through an auction process rather than a coupon rate. For meeting its yearly target under the MTFRP for the year 2001-02, the state has received an incentive of Rs 360 million to be deployed in development programmes.

However, the state has not yet adopted a Fiscal Responsibility Bill along the lines of some states such as Karnataka, Punjab and Maharashtra.

Further steps in financial reforms: Some steps that are being discussed and are on the anvil are – law for statutory ceilings on loan guarantees, provisioning for guarantees which have a high possibility of devolution, classification of guarantees risks, and transferring 1% of debt to redemption funds, create escrow accounts with borrowing agencies from project earnings streams making interest obligations below 20% of revenues have sustainable fiscal deficit and debt.

3.3 Strengthening Human Capital Base

Chhattisgarh's human resources, at varying skill levels, would be key to the State's future and prosperity. The State Government is also taking efforts in this direction of preparing different cross-sections of the society for the future so that Chhattisgarh realize its potential and promise. One of the first concerns is to raise the level of literacy, as a strategy towards empowerment of the communities. Literacy among women as well as underprivileged sections has been identified as a priority area.

However literacy is just one aspect of human capital formulation. High levels of drop out indicate that much of education is not considered to be important enough for large masses of the population. Apart from improvement in accessibility and infrastructure, quality of education, and contextualizing of school education also needs to be done.

Quality institutions of higher education are few in the state and will need to be expanded and strengthened. How that would be achieved is an open question. On its part, the government has liberalized the entry of private institutions of higher learning, however, such institutions are in their infancy currently and it remains to be seen whether they can deliver quality education.

Vocational education will also play an important role in Chhattisgarh's progress. Whether it is tourism, industry, or other services, a large base of vocational education needs to be set up. These could be as a part of the higher schools or as independent entities.

4. Analysis of key sectors

4.1 Health

Article 21 of the Constitution requires the State to ensure the health and nutritional well-being of all people. Although health is a State subject, the Central Government has still a substantial technical and financial role in the health sector. The role of the Central government has evolved to provide the States with technical guidelines, equipment, consumables and capacity development through training. The role of the States is to implement health programmes and provide salaries, petrol, consumables and supplies, and construction and maintenance of buildings, including medical colleges and hospitals.

Chhattisgarh State's health policies stem from that of the Central Government. The commitment to reach the under-served areas and groups has been given a special impetus and there is a clear political will to make health activities more effective.

4.1a Health profile

Over the last 50 years, substantial gains in health have been achieved, including increased life expectancy, reduced infant mortality and fertility rates, eradication of smallpox and guinea worm and reduction of poliomyelitis and leprosy.

Table: Achievements and time trends in India through the years 1951 - 2000

Indicator	1951	1981	2000
Demographic Changes			
Life Expectancy	36.7	54	64.6 (RGI)
Crude Birth Rate	40.8	33.9 (SRS)	26.1 (99 SRS)
Crude Death Rate	25	12.5 (SRS)	8.7 (99 SRS)
Infant Mortality Rate	146	110	70 (99 SRS)
Epidemiological Shifts			
Malaria (cases in million)	75	2.7	2.2
Leprosy cases per 10,000 population	38.1	57.3	3.74
Small Pox (no of cases)	>44,887	Eradicated	
Guinea worm (no. of cases)		>39,792	Eradicated
Polio		29709	265
Infrastructure			
SC/PHC/CHC	725	57,363	1,63,181 (99-RHS)
Dispensaries & Hospitals(all)	9,209	23,555	43,322 (95–96- CBHI)
Beds (Pvt & Public)	117,198	569,495	8,70,161 (95-96-CBHI)
Doctors (Allopathy)	61,800	2,68,700	5,03,900 (98-99-MCI)
Nursing Personnel	18,054	1,43,887	7,37,000 (99-INC)

While noting that over the years the public health initiatives have contributed significantly to the improvement of these health indicators, it is to be acknowledged that public health indicators / disease-burden statistics are the outcome of several complementary initiatives under the wider umbrella of the developmental sector, covering Rural Development, Agriculture, Food Production, Sanitation, Water Supply, Education, etc. In addition, in a country as vast as India, health indicator averages mask the wide disparities that exist between urban and rural populations, between states, between districts within states and even between communities within districts. In this respect, communities in tribal areas have health indicators lower than surrounding communities.

Despite the impressive public health gains as revealed in the statistics in the above table, the morbidity and mortality levels in the country are still unacceptably high. These unsatisfactory health indices are, in turn, an indication of the limited success of the public health system in meeting the preventive and curative requirements of the general population.

As pointed out in the National Health Policy 2002 document, out of the communicable diseases that have persisted over time, the incidence of Malaria staged resurgence in the 1980s before stabilising at a fairly high prevalence level during the 1990s. Over the years, an increasing level of insecticide-resistance has developed in the malarial vectors, while the incidence of the more deadly *Plasmodium Falciparum* Malaria has risen to about 50 percents in the country as a whole. In respect of Tuberculosis, the public health scenario has not shown any significant decline in the pool of infection amongst the community, and there has been a distressing trend in the increase of drug resistance to the type of infection prevailing in the country. A new communicable disease – HIV/AIDS – has emerged on the health scene. As there is no existing therapeutic cure or vaccine for this infection, the disease constitutes a serious threat, not merely to public health but to economic development in the country. The common water-borne infections – Gastro-enteritis, Cholera, and some forms of Hepatitis – continue to contribute to a high level of morbidity in the population, although the mortality rate may have been somewhat moderated.

Another area of grave concern in the public health domain is the persistent incidence of macro and micro nutrient deficiencies, especially among women and children. For example, it is estimated that 30% of new-borns are low birth weight (less than 2500 grams at birth), over 50% of children under five are malnourished and over 60% of pregnant women are anaemic. A critical consequence of the widespread incidence of malnutrition is the impact it has on cognitive development and learning achievements, reducing the capacity to work and productivity among adults and enhancing mortality and morbidity among children.

With the 1990s, the country has entered an era of dual disease burden. On the one hand, there are communicable diseases which have become more difficult to combat due to insecticide resistance among vectors, resistance to antibiotics in many bacteria – including tuberculosis – and the emergence of new diseases such as HIV. On the other

hand, increasing longevity and changing life style have resulted in the increasing prevalence of non-communicable disease.

4.1b Chhattisgarh health status

Despite significant improvements in many areas, Chhattisgarh health status continues to be below national average. According to reports, malnutrition (over 60%), anemia, diarrhea, acute respiratory infection, tuberculosis, malaria, diabetes and cardiovascular diseases represent major causes of morbidity and mortality. However, it should be noted that reliable epidemiological data are not available, which represents a major limitation as far as health planning is concerned.

Basic Health Indicators

Indicator	India	Chhattisgarh
Population (crs.)	102.70	2.07
Sex Ratio	933	990
Human Development Index	45	39
Birth Rate (1997)	27.2	28.3
Death Rate (1997)	8.9	10.6
Total Fertility Rate (1997)	3.3	3.6
Infant Mortality Rate (1997)	71	84
Couple Protection Rate (by sterilization %)	30.2	29.5

Source: Census of India 2001

4.1c Health sector development in India

India was a pioneer in focusing on primary health care even before the Alma Ata declaration. In 1946, the health survey and Development Committee recommended establishing a well-structured and comprehensive health service with a surrounding primary health care infrastructure (the "Bhore Report"). The primary responsibility for building the infrastructure and manpower rests with the State governments that are supplemented by funds from the Federal Government and external assistance.

Major disease control programmes and the Family Welfare programmes are centrally funded (some with external assistance) and implemented through the State infrastructure. Food supplementation programmes for mother and children are funded by the State Governments and implemented through the Centrally funded Integrated Child Development Services Programmes (ICDS) infrastructure. The Department of Urban and Rural Development and the Department of Environment (both centrally and in the States) fund programmes for safe drinking water and environmental sanitation.

Universal coverage of the population through primary health care facilities in rural and urban areas is one of the seven Basic Minimum Services (BMS) identified for priority attention under the Minimum Needs Programme. It is estimated that a properly functioning universal primary health care infrastructure providing integrated promotive, preventive, curative and rehabilitative services would meet over 80% of the health care

needs of the population. The remaining needs would be met through referral to secondary or tertiary health care institutions.

The national norm for primary health care in rural areas is a three tier infrastructure of Sub-Centres (SCs covering a population between 3,000 – 5,000), Primary Health Care centres (PHCs covering a population between 20,000 – 30,000) and Community Health Centres (CCHs covering four PHCs), at the block level.

For the nearly 30% of the population residing in urban areas, there is a recognized need to create a well-structured infrastructure of urban primary health care services consisting of Health and Family Welfare Posts covering populations between 10,000 – 15,000 and Health and Family Welfare Centres covering populations between 100,000 – 150,000.

In spite of the fact that norms for creation of infrastructure and manpower are similar throughout the country, there remain substantial variations between States and districts within a State in the availability and utilization of health care services and health indices in the population.

Over the last decade or so, the Government has relied upon a ‘vertical’ implementation-structure for the major disease control programmes. Through this, the system has been able to make a substantial dent in reducing the burden of specific diseases. However, such an organizational structure, which requires independent manpower for each disease programme, is extremely expensive and difficult to sustain. Over a long time-range, ‘vertical’ structures may only be affordable for those diseases, which offer a reasonable possibility of elimination or eradication in a foreseeable time-span.

4.1d Chhattisgarh health system

Health services in Chhattisgarh are available through both the public and the private sector providers. The private sector mostly comprises individual medical practitioners ranging from modern (allopathic), through Indigenous Systems of Medicine, to shamans and traditional healers. This private sector is largely unorganized. Some Non Governmental Organizations (NGOs) own private not-for-profit health facilities, which sometimes also play an important role in the preventive and promotive components of primary health care.¹

The public sector is by far the single largest and most widely spread provider of health services in Chhattisgarh, including specialist and inpatient care. Existing infrastructure reflects the national structure and faces the same pitfall and challenges.

In order to respond to improve the outreach of all existing health services and to enhance community capacity to cater to its own basic needs, the government of Chhattisgarh has created the **Mitanin programme** – an ambitious **State-Civil Society partnership**. Since its formal launch in May 2002, the programme has expanded dramatically and the target of one *Mitanin* per hamlet should be achieved as planned.

¹ Such as RAHA– Raigarh Ambikapur Health Association

Table: Infrastructure of Public Health sector in Chhattisgarh.

▪ One medical college functional and two more initiated in public sector
▪ 16 district hospitals – at least 100 bedded
▪ 146 community health centers – 30 bedded, 6 to 8 doctors, 3 nurses and over 12 paramedical staff
▪ 560 Primary Health Care Centers – 1 medical officer, 1 nurse and about 4 paramedical staff
▪ 3 818 Health Sub-Centers – 2 paramedical multipurpose workers (one male and one female)
▪ 20,000 villages – 54 000 hamlets

In Chhattisgarh, like elsewhere in India, there are substantial variations between the districts in terms of availability and utilization of health care services. Gaps in infrastructure and manpower exist in many if not most locations.

4.1e Family Welfare

The annual average growth in population has been declining since 1971. It was 2.26% in the period 1971-81, 2.31% in the period 1981-91, and has declined to 1.95% in 1991-2001. Although there is a visible reduction in the population growth rate and it now seems to be on a secular decline, the future pace of deceleration in fertility and mortality is by no means certain. Much of this uncertainty comes from the fact that there are considerable differences in fertility across the States.

The current high population growth rate continues to be so due to three factors: (a) the large size of the population in the reproductive age-group, (b) high fertility due to unmet need for contraception and (c) high wanted fertility due to prevailing high IMR.

4.1f Financial Resources

The public health investment in the country over the years has been comparatively low, and as a percentage of GDP has declined from 1.3 percents in 1990 to 0.9 percents in 1999. The aggregate expenditure in the Health sector is 5.2 percents of the GDP. Out of this, about 17 % of the aggregate expenditure is public health spending, the balance being out-of-pocket expenditure. Comparable data is not available for Chhattisgarh but the percentages are not likely to be significantly different.

The central budgetary allocation for health over this period, as a percentage of the total Central Budget, has been stagnant at 1.3 percents, while that in the States has declined from 7.0 % to 5.5 %.

The current annual per capita public health expenditure in the country is no more than Rs. 200. According to the World Bank the Chhattisgarh State's per capita public health

expenditure is only Rs 38. Given these statistics, it is no surprise that the reach and quality of public health services has been below the desirable standard.

4.1g Challenges

Although India in general, and Chhattisgarh in particular, has a vast network of governmental, voluntary and private health infrastructure manned by a large number of medical and paramedical staff, the following problems currently faced by health services have been identified as:

- **Persistent mismatch** between manpower and infrastructure, especially at the primary health care level in remote rural areas.
- **Sub-optimal functioning** of the infrastructure and poor referral service that leads to a poor quality of care.
- A number of hospitals and centres not having **appropriate manpower**, diagnostic and therapeutic services and drugs.
- Massive **intrastate differences** in performance with the availability and utilization of services being the poorest in the most needy districts. No incentive system attempted so far has induced private medical personnel to go to such areas; and, even in the public health sector, the effort to deploy medical personnel in such under-served areas, has usually been a losing battle.
- **Poor intersectoral coordination.**
- **Increasing dual disease burden** of communicable and non-communicable diseases as a result of ongoing demographic, lifestyle and environmental transitions.
- **Escalating costs of health care** and ever widening gaps between what is possible and what the individual or the country can afford.
- Technological advances, which widen the spectrum of possible interventions and increase their costs.
- Increasing awareness and expectations of the population regarding health care services.

