



## Context

The State of Orissa has a century-old artistic and cultural tradition, with the world-renowned thirteenth-century Sun Temple of Konark being one of the finest examples of Orissa's stone carving craft. Today, a large number of clusters are located in Orissa. They foster different products including handloom and handicrafts, fisheries and agro-based products, as well as non-timber forest products. Due to the lack of access to credit and markets, limited availability of machinery and raw materials, poor organization and working conditions, the clusters cannot fulfill their potential in alleviating poverty and bringing about sustainable development.

## Strategy

With the financial support of the United Kingdom's Department for International Development (DFID), UNIDO developed a support programme to strengthen four selected clusters and their SME networks that work with handlooms, handicrafts and non-timber forest products. Initially, the project helped organize artisans belonging to the same product categories into networks to facilitate access to formal credit.

To increase productivity, UNIDO promoted the development of joint activities and supplied modern machinery. Direct marketing linkages were established by organizing study tours of artisans to high-end markets in Bangalore, Delhi, Jaipur and Hyderabad, which helped develop contacts with wholesalers for both national and international markets. At the same time, and to reduce the environmental pollution related to hazardous dyes, UNIDO provided the handloom cluster with better and eco-friendly dyes. Particular attention was paid to women artisans, who were encouraged to form their own self-help groups and cooperatives and who were the target of regular health awareness seminars.

## Results

- Links between artisans and buyers have stimulated a shift to high-quality products
- Artisans have increased productivity by 15-20%
- Increased sales and increased income for artisans
- Women artisans able to sell their products and have gained self-confidence
- Improved living conditions for households

## Impact/Outlook

The project has produced significant changes at the policy and institutional level by strengthening the capacity of the Government of Orissa to design, implement and review cluster development initiatives. The adoption of new policy schemes, procedures and tools, as well as the replication of cluster initiatives on a wide scale across the State, indicate that the local authorities have achieved a high degree of ownership. An increasing number of clusters have received the Government's assistance based on UNIDO's methodology, wherein the adoption of an explicit focus on poverty will trigger a process of equitable and inclusive growth.

*For more information on this project: [M.Clara@unido.org](mailto:M.Clara@unido.org)*

*For more information about UNIDO: [communications@unido.org](mailto:communications@unido.org)*

## At a glance:

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| <b>Goal:</b>          | Cluster development in Orissa, India                             |
| <b>MDG:</b>           | 1. Eradicate Extreme Poverty and Hunger                          |
| <b>Thematic area:</b> | Poverty Reduction through Productive Activities                  |
| <b>Donor:</b>         | United Kingdom's Department for International Development (DFID) |
| <b>Partner:</b>       | Government of Orissa   |
| <b>Budget:</b>        | USD 1,800,000  |
| <b>Status:</b>        | completed  |
| <b>Duration:</b>      | March 2005 – February 2009                                       |