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## Sida Country Report 2003

# India





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# 1. Summary

Is India shining or not? On one hand India has a very fast economic development with an annual GDP growth very close to China's, impressive foreign exchange reserves and indications that people are lifted out of poverty. On the other hand there are have hundreds of millions urban and rural poor for whom a decent life including good health, education and basic human rights are but a distant dream.

Both pictures are equally true and the tasks ahead, to ensure a shining India for all, are tremendous.

Poverty is widespread but varies a lot between the different states with the southern and western states being much better of than the northern and eastern states.

The HIV/AIDS situation is disturbing despite encouraging trends in some fields. For example the spread of HIV from mother to child increased from 0.3% in 1999 to 2.6% in 2002. Here again different states have big variations in the prevalence of HIV/AIDS.

Preliminary data suggest that the Indian economy grew by an 8,4 percent in the last fiscal year with a peak in the third quarter at 10,4 percent. Foreign exchange reserves are the sixth largest in the world and India is repaying some of its foreign debt ahead of time.

India is emerging as a new global power and needs stability and good relations with countries in the extended region. The peace initiative with Pakistan and the Prime Minister's visit to China are two examples of India's wish to have healthy relations with its neighbours.

The widening gap between wealthier and poorer states could be a problem in the future, especially as states increasingly take advantage of the relative autonomy accorded to them by the constitution.

In 2003 the Indian Government announced a new aid policy and stated that it was no longer interested in traditional government-to-government assistance from smaller bilateral donors. As a result, the long prepared Country Strategy was put on hold. India's new aid policy allows for support to India through multilateral channels as well as through the civil society and is well in line with Sweden's present portfolio of projects and programmes. The changed aid policy's main effect for Swedish assistance was that some planned bilateral projects had to be dropped.

# 2. Strategic Country Development Trends

## 2.1 Poverty Reduction: Overall Trends and Perspectives

### *Poverty situation*

From the mid-1970s, poverty in India has declined slowly but steadily. Between 25–30% of the Indian population (approx. 250–300 million people) is today living below the official poverty line. There are, however, recent estimates pointing at as many as 350 million extremely poor people in India. While about 75% of the poor still live in rural areas, the ongoing rather rapid urbanisation is expected to lead to a doubling of the number of the urban poor – today estimated at 100 million – over the next 25 years.

The incidence of poverty varies between the States. While Orissa today has the highest proportion, close to 50%, of its population living below the poverty line, states like Punjab and Haryana has a poverty incidence of less than 10%.

Hence, poverty remains India's biggest problem. With the large number of poor people in India, reduction of poverty is crucial if the Millennium Goal of halving the number of poor people in the world shall be achieved. (See annex 1)

### *Social development.*

Significant progress has been achieved in improving the health outcomes of the Indian population during the last few decades. However, there are worrying signs that the pace of improvement has slowed down and even stalled since the early 1990s. The infant and maternal mortality rates remain unacceptably high as does the prevalence of mal- and under-nutrition. While India has experienced a steady decline in population growth since the early 1970s, the adverse, and in some states, worsening sex ratio is distressing.

Though there has been significant rise in literacy rates and school enrolment rates over the last few decades, close to one third of the Indian population remains illiterate and about two-fifths of the children are either out of school or enrolled but not attending school. Levels of education and literacy are closely linked to poverty, as reflected in the lower enrolment and literacy rates of poor households.

### *HIV/AIDS*

In 2003, the GoI released new figures for the HIV prevalence suggesting a range from 3.82–4.58 million, out of whom 38.5% are women.

Reported cumulative AIDS cases were 57781 (Nov. 2003). India, however, remains a low prevalence country (less than 1% of its total population is HIV positive), although the overall low prevalence masks crucial differences among regions, states and sub-populations. The six hardest hit States, classified as 'high prevalence states' are Maharashtra, Tamil Nadu, Karnataka, Andhra Pradesh, Manipur and Nagaland.

The year saw some positive changes, such as the sentinel surveillance suggesting that the epidemic is plateauing among the general population in Tamil Nadu. The historical event of the world's largest gathering ever of elected representatives coming together to discuss the role of the political leadership in combating HIV/AIDS. The international community placing more focus on the epidemic with major external donors, such as the Bill & Melinda Gates Foundation and the Global Fund to Fight AIDS, Tuberculosis & Malaria committing funds for US\$200 million and US\$100 million respectively. The statement by the Union Health Minister on 01 December, informing that the Government of India (GoI) will provide Antiretroviral Therapy for 100,000 people living with HIV/AIDS in the six high prevalence states commencing April 2004.

Despite these encouraging trends there are some continuing concerns such as, the increased spread of HIV from mother to child, from 0.33% (1999) to 2.61% (2002), the increased threat of HIV transmission among IDU population in North east and metropolitan cities, and small pockets of mini-epidemics located in low prevalence States e.g. in Raxaul, Patna, Amritsar, Varanasi, Kolkata, Indore, Udaipur, Ajmer, etc.

## **2.2 Macro Economic Development**

The emerging Asian economies, of which India is one, grew at an average rate of 7 percent and accounted for more than 50 percent of total world growth in 2003. India's mean rate of economic growth during the 1990s was 6 percent per year. Preliminary data suggest that the Indian economy grew by an impressive 8.4 percent in the latest fiscal year (1 April 2003 to 31 March 2004). Growth in fiscal 2003 peaked in the third quarter at 10.4 percent.

There are both structural and cyclical reasons for this remarkable economic performance. To the former belong the lagged effects of economic reforms in the 1990s, the continued opening up of the Indian economy to world trade, investments in infrastructure, and the rise of India's globally competitive service sector, notably the software industry. Among the cyclical causes are last year's unusually good monsoon, which brought about 10 percent growth in agriculture and boosted aggregate demand throughout the economy, as well as the incipient recovery in the world economy.

The service sector is the main success story of the Indian economy, accounting for about 50 percent of GDP. Indeed, India's global competitiveness in areas such as software and business process outsourcing (BPO) has caused a political backlash in the US against the practice of off-shoring business to low-cost countries. India's broad-based and highly

diversified manufacturing sector is also beginning to compete successfully in the world market, most notably in the auto components industry. This process is likely to intensify as India continues to integrate with the world economy. However, the low productivity of agriculture remains a problem. With two thirds of the population living in rural areas, India requires reforms that would allow its farming sector to compete internationally.