A matter of significant concern is that, over the last decade and a half, the rural health staff has become a vertical structure, mainly for the implementation of family welfare activities. In addition, all vertical disease-specific programmes descend on the same field staff. Each of these programmes has its own urgency and single-purpose training programme. Without disputing their merits, such programmes increase the fragmentation of health care. *Moreover, they invariably adopt a campaign approach, disturbing the even rhythm that primary health care requires.*

Another important issue is that there has been less than adequate decentralisation of the functions of Government, to the detriment of the delivery of a number of key services. The spirit of the 73rd and 74th Constitutional Amendments has not been enough

observed. It is believed that little improvement will be possible until such decentralisation becomes effective, in terms of both functions and resources. However, decentralisation cannot stop at the level of PRIs and urban local bodies. *The potential of civil society organizations to improve delivery of services is vast and advantage must be taken of these possibilities through appropriate devolution of function and authority.*

4.1h Responses: the Tenth Five-Year Plan and the National Health Policy-2002

The National Health Policy-2002 (NHP-2002) supersedes the National Health Policy-1983. While addressing the same health-related issues as the Tenth Five-Year Plan, the NHP-2002 examines some additional important issues such as:

- Equity in the health sector as an independent goal²
- Norms for health care personnel
- Need for specialists in ‘public health’ and ‘family medicine’
- Health research
- Disease surveillance network
- Medical ethics
- Enforcement of quality standards for food and drugs
- Regulation of standards in para-medical disciplines
- Environmental and occupational health
- Providing medical facilities to users from overseas
- The impact of globalization on the health sector

The proposed partnership programmes outlined in later sections are in line with the long term health policy objectives and strategies as outlined in the Tenth Five-Year Plan and the National Health Policy-2002 (See Appendix).

4.1i Urban sanitation and waste management

The relevance of sanitation to overall quality of health in society establishes the need to address civic infrastructure in terms of quality of sewerage and waste disposal systems. The state has six major urban areas: Bilhail, Bilaspur, Durg, Korba Raipur and Rajnandgaon. The rapid growth of these cities calls for attention to the development of organized systems for collection and disposal of sewerage, solid waste management and maintenance of public areas. The task is enormous: except in Bilaspur, there is no underground sewerage system in any cities. Even the Bilaspur sewerage system is not adequately connected in all residential areas.

² The NHP-2002 document states that "one nagging imperative, which has influenced every aspect of this Policy, is the need to ensure that ‘equity’ in the health sector stands as an independent goal. In any future evaluation of its success or failure, NHP-2002 would wish to be measured against this equity norm, rather than any other aggregated financial norm for the health sector".

The state requires more than Rs 600 million per year for these six cities, to put in drainage and waste management systems, and cleaning of public places. Raipur and Bilaspur alone require 60% of this requirement. The key issue in sustaining these activities is **augmenting revenues of municipal bodies by improving tax collections** through enhanced coverage and recovery of municipal taxes. The state has begun contracting private sector operators in these areas: garbage collection and composting solid waste in Raipur, street sweeping in Rajnandgaon, and maintenance of public parks in Durg, with encouraging results.

Annual investment estimates Rs crore/ annum			
	2003	2007	2010
Water supply	41.54	46.54	50.72
Solid waste & storm water drainage	44.86	50.21	54.68
City roads	6.69	7.49	8.15
Street lighting	11.20	12.55	13.67
Fire fighting	1.49	1.66	1.81
General administration	14.87	16.64	18.11
Total	120.54	135.09	147.15
Break up by major city			
Raipur	41.09	47.27	52.51
Korba	9.58	10.93	12.06
Durg	12.00	13.69	15.10
Rajnandgaon	9.45	10.70	11.75
Bilaspur	13.35	15.04	16.44
Bhilai	35.17	37.64	39.28
Total	120.54	135.09	147.15

Source: Govt. website

The improvement of urban civic infrastructure is being addressed under ADB's financial assistance package for the state, and it has been expressed that there is no specific requirement for EC assistance in this area for the moment. However, the Partnership is an ideal mechanism to support the state in creating systems for improving the capacity and efficiency of municipal administration bodies.

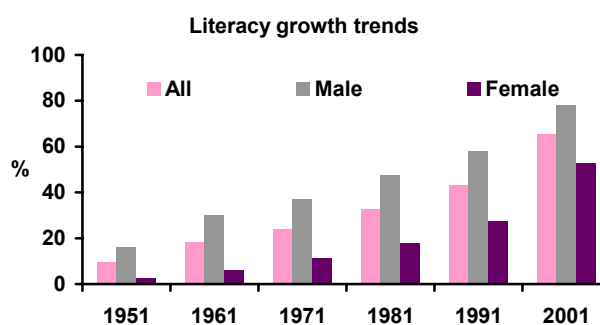
4.2 Education

4.2a Background

Education is an important plank of Chhattisgarh's development strategy towards its vision 2012 objective of attaining 'rapid human capital development'. The state has made impressive gains on literacy during the last decade, which began with the initiatives launched in undivided Madhya Pradesh.

The literacy rate

Year	All	Male	Female
1951	9.41	16.25	2.66
1961	18.14	30.16	6.18
1971	24.08	37.13	10.99
1981	32.63	47.44	17.67
1991	42.91	58.07	27.52
2001	65.18	77.86	52.40



The state has made significant progress in literacy with an acceleration of the pace in the 1990s. The state's overall literacy in 2001 was 65.18%, which is the same level as the all-India average. Male literacy rose from 58% to nearly 78% while female literacy has almost doubled (from 27.5% to 52%) in the decade, despite a population growth of 18.61%. However, there is considerable inter-district disparity in the state, and literacy levels vary from 77.58% in Rajnandgaon to 30.01% in Dantewada, primarily due to two factors: a low share (less than 20%) and a concentration of urban population in two districts, and a large percentage of tribal population living in the fringe of forest areas accounting for nearly 44% of the geographical area of the state.

4.2b Education Structure

The state has nearly 66,000 schools, 4 universities, 1 medical college, and 8 law colleges, besides several industrial training institutes, which form the supply side of the trained human resource. Among schools, there are more than 32,600 primary schools and 23,200 pre-primary, 7,680 middle, 1,131 high and 1,254 higher secondary schools. Private unaided schools account for 5.5% of the primary schools, 14.5% of middle schools, 27.4% of high schools and 27.8% of higher secondary schools.

Gross enrolment rates in primary level are above 92% in the state, but only 58% in the upper primary or middle school level. Also, the dropout rate in high school is an alarming 42%, 50% in scheduled castes and up to 64% in scheduled tribes..

The State Education Policy provides for free and compulsory education to all children of 6-14 years of age, and to attain 100% enrolment in primary education by implementing existing programmes in formal and non-formal schools. The challenge of sustaining this achievement

and building on it is to be done with the active participation of the community through Village Education Committees (VECs) and School Management Councils (SMCs), and cooperation of NGOs and voluntary organizations.

The state does have primary schools within a 1 km radius of all villages and middle school within 3 km radius in the bulk of the cases. It has also embarked upon an ambitious program of compulsory teaching of English starting from Grade 1. However, though schools have been set-up and English is being taught, the quality of teaching has to be strengthened.

Field Observations

The team's visit to a (admittedly non-representative) sample of schools revealed significant quality gaps in the impartation of education in public schools. These gaps ranged from lack of adequate infrastructure, inadequate teaching aids, poor teacher skills, and a generally un-attractive educational environment:

Infrastructure related

- Poor conditions of buildings
- Lack of fans and lights in classrooms
- Poorly lit and ventilated classrooms
- Sharing of rooms by different grades
- Simultaneous teaching of different grades by a single teacher
- Few/inadequate bathrooms for girls and boys
- Lack of playing area
- Poor condition of blackboards
- Lack of basic school furniture such as chairs and desks for teachers and students

Education aids and games

- Dull and boring colored classrooms with no decorations
- Lack of facilities/materials for sports
- Little area in school compound to provide enough playing space for students
- Lack of reference and text books in schools

Teaching Quality

- Teaching by 'rote' (vocal repetition of words/phrases) appeared to be the predominant teaching tool
- Poor pronunciation by teachers especially of English (reveals their own poor knowledge base)
- Generally poor achievement levels of students – inability to conduct simple poetry recitation, display reading, writing or arithmetic skills

At the same time, the teachers did not appear to be insincere and were teaching to the best of their abilities. It was the lack of their abilities as well as infrastructure that appeared to be the key culprits.

4.2d Existing programmes

There are four programmes focusing on the development of primary education in the state. These are the District Primary Education Programme, the Janshala, the Education Guarantee Scheme and the Sarva Shiksha Abhiyan.

(i) The District Primary Education Programme

The District Primary Education Programme (DPEP), a centrally sponsored scheme focusing on universalization of primary education through a strategy of district-specific planning and decentralized management, is being implemented in 273 districts in the 18 states in the country. The objectives of the programme are:

- Providing access to primary education within a 1-km radius
- Raise gross enrolment rates to 120%
- Reduce dropout rates to less than 10%
- Bridge gender and social gaps to less than 5%
- Increase learning achievement of primary school students by 25% over baseline levels

The DPEP seeks to provide additional inputs to the states resources allocated for elementary education and attempts to bridge the gaps in primary education. It includes construction of new schools and classrooms, non-formal schooling centres, appointment of teachers, setting up of block- and cluster- level resource centres, teacher training, learning materials and interventions for girls and SCs/ STs. The programme is externally funded with a contribution of Rs. 6398 crore consisting of Rs 5137 crore credit from IDA, and 1801 crore grant from the EC, DFID, UNICEF and Government of Netherlands. The EC contribution of Rs 6230 million to the DPEP programme was made available in 17 districts of Madhya Pradesh and 9 districts of Chhattisgarh, and the project has come to a close on 31 December 2002. Numerous appraisals of the DPEP attest to its success in attaining principle targets in access, enrolment and in bridging gender and social gaps.

Attainments of the DPEP in Chhattisgarh

Parameter	Attainment
Access	<ul style="list-style-type: none"> • 541 new primary schools, 3459 EGS, 722 pre-schools (SSK), 559 additional rooms, and 78 block resource centres • Access improved in remote areas, tribal areas
	VECs and SMCs formed in all villages to assist in school management
Enrolment	Gross enrolment ratio 103% (from 86.8 in 1997-98)
Dropout rates	15.8% for boys (36.8% in 1997-98) and 21.6% for girls (42.9% in 1997-98)
Gender gap	Less than 5%
Teachers	More than 2000 appointments teachers and para-teachers
Resource centres	78 block resource centres and 1948 cluster resource centres
Teacher training	In service training, text book development
Learning achievement	Achievement levels for boys and girls 60% (language and math)
Concern areas	<ul style="list-style-type: none"> • Low completion rate (60%) between Grade I and Grade V in allotted five year span • Grade competency rate is lower than specified minimum learning levels • SCERT is not fully functional • English teaching, mandatory from grade I, needs substantial improvement • Quality issues in multi-grade class rooms

(ii) Janshala

The Janshala (GoI-UN), programme of the Indian government, and five UN agencies, is a community-based programme focusing on reaching primary education to girls and children in deprived communities. The programme operates in blocks with low female literacy and high concentration of Scheduled caste and Scheduled tribes. It covers 139 blocks in 9 states, and has a project outlay of Rs 103 crore, slated for completion in 2004. So far, nearly 20,000 schools have been opened in this programme, including 3200 alternative schools in rural areas and in slums in urban areas, and 1500 cluster resource centres have been set up. Only one district Durg in Chhattisgarh is part of the Janshala programme.

(iii) Education Guarantee Scheme and Alternative & Innovative Education

The Education Guarantee Scheme and Alternative & Innovative Education (EGS&AIE) programme is a broad based flexible programme supporting setting up of schools in school-less habitations, and for mainstreaming out-of school children and migrating children, and schemes for slum children, residential camps, and other special needs groups. It was operationalized in 2001 all over India, and presently there are more than 62000 centres in operation, with more than 20300 centres in Madhya Pradesh (including districts that are now in Chhattisgarh).

(iv) Sarva Shiksha Abhiyan

In December 2002, the Constitution of India was amended to make free and compulsory elementary education a fundamental right for all children in the 6-14 age group. This makes the task of universal elementary education a commitment of the government, and has resulted in a National Mission, the Sarva Shiksha Abhiyan, which covers the entire country, addressing 192 million children in 1.1 million habitations in 850,000 schools and 3.3 million teachers.

The SSA has the objectives of delivering for all children in the 6-14 age group, universal enrolment by 2003, five years of primary education by 2007, and eight years of schooling by 2010, and bridging gender and social gaps at primary stage by 2007 and at elementary education by 2010. The SSA aims to involve the community- through panchayati raj institutions and village education committees- in preparation of need-based plans, implementation of the plan and monitoring of the school to ensure quality teaching. It is planned at a large scale, with an outlay of Rs. 50 billion. The state contribution to the SSA is expected to begin at 15% and increase to 25% by 2005 and to 50% by 2010. The Centre's contribution shall also include external assistance, and the EC has committed to Euro 200 million to the SSA.

All existing programmes are being subsumed under the Sarva Shiksha Abhiyan, and, indeed, the logic and rationale of any new localized programmes have diminished by the all-encompassing character of SSA.