Economic reforms, which were launched in 1991, continued during 2003. Trade barriers have continued to come down, and the limits to foreign ownership in Indian enterprises (so-called FDI-caps) have been raised. The pace of privatisation remains slow, but confidence in the process increased in 2003.

At roughly ten percent of GDP, the fiscal deficit remains one of the most worrying obstacles to India's long term growth prospects – especially considering the low ratio of investments to consumption in union and state budgets. The so-called *Fiscal Responsibility and Budget Management Act*, which aims to balance the budget by the year 2008, was finally passed in 2003, after years in parliamentary committees. This has increased faith in India's public finances.

Even so, there seems to be no risk today of a balance of payments crisis of the kind India faced in the early 1990s. Public debt in India is primarily domestic. Furthermore, India's reserve of foreign exchange today stands at 117,8 billion dollars – the sixth largest in the world – roughly equaling the country's entire foreign debt. Indeed, India has begun repaying some of its foreign debt ahead of time.

The government is increasingly becoming aware of the urgent need for infrastructure development, and 2003 saw several welcome developments in this direction:

- the continuation of a vast road project connecting India's four largest cities (New Delhi, Mumbai, Kolkata and Chennai);
- continued deregulation and opening up to private investments of the highly inefficient power sector;
- sustained high growth in mobile telephony and a very competitive environment among operators;
- plans for new air- and seaports, together with the privatisation and upgrading of existing ones.

Whether or not these plans can be successfully carried out will depend ultimately on the success of fiscal reform. If the government manages to shift public spending from inefficient consumption – salaries, pensions and subsidies – to investments, and improve revenue collection, India should be in a good position to make the necessary improvements in infrastructure.

## **2.3 Political Development**

### *Domestic Politics*

India is a federal republic (Union of States). The right-of-center Bharatiya Janata Party (BJP) and the left-of-center Congress Party dominate the political landscape along with their respective allies. In addition to these two blocks, there are several, increasingly important



non-aligned regional parties. Coalition government will probably remain a feature of Indian politics for the foreseeable future, since no single party can hope to garner an absolute majority of the seats in parliament.

The current government, headed by Atal Bihari Vajpayee, consists of a broad coalition, the *National Democratic Alliance* (NDA), under the leadership of the BJP. Sonia Gandhi, the Italian-born widow of erstwhile Prime Minister Rajiv Gandhi, leads the main opposition Congress party, supported by a loose group of allies.

The Indian polity is fraught with a number of internal disturbances: continued separatist activities in Jammu & Kashmir, armed insurgencies in the north-eastern states, the so called Naxalite rebellion in Andhra Pradesh and various armed movements aiming to redraw state boundaries. Although these conflicts frequently spill over into neighbouring countries and cause friction in India's external relations, they hardly constitute a real threat to the state's territorial integrity.

A trend in domestic politics that may cause centrifugal tendencies in the medium to long term is the growing disparity in economic development between states, coupled with a relative shift of power from central to state governments. Whereas the southern and western states have prospered from reforms, economic growth in the populous northern and north-eastern states has been slower. The widening gap between wealthier and poorer states may cause political unrest, especially as states increasingly take advantage of the relative autonomy accorded to them by the constitution.

#### *Foreign Policy*

India's main foreign policy objectives are its continued emergence as a global power and its contribution to stability in its direct and extended neighbourhood. Détente and, ultimately, peace with Pakistan is a condition for both aims. Considering itself an emerging global power, India is a peaceful challenger of the global status quo. It demands reform of the United Nations, and in particular a permanent seat on the Security Council, whose composition is seen not to reflect current political realities, but rather those prevailing at the end of the Second World War.

Ever-closer ties with the United States are perceived as crucial to India's global aspirations. The Indo-US agenda focuses on global terrorism, defence, and co-operation in science and technology. The US is gradually easing restrictions on the sale of military equipment and the transfer of dual use technologies. Several joint military exercises have been carried out.

Stability in the neighborhood and healthy relations with the extended region, including China and South East Asia, are other priorities, necessary for India's global emergence. Since Prime Minister Vajpayee's visit to Beijing in June 2003, progress has taken place in Sino-Indian relations, including the sensitive border dispute. Bilateral trade and investments have increased considerably, and an unprecedented joint naval exercise was carried out in Shanghai in November 2003.

Prime Minister Vajpayee's peace initiative with Pakistan, launched in April 2003, should be seen against the background of India's global ambitions, which cannot be realized unless India rises above local conflicts. In the past year, India and Pakistan have agreed on a number of

confidence building measures, keeping the central issue of Kashmir on the backburner while bolstering mutual trust. Renewed talks on the State Secretary level are planned for June 2004. Simultaneously, New Delhi has launched talks with the moderate factions of *Hurriyat*, the Kashmiri separatist conglomerate.

## **2.4 Development Co-operation and Partnership**

The total aid to India in fiscal year 2002–2003 amounted to 2,45 billion USD, which is a decrease compared with the previous fiscal year. While the World Bank was the largest donor with disbursements amounting to 1,45 billion USD, Japan and United Kingdom were on top of the list among the bilateral donors. During 2003 UK was preparing for a new country programme with the ambition of increasing the flow of grant aid from 170 million Pounds in 2003 to 300 million Pounds in 2005. The flow of funds from the European Commission amounted to 64,7 million USD in 2003, which is an increase compared with 2002.

The amount disbursed from government-to-government co-operation from smaller bilateral donors amounted to only 86,8 million USD in 2003, which is a decrease compared with the previous year.

The Government of India no longer takes responsibility for donor co-ordination. The last CG-meeting took place in Paris in 2000. Promises were then made by the Indian delegation that the Ministry of Finance would take on a more active aid co-ordinating role. This promise was, however, not kept.

Neither the World Bank nor UNDP took any real initiatives in 2003 for aid-co-ordination. The UN Resident Co-ordinator, however, made some promises to improve aid co-ordination and harmonisation (see 3.1). Information sharing on current issues in development co-operation in India takes place at regular meetings (5–6 per year) among the member states of the European Union.

During 2003 India emerged as a donor country on a larger scale by launching the “India Development Initiative”. India plans to expand its aid-programme both money-wise and geographically. From having concentrated its assistance to neighbouring countries, such as Nepal and Bhutan, India now plans to provide development assistance to countries in Africa as well as Latin America.

During 2003 the Indian Government, in line with the new aid policy of reducing its dependence on smaller bilateral donors, brought forward repayments of loans to several countries, including Sweden. A final repayment of 600 million SEK was made for the Uri Hydropower Project.

### *Working Groups/Theme Groups*

The expanded UN theme group on HIV/AIDS in India, with UNAIDS as the Secretariat, includes the National AIDS Control Organisation (NACO), bilateral donor agencies and the Indian Network for Positive People. It is generating a well-coordinated and enhanced response to HIV/AIDS. A collaborative framework and integrated work-plan and resource matrix has recently been drawn up, which includes individual as well as collective UN and bilateral strategies.

There are also a number of UN Inter-Agency working groups/theme groups focusing on varied issues like child labour, primary education, gender, population, decentralisation, water and environmental sanitation etc. that do not involve the bilateral agencies or the government on a regular basis in their co-ordination meetings.

# 3. Swedish Development Co-operation

## 3.1 Strategic Assessment and Considerations

The Government of India announced in spring 2003 that it no longer wanted traditional government-to-government assistance from smaller bilateral donors like Sweden. The donors were, however, welcome to reorient their assistance to Non-governmental and multilateral organisations. Six larger bilateral donors (USA, Japan, UK, Germany, Russian and the EU Commission) could continue with their assistance.

Two official reasons were mentioned for introducing this new policy. Routing funds through NGOs etc instead of through the Government, “would enable aid to be used much more effectively and in a more focussed manner” was one reason. The other one being that the administrative costs were too high for handling the (relatively small) contributions from smaller donors.

It is interesting to note that the Government of India has the view that funds made available for NGOs are likely to be used more effectively than funds channelled through the Government machinery. This view is shared by most donor agencies, which are also likely to agree that smaller contributions through the Government are connected with relatively high administrative costs.

As Sweden de facto from 2002 had discontinued government-to-government assistance and focused its co-operation on Indian NGOs and multilateral organisations, the new policy had no immediate implications for the ongoing development co-operation programme. The policy, however, had immediate effects on the planning of future Swedish co-operation with India (see below).

Some other smaller bilateral donors, such as Canada and the Netherlands, reacted quite quickly on the new policy by announcing that they would phase out their assistance to India. Denmark decided to speed up its earlier phasing-out plan while Norway decided to terminate its programme by end of 2003. Australia has also decided to phase out its assistance programme. For some of the ongoing bilateral projects, the Government of India has promised to make available the necessary funds. To what extent the Government will do so remains to be seen.

In 2002 Sida was given the task by the Swedish Government to prepare for a new Country Strategy for India. The strategy was almost ready at the time of the announcement by the Government of India of

its new aid policy in spring 2003. The planned strategy envisaged an expansion of the Swedish assistance to India with re-inclusion of traditional bilateral projects in the development co-operation programme. As a result of the new Indian policy, the country strategy process was put on hold.

In September 2003 the Indian Government issued new Guidelines on bilateral co-operation from smaller donors. One major implication of these Guidelines was that all new proposals on support to Indian NGOs would have to be sent to the Ministry of Finance for approval. Another one is that only projects of “economic and social importance” will be considered. These new guidelines caused a lot of concern within the donor community as well as within the Indian civil society.

As a reaction to these developments, the Embassy organised a workshop on “Future Development Assistance to India from Smaller Bilateral Donors”, 6–7 October, 2003. The specific objectives of the Workshop were to (a) explore the possibilities for Sida and other bilateral donor agencies to increase their support to the Indian civil society and through multilateral organisations, and (b) find ways of coordinating and harmonising this support.

The workshop was attended by representatives of most bilateral and multilateral organisations as well as by many NGOs. In total, more than 200 people participated. The great interest for the Workshop reflected the fact that this was the first time in years that the donors and the civil society got an opportunity to get together to discuss issues of common interest and to seek ways and means to deal with the new Indian policy.

There were two major outcomes of the Workshop. Firstly, the Workshop recommended modifications of the Guidelines. Some of these recommendations were picked up by the Ministry of Finance and modified Guidelines were issued in January 2004. Secondly, the Workshop requested the UN Resident Co-ordinator to take on a more active role when it comes to aid co-ordination and harmonisation of procedures. The Office of the UN Resident Co-ordinator promised to do so at the Workshop.

As a result of the new Indian policy and the new Guidelines, the Embassy had several follow-up meetings with the Ministry of Finance in order to sort out the consequences for the continued assistance from Sweden. The major consequences were:

*Discontinuation of preparation of support to the Forestry Sector in Orissa.* A total amount of about 5 million SEK had been spent on preparations over 4–5 years for this project, which was about to start in mid-2003. But as this was a bilateral project, it could not be supported by Sida.

*Discontinuation of the preparation of the support to the Metro bus project in the city of Bangalore in Karnataka.* Preparations had been going on for this project for several years to a total cost of 4–5 million SEK. The Ministry of Finance informed the Embassy in June that this project could not be continued in the planned form. However, Sida has thereafter been looking into alternative ways of supporting the implementation of a modern metro-bus system in Bangalore, a concept successfully introduced in other parts of the world.

*No agreements between the Swedish Government and the Indian Government confirming contributions from Sida through multilateral organisations.* Previous

agreements, for example between Sida and UNICEF, have been confirmed by an agreement between Sweden and India. The Ministry of Finance declared that no such agreements would be entered into, but would not object Sida entering into any agreement with a multilateral organisation. The current support to the World Bank is in line with this new simplified contractual arrangement.

*Discontinuation of participation by Indian Government officials in Sidas International Training Programmes.* As the processing of the nominations for these programmes takes a lot of administrative capacity within the Indian Government, the Embassy has raised the issue whether nominations would continue. A formal reply is yet to be received.