4.2d Basis for the partnership

Education and literacy are national priorities, and have been addressed in a ‘mission mode’ all over India, through the Sarva Shiksha Abhiyan. Therefore, the role and scope of the State Partnership in the sector of education have been considered with the following assumptions:

- The allocations under the SSA may not be sufficient to meet the targets in backward districts
- The state needs long term human resource development strategy, of which elementary education is only one part, and similar interventions are needed in higher education spheres as well.
- The state need not be bound by the SSA targets alone. It has the **option and the opportunity to set higher levels of attainment indicators**. Such a target would require resources beyond the levels earmarked under the SSA.
- The implementation of SSA objectives call for **enormous build-up of capacity** and, in some areas, **an overhaul of institutional framework**, in all levels of government, civil society and local communities.
- Contextualizing the objectives of SSA in the light of local priorities and realities would require **a segmented and multi-pronged approach to universalizing education**, which is more complex and intensive in the setting of the state given its larger share of marginalized groups than the national average.
- Some **interventions in education have a profound impact on objectives in health and environment, which are the other sectors of the Partnership’s focus**.

In line with the above, five important and key issues are discussed below, these are:

1. Meeting Quality Objectives
2. Teachers and Training institutions
3. Support to Enhancing English Proficiency
4. School Infrastructure
5. Long term Human Resource Strategy

(i) Meeting Quality Objectives

The quality of learning outcomes is measurable in children’s ability to use skills and make them functionally literate – motor and mental **skills**, methods to **analyze** physical and intellectual world, to **reflect** on their society and environment in which it is situated and to improve the conditions in which they live.

This would require the government to improve the functioning of the *aangan waadis* (pre-school), primary schools, and at higher levels as well. Though great strides have been made in terms of literacy and primary school enrolment, the institutions are **currently not focusing on quality of education** but mostly on basic reading and writing skills. Aspects of their functioning towards meeting quality education objectives and the gaps therein will

have to be identified and mechanisms developed to ensure proper delivery.³ The same applies to schools at higher levels.

MLL indicators - The formal measurement of learning outcomes is prescribed in the NCERT's 'Minimum Levels of Learning', which lay down competencies in language, math and environmental studies at each stage of elementary education, and can hence be tested at both formal and informal schools. The MLLs also define minimum (40%) and mastery levels (80%) for these competencies, and the proportion of children attaining minimum levels and mastery levels determines the overall achievement of the group. An important quality target of the DPEP was a 25% improvement in the minimum learning levels in all districts. While the enrolment and access targets were met, **the MLL targets were not met** in a large number of districts.⁴

All round development and competitive skills – The primacy of access and enrolment has relegated some other important elements of education- personality development, social skills, group behaviour, creative expression and extra curricular activities- to a lesser priority under the overarching national literacy initiatives. Yet, it is undeniable that these play a very important part in later life in career and social relationships, and therefore, need to be accorded due priority at the primary education stage itself.

Visits to a large number of schools indicated the absence of attention in this regard. In order to build a competitive and productive human resource cadre for the future, there needs to be **greater emphasis on all-round development**, and government-run schools need to undertake substantial measures to inculcate into the learning experience these co-curricular elements such as writing and self-expression skills, fine arts, sports, competitive and cultural events. This will also provide avenues for local employment generation and/or supplement the income of para teachers, in return for a measurable qualitative output in the learning experience and a greater quality and quantity of participation by children.

(ii) Teachers and Training institutions

Teacher Training – Primary school is the single most important delivery channel of basic education and its goal is the fulfillment of child's basic learning needs. Therefore, teacher training must be evaluated in terms of its **developing the capability in teachers** to translate these needs into specific teaching-learning experience- helping to read, write,

³ Chhattisgarh's growth in primary education in the last decade is partly attributed to the impressive 'Padhna Badhna Andolan', which introduced a system of teacher rewards based on the learning outcome of the students, measured by the number of students attaining mastery in the respective grades. These rewards (cash prize of Rs 100 per student) were paid out by the state as guru dakshina or honorarium. The funding for this scheme has stopped in 2002. It is not clear why, as prima facie there is justification for supporting such quality-based teacher incentives that have a measurable impact on learning outcomes as well as teaching remuneration systems.

⁴ An achieving and competitive society would find it worthwhile to set higher voluntary standards for its education attainments, which would build a set of local needs and expectations from the institution and the teachers measurable in the MLL indicators rather than retention and enrolment indicators. This could also lead to a system of rewards to teachers linked with quality milestones and an upwardly mobile community in terms of its demands and expectations from education to enhance its competitiveness.

communicate, perform basic math, understand facts and skills of health hygiene, nutrition, housing and sanitation, participation in problem solving, discussion and working together.

Chhattisgarh faces the challenge of **rebuilding its teacher training institutions** from scratch. After formation of the state, there are eight basic training institutes and seven DIETs to cover the state's 16 districts, and even these are not evenly distributed among districts. The appraisal report of the DPEP reveals that SCERTS and DIETs need to cover large ground to emerge as fully empowered resource institutions.

In view of the low grade competency levels as revealed by the DPEP appraisal, it is felt that more attention is required to pedagogy in multi grade settings, large classes and use of insights from psychological and socio-cultural study of how children learn and grow, besides an increased duration of in-field training. This requires a **reappraisal of the skills and capabilities** to be built into the resource institutions- DIETs, BTIs, BRCs and CRCs, and retune the training system based on the gaps observed in the learning outcomes.

Teacher training programmes at the cluster and block level need to be strengthened further, especially using the benefits of information technology. The state is working on networking DIETs, BRCs and CRCs through telecommunication links to enable a more intensive, interactive refresher training and bridging programmes based on specific needs.

The most important challenge for the state is to **rebuild and restructure the SCERT** itself, beginning with an appraisal of the human resource needs within the Directorate, in which there is a vacuum following the unbalanced transfer of people at the time of separation from Madhya Pradesh. The new structure of the SCERT would need to be determined on the basis of emerging training needs at all levels of schooling, and based on the state's own vision besides the needs under the national programmes.

The state has also enlisted the support of NGOs and other resources to facilitate the SCERT in **redesigning the curriculum and textbooks** for the state, in an attempt to bring in best practices and 'contextualize' education to local needs and conditions. This practice of consulting and engaging external resources needs to continue for some years, for the SCERT to discharge its functions effectively.

Remuneration and Accountability – For a large section of the population, education is a higher value of life, higher than food and social security. As a result, the community ability and propensity to pay for education is low. As a result, education, while being a national priority has remained a state-funded service, delivered through a teacher cadre that is in permanent employment of the state. Given the challenges of access and the principal role of the government in delivering education, teachers have remained insulated from market conditions of the community they serve, and without a **performance- evaluation system** that assesses their remuneration based on their value and contribution to the society.

Chhattisgarh has taken a bold step in restructuring the teaching force by adopting a decentralized contract-teacher and para-teacher system and introducing a market-mechanism in fixing remuneration levels. The decentralization of recruitments and introduction of a cadre of para teachers seeks to bring in accountability to the local community and a market-

determined remuneration system in school education. Therefore, teachers of the future are to become **answerable to the immediate society** and strive to earn their remuneration, status and respect.

However, it is imperative to ensure that this policy is stable and sustainable in the long term without diluting the quality of teachers and hence the resultant outcomes from education. There is considerable disparity in the salaries of regular teachers and para-teachers for similar job requirements, which has led to unionization and agitations by the growing band of para teachers. At the same time, to reach the access targets, there has been **dilution in specifications for the appointment** of para teachers, and in the level of training imparted to them, which affect their ability to perform in the school settings.⁵

This brings into focus a larger issue: the need to review remuneration, qualifications, training needs, and a performance appraisal system administered in consultation with the local community. Based on the current experience, it is important for the state to revamp its performance appraisal mechanisms even in the government cadres, with **a larger role for the SCERT and village education committees**.

At the same time, efforts need to be made in **increasing income opportunities for para teachers** to earn more within the overall framework based on additional or supplementing activities. These could be those such as supporting adult education initiatives, management of village reading centres, designing extra curricular and competitive activities, etc. that improve their overall contribution to society beyond the mainstream school environment.

(iii) Support to Enhancing English Proficiency

The state has made English compulsory from the very beginning in primary schools, stating that ‘this would be necessary to enable its students to compete at the national level’. This demonstrates a highly practical approach: English remains resilient as the principal language of higher education and business communication in India, despite the original Constitutional provision for English to be delisted as an official language within 15 years (by 1965), a provision that has been ignored and defaulted several times, and is unlikely come into force anywhere in the country in the near future.

Therefore, for young *Chhattisgarhis* to compete effectively in entrance examinations and thereafter in service outside the state, it is desirable that the level of English proficiency upon completion of school be on par with the levels in other progressive states. However laudable the objective, the enhancement of English proficiency is an enormous challenge before the state:

- The overriding priorities of the 1990s in enabling access, enrolment and basic school infrastructure, and the ensuing priorities under SSA to enable the same at the middle school level, have relegated English proficiency to a lesser priority. First hand observations in the field revealed that even in the higher classes (Class X), English

⁵ The dexterity and resolve of the government in dealing with the current agitation by para-teachers will be a pointer to the fate of the initiative to restructure the teaching cadre into a performance-based, market-linked, accountable service.

language reading and comprehension were comparatively much below other subjects and Math - even in the outstanding Mata Rukmini Ashram school in Bastar, where a perceptibly high class room participation, awareness and competence was demonstrated in course of random tests.

- The selection process in primary schools to meet the DPEP targets did not emphasize English proficiency criteria for teachers, with the result that there are serious deficiencies in the English skills of teachers in most schools: the team noted that teachers demonstrated poor quality of pronunciation, phonetics and grammar in course of conversation with the team members, which is a cause of concern given the ambitious objective set by the state.

To accelerate English proficiency, it is important to **look at new innovations** that have the potential to have a large-scale influence on the target groups. China is a highly relevant example in this regard: to gear up for the enormous opportunity in IT-enabled services, In Beijing, communities are aggregating in large numbers each evening for English classes, with an objective of generating 5 million English proficient IT workers by 2005. The uptake of students- tens of thousands- is such that football fields, auditoria and even the Tiananmen Square have become the regular venues for this movement.

Chhattisgarh has the possibility of equally innovative approaches- especially the recently launched project for **FM radiobroadcasts** during the day. Radio broadcasts can be particularly useful for English training, where the entire state can participate together in learning from a uniform, high quality content, which is the biggest deficiency at present. Radio broadcasts can develop into a powerful means for future initiatives in teacher training as well as community empowerment, and are **less resource-intensive** compared to other mass communication modes.

The government has already made investments in content and delivery methods, and has negotiated a concessional broadcast fee with All India Radio. However, investments in receiver sets, and public address systems in schools and other public places would be necessary to enable the community at large to participate in this project. This is an area in which interest in EC support has been expressed as well.

(iv) School Infrastructure

The substantial progress in ensuring access and a greater level of enrolment under the DPEP have brought into play the next levels of infrastructure demands in primary schools. However, the *Sarva Shiksha Abhiyan* considers civil works as the primary responsibility of the community and to be covered under rural employment programmes, rather than from the corpus of the SSA itself. The civil works component of SSA is limited to 33%, and earmarked for new classrooms and new school buildings. For annual repair and maintenance, the provision is Rs 5000 (Euro 100) per year per school based on needs and willingness of the local community to contribute as well.

The scope of infrastructure funds from SSA leaves a **large gap in funding primary school needs** in terms of important elements like toilets, drinking water supply, games and play

areas, which have a bearing on basic health/hygiene practices and personality development. In Chhattisgarh, less than 32% of primary schools have general toilet blocks, and less than 15% have separate toilets for girls. Drinking water supply in the school premises is available in 64% of the schools.

Investments in these elements can catalyze positive changes in social habits, as the school, through **inculcation of good hygiene practices**, can exercise a significant influence on community to observe similar practices in all settings. A simple practice of washing hands five times a day (especially before eating) keeps away diarrhea in children. Similarly, the practice of using closed toilets by girls would create a demand for group toilet blocks in habitations, and go a long way in preventing constipation and rectal bleeding- a common occurrence in grown up women, basically originating in a women's dignity issue resulting in a health problem. Endorsement of these needs by the **local community and involvement in building these facilities** through beneficiary contribution and/ or labour inputs, can be used as a litmus test for investing Partnership resources into meeting this significant need in schools.

Based on the Public Health Engineering Dept estimates (Rs. 30,000 per toilet seat and Rs 50,000 per drinking water facility), the **unmet financial requirements** are in the range of Rs 600 million in toilet blocks and Rs 500 million in drinking water facilities in uncovered schools. The Partnership can consider co-financing these projects based on beneficiary contribution and the formation of local groups for implementation. Similar initiatives can be undertaken for creation of play/activity centres in schools, for which the earlier experience indicates an outlay of Rs 10,000 per school for swings, slides, and seesaws.

Box: Intervention Needs in Education

Institutional arrangements:

- State Education Advisory Group- including external resources, education experts and civil society groups to support the SCERT
- Restructuring and Capacity Development at Line Institutions- SCERT/ DIETs / BTIs/ Block Resource Centres/ Cluster Resource Centres

Technical assistance:

- Long term Human Resource Strategy to determine long term education plan and resource needs
- Support to Enhancing English Proficiency
 - Teacher training programmes
 - Supplementing reading materials
- Quality Objectives
 - Incentive systems for teachers and for schools for based on ‘mastery’ levels attained, all-round personality development indicators and competitive activities
 - Co-financing supplementary education materials and coaching for ‘high-achievers’ through cluster resource centres, based on community participation

Infrastructure support:

- Co-financing of unmet needs under SSA, especially toilet blocks, drinking water arrangements and basic play ground facilities
- Support/ co-financing of long-distance mass communication initiatives (radio broadcast)

Governance issues:

- Performance Assessment, and Remuneration System for teacher cadre, especially for contract teachers and para teachers
- Steps to increasing accountability of ‘permanent’ teachers to village communities
- State-level competency assessments based on human resource development strategy

Awareness building

- Capacity building of village institutions – Village Education Centres- in planning and monitoring education objectives
- Status of rural development and social sector programmes in the local area
- Sensitization of community to increase enrolment and retention levels at all stages, by demonstrating and usefulness and local relevance of education to village community

Community programmes

- Support to state mass-based programmes such as Rajiv Gyanodaya Kendras
- Livelihood training modules for school drop-outs and neo-literates in technical trades- masonry, plumbing, electrical repairs to support self-employment based on village and block needs, based on proposals from self-help groups
- Additional income opportunities for para teachers and other volunteers for extra-curricular activities, adult education programmes, management of public facilities

Outlining a Human Resource Master Plan would enable the following advantages:

- Better information on broad employment trends for the ill-informed in the state.