*Discontinuation of the Agreement on the Consultancy Fund* (expired 31 December 2003). Sida and the Ministry of Finance have agreed that the agreement, despite unspent funds of about 10 million SEK, should not be extended. As the agreement is a traditional bilateral agreement, an extension would not have been in line with the new Indian policy.

These developments meant that from 1 January 2004, there are, for the first time for several decades, no agreements in force relating to development co-operation between the Government of Sweden and the Government of India.

### 3.2 Overall Country Programming Review

There were two major channels for Swedish development cooperation with India during 2003: through Non-governmental organisations and through multilateral organisations. Compared with 2002 there was a marked increase in the overall fund utilisation (MSEK):

	2002	2003
Funds through multilateral organisations	24	66
Funds through Indian NGOs	6	50
Funds through Swedish NGOs	26	22
Humanitarian assistance	11	3
<b>Total</b>	<b>77</b>	<b>141</b>

The main reason for the increase in funds through multilateral organisations was the release of a first allocation amounting to 50 million SEK to the World Bank for the support to the Urban Reforms Programme.

The Embassy's experience of working with UNICEF and the World Bank is generally positive. Through these organisations Sweden is able to achieve economics of scale in critical areas such as drinking water and sanitation. In addition, Sida has attained considerable leverage in the dialogue with these organisations. During 2003 Sida was able to substantially influence the overall direction and content of the "Child's Environment, Sanitation, Hygiene and Water Supply Project" which is being financed through UNICEF.

The three-fold increase in the support to the NGOs reflects the important role the Indian civil society plays for developments in India, which has also been confirmed by the Government of India in its current Five Year Plan. The new Indian aid policy, which encourages the smaller

donors to support the civil society, can be said to reflect the Government's view of the role played by the NGOs in the development of the country.

In many sectors the civil society is seen as decisive in raising community demand, promoting people's participation and advancing gender equality. Every now and then, innovative approaches introduced by civil society organisations are being picked-up and replicated in government programmes. In 2003 Sida was in a position to support several strong organisations in the Indian civil society that pursue development issues with considerable professionalism and impact. The success of organisations like the Centre for Science and Environment (CSE) and Tarun Bharat Sangh in influencing government action in the areas of environment protection and natural resources management goes uncontested. The role of organisations such as PRIA in building the capacity of the civil society in the area of democratic decentralisation is increasingly being recognised.

With the ambition of concentrating and focusing the support to the Indian civil society, the embassy has over the period 1999–2003 substantially reduced the number of organisations receiving funds. During 2003, with the ambition of building long-term relationship with a limited number of mature, proactive and intellectually poised organisations which have the capacity to influence government action and policymaking, the Embassy entered into agreement with six organisations with a total amount of 127 million SEK. In addition, Sida/DESO entered into an agreement with RFSU for support to the expanded RFSU/MAMTA twinning project on adolescents' sexual and reproductive health and rights with an amount of 40 million SEK.

The Embassy's preparations of the increased support to Indian NGOs were in line with the Guidelines for development co-operation with India issued by the Swedish Government in year 2000. The focus areas of the continued and expanded support remained the same:

- poverty and environment;
- poverty and social development; and
- human rights and democracy.

Agreements with the organisations were entered into by the Embassy before it officially received the new Indian Guidelines on development assistance from smaller bilateral donors.

During 2003 Sida's Cultural Division entered into an agreement with "Tidskriften Karavan" on support to an Indo-Swedish Translation Project for the period 2003–2007. During 2003 preparations started by the Cultural Division for support to Royal School of Music in Stockholm for a Music Education Project aiming at developing western music pedagogy techniques in music schools in Karnataka and Tamil Nadu.

In order to try to secure as high quality as possible of the support to the NGOs, the embassy established in 2003 a Project Appraisal Committee. All new project proposals in 2003 were processed through this Committee. The members of the Committee concluded at the end of the year that the overall quality of the support to the Indian civil society had definitely increased as a result of each project proposal being thoroughly scrutinised by the Committee.



As part of the Embassy's ambition over the last few years to strengthen the competence of the NGO-partners, a two-day Workshop on management and communication was organised for all the current partners in May, 2003. The overall purpose of the Workshop was to encourage each partner to improve its management system and to develop a communication strategy. How the NGOs have worked on these issues will be followed-up in connection with the Annual Review of each organisation.

Sida/SEKA is providing funds to half a dozen Swedish Non-governmental organisations supporting Indian NGOs. Eight Swedish organisations received in 2003 a total amount of 22 million SEK. In addition, 3 million SEK was channelled through two Swedish organisations for humanitarian assistance.

81 Indians participated in 45 different International Training Programmes funded by Sida in 2003. As a result of deliberate efforts by the Embassy, the number of participants from civil society and the private sector have increased.

The Embassy in India has been supported direct interventions in the area of HIV/AIDS since 1992. In the work of developing a new country strategy for 2003–2007, there was an increased emphasis on HIV/AIDS both through mainstreaming and support to specific programmes that have HIV/AIDS as their principal focus. Furthermore, HIV/AIDS was seen as a crosscutting issue requiring a co-ordinated response across all areas of development co-operation. HIV/AIDS was also highlighted as an important dialogue issue. However, with the GoI unexpectedly announcing a new policy for bilateral development assistance in May 2003, this work has been on hold awaiting the Swedish Government's decision on future Swedish development co-operation in India.

During 2003 the Embassy signed a five years agreement with one NGO working on legal interventions on HIV/AIDS. An Embassy workplace programme was conducted for all professional as well as support staff on 01 December 2003. The policy dialogue on HIV/AIDS was pursued in different forum, such as EU Administrative Counsellor meeting, EU Development Counsellor meeting and UN meetings. The mainstreaming effort focused on building capacities for a multi-sectoral response. For example, HIV/AIDS is an integral part of the MAMTA-RFSU collaboration on Adolescent Reproductive Health and Rights.

Finally, during 2003 the Embassy took several initiatives to encourage partner organisations, multilateral as well as non-governmental, to create links to and involve the Swedish resource base in their work. A number of institutions and companies in Sweden took part in this dialogue. One example is Eco Traffic AB which has been engaged a number of times by Centre for Science and Environment in its work on clean air.

### **3.3 Follow-up of Country Programme Performance**

#### **3.3.1 Health and Education**

In 2003, much effort went into the country strategy preparation and many of the projects in the social sectors are in varying stages of the project cycle. Following the India Government's new policy on bilateral co-operation, plans for support to sector-wide programmes, envisaged in



both – health and education – sectors could not be initiated. Within the NGO-support programmes only two agreements could be signed during the reporting period, while three are awaiting approval from the Government of India.

#### *Sexual and Reproductive Health & Rights*

Sida has been supporting the *MAMTA-RFSU* twinning project on Adolescent/young people SRHR since 2000. In end 2002 an external evaluation was undertaken which concluded that the project had made remarkable progress and that a foundation had been laid for it to be an active change agent and promoter of relevant youth SRHR policy and practices in the country. The first phase ended in June 2003. Following an appraisal of the second phase project document for the period July 2003–June 2008, Sida entered into five-year agreement with MAMTA-RFSU for SEK 40 million.

The MAMTA-RFSU partnership now encompasses a network of NGOs that has spread across seven states in the country. During 2003 the organisations also conducted the first Sida-supported “Advanced International Training Programme on Sexual and Reproductive Health of Adolescents” in S-E Asia region.

The first phase of the *Reproductive and Child Health (RCH) Network* project in Rajasthan was concluded in March 2003. The project’s implementation strategy was, on the one hand, to increase demand for RCH services through community mobilisation and also sensitising the local self-government institutions and, on the other hand, facilitating the health delivery service system to respond adequately to the community needs.

An external evaluation, conducted in May 2003, revealed that the RCH project has succeeded in creating demand for maternal and child health services and parallel to this the health system has been made to improve itself to some degree to service this demand. However, more clarity in the concept of networking needs to be realised and the network is required to carve out a larger agenda for itself in order to influence the health policies and programmes, at least at the state level.

A project has been planned with collaboration between various institutions, NGOs, the *Academy of Nursing Studies (ANS)* and in collaboration with the Karolinska Institute. The project document addresses some controversial policy issues related to administering of certain life-saving drugs by the nurse-midwives. Before giving its approval to the launch the project, the Government of India, Ministry of Health and Family Welfare, plan to organise a meeting with experts and seek their opinion.

#### *HIV/AIDS*

The Embassy signed a five-year agreement with NGO *Lawyers Collective HIV/AIDS Unit* starting September 2003. The Unit facilitates in creating a supportive legal and ethical environment that is protective of human rights and emphasises on those who are vulnerable and discriminated against. The main thrust of the project “*Legal intervention in HIV/AIDS and related contexts in India*” is to provide legal advice, advocacy, build capacity of legal and paralegal personnel and also file litigation for people living with HIV/AIDS and those affected by the epidemic. The Unit has been

directed by the Government of India to prepare draft legislation on HIV/AIDS to be presented to the Indian Parliament.

With the completion of almost ten years of Sida support to three NGOs in the state of Manipur (1993–2003), more players have now come together to collectively fight the HIV/AIDS epidemic in the north-east region of India. With the seed fund provided by Sida for network institutional set-up, this core group of seventeen NGOs has now set-up a *North East India HIV/AIDS Network (NEIHAN)* and prepared a three-year project proposal. The project document is now awaiting approval from the Government of India.

#### *Children's Rights*

A number of projects/programmes through NGOs and multilateral organisations were planned for in 2003. They will be contributing to the Education For All goal. The thematic areas proposed are disability, child labour, girls' education and education for the tribal population.

Significant measures have been taken to achieve the goal of Education For All. A Constitution Amendment Act makes elementary education a fundamental right. With this the GoI launched an elementary programme, Sarva Shiksha Abhiyan (SSA), which shall cover the entire country with a special focus on educational needs of girls, schedule castes and schedule tribes and other children in difficult circumstances.

However, challenges remain especially with regard to gender and social equity in basic education. Statistics reveal that despite the varied efforts that have been made, gender disparity persists in enrolment of girls, especially in rural areas and among disadvantaged groups. The SSA has limited financial provision for girls' education. Accordingly, a National Programme for Education of Girls at Elementary Level has been formulated as a separate and distinct gender component plan of SSA.

#### **3.3.2 Environmental Cooperation**

Water resources in India are facing serious environmental threat as the study brought out by Planning Commission of India in April 2003, in collaboration with UNICEF and WHO points out, "as India progresses on the path of reforms and growth, the country will face a major water crisis despite the rich rainfall and total water resources." The study found that India's finite and fragile water resources were stressed and depleting while sectoral demands (for drinking water, industrial, and agricultural uses) were growing rapidly in line with urbanization, population increase, rising incomes and industrial growth. Since increasing sectoral demands for water do not necessarily coincide with the natural distribution of resources, conflict between sectoral uses poses a serious threat. Tensions between irrigation and urban water supply can intensify as consumption for industry and domestic purposes is expected to increase threefold by 2025, and their share in overall water consumption to increase from 8% to 25%.

During 2003, three inter related projects were prepared in the rural water sector: focusing on drinking water supply and sanitation with UNICEF at the national level; on policy advocacy for community water harvesting and rejuvenation of ground water with Tarun Bharat Sangh

in the north Indian belt; and a pilot on Integrated water resource management with Oxfam India Society across four south Indian states.

In 2003, the Government of India has taken the ongoing pilot on sector reform to scale across the country. According to the sector reforms, it is intended that the drinking water supply and sanitation will be managed by the panchayats. However, with limited capacity at different levels, the government welcomes support from UNICEF in operationalising the sector reform strategy by building the capacity of the state governments and the panchayats. Sida along with DFID facilitated the preparation of a proposal that provides for UNICEF assistance to fourteen states in implementing the sector reform strategy. A Sida commissioned appraisal highlighted the need for a reoriented UNICEF approach that focuses on software rather than the hardware, was taken on board by UNICEF.