- Creation of supply capacity in the public sector broadly in line with Master Plan projections; and estimates such that the public and private institutions complement each other by identifying the niches that are more in line with their inherent strengths.

All this would require actions on two fronts:

- A Master Plan for Human Resource Development outlining expected requirements in a wide spectrum of industrial and social sectors in the private and public sector. The Master Plan will have to be updated on an ongoing and regular basis to reflect changed conditions and trends. At the very minimum, the updation should be done on an annual basis.
- A privatization policy in higher education, based on identified needs and gaps in the higher education spectrum as emerging from the Master Plan, providing for:
 - Scope and role of private enterprises
 - Regulatory conditions, including pre-qualifications for entry and operations
 - Licensing and recognition
 - Incentives – subsidized land, low cost finance, scholarships for low income groups
 - Education of the masses on how to chose between different institutions of higher learning.

4.3 Environment and Natural Resource Management

Chhattisgarh has a unique combination of environmental issues to deal with in its development priorities, while ensuring the sustainability of its economic development programmes. The considerable forest cover (more than 40% of area), a large percentage of population engaged in agriculture and in forest areas for livelihood, a rich mineral base, and the inadequacy of water supply and sanitation systems even in urban areas, represent the ground conditions for Chhattisgarh's environment initiatives.

Although presently the state does not face any environment threats in industrial, soil or water pollution, nor serious shortage of water, there is nevertheless an important need to address issues of resource conservation, sustainability and equitable distribution in natural resources, as part of the environment agenda. The crosscutting influence of environment issues in industries, agriculture, rural development, public health and infrastructure also necessitates a framework for participation by all stakeholder groups – government, private enterprises, NGOs, local bodies and self-help groups, in order to evolve a consensus-based approach to policy making while addressing (conflicting) relative priorities and goals for industrial and social development.

The GoCG deals with the complex array of environment issues through several departments:

- The Department of Environment and Urban Development, which deals with regulation and monitoring of industrial pollution (Air and Water Pollution Act), as well as solid waste management in urban areas
- The Department of Forests, which deals with conservation of forests and the issues dealing with community participation in the use of forest resources
- The Public Health Engineering Department, responsible for implementing water supply and sanitation programmes in towns and rural areas
- Water Resources Department, which is responsible for all surface water schemes covering more than 40 ha culturable command area and monitoring ground water resources in the state

The environment sector in Chhattisgarh has seven elements that require attention over the medium and long term.

1. Water-land resource interface: the sustainability and impact on the soil/ground ecosystem of proposed crop diversification and multi-cropping measures
2. Water resources: the revitalizing and maintenance of the state's traditional tank-chain systems to store rain water, and participative irrigation management at the community level
3. Conversion of agriculture land for non agriculture purposes: long term consequences of reduction in agriculture production
4. Migration due to soil degradation: effect of deforestation in high lands leading to soil erosion and loss of fertility, and low retention capacity in water bodies from silting

5. Fisheries: issues relating to benefit sharing in local water bodies and distribution of resources between water consumption and commercial farming
6. Forestry: community involvement in development and use of minor forest produce, and value enhancement
7. Biodiversity: preservation of rare germplasm of traditional crops and prevention of genetic erosion due to attrition of traditional knowledge on useful species and their contribution to the ecological balance

All these elements require the creation of multi-disciplinary skills, institutional arrangements and mass sensitization and community acceptance to the principles of 'common pool resources', in order to address the issues involved.

4.3a Agriculture

Agriculture is the principal sector in the state economy, accounting for 38% of its GDP. More than 80% of the state population is dependent on agriculture for livelihood. Agriculture production in the state is estimated to be 6 million tonnes, from an area of nearly 6000 hectares. However, agriculture output is dominated by one product- paddy, which accounts for 80% share of the gross area sown. The state grows very few cash crops.

The key priority for the state in agriculture is to increase agriculture output through productivity improvements as well as crop diversification, which have direct implications for rural income creation and poverty alleviation. The major themes being addressed to meet this objective are:

- Multi cropping – more than 80% of the agriculture acreage is mono- crop
- Crop diversification and crop rotation – increase areas under pulses, oilseeds and other cash crops
- Irrigation coverage – irrigation presently covers only 23% of the net area sown, 1.3 million ha, but the state has water resources for a potential for 4.3 million ha
- Extension services to provide inputs and knowledge to farmers
- Development of livestock sector to supplement agriculture incomes

Of particular concern from an environmental point of view is the impact of the model adopted for yield improvements. Chhattisgarh presently has low levels of consumption of chemical fertilizers, and uses its large variety of traditional species in rice cultivation, several of which have lower yields than some nationally popular hybrids. Promoting high fertilizer consumption, and induction of large acreages under high-yielding hybrid varieties would have serious long-term consequences for the sector:

- Important international markets such as the EU are already imposing strict specifications on pesticide residues in agriculture commodities, which have begun to affect India's rice exports to these high value markets.
- The large-scale promotion of inorganic fertilizers for yield improvement would dilute the promise the state holds for becoming an 'organic zone'
- The planned induction of extension packages and norms based on a few principal hybrids would lead to the reduction of the world's largest traditional biodiversity region in rice

In areas that are at the fringes of water shortages, crops that are substantially less water consuming than rice (pulses, millets, oilseeds, etc) would offer a more sustainable opportunity for agriculture than increasing the yield of rice varieties

The attainment of agriculture objectives requires an integrated production planning approach including long-term water resource management and impact analyses of the changed production systems on livelihood, poverty alleviation, and the sustainability of the ecosystem. Therefore, choices and practices need to be adapted at the local community level rather than a ‘standard – prescription’ approach. Given that currently many states are food-grain surplus and the country as a whole also has large surplus stocks of wheat and rice, conventional HYV enabled cultivation will not only be environmentally harmful for the state but also not yield significant economic benefits.

The state will have to develop its own long-term agriculture strategy that is based on the skill and resource base of the state and its people.

This calls for multi-sectoral planning involving the departments of agriculture, animal husbandry, water resources and environment.

4.3b Water Resources

Chhattisgarh is more fortunate than many other states of India in terms of water resources. The state receives ample rainfall ranging from 1300-1800 mm in normal monsoons, and even in drought years such as 2002, the average rainfall has been around 900 mm (much higher than the rainfall in states like Rajasthan), which endow the state with sufficient surface water potential- estimated at 52 billion cu.m, much higher than the national average of 40 billion cu.m.

The high forest cover of the state and the traditional practice of water harvesting in village water bodies (tanks) have resulted in a comfortable level of water resources for the growing population of the state. However, in recent years, the deforestation in some parts of the state as well as the state of disuse of traditional water storage bodies have resulted in a gradual decrease in water intake in the rivers. The disrepair of traditional water harvesting structures has resulted in some areas of the state becoming drought-prone even when there is adequate aggregate rainfall in the state.

Irrigation

Most parts of Chhattisgarh follow a rainfed agriculture system. Overall, irrigation covers only 1.4 million ha, representing barely 22% of net sown area and 20% of gross cropped area of the state, but there are enormous variations in the irrigation levels among districts: 46% for Raipur, 7% for Raigarh, 5% for Surguja and 3% for Bastar on net area sown basis. The main source of irrigation is canals, which provide for three fourths of all irrigation, eight percent of the irrigation is done by tube wells, six percent by tanks and four to five percent by wells.

The irrigation potential of surface water is assessed at 4.3 million ha from major, medium and minor schemes. The state has several irrigation schemes currently under implementation, and has a target of 360,000 ha irrigation potential under the X five-year plan with an outlay of Rs 24.55 billion. The irrigation coverage is proposed to be increased from the current level of 24.3% to 30% by 2007.

Irrigation potential	2002-07	2002-03
Minor schemes	55,000 ha	20,000 ha
Medium	50,000 ha	3,000 ha
Major	255,000 ha	90,000 ha
Total potential	360,000 ha	113,000 ha
Outlay Rs billion	24.55	3.92

Source: State Annual Plan

The state has formulated its Water Policy in 2001 with the following objectives:

- Integrated and sustainable development of water resources
- Water resource development in drought prone and rain shadow areas
- Provision of water for drinking, agriculture and industrial purposes at rationalized rates
- Encouraging private participation in development of water resources
- Ensuring beneficiary participation

However, action plans are yet to be developed for resource planning, management, rational tariff fixation and water conservation.

Drinking Water

Safe drinking water and improved sanitation have a significant bearing on infant mortality rate, longevity and overall well-being as more than 80% of illnesses are related to water contamination and poor sanitation. While the state has sufficient water resources, organized water supply systems do not exist in many parts of the state.

Rural water supply is the mandate of the Central Government's Ministry of Rural Development, and is managed under the national schemes Accelerated Rural Water Supply Programme (ARWSP) and PMGY RDW, while urban water supply for small towns is managed from the Accelerated Urban Water Supply Programme (AUWSP).

Rural: To address rural water supply, the state government has announced the "Indira Gaon Ganga Yojana", a scheme to provide a dependable and sustainable water source in each village. Under this scheme every village would be provided with at least one dependable and sustainable source of water for nistar, drinking and other needs. The scheme also aims at sensitizing communities towards the value of water. Under this scheme, more than 17000 villages are proposed to be covered by 2004, benefiting nearly 3.7 million people. The scheme is implemented with 90% funds from the central government and 10% from the state. The Tenth Five Year Plan plans to provide safe drinking water to every habitation in the country.

Urban: Urban supply in larger cities is the sole responsibility of the state government and local urban bodies. At the time of formation, out of Chhattisgarh's total urban population of 3.1 million people, only 42 towns, with population of 2.2 million, had organized drinking water supply schemes. Even in these towns, the supply system is old and needs considerable repair, and presently has distribution losses (unaccounted for water) of up to 50% in some areas. The Tenth Plan target for the state projects 75 new urban supply schemes in towns with a population below 20,000, besides upgradation of the existing 42 schemes.

There are systemic issues that create imbalances in the development of the water distribution system in the state:

- **Revenue losses:** revenue collections are alarmingly low, about 15% of accumulated demand, with the highest defaults by local bodies, government departments and irrigation users. Arrears in 2002 were estimated at Rs 1.1 billion.
- **Rationalizing tariffs:** In the various urban bodies, own sources of revenue account for 32-55%, making them dependent on grants and shared tax revenues. For instance, costs of water supply in Raipur are Rs 60 million per annum whereas collections through water charges are only Rs.28 million. As a result, even assuming full recovery, water tariffs in irrigation are insufficient to cover budgeted operational expenses, even after excluding depreciation and interest costs.
- **Budgetary constraints:** the budgetary allocations of the Water Resources Department for O & M are insufficient than actual expenditures based on current cost levels, leading to inadequate coverage of targets. Salary and establishment costs take away a large part of the allocation, further squeezing the output.
- **Long-term financing:** Implementing a norms-based urban water supply network in the state entails a huge investment outlay of Rs 150 bn over the next twenty years. The present allocations for projects do not have the capacity to meet the projected demands and call for a radical review of the financing model including a role for the private sector.
- **Human resources:** after the bifurcation of Madhya Pradesh, Chhattisgarh received requisite (in some cases surplus) operational and field staff but virtually none of the planning and design resources, which has resulted in the PHED function without a full-fledged planning department.

The state official web site, in its Vision document and Opportunities has identified the following needs, some of which could be covered under the Partnership:

Policy Initiatives:

- Creation of an independent State Water Regulatory Body with tariff-setting roles
- Ground water regulation to prevent over-exploitation
- High- level, multi-sectoral Water Resources Consultative Group constituted by representatives of agriculture, urban development, public health engineering, rural development and water resources department

Administrative reform:

- Revenue collection efficiency through computerization and MIS
- Commercial accounting system to prepare for tariff rationalization

Long-term water resources strategy:

- Quantification of resources mapping of reservoirs, technical study preparatory phases
- Inter-sectoral demand projections
- Water balance studies
- Project prioritization

(The World Bank is already addressing this component.)

Capacity Building:

- Creation of a technical resource cell covering engineering, hydrology, environment engineering, sociology, and economics
- Technical, planning and design, survey and investigation, environmental management, rationalizing manpower,
- Commercial accounting, costing and pricing studies
- Training of local village governments in planning and project formulation
- Activation of water users associations

Box: Community Actions toward Equitable Use of Water (Maharashtra)

It will never be possible to introduce watershed development programmes all over the country without the involvement of millions of people and without participatory watershed development with effective management. This requires the induction of appropriate technologies as well as socially accepted systems for equitable distribution of water

Vanarai Bunds:

When state governments don't have adequate funds, emphasis should be laid on low-cost technologies prevalent in the country for hundreds of years. An example of appropriate technology is the use of Vanarai Bunds, which are temporary bunds on nullahs, rivulets or small rivers erected by using empty cement bag. Vanarai bunds are low cost structures to check and retain the run-off. They are extremely simple and inexpensive to construct - empty cement sacks are filled with locally available soil and are arranged in a row to form a small bund. On an average 200-300 empty cement sacks are used to build a single bund. The average life span of a Vanarai bund is slightly more than a year. In Maharashtra, local communities, administrations and college students erected more than 36,000 Vanarai Bunds. Voluntary labour worth Rs 2.5 billion has been utilized in their construction. This has helped in solving the problem of drinking water, bringing some lands under multi cropping and generating employment opportunities.

Pani Panchayat

The equitable distribution of water is indeed a subject that local panchayats can resolve at their level, under the new dispensation of governance. An excellent example is the Pani Panchayat in Mahur village, Maharashtra, where water is treated as a common property resource that is allocated on the basis of the size of family rather than the size of the land holding. Five basic principles of the Pani Panchayat were evolved:

- A family of five was given water rights for irrigation over one hectare of land
- Cropping was restricted to seasonal crops with low water requirements
- Water rights were not attached to land rights, and if land was sold, the water rights reverted back to the farmers' collective
- All members of the community, including the landless, had a right to water
- The beneficiaries had the responsibility to plan, administer, manage the scheme and distribute the water in an equitable manner.

The farmers paid 20 per cent of the cost of lift irrigation; the government provided another 50 per cent. The Pani Panchayat as an interest-free loan provided the remaining 30 per cent.

The Pani Panchayat is immensely successful: there has been a reversal in migration trends; farmers who once earned Rs 2,500-Rs 4,000 annually get Rs 10,000-Rs 1 lakh from the same land. In addition to the traditional cereals, they grow wheat, onions, vegetables and a variety of flowers and fruit. The Pani Panchayat's success in Mahur has seen it spread to 25 villages within the district and to other districts as well.

4.3c Industrial Pollution Control

Chhattisgarh's industrial sector is dominated by a large mineral/metallurgical base- coal, iron ore, bauxite and limestone, which have resulted in power generation, cement and metal (steel, aluminum) production becoming the leading industrial activities by value of output. There are also more than 2000 small and medium scale industries operating in the industrial areas in the Durg-Bhilai corridor, providing employment to more than 12000 persons.

Chhattisgarh has signed investors' memoranda with a frenetic pace, attracting more than Rs 124 billion of capital investment since its formation, and a pipeline of more than Rs 600 billion of approvals. Most investments are in the minerals and metallurgical sectors, for value addition through large-scale and integrated plants, or for power generation. However, with a focus on diversified agriculture, the state is also canvassing investments in food processing.

Monitoring industrial pollution under the Air and Water Pollution Acts is the responsibility of the state Environment Conservation Board. After the formation of the new state, the major task before the board has been to create district level pollution control establishments and regional testing laboratories, replete with adequate testing and monitoring equipment and also staffed by adequately experienced personnel. The lack of adequate facilities and human resources potentially weakens monitoring and enforcement activities of the board, which are the most important requirement under the Act. However, the state also faces challenges in providing clean alternatives for small-and medium scale industries, which are offenders, but do not possess the scale and financial capability to install pollution control systems in their facilities. In the absence of any solutions, closure and relocation of these units pose a more serious social problem.

For new industrial areas, the state has introduced the concept of industrial parks with common effluent treatment plants and used a zoning principle to house different grades of polluting industries in separate locations. However, for the more than 2000 existing small and medium units, there are no easy solutions.

4.3d Forestry

Chhattisgarh has an aggregate forest cover of 60,000 sq km, about 44% of its total geographical area, of which 26,700 sq km is protected forest area. A large share of the state's non-tax revenue comes from the sale of forest commercial produce such as timber, sal, tendu (beedi leaf), bamboo, *mahua*, gooseberry, and other minor produce, especially medicinal plants. Forests are the prime source of livelihood for a large share of the population, as 9,500 of the state's 20,000 villages are in the vicinity of the forest boundaries.

However, the use of forest for fuel wood, fodder and food has resulted in denudation in large parts of the forests, affecting renew-ability and future potential. This has also resulted in soil erosion and siltation, which has reduced the capacity of water reservoirs. At the same time the poor economic conditions of the forest villages necessitate actions to improve incomes and the quality of living in these areas, without jeopardizing the environment and forest's ecological balance.

The potentially conflicting issues of livelihood and resource conservation have been balanced while enunciating the New State Forest Policy 2001, whose primary objectives include:

- Unlocking forest resources on a sustainable basis for enhancing the well being of local people by converting them from open access resources into community managed resources

- Shift in focus from major species to minor forest species and from crown to multi-tier forestry, and
- Conserving the bio-cultural heritage of the state

The state practices a system of participatory management with the forestry department assisted by Forest Protection Committees (FPC) in dense forest areas, and Village Forest Committees (VFC) in degraded forest areas, which are entrusted with executing forest programmes and schemes. However, Chhattisgarh has also gone beyond the conventional Joint Forest Management system, and has pioneered a concept of 'People Protected Areas' in 32 areas covering 300 villages rich in non-wood forest products. The People Protected Area is an eco-system based approach to forest management that improves productivity of timber and non-wood products and also ensures the supply of goods and services for the sustainable livelihood of the local people. The first phase of this programme is currently operational in 72 villages across 15 forest ranges in the state.

The state's initiatives in strengthening participatory systems of natural resource management have been commendable. The state recognizes traditional rights and concessions (nistar in local language) of local dwellers living within 5 km of the forest boundaries, for use of certain types of forest produce, and has set the limits for these concessions based on the carrying capacity of the forests. These rights and concessions include:

- Poles, bamboo and fuel stacks;
- Grazing rights, fallen fuel wood and fodder;
- Realization of open market sales proceeds for all non-nationalized produce including medicinal plants;
- Predetermined rates for sale of nationalized forest produce (tendu, sal, etc) to notified outlets of the Minor Forest Produce Cooperative Federation Ltd;
- Revenue share from main felling of timber to committees - 30% for VFCs (degraded forest areas) and 15% for FPCs (dense forest areas); and
- Bonus payments from the proceeds of minor forest produce arranged by the Cooperative Federation, which can be substantial in case of tendu and sal. The sharing of revenue is in the ratio of 70% for the collectors, 15% for regeneration of forests and 15% for infrastructure development in the committee area.

The state has also passed laws to endow the rights of all minor forest produce to village institutions. This represents an advance over other joint forest management practices in that communities will be empowered to take autonomous decisions regarding the management of forest resources.

The forest department also supports the local committees by regularly organizing awareness camps, training in incentive based practices, development assistance, and in articulating their micro-plans to be taken up in overall development of the areas.

A further step in the direction of minor forest produce is the declaration of Chhattisgarh as a 'herbal state', and the constitution of a Medicinal Plants Board and a state project in all the 32 forest divisions, for sustainable development, conservation and utilization of medicinal plants with the participation of traditional medicine practitioners.

However, this being only the first phase of the PPA programme, a considerable effort is still required, which devolves on the forestry department and can put pressure on human resources in this department.

The long term sustainability of the PPA model also requires further actions in respect of strengthening community institutions, developing and putting in place mechanisms to ensure that benefits reach vulnerable groups (e.g. women, scheduled tribes and castes, and landless), and expanding the resource base and improving returns from added-value products. In turn, the ability of communities to take over management authority and responsibility from forest departments will depend on several critical factors including:

- Skill acquisition and institutional development at the community level;
- The development of effective partnerships between forestry departments, communities, non-government groups and local governments; and
- A strong and supportive legal framework.

The EC Partnership can also earmark a part of its support to provide seed capital to augment the range of self-employment opportunities in forest villages, to be delivered through technical programmes, NGOs and through state departments. Specific support to the development of a cooperative enterprise model for opportunities in handicrafts, beedi manufacture and integrated livestock (dairy-poultry), which seek to improve livelihood opportunities for the community without out-migration and without diverting labour to non-forest industries. However, there may be some overlaps with the World Bank Project for District Rural Poverty Programme (\$ 156 million), which contains provisions for several micro-projects in backward districts.

4.3e Biodiversity and traditional medicines

India has a rich repository of plant and animal diversity, which needs to be documented and repositioned in order to conserve and derive commercial value through sustainable approaches to their propagation, conservation and utilization. In medicinal plants alone, there are more than 8000 species, many of which have been used in ethnic healing systems.

The UNDP, in collaboration with the Ministry of Environment and Forests, has outlined two major programmes in biodiversity and conservation of traditional medicinal plants, which cover a wide range of activities and issues relating to protection and community sharing initiatives. These programmes are proposed in 15 states, including Chhattisgarh.

Site activities under these programmes include: creation of forest gene banks, afforestation of degraded forests and cultivation of rare plants, community knowledge registers, databases of medicinal plants, introduction of traditional knowledge into school programmes, rural enterprise programmes built on cultivation processing and marketing of medicinal plants, and training activities.

In view of the overlap, one option for the EC is to consider allocating a share of its financial support under the Partnership to the UNDP programmes, earmarking its contribution to the funds for the site-based activities proposed in the four districts of Jashpur, Rajnandgaon, Dhamtari and Kancker, in Chhattisgarh.

However, the UNDP activities, which focus on augmenting supply, do not adequately address the market linkage dimensions in the trade of traditional products. If the full value potential of traditional produce is to be unlocked, it is important to introduce commercial-scale operations in formulations, use of good manufacturing practices with strict control on hygiene and cleanliness, and documentation of symptoms and prescriptive treatment and reference.

Besides supporting local activities as already identified by the UNDP, the partnership package can contribute to market development assistance by establishing linkages between the EU nutraceutical industries, alternative medicine practitioner groups and users. The EU is a major consumer in the \$27 billion world market for alternative medicines, of which Indian systems have a very low share, primarily on account of poor documentation and information dissemination in key markets such as UK, France and Germany. However, to take up market linkages in the immediate future is infeasible in the absence of a sizeable organized formulations sector in the state.

Box: Interventions in Environment/ Natural Resources/ Livelihood Enhancement

Institutional arrangements:

- Common Pool Resources Advisory Group on: Multi-sectoral apex body consisting of government line departments, industrial units, research and academic institutions, NGOs, panchayat representatives, international bodies – FAO, WWF etc...
- Multi-departmental system of environmental clearances especially if involving allotment of water and forestry resources
- Technical Resource Centres- water, biodiversity and forestry management to carry out detailed impact assessment studies, demand forecasting and sustainability analysis relating to environment issues
- District Social/environment audit reports: for each major head– JFM programmes, watershed development, sanitation programmes, water resources and agriculture

Technical assistance:

- Strengthening Environment Conservation Board by
 - Improving capacity of monitoring skills, and procurement of field monitoring equipment and testing laboratories, exchange of best practice sharing by equivalent EU industry bodies (especially cement and metals)
 - Impact evaluation of rehabilitation/relocation of identified polluting industries, identification of appropriate technology know how
 - Sponsorship of commercialization of appropriate local technologies on a matching grant basis
 - Status/ baseline reports on position of environmental issues and sensitivities in industries, civic infrastructure, forestry, agriculture and water resources
 - Resource mapping and determination of threshold levels of resource deployment
- Strengthening Public Health Engineering Department by
 - The setting up of a planning and development cell, to undertake activities pertaining to Technical (engineering, hydrology) functions, survey and investigation, environment engineering, sociology, and economics
 - Facilitating management development programmes

Governance issues:

- Licensing, zoning policies for environmentally sensitive industries
- Industrial parks/ clusters with in-built, common pollution control systems
- Polluter-pays principles: capacity restriction for polluting units, sunset reviews, penalties and disincentives- financial restrictions, etc.
- Revenue collection efficiency for municipal services
- Setting up of Water Resources Regulatory Authority

Awareness building

- Environment modules in education institutions
- Local community programmes at gram sabha and village panchayat levels
- Equitable use of common pool resources and creation of user groups

Community programmes:

- Co-financing of local level water conservation, forest-based livelihood projects and larger traditional biodiversity (medicinal plants) projects of other agencies (UNDP)

4.4 Cross Cutting Issues

Governance

Chhattisgarh's present government has adopted 'good infrastructure, good governance' as its principal theme towards serving its citizens. Though there are no standard definitions of 'good governance', it is generally assumed that good governance has the following elements:

- Efficient and friendly service delivery
- Transparency in public dealings
- Responsiveness to problems and issues
- Accountability
- Empowerment

However, good governance is not to be seen merely in the public service delivery context, as the key element in good governance continues to be fiscal responsibility. Wantonness in revenue expenditure and inefficient collections, populist subsidies, and administration costs eventually become causes for inefficient service delivery and inadequate public expenditure where it is necessary.

Good governance requires political will, a change of mindset at all levels, and involvement of all stakeholders. Therefore, Chhattisgarh's policy of good governance, which is currently top-driven, needs to be translated into a set of internal (state administration) and external (people and lending institutions) deliverables, and institutionalized in the citizen's charter as performance standards.

While most of the elements of good governance are internal to the government, the use of information technology in enabling good governance is an area for the State Partnership to explore in its quest to improve the service delivery quality in health and education. Computerization and e-governance are important potential initiatives.

However, there is a fundamental distinction between computerization and e-governance: an e-governance project must lead to **empowerment of users through community interface points** to transmit information on public procurement and disbursements, complaints and grievances to the appropriate level of authority.