However, for sector reform to succeed, it is imperative that the groundwater situation is improved as eighty percent of drinking water supplies are dependent on groundwater. Sida signed an Agreement with Tarun Bharat Sangh which has done extensive work on rejuvenating ground water situation in Alwar district of Rajasthan..

Sida also signed an agreement with Oxfam India to introduce and test the concept of Integrated Water Resource Management in micro river basins in collaboration with NGOs, Research institutions from both India and Sweden and other important stakeholders. Under the agreement, a substantial part of the support also goes into Oxfam India becoming a secular Indian donor with the help of an increasing subscriber base from the Indian middle class and Indian companies.

In January 2003, Sida signed an agreement with World Bank Water and Sanitation Program (WSP) to support the urban sector reforms in India. Amounting to SEK 80 million over three years, Sida-WSP partnership aims to support and enhance the capacity of the Government of India, state governments and local governments to design and implement institutional and fiscal reforms in the urban sector, with water and sanitation as a key entry point. To this end, WSP engages in advocacy and policy dialogue with the national, state and local level clients to undertake and sustain institutional change in the water and sanitation sector and to create a credible investment climate where this might be required. The key areas of Sida support in the urban program in India include

- (i) reform of water supply and sewerage service providers;
- (ii) improving urban sanitation services in low-income communities;
- (iii) options for slum upgrading; and
- (iv) improving solid waste management.

A city can not sustain itself if majority of its population lives in extreme poverty conditions in slums and squatter settlements with access to very low levels of basic services. With increasing urbanisation, the concentration of poverty in India is rapidly taking on an urban face. About 25%, or 70 million, of urban population falls below the official poverty line. Sida responded to this need by supporting two intricately linked initiatives in 2003. Through its partnership with SPARC (Society for Promo-

tion of Area Resource Centres) on Strengthening the Federation Process of India's Urban Poor, Sida supports the initiatives of the urban poor to organize themselves and build their capacities to find sustainable solutions for housing and infrastructure for themselves. Once those solutions have been identified, Sida in co-financing with DFID has established a finance facility – Community Infrastructure Facility Fund (CLIFF) to support the local communities in managing investments in infrastructure developments for themselves.

CLIFF has been set up under the auspices of Cities Alliance. The facility will offer medium term (upto two years) bridging finance loans to allow projects to begin while financing is being negotiated from existing local financial institutions. CLIFF seeks to:

- bring established pooled/guarantee financing methods for the infrastructure development for the urban poor;
- empower local CBO/NGOs to deliver technical and financial services;
- leverage commercial funds and,
- provide financing mechanisms to commercial and public sector institutions in the provision of finance for slum infrastructure development.

CLIFF will be initiated in India, in partnership with SPARC and if proven successful, will be taken to other countries in Africa.

SPARC works in close collaboration with two people's organizations – the National Slum Dwellers Federation (NSDF) and Mahila Milan (Slum Women's Group). By using rights perspective, SPARC focuses on issues of land tenure, shelter security and demand by the urban poor for better infrastructure including housing. The Sida support aims at supporting building capacity of the slum federations so that they are able to take more proactive role in developing solutions to poverty, and in doing so, the choices that they make are designed by the poor themselves.

The main target groups are the urban poor.

Since November 2002, Sida has been supporting Toxics Link, an environmental group whose primary objective is to strengthen campaigns against toxics pollution and hazardous waste, help push public policy and industries towards cleaner production and link isolated groups working on toxics issues. Toxics Link is also member of international civil society networks such as Health Care Without Harm (HCWH), Global Alliance for Incinerator Alternatives (GAIA), International POPs Elimination Network (IPEN) and the Basel Action Network (BAN). Toxics Link is also on the INFOCAP steering Committee of the IFCS as well as participating in the global strategies on mercury both in Europe as well as through UNEP

The main highlights of 2003 are the policy engagement of Toxics link on issues of Food Safety and Electronic Waste in India. Toxics Link released its report on "Scrapping the Hi-tech myth: Computer waste in India" in Feb 2003. The report catalyzed the government and the industry to take note of the serious problem and to realize potential of E Waste as an environmental pollutant and health hazard.

Toxics Link also carried out a study revealing high levels of heavy metal contamination in vegetables. The Supreme Court of India has

admitted a civil writ petition backed by Toxics Link. The petition brings to the fore trends and statistics emerging over the past two decades showing increasing contamination of everyday food items. The food included farm gate vegetables, milk, grains, water etc. Currently there is no recourse for a consumer of such food to protect herself/himself from such contamination. The petition seeks a ban on pesticides and insecticides in India which have already been banned in the other countries, prescription of maximum residue levels of the registered pesticides according to the international standards and setting up of an expert body for prevention, control & monitoring in the area of toxics and their effect on environment and human health.

The Centre for Science and Environment (CSE) was in the news again with a high profile campaign on pesticides in groundwater through an expose on bottled water and soft drinks. The Government constituted a Joint Parliamentary Committee, the first in India on a health issue, to verify the claims made by CSE and also look into the required regulatory framework for improving the water quality. Sida entered into a new Agreement with the CSE 'Towards Institutional Sustainability' with a total allocation of SEK 35 million to continue its environmental advocacy program while at the same time make the institution sustainable by looking beyond the second line of leadership within the institution. CSE also plans to set up the Anil Agarwal Green College to provide training and environmental education to journalists and other relevant groups.

Sida also supports the Regional Centre for Development Cooperation (RCDC) in Orissa to strengthen the community rights over forests. RCDC has almost completed a database of the communities protecting the forests approximately estimated at 10,000 to serve as a base for further discussions with the Government of Orissa. The Government now recognizes that there are such efforts and views RCDC's efforts favorably now from what was an adversarial relationship.

The allocation to the Sankat Mochan Foundation (SMF) under the Agreement supporting clean the Ganges program was reduced from over SEK 2 million to SEK 1.3 million. The technical assistance provided to SMF was found to be irrelevant.