In the case of Chhattisgarh, **an e-governance strategy needs to be formulated even before embarking on large-scale computerization** of line departments; otherwise, integrating all these units would be difficult and counterproductive (system architecture issues). Therefore, the first step for Chhattisgarh would be to develop its e-governance strategy document with defining the scope, scheduling of services, structure of the e-governance network, concomitant human resource needs, process redesign aspects, and administrative responsibility (some states plan to have this under a separate department).

The strategy would outline the scope of activities in the sectors of education, public health and others, and determine intra-sector specifications and coverage requirements. Implementing a statewide e-governance project, with connectivity at block level can involve large amount of financial resources, estimated at Rs 4 billion for a state like Andhra Pradesh.

Irrespective of which departments are taken up first, setting up an information-technology based governance mechanism requires the following steps:

- Framing of objectives of e-governance
- Needs Articulation (deliverables of e-governance)
- Process redesign/ re engineering, covering front-end (customer interfaces) and back-end (data warehousing and processing) requirements
- Preparation of system specifications- hardware and software components
- Pilot projects
- Ramp-up /Up scaling
- Interconnectivity / networking

An important dimension is the role and extent of involvement of private sector. Given the high technology aspects and the nascence of e-governance in the government departments, states have experimented with different models of involving the private sector, such as complete outsourcing, startup assistance, training and troubleshooting, or through not-for profit structures (Bangalore Task Force).

Finally, the use of information technology would result in good governance only by reinforcing accountability and enacting a reward/punishment system among departments based on the results of delivery of public services. This brings to the forefront the political commitment to good governance, on which ground level steps remain to be taken within the sectors.

Mass Social Mobilization and Community Empowerment

To effect a significant change in Chhattisgarh's social sectors, issues of participation institutions will not happen without social mobilization. Mass campaigns need to be based on mass mobilization, support of all tiers of government, involvement of voluntary organizations, and people from all walks of life to the extent that the hallmark of change is the spirit of voluntarism, translating into a sense of mission. Political will and social mobilization (ideological commitment) to draw on people's resources by challenging them to action around a clearly defined principal issue.

The achievements of Madhya Pradesh and Chhattisgarh in the 1990s under the 'Padhbo Badhbo school jabo' and the 'Padhna Badhna' movements are testimony to the power of mass mobilization in attaining social development goals with wide based community participation. While DPEP and other national programmes have succeeded in achieving the first stage of universal access, the long-term success lies in enabling desirable education outcomes for its entire people, in the form of: 1) an increase of income and livelihood opportunities after schooling, 2) increased ability to adapt to physical and social surroundings and participate in society or 3) a substantial increase in the learning levels and competitive ability for higher levels of education in the state or outside the state.

Both these require mass mobilization and the participation of community in addressing:

- Livelihood opportunities after middle school - income-generating programmes relevant to the community (as opposed to rigid conventional vocational courses), supported by extension workers from village industries, artisans, forestry extension

- officers, professionals, to expose the linkage between education and social and physical environment
- Continuing education – individual interest promotion actions- social, cultural, spiritual, health, physical and art interests
 - Increase in learning outcomes – monitoring of education inputs (teacher selection, teacher remuneration and growth prospects) and outcomes (learning levels, performance in competitive examinations) by community institutions
 - Building a competitive culture – enhancement of competitive activities in academics, sport and art at the village, and higher levels

The EC partnership can support Community Empowerment in:

- Goal and target setting at the community level
- Project Formulation with emphasis on Needs Analysis
- Available schemes and programmes
- Understanding and Defining Beneficiary Contribution
- Monitoring of project activities at local level

Rajiv Gyanodaya Kendras

Rajiv Gyanodaya Kendras are a mass-based knowledge movement for co-opting youth in building a rational knowledge society in Chhattisgarh, with the following objectives:

- Functioning as the Point of Contact for civil society initiatives
- Development of knowledge hubs, village libraries, research and documentation centres at the level of the village starting with Panchayat Headquarters
- Facilitating debate on development ideas and models for each village
- Encouragement to neo-literates to access information and knowledge
- Preparing people for exercising the Right to Information
- Building harmony and integration among village communities by involving youth
- Ensuring gender equality and symmetrical access to information and knowledge for all cutting across the divides of castes and class in the rural context.

Activities include:

- Training and exposure to youth for accessing information relevant to the future of the village and their own future
- Organizing discussion forum for equipping the youth with tools for applying reason to knowledge acquired
- Involving youth in village construction and reconstruction programmes
- Training youth to inventory human and natural resources resident in their communities and associating them in the Gaonla Chalab Campaign for preparing the village jan rapats and in participatory micro plans

The government of Chhattisgarh has invested Rs 35 million through village panchayats in the project and, already, 9049 RGKs are functioning at the Panchayat HQ villages, and all remaining villages are proposed to be covered by 2004. Only existing buildings are used for these centres, thereby channelizing resources in activities rather than infrastructure. In the next stage, the state proposes to upgrade RGKs to village level multi-media information kiosks, equipped with television sets, radio sets, computers, etc.

5. Options for the Partnership

The rationale of a State Partnership originates in the need for supporting the state in attainment of economic and social development goals outlined in the state's vision 2012 document. Chhattisgarh's strategies to achieve its vision 2012 objectives are:

- Unlocking natural resource potential to embark on industrial development
- Building strong institutions in administration and governance, with the focus on responsiveness, empowerment, decentralization and accountability.
- Enhancing the capability of human resources (through education and skills) to utilize the growth opportunities and improve quality of living, by increasing value addition within the state from the state's natural resources, and by participating in an increasing and diversified range of economic activities

The state has already embarked on a serious reform agenda, and has taken a few commendable steps in fiscal management in order to release funds for development activities. The **process is top-driven**, and both political leadership and the highest levels of government have revealed a serious commitment to economic growth, and have demonstrated an understanding of the challenges in reforms and resource building. However, in order to deliver, the **vision and commitment need to be fortified** with other resources- high calibre human resources, effective institutions in government and civil society, and a proactive local community network.

In order to attract private investment in the state's economic activities, the state government has adopted the slogan of **'good governance-good infrastructure'** to create an attractive business environment for private enterprise in industrial sectors such as power/energy, mining, food processing, and also in tertiary healthcare and education. As a new state, and on the strength of its fiscal indicators, the state is in a position to attract funds to meet infrastructure requirements.

Therefore, the focus of the state is to establish its plank of **'good governance'** to catalyze private investment in economic sectors, and focus public investments on its social sector needs to improve the quality and productivity of its **human and institutional resource base**. Of specific importance to the state is to set a good foundation in primary health and elementary education.

The separation from Madhya Pradesh resulted in weak resource institutions (planning divisions of several departments, medical colleges, for instance) being transferred to the new state, which has brought in the **task of rebuilding these institutions** as well. Therefore, the state requires assistance for capacity building at all levels of line departments, as well as the setting up of new lateral institutions and resource groups to facilitate the planning and policy making tasks.

5.1 Broad goals and objectives for EC Partnership:

The State Partnership's main objective is expected to strengthen the state in delivering on its promise of 'Good Governance, Good Infrastructure', by embracing the motto of 'good governance'. The state's expectation from the partnership is to **leverage the EU's political economic and commercial strengths to step up the reforms process** in order to make it an attractive business and investment location in India.

The focus areas for the Partnership are Education, Health and Environment. Within these sectors, the state considers its priority sub-sectors to be primary education, primary health and urban services, particularly water supply and sanitation. However, in view of the deep linkage of environment to agriculture and forestry, which are important revenue sectors for the state, capacity building to formulate sustainable resource management policies is an important dimension that needs to be addressed in the partnership objectives with regard to environment.

Specifically, it is expected that the partnership package would facilitate the state in managing the state's development targets by assisting in:

- Creating appropriate policies to translate the vision of development into action areas and set measurable targets
- Improving governance and public administration, to bring in efficiencies in service delivery
- Building strong institutions to facilitate long-term planning, to examine policy options, to engage, enable and empower all stake holders, public, private and civil society to participate and contribute meaningfully to economic growth and social development

The contribution of EC as a Partner is in the form of:

- Mentoring and sharing of experience and best practices
- Technical assistance in Institution Building and Human Resource Development
- Financial assistance for institutional infrastructure, human resource development and community-level interventions

Therefore, the Partnership would be evaluated on the basis of its contribution to the improvement of essential development indicators in primary education and primary health, especially learning attainments from primary education, and improvement in basic health indicators (infant mortality and maternal morbidity). The state would prefer the focus on Environment to be limited to the extent of relating to these two priority sectors, and **the partnership package will be evaluated only on the basis of what is proposed and achieved in the education and healthcare sectors.**

5.2 Partnership Strategy/ Approach

Given the broad objectives as set forth above, the Partnership can structure EU support to these objectives by pursuing a range of strategic options. However, in order to have the best results, it is necessary to select the option that 1) given the limited funds, applies the

resources to the most important leverage points, 2) does not replicate or overlap efforts of other donors, and 3) is sustainable even after the tenure of the Partnership.

The ground conditions in the state make available **four strategic options** for the Partnership:

1. Geographical approach
2. Sectoral approach
3. Demonstration effect
4. Institutional approach

Each of the above approaches has its own unique advantages and brings its own risks. Therefore, the selection of the option is based on the following considerations:

- The option that has the largest sustainable impact on overall economic and social development, in case of success, assuming an equal chance of failure for each option; and
- The presence of favourable conditions for initiating a partnership based on the **‘most - impacting’** option.

In terms of both these criteria, Chhattisgarh offers good conditions for embarking on the Partnership based on an **Institutional approach**. With the continued **commitment at the highest levels** to development issues, good governance & decentralization, and the willingness (rather an insistence) to learn from and implement best practices through the Partnership, the institutional approach holds out the best opportunities to bring about a robust economic environment and an equitable society in Chhattisgarh and may be the surest step toward attainment of the vision 2012, under the stewardship of an aggressive leadership, the sagacity of state planning institutions and the efficiency of administration, and an empowered local community.

The adoption of an institutional approach **does not, in any way, detract from interventions in the thrust sectors** of education, healthcare and environment. Rather, it seeks to reinforce the existing efforts in these sectors by providing the best administrative and policy support by undertaking a process of reform through which the reach and quality of social service delivery is enhanced. Thus the institutional approach has the potential to amplify the outcomes from all existing and future social sector interventions. Therefore, the institutional approach can be the axis supporting several sector-specific components, the spokes of the State Partnership wheel.

The four approaches themselves have certain strengths and weaknesses that are briefed below.

Approach	Advantages	Disadvantages/Risks
Geographical: Concentrates resources in selected districts based on social development indicators; can be applied on the northern and southern districts of	<ul style="list-style-type: none"> • Can demonstrate results in a shorter time horizon • Can be sequenced over discontinuous territories 	<ul style="list-style-type: none"> • Is resource intensive and faces sustainability challenges • Unlikely to find broad-based support from all stake-holders • Selection of beneficiaries can be difficult (pressure groups)

Approach	Advantages	Disadvantages/Risks
Chhattisgarh which have significantly lower levels of development, or for communities (SC/ST)		<ul style="list-style-type: none"> Risk ending up as large-scale demonstration projects.
<p>Sectoral: Concentrates partnership within a principal sector: health/ education/ environment</p>	<ul style="list-style-type: none"> Can bring about significant changes within the chosen sector Can improve state's revealed competitive advantage to catalyse economic growth 	<ul style="list-style-type: none"> Can result in lopsided or imbalanced development impairing / limiting the productivity of resources Requires simultaneous improvements in overall policy framework and administration quality (governance aspects)
<p>Demonstration effect: Deploys resources on building viable development models, to be up-scaled in future programmes</p>	<ul style="list-style-type: none"> Allows flexibility in creating development models responsive and contextualised to local needs Has potential for demonstrating all-round development Is less-resource intensive 	<ul style="list-style-type: none"> Demonstration projects are often undertaken to explore difficult and unknown terrains, and bad results are 'expected', so projects have no significance beyond trial stage Successful demonstration projects often face challenges in up-scaling, due to the introduction of complex and larger variables In absence of long-term financial resources demonstration projects operate as 'pockets of excellence', isolated and disconnected from the mainstream
<p>Institutional: Deploys resources in building effective institutions that are skills-intensive, systems-driven and self-organizing, to undertake large-scale, multi-sectoral planning</p>	<ul style="list-style-type: none"> Focuses on building the 'software' of development- human resources, development planning institutions and administrative systems Being skill-based, has the capability to respond to changing scenarios, and exploring the unknown Is essential to long-term productivity development in a multi-sectoral economy 	<ul style="list-style-type: none"> Is predicated on an inward-out approach, and assumes a high degree of commitment 'across-the board' to excellence, and willingness to reform Assumes support at the highest political levels and success is subject to political stability

5.3 Components of the Partnership Package

The field mission has identified the need for a number of interventions within health, education and environment/natural resources, in terms of specific activities addressing specific issues and objectives. However, the **Partnership is not about meeting wish lists**, but about empowering Chhattisgarh with the tools and capabilities to deal with its development challenges in these sectors (also in other sectors) by addressing structural and systemic inadequacies. Therefore, at the Programme level, these interventions have been regrouped into six ‘Crosscutting Themes’, which are as follows:

1. Institution Development
2. Capacity Enhancement of Implementing Agencies
3. Governance
4. Community Empowerment Initiatives
5. Awareness-building/Mass mobilization
6. Unmet Needs from other programmes

The reasons for classifying activities under the above structure are:

- These six themes or components **are cross-cutting** as they are applicable in all the chosen sectors of the Partnership, and generate the overall rationale for EU involvement in the state partnership even though the relative strengths of each theme would vary substantially across sectors.
- These themes are all **reflective of the overall quality of governance** and therefore, applicable for all future programmes in the same or other sectors. Therefore, the State Partnership will be identified as the first programme to support Chhattisgarh in an institutional rather than a sectoral dimension, in meeting its vision. The EC can claim some credit for being the **state’s first partner in ‘Institution Building’**, which holds the key to its long-term growth.
- Because the state has a present policy of a lean administrative structure (multiple portfolios being handled by secretaries), the activities under the partnership themes can **percolate into positive influences and practices in other sectors** as well. In that sense, they will **have a signalling effect** on the way other departments also handle their public services.
- Being broad themes, **in the event of changing (including political) conditions**, they serve as **a basis for prioritisation** for the EC as well as the beneficiary while allocating /scheduling financial resources during the implementation phases. In that sense, they would bring in internal review mechanisms to ensure continuity of commitment even in case of major changes in the administrative and political structure.

The rationale, risks and assumptions and the scope of the partnerships within each theme appear in Appendix.

Table: Long-list: Programme Components and Activities

Programme Component	Health	Education	Environment/ Natural Resources
Theme: Institution Development/ Empowerment			
Assistance to the formation of State Planning Council , an apex level institution/ think tank (which should have the rank of an independent department) to undertake long-range planning for the entire state, to envision and implement economic and social development targets	Long term Health and Family Welfare strategic planning. Development of policy frameworks for partnerships and inter-sectoral links.	Long term Human Resource Strategy to determine long term education plan and resource needs	Long term Plan for Sustainable use of Common pool Resources
Assistance to the formation/ strengthening of sector-level Development Resource Centres – Education, Health, Natural Resources and Environment	State Health Advisory Group for policy analysis made up of experts, providers, consumers and civil society groups for health sector reform (secretariat: SHRC)	State Education Advisory Group- including external resources, education experts and civil society groups to support the SCERT	Common Pool Resources Advisory Group on: Multi-sectoral apex body consisting of government line departments, industrial units, research and academic institutions, NGOs, panchayat representatives, international bodies – FAO, WWF etc...

Programme Component	Health	Education	Environment/ Natural Resources
Theme: Capacity Enhancement of Implementing Agencies			
	<p>Strengthening of the SHRC for designing and implementation of health sector reforms through:</p> <ul style="list-style-type: none"> • collection of population-based epidemiological data for priority setting • monitoring, surveillance and trends analysis. • rethinking access and referral system to health care facilities, particularly in low population density and Tribal areas • integration and/or coordination of vertical programmes • developing norms for health personnel • improving quality of care (EQUIP) • producing technical guidelines • reviewing and assessing health financing initiatives • evaluation and operational research <p>- Planning at the state level, based on district differential approach</p> <p>- Development of a system to attract and retain staff in under-served areas</p> <p>- Management development at all levels through training and mentoring.</p>	<p>Review of effectiveness of present training system and re-estimation of trainer skill needs in local contexts and quality objectives adopted by state</p> <p>Restructuring and upgradation of teacher training infrastructure at SCERT/ DIETs / BTIs/ Block Resource Centres/ Cluster Resource Centres</p> <p>Supplementing on-the-job training of para teachers/ contract teachers for Quality Enhancement Objectives:</p> <ul style="list-style-type: none"> • Incentive systems for teachers and for schools for based on ‘mastery’ levels attained, all-round personality development indicators and competitive activities • Supplementary education and coaching for ‘high-achievers’ through cluster resource centres, based on community participation 	<p>Strengthening Public Health Engineering Department with setting up of a planning and development cell, to undertake activities pertaining to Technical (engineering, hydrology) functions, survey and investigation, environment engineering, sociology, and economics</p> <p>Setting up a water regulatory authority with roles extending to policy on water usage, inter-sector allocation, tariff-setting, financial planning and private-public participation</p> <p>Management development programmes for efficient revenue collection, user charge determination and financing models for municipal services</p> <p>Strengthening Environment Conservation Board by</p> <ul style="list-style-type: none"> • Resourcing and strengthening of district-level testing facilities laboratories under the Environment Conservation Board • Improving capacity of monitoring skills, exchange of best practice sharing by equivalent EU industry bodies (especially cement and

Programme Component	Health	Education	Environment/ Natural Resources
Theme: Capacity Enhancement of Implementing Agencies			
			<p>metals)</p> <ul style="list-style-type: none"> • Status/ baseline reports on position of environmental issues and sensitivities in industries, civic infrastructure, forestry, agriculture and water resources • Sponsorship of commercialization of appropriate local technologies on a matching grant basis • Resource mapping and determination of threshold levels of resource deployment • Technical assistance and exchange of best practices to facilitate zoning of polluting units, relocation studies, identification of appropriate technologies and financial models for implementing localized solutions • Environment impact studies and sustainability assessments in respect of major minerals/ metallurgical industries (focusing on coal, limestone, iron ore, and bauxite) and pollution of water sources

Programme Component	Health	Education	Environment/ Natural Resources
Theme: IT-networking and Governance Initiatives			
State-wide information system for monitoring social sector activities-capturing village-block-district-state level information and developments	State Health Management Information System	State Education Information Network	State Common Pool Resource Information Network
Performance Standards, Review, Monitoring and Discipline Mechanisms	Health Services reform: new service-oriented work culture, based on local accountability. Rewarding and promoting merit – disciplining malfunction and misconduct	Performance Assessment, and Remuneration System for teacher cadre, especially for contract teachers and para teachers - Systems for increasing accountability of ‘permanent’ teachers to village communities - State-level competency assessments based on needs arising from human resource development strategy	Strengthening enforcement measures: <ul style="list-style-type: none"> • Induction of Polluter-pays’ principles: capacity restriction for polluting units, sunset reviews, penalties and disincentives-financial restrictions, etc. • Multi-departmental system of environmental clearances especially if involving allotment of water and forestry resources • District-level Social/environment audit reports: for each major head– JFM programmes, watershed development, sanitation programmes, water resources and agriculture

Networking of all line departments in health/education/rural development/forestry/environment and local government bodies (at district level and where feasible, down to village level) as well as **Community Interface Centres** at block/village levels as feasible. For information and status on micro plans, allocation and disbursement of development funds, procurement notices, tenders and local vacancies. Also posting of front-line activity reports (attendance, availability of medicinal supplies, outbreaks, inspections, compliance reports), social audit and Jan rapats

Programme Component	Health	Education	Environment/ Natural Resources
Theme: Community Empowerment initiatives			
Training of village community and panchayat institution members	Preparation of village education plans, village health plans and micro plans for inclusion in central and centrally-sponsored schemes, including project formulation, budgeting, options analysis		
	Monitoring implementation and social audit of all programmes/ schemes within the village/ block and appropriate feedback and corrective actions		
	Generating jan rapats as official village-level annual reports of the state of social development in the village/ block and district		
Support to extension departments (forestry, agriculture, education, tribal welfare, etc.)	Mentoring programmes (preferably through extension of existing village community centres or extension service units of line departments in agriculture, forestry, education, etc and NGOs) for village enterprise development, self-employment, vocational and livelihood education related to local contexts		
	Expansion of livelihood opportunities for forest communities and tribes in remote areas to reduce out-migration and to improve income generation		
	Value addition and increase in range of joint forest management activities in People Protected Areas and other forest villages		
	Co-financing forest-based livelihood projects and larger traditional biodiversity (medicinal plants) projects of other agencies (UNDP)		
Co-financing support to skills enhancement drives by self-help groups	Co-financing support to self-help groups (preparation for state and national competitive exams, useful and locally relevant income-generating trades and crafts, horticulture, organic cultivation, plumbing and civil works, or service disciplines such as nursing, lab technicians, teaching, tourism, social workers)		
Supplementing untied/discretionary funds	Supplementing panchayat bodies discretionary limits (presently only Rs 50,000 per year) with Incentives for village institutions for best practices in self- governance, community participation and implementation efficiency of development projects, or for attaining specific numerical/quality milestones in health and education		

Programme Component	Health	Education	Environment/ Natural Resources
Theme: Bridging Unmet Sectoral Needs (from other national and state programmes)			
Supporting Mitadin Programme after the end of EC funded SIP Programme	- Supporting and strengthening Mitadin Programme after the end of EC funded SIP Programme		
Co-financing needs of English proficiency drive		Supplementary training of primary school teachers Mass-communication-based dissemination programmes (radio broadcasts)	
Support to Quality initiatives in education		Co-financing of community programmes seeking a higher target for learning than enrolment and retention, and Opportunities for additional learning for the 'gifted, talented and high learners' Additional income opportunities for para teachers and other volunteers for extra-curricular activities, adult education programmes, management of public facilities	

Programme Component	Health	Education	Environment/ Natural Resources
Theme: Bridging Unmet Sectoral Needs (from other national and state programmes)			
Co-financing infrastructure elements in existing sector programmes, based on gaps identified by partner/beneficiaries	Unmet needs in terms of equipment, infrastructure, ambulances <ul style="list-style-type: none"> • at the primary health care level, (particularly the Community Health Centres) • at the District level 	Drinking water and school toilet block component in SSA, Training materials, teacher reference materials and equipment in cluster and block resource centres Materials and equipment for extra curricular activities- sports, environment/nature science and fine arts Village libraries, reading rooms and reference centres for neo-literates and drop-outs (at cluster resource centres) Village enterprise development training centres for livelihood training modules for school drop-outs and neo-literates in technical trades-masonry, plumbing, electrical repairs to support self-employment based on village and block needs, based on proposals from self-help groups	
Co-financing of un-funded/ under-funded components of village plans under central or centrally sponsored Rural Development Programmes	Unfunded/under funded/ineligible elements at village level, insofar as they relate to basic health, sanitation, primary education, water conservation, water source regeneration, watershed management, etc. and proposed to be implemented with beneficiary contribution on same lines as central schemes		

Programme Component	Health	Education	Environment/ Natural Resources
Theme: Awareness Building/ Mass Mobilization			
Support to mass-based community development activities of the state	Co-financing of existing schemes like the Rajiv Gyanodaya Kendras (village community knowledge centres)		
Support to mass awareness campaigns to mainstream marginalized areas	Health education in schools	Support targeted campaigns in tribal areas, forest villages and backward blocks/ districts, women groups, etc., based on local media such as the popular folklore based <i>kala-jatha</i> , and other existing channels such as village community centres, to enhance awareness and demand for social services, articulate needs and to monitor outcomes	Environment modules in education

5.4 Financial Scope/Limitations

The overall financial envelope for the EC Partnership Project is Euro 150 million, to be allotted between Chhattisgarh and Rajasthan, between Euro 60 and 100 million for each state. Assuming an equal split between the two states, Chhattisgarh can expect around Euro 75 million over a five-year period from the partnership. This represents an equivalent of Rs 4 billion, which is **around 3.6% of the Tenth Five-Year Plan size** for the state, and around 7.7% of the targeted social sector allocations. Considering that backward communities get nearly 38% of the state's social sector budgets, the Partnership corpus is still less than 9.5% of the allocations under the Tribal and Special Component Plan. The Programme size emphasizes the inherent limitations of embarking on a sector/ sub-sector or geographical area approach with an aim of attaining significant results with less than 10% contribution.

While it compares poorly with the overall size of the state's social sector budgets, the Partnership corpus is a significant allocation towards strengthening the state's efficiencies, capacities systems and processes: the Tenth Plan as well as most central schemes cap administrative and managerial capacity expenditure at 6% of overall costs, and the Partnership assistance can effectively double the fund base for the development of effective institutions and managerial systems in the state.

Therefore, the Partnership offers a **substantial financial support** for the chosen objectives of good governance and community empowerment as tools toward poverty alleviation.

While the financial allocation of the Programme among its components is premature in the absence of consensus on the constituent elements, will call for more detailed analysis at the district and village level programme needs, and is also not within the scope of this Programming Mission, a very preliminary indication of likely financial allocations has been attempted based on available information and thumb rules, which is in no way binding or limiting on any party, but may just serve as a pointer to the relative weights of the proposed components.