#### *Sida Support to Regional Co-operation Programmes*

The region's vulnerability to HIV/AIDS is compounded by poverty, gender inequalities, migration/mobility, risky behaviour such as high multi-partner unprotected sex, high rate of drug use, etc. This is also reflected in the common cross-border issues that have an impact on the spread of HIV/AIDS (migration, injecting drug use, trafficking). India with its large number of people infected dominates the HIV/AIDS picture in South Asia, so any regional co-operation programme on HIV/AIDS needs to include India.

During 2003 an initial assessment memo was completed and submitted to ASIA department for regional support to HIV/AIDS programmes. Four potential partners have been identified for future regional HIV/AIDS programmes in South Asia.

### **3.4 Office and Administrative Issues**

A Regional Advisor on HIV/AIDS for South Asia was posted at the Development Cooperation Section (DCS) of the Embassy in February 2003. With this addition, DCS hosted nine staff members of which all but one was financed by programme funds.

During 2003 DCS undertook several measures in its efforts to further strengthen quality assurance mechanisms. For example, management of contributions in PLUS by the National Programme Managers was improved, and a revised system for monthly financial follow-up was introduced. New guidelines for fees and allowances for local consultants were decided upon. It was agreed that all project files should be kept in the archive. Hence, the system of having project files with standardised table of contents in each programme officer's room was discontinued.

A file containing specific policies, guidelines, formats etc. was introduced. The earlier system for follow-up of progress reports, evaluations and audits was reintroduced. Non-compliance by an NGO to agreed reporting procedures resulted in a written letter from DCS.

In order to ensure that projects and programmes supported by DCS are relevant, feasible and sustainable, a local Project Appraisal Committee was established in June. Specific guidelines for the Committee were decided upon.

All programme staff were introduced to and trained in Sida's rating system. As part of DCS's efforts to promote competence development among the national staff, most of them visited Sida during 2003 for specific training and/or for carrying out specific tasks related to projects/programmes. In addition, staff members participated in a regional Sida seminar on procurement guidelines in Dhaka, workshop on Poverty Reduction Strategy Papers in Hanoi, workshop on revision of the Accounting Manual in Goa and a regional seminar on health and development in Hanoi. The Regional Advisor participated in several regional conferences/workshops relating to HIV/AIDS.

In May 2003 DCS organised a Workshop on Management and Communication for all partner NGOs. In October DCS organised a large Workshop for bilateral and multilateral donors and NGOs on Future Development Assistance in light of the new Indian policy towards smaller bilateral donors.

# Annex 1

## Fact Sheet

### MDG1. Goal 1: Eradicate Extreme Poverty and Hunger – Goal 2: Achieve Universal Primary Education

Population living below \$1 a day (%), 1990-2001	34.7	
Poverty gap ratio (%), 1990-2001	8.2	
Share of poorest 20% in national income or consumption (%), 1990-2001	8.1	
Children under weight for age (% under age 5), 1995-2001	47	
Undernourished people (as % of total population), 1990-92	25	
Undernourished people (as % of total population), 1998-2000	24	
Net primary enrolment ratio (%), 1990-1991	..	
Net primary enrolment ratio (%), 2000-2001	..	
Children reaching grade 5 (%), 1990-1991	..	
Children reaching grade 5 (%), 1999-2000	68	1, 2
Youth literacy rate (% age 15-24), 1990	64.3	
Youth literacy rate (% age 15-24), 2001	73.3	

### MDG2. Goal 3: Promote Gender Equality and Empower Women

Ratio of girls to boys, in primary education, 1990-91	0.71	
Ratio of girls to boys, in primary education, 2000-01	0.77	3, 4
Ratio of girls to boys, in secondary education, 2000-01	0.66	3, 4
Ratio of girls to boys, in tertiary education, 2000-01	0.61	3, 4
Ratio of literate females to males (age 15-24), 1990	0.74	
Ratio of literate females to males (age 15-24), 2001	0.82	
Female share of non-agricultural wage employment (%), 1990	13	
Female share of non-agricultural wage employment (%), 2001	17	
Seats in parliament held by women (as % of total), 1990	5	
Seats in parliament held by women (as % of total), 2003	9	

### MDG3. Goal 4: Reduce Child Mortality – Goal 5: Improve Maternal Health

Under-five mortality rate (per 1,000 live births), 1990	123	
Under-five mortality rate (per 1,000 live births), 2001	93	
Infant mortality rate (per 1,000 live births), 1990	80	



Infant mortality rate (per 1,000 live births), 2001	67
One-year-olds fully immunized against measles (%), 1990	56
One-year-olds fully immunized against measles (%), 2001	56
Maternal mortality ratio (per 100,000 live births), 1995	440
Births attended by skilled health personnel (%), 1995-2001	43

#### **MDG4. Goal 6: Combat HIV/AIDS, Malaria and Other Diseases**

HIV prevalence among pregnant women aged 15-24 (%), in major urban areas, 1999-2002	..
HIV prevalence among pregnant women aged 15-24 (%), outside major urban areas, 1999-2002	..
Condom use at last high-risk sex (% age 15-24), female, 1996-2002	40
Condom use at last high-risk sex (% age 15-24), male, 1996-2002	51
Orphans' school attendance rate as % of non-orphans', 1995-2001	..
Malaria-related mortality rate (per 100,000), all ages, 2000	3
Malaria-related mortality rate (per 100,000), children aged 0-4, 2000	6
Malaria cases (per 100,000 people), 2000	7
Children under 5 with insecticide-treated bed nets (%), 1999-2002	..
Children under 5 with fever treated with anti-malarial drugs (%), 1999-2002	..
Tuberculosis-related mortality rate (per 100,000 people), 2001	42
Tuberculosis cases (per 100,000 people), 2001	199
Tuberculosis cases detected under DOTS (%), 2001	23
Tuberculosis cases cured under DOTS (%), 2000	84

#### **MDG5. Goal 7: Ensure Environmental Sustainability: Land and Air**

Land area covered by forests (%), 1990	21.4	
Land area covered by forests (%), 2000	21.6	
Ratio of protected area to surface area, 2003	0.05	
GDP per unit of energy use (PPP US\$ per kg of oil equivalent), 1990	3.8	
GDP per unit of energy use (PPP US\$ per kg of oil equivalent), 2000	5.5	
Carbon dioxide emissions per capita (metric tons), 1990	0.8	
Carbon dioxide emissions per capita (metric tons), 1999	1.1	
Consumption of ozone-depleting chlorofluorocarbons (ODP metric tons), 1990	4,358	<b>5</b>
Consumption of ozone-depleting chlorofluorocarbons (ODP metric tons), 2001	5,614	<b>6</b>