Indicative Financial Share of Programme Components

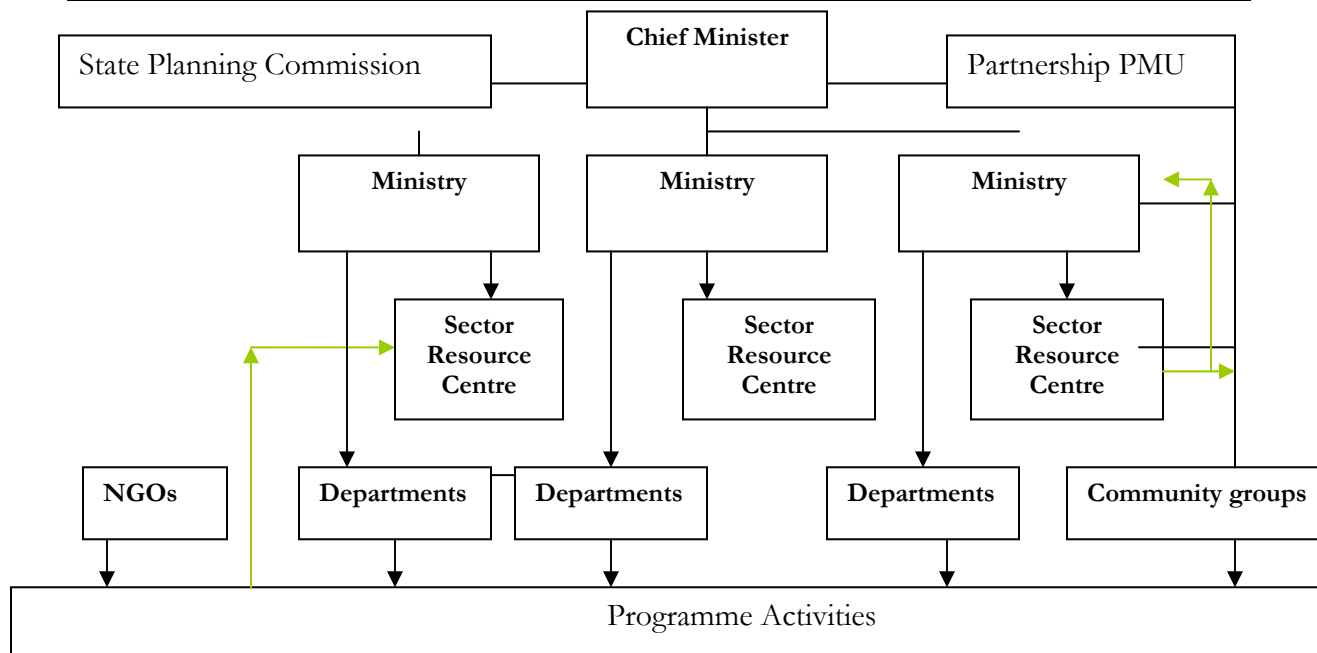
Component	Allocation (Rs mn)	%	Basis of estimation
State Planning Council	150	3.75	Rs 3 crore per year including secretariat and budgets for long term experts and resource persons
Sector Resource Centres	450	11.25	Three sectors, Rs 3 crore per sector per year, for five years Scaled up from State Health Resource Center corpus (Rs 2.75 crore under SIP for 18 months)
E-Governance	500	12.5	Cost estimates from WAN based systems in Andhra Pradesh
Balancing infrastructure in schools	600	15	PHE estimates of unit costs
Balancing infrastructure in health centres	600	15	
Training, technical assistance and best practices	1100	27.5	
Community-driven programmes including co-financing of under-funded	350	8.75	Represents 2.5% of Plan Needs in rural development and social development

micro plans			heads (excluding education), based on matching beneficiary contribution
Awareness and Mobilization	350	8.75	Rs 3 per capita per year for mass awareness campaigns
Programme Management Unit, monitoring and Evaluation	250	6.25	10% in EC's SIP programmes
All	4000	100.0	

5.5 Entry Point for the Partnership

For the State Partnership to attain its objectives, it is important that the **entry point** is at the **highest possible level**. Chhattisgarh's serious commitment to social development, good governance and administrative reforms, present an opportunity for EC to partner the new state (without historical baggage) in its quest for rapid economic growth and social development. However, for it to become effective, the Partnership has to be embraced at the very highest levels in government, with strong signals down the system as to the intent and the demands on all stakeholders. For the best results, the **Partnership should be an Initiative of the Chief Minister**, and its activities must be directly under his charge. As Chhattisgarh presently does not have a State Planning Commission, the EC Partnership offers an ideal opportunity to create a **State Planning Commission**, which would be the apex body for long term strategic planning for the state, with the EC providing it with technical resources and matching financial assistance.

(Sh. Ajit Jogi) Institutional Development And Reforms Initiative - SAJIDARI



→ Feedback and monitoring

SAJIDARI means PARTNERSHIP

5.6 Sustainability

The overriding objective of all development support is the improvement of economic, social and human development indicators. Therefore, the sustainability of any development strategy will be measured by the investments and resultant improvement in the quality of human capital to enable a larger range and higher levels of economic activity within the local, national and global scenario.

The Partnership, by focussing on education and health as sectors, and Institutional Development as its approach addresses the core of the human capital needs in the young state, in the process setting the long term agenda of the state in upgrading its human resources and the ability of its administration and community groups to pursue growth options and deal with growth challenges.

However there is a risk. The sustainability of the Institutional Approach depends on the continuance of a positive fiscal management record of the state, which would potentially free capital toward social and human development initiatives, which will feed into the reservoir of human capital.

Therefore, irrespective of the partnership, the state needs to pursue a course of development in which private sector will increasingly get involved in capital investment in economic and infrastructure areas, with government focusing its resources on social and human development, law and order enforcement, removing gender and caste inequities and taking the state forward in the national and international arena.

Lastly, even if the Partnership approach were to be aborted or discontinued after its initial phase, the state would have built at least some level of skills and capabilities in its basic institutions to steer whatever growth strategy is outlined in future. Therefore, unlike in area development programmes, or in demonstration projects, **the benefits from the Partnership will not disappear** when the Programme ends.

Therefore, the **proposed approach is sustainable based on the critical assumption** that **successive governments will continue to commit to and build upon the vision** and agenda set by the present government. In this regard, the endorsement and ownership of the Programme by all stakeholders- political leadership, top administration, line departments, panchayat bodies and civil society- is important for its success and continuance.

An active involvement of all stakeholders in formulation, implementation and monitoring the Programme is likely to have a positive influence by build a bottom-up current to the effective and successful management of the Partnership.

6. Issues to be taken up in subsequent stages

6.1 Financial Arrangements

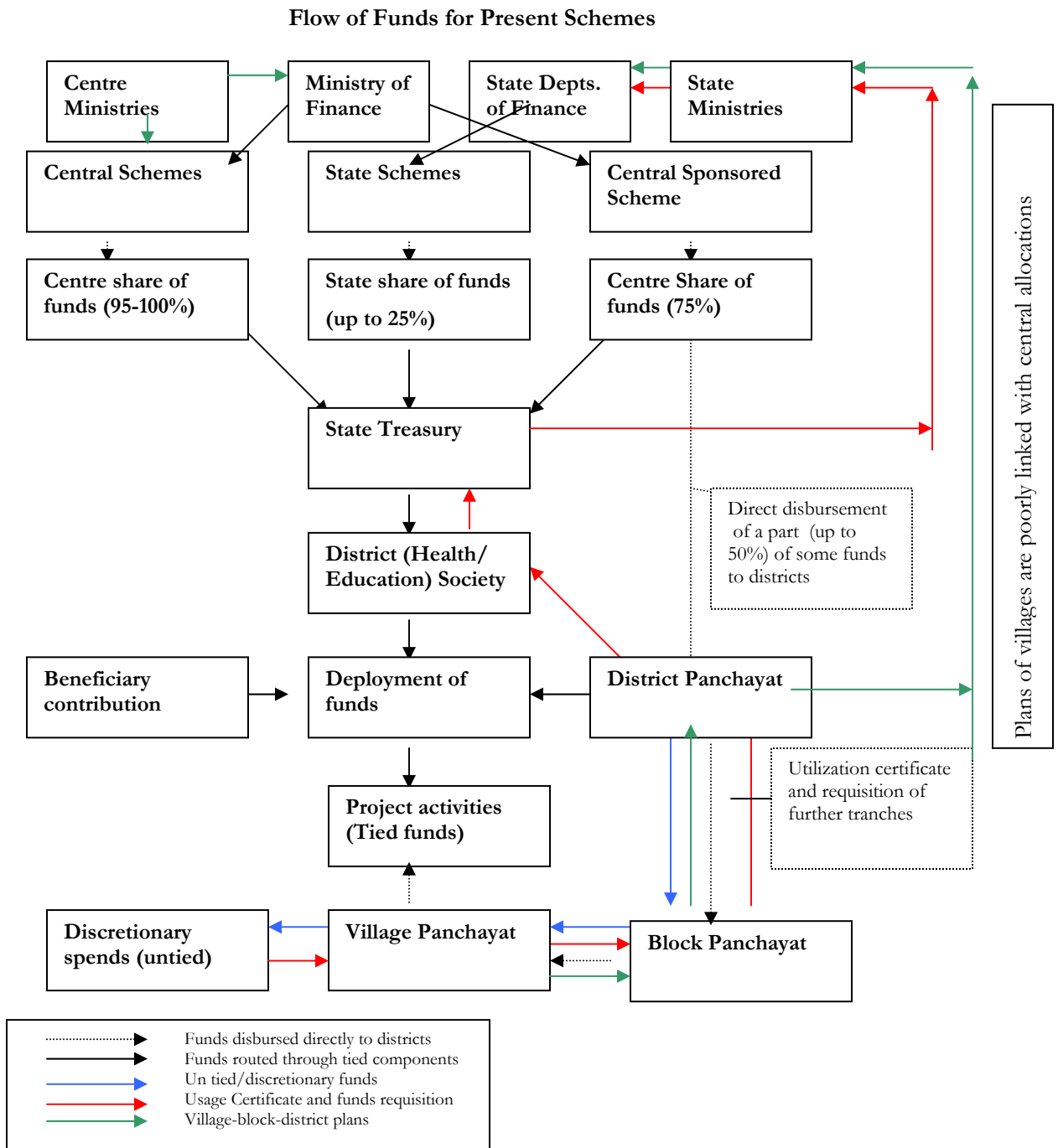
The effective implementation and success in development cooperation projects can be seriously influenced by the efficient disbursement and availability of funds in accordance with agreed schedules and time lines. Another important element affecting programme success is the extent and basis for exercising flexibility based on local context.

Currently, all international funds coming into India for development aid are routed through the Department of Economic Affairs (DEA) in the Ministry of Finance, which are aggregated under Central schemes and Central-sponsored schemes and channeled to the states on an agreed formula and as outlined in the Annual Budgets.

However, funds follow different routes within the state, depending on the stipulations of the schemes that govern the disbursal of these funds. A few important observations on the same are:

- The Centre decides several schemes on the basis of national issues and priorities from a national policy perspective. Most development projects are funded from Central or Centrally sponsored schemes.
- Allocations of Central projects to the states are made from the Budget on basis of development indicators as well as population. Some schemes are fully (95-100%) funded by the Central Government, while others are based on a 75: 25, 66.66:33.34, or 50:50 ratio for Centre and state contribution.
- For national programmes like education and health, Centre's as well as state's matching contributions come into a **state or district level society**, created specifically for the scheme. This enables rigid disbursement controls and ensuring the use of funds only in the specific schemes at the state, district and lower levels.
- For rural development programmes, a part (up to 50%) of the Centre's funds are disbursed directly to the district treasury, bypassing the state treasury.
- The first tranche of funds is disbursed in April, and covers estimated expenditure for April-September. Subsequent tranches are released on the basis of utilization certificates, which are prepared at each level, consolidating the certificates issued at the lower levels. Delay in presentation of utilization certificates would delay further disbursals.
- The integration of village plans in education, health water supply, sanitation, etc. is done in the block plan, and block plans are integrated in the district plans.
- Funds are usually apportioned among villages, blocks and districts, in proportion to the population served. However, in some schemes, a combination of criteria is used to derive the allocation at local levels.
- In almost all schemes, **funds are tied to specific components or activities**, which results in varying levels of utilization among villages on account of mismatch of local needs with the available components. As a result, in some areas, funds under central programmes are under-utilized. There is almost no discretionary authority with the

implementing authority or the district level authorities to exercise fungibility within the available funds, to meet specific, overriding requirements emerging from village and block plans.



For the State Partnership, the routing and disbursement of funds is an issue to be discussed with the DEA as well as the state government. The merit, rationale and advantage of routing the funds through DEA needs to be examined in the light of the following:

- The proposed financial outlay (60-100 million euros) is very small compared to other donor funded projects)
- There is no co-financing envisaged from the central government
- There is no direct overlap with activities under ongoing sector programmes in education and health, and the Partnership's core objective is to facilitate the state in implementing national social sector programmes.
- Administrative processes in disbursement can be made more efficient under a direct disbursement system (which the Ministry of Finance itself follows in its programmes)

In order to ensure smooth and timely availability of funds, it is perhaps practical to create a State Partnership Account (Chhattisgarh) into which the EC contributions would be made. The scheduling and release of funds for individual programme elements would need to be detailed at a subsequent stage, and the procedures for drawing funds against specific programme components would need to be agreed between the EC (through the delegation), the state government and the DEA. Procurement of services and other equipment would need to follow standard EC guidelines and approved by the programme-monitoring cell at the Delegation. **The Partnership need not follow the same routing as the central and central sponsored schemes follow presently.**

In respect of activities that propose to involve NGOs substantially, the identification and selection of beneficiaries, and disbursement aspects- especially direct disbursement to beneficiaries- are aspects that remain to be established with the state government of Chhattisgarh.

6.2 Overlaps with Ongoing/Future Sector Programmes

While the Programming Mission has tried to ensure wherever possible that the Partnership activities do not overlap with the existing programmes in the sectors, the fact remains that there will always be an overlap between the objectives of all programmes- all address social development and poverty alleviation in one way or the other. Therefore, there is a risk of subsuming some activities of the Partnership under present sectoral programmes, especially the SSA. However, the key justification for the Partnership is that it aims to build the state's administrative and governing capabilities across all social sectors, and leveraging the partnership support to achieve or improve upon the milestones set by national programmes. In that respect, the Partnership is to be seen as an additional effort on part of Chhattisgarh in the process of 'catching up' with other neighbouring states, especially the prosperous southern states.

However, future programmes may also include significant crosscutting elements: governance, reforms, capacity building and community empowerment. This is indeed likely to happen in the capacity building and information dissemination components of sector programmes such as RCH and SSA. Therefore, the activities of the Partnership as eventually endorsed by the EC, the Government of India (DEA) and the government of Chhattisgarh must be circulated to programming/ identification missions currently being proposed in the sectors, so that there is no future overlap in the EC funding on activities at the district level among sectoral programmes and the partnership activities.