#### **MDG6. Goal 7: Ensure Environmental Sustainability: Water and Sanitation**

Population with sustainable access to an improved water source, rural (%), 1990	61
Population with sustainable access to an improved water source, rural (%), 2000	79
Population with sustainable access to an improved water source, urban, 1990	88
Population with sustainable access to an improved water source, urban, 2000	95
Urban population with access to improved sanitation (%), 1990	44
Urban population with access to improved sanitation (%), 2000	61



**MDG10. Goal 8: Develop a Global Partnership for Development:****Work Opportunities, Access to Drugs and Access to New Technologies**

Youth unemployment (% of labour force aged 15-24), total, 1990	..	
Youth unemployment (% of labour force aged 15-24), total, 2001	..	
Youth unemployment (% of labour force aged 15-24), female, 1990	..	
Youth unemployment (% of labour force aged 15-24), female, 2001	..	
Youth unemployment (% of labour force aged 15-24), male, 1990	..	
Youth unemployment (% of labour force aged 15-24), male, 2001	..	
Population with sustainable access to affordable essential drugs (%), 1999	0-49	
Telephone mainlines and cellular subscribers (per 100 people), 1990	0.6	
Telephone mainlines and cellular subscribers (per 100 people), 2001	4.4	
Internet users (per 100 people), 1990	(.)	<b>7</b>
Internet users (per 100 people), 2001	0.7	
Personal computers in use (per 100 people), 1990	(.)	
Personal computers in use (per 100 people), 2001	0.6	

Notes: 1 – Data are preliminary and subject to further revision.

2 – Data refer to the 1998/99 school year.

3 – Data refer to the 1999/2000 school year.

4 – Preliminary UNESCO Institute for Statistics estimate, subject to further revision.

5 – Data refer to 1989.

6 – Data refer to 2000.

7 – Data refer to 1992.

# Annex 2

## Planning Overview

### Indo-Swedish Development Co-operation 2004

#### 1. Country Allocation (All amounts in MSEK) 15512

14-apr-04

Project/Sector	Period of Agreeem.	Agreed Amount	Amount for planned Agreeem.	Disb.by 31-mar 2004	2004	Forecast 2005	2006	Contribution number
<b>Poverty and Environment</b>								
UNICEF Water & Sanitation	9804-0406	75	160		0,3			43100017
WB Water and Sanitation	0301-0603	80			0		20	43199309
CSE Towards Institutional Sust.	0307-0807	35			4	7	9	43199413
Toxics Link	0211-0512	3,5			1,2	0,4		43199312
RCDC	0106-0408	1,9		0,4	0,5			43199217
OXFAM - Tank Network	0301-0712	17			3	4	5	43199316
Tarun Bharat Sangh (TBS)	0304-0804	16			5	5	5	43199318
CLIFF	0305-0501	21			5,5	5,5		43199311
SPARC	0306-0605	14,5			5	6	0,5	43199310
Urban NGO study	(i)		2					43199405
ASCI - Urban Finance	(i)		20					43199409
CII - Indo-Swedish partnership	(i)		20					43199408
WSP, Rural Water Resource Man.	(i)		9					
<b>Poverty and Social Development</b>								
MAMTA/RFSU II	0307-0812	40			0	7,5	7,5	72004205
RCH Network, Rajasthan	0010-0309	2,9	25					43199127
NE Network HIV/AIDS	0108-0403	1,2	8	0,01				43199211
Lawyers Collective	0309-0902	18			2,5	4	3	43199337
Midwifery	(p)		40					43199336
Safe Abortion	(i)		0,7					43199410
PMTCT, HIV/AIDS	(i)		25					43199414
UNAIDS, HIV/AIDS	(i)		6					43199416
Disability	(i)		3					43199338
Child Labour	(i)		3					43199339
SSA (EFA) UNICEF	(i)		15					43199342
NIEPA, Elementary Education	(i)		30					43199415
<b>Human Rights &amp; Democracy</b>								
PRIA, Decentralisation	0310-0809	25			5	5	5	43199411
PLD, Access to Justice	0201-0406	2	8		0,2			43199130
HR Law Network	0310-0809	16			3	3	3	43199412
ISS, Campaign for Decent. Gov.	(i)		10					43199407
<b>Culture</b>								
Home of Folk Art		0,1						72500046
IND Music	0401-0710	11		3,9	3,9	4	3	72500008
Indo-Swedish Translation Project	0312-0709	3		0,2	1	1	1	72500024
<b>Other</b>								
Staff Costs				0,8	3,5	3,5	3,5	41002720-21
Studies, audits, appraisals etc	0301-0403	3		0,2	1			43199402
<b>Total Amount</b>		<b>386</b>	<b>385</b>	<b>5,51</b>	<b>52</b>	<b>56</b>	<b>66</b>	

#### 2. Other

<b>Emergency/Relief Asst.</b>								
ICRC Appeal 2003	0301-0401	1		0,6				74002171
Sw Church, Frame 2003	0201-0410	5,25						74002125
PMU Frame 2003	0301-0506	3,2		0,2	1,7			74002579
<b>Swedish NGO's (via SEKA)</b>								
All Projects		n.a			20	20	20	
<b>Total Amount</b>		<b>9,45</b>		<b>0,8</b>	<b>21,7</b>	<b>20</b>	<b>20</b>	

		Agreed Amount	Amount for planned Agr.	Disb. By 31/3 2004	forecast 2004	2005	2006
<b>GRAND TOTAL INDIA</b>		<b>396</b>	<b>385</b>	<b>6,31</b>	<b>74</b>	<b>76</b>	<b>86</b>



*Halving poverty by 2015 is one of the greatest challenges of our time, requiring cooperation and sustainability. The partner countries are responsible for their own development. Sida provides resources and develops knowledge and expertise, making the world a richer place.*



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