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Investing in rural people

Report to the President

Proposed additional financing to the Republic of India for the Maharashtra Rural Women's Enterprise Development Project (Nav Tejaswini)

Project ID: 2000002980

Note to Executive Board representatives

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Financing summary

Initiating institution:	IFAD
Borrower/recipient:	Republic of India
Executing agency:	Maharashtra Mahila Arthik Vikas Mahamandal (Women's Development Corporation)
Total project cost:	US$413.28 million
Amount of original IFAD Loan:	US$38 million
Terms of original IFAD financing:	Ordinary
Amount of original IFAD Grant	US$1.4 million
Amount of additional IFAD Loan	US$12 million
Terms of additional IFAD financing:	Ordinary
Cofinancier(s):	Domestic financial institutions and local private sector
Amount of cofinancing:	US$260.74 million
Terms of cofinancing:	To be determined
Contribution of borrower/recipient:	US$96.19 million
Contribution of beneficiaries:	US$4.95 million
Amount of original IFAD climate finance:	US$20.6 million
Cooperating institution:	IFAD

Recommendation for approval

According to the delegation of authority procedure approved by the Executive Board at its 126th session and detailed in document EB 2019/126/R.48/Rev.2 the President is invited to approve the recommendation contained in paragraph 32.

I. Background and project description

A. Background

1. This report seeks the approval for additional financing in the form of a loan in an amount equivalent to US$12.0 million for the Maharashtra Rural Women's Development Project, which was approved by the Executive Board in December 2020.

2. The total IFAD financing for this project, as indicated in document EB 2020/LOT/P.2/Rev.1, was to be US$51.4 million. The initial amount of US$39.4 million, which included a loan of US$38.0 million and a grant of US$1.4 million, absorbed the funds available for India under the 2019-2021 PBAS allocation at the time of approval. Approval is being sought for the remaining funding of US$12.0 million, now available through partial cancellation of resources from ongoing projects.

B. Original project description

3. The overall goal of the project is to enable one million poor rural households to overcome poverty (sustainable in economic, social, and environmental terms, including climatic resilience). The Project's development objective is to improve capacity of rural women to diversify into sustainable enterprises or engage in remunerative employment and enhance their access to markets. The project's development objectives contribute directly to SO1 of India's RB-COSOP: "Smallholder food and agricultural production systems are remunerative, sustainable and resilient" and to the following specific indicators in the CRF: (i) number of rural producers' organizations engaged in formal partnerships for input/output supply with public or private entities and financially sustainable; (ii) number of producers reporting adoption of environmentally sustainable and climate-resilient technologies; (iii) number of producers reporting increase of 10% in marketing margins; and (iv) number of HH reporting dietary diversity score > 8. The project's outcomes will contribute to all three objectives of IFAD's Strategic Framework 2016-2025, namely, increased production, increased market participation, and greater resilience.

II. Rationale for additional financing

A. Rationale

4. The requested additional financing is essential to complete IFAD's contribution to the Maharashtra Rural Women's Enterprise Development Project (Nav-Tejaswini). It is fully in line with the project design as negotiated with the Government of India and requires no change in the initial financing plan.

B. Description of geographical area and target groups

5. The project works across the 34 rural districts of Maharashtra, in the blocks/talukas/villages where MAVIM have organized SHGs, Village Organizations (VOs) and Community Managed Resources Centres (CMRCs).

C. Components, outcomes and activities

6. The project has three components: (i) Component 1: Market-driven enterprise development; and (ii) Component 2: Enabling support services; and (iii) Component 3: Institutional Strengthening and Project Management.

Component 1: Market-driven enterprise development

7. Outcome: The outcome of the component is 'Creation of sustainable business linkages for farm and non/off farm enterprises'.

8. The component enables farm and non/off farm producers and businesses in identified clusters to increase sales and profit through a combination of interventions in marketing, product development and quality improvement, productivity enhancement, and sustainable business relationships. It will facilitate new and expanding enterprises to strengthen their linkages with the agri/non-agri businesses and other value-chain actors. It is expected that the enterprises supported through this component will also generate remunerative and permanent employment opportunities.

9. This component comprises four (4) sub-components: 1.1 Farm sector enterprise development; 1.2 Manufacturing and service sector enterprise development; 1.3 Capacity development of CMRCs; and 1.4 Supporting innovation.

Component 2: Enabling Support Services

10. Outcome: The outcome of the component is 'an enabling environment to facilitate women's enterprise development and employability in remunerative jobs'. This component provides the critical complementary services with focus on providing an enabling environment at the enterprise levels as well as at household levels, to optimise SHG member's HH's participation in the enterprise development process.

11. The component has four (4) sub-components: (i) 2.1 Facilitating financial linkages; (ii) 2.2 Evolving new pathways for ultra-poor households; (iii) 2.3 Enhancing nutritional status and gender relations at HH and community levels; and, (iv) 2.4 Policy engagement.

Component 3: Institutional Strengthening and Project Management

12. Outcome: The outcome of this component is to institutionally strengthen MAVIM in areas of grassroots institution building and enterprise development, and ensure the project is satisfactorily managed.

13. This component comprises of two subcomponents to ensure efficiency of the project: (i) Institutional Strengthening and (ii) Project Management.

D. Cost Benefits and Financing

Project Costs

14. The total project cost is estimated at US$413.28 million over six years. The sources of financing are: (i) IFAD, with a loan of US$38.0 million (approved in December 2020, including the requested additional loan of US$ 12.0 million); (ii) an IFAD grant of US$1.4 million; (iii) borrower US$96.2 million; (iv) domestic financial institutions US$260.7 million; and (v) beneficiaries contribution of US$5.0 million.

Table 1
Project costs by component and financier
(Thousands of United States dollars)

Component	*IFAD loan*		*IFAD grant*		*Additional IFAD loan*		*Borrower/ recipient*		*Other cofinanciers*		*Beneficiaries*		*Total*	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
1. Market-driven enterprise development	24 103	20	-	-	10 199	9	69 698	59	9 900	8	4 950	4	118 850	29
2. Enabling support services	7 338	3	-	-	1 801	1	1 276	0.5	250 840	96	-	-	261 255	63
3. Institutional strengthening and project management	6 559	20	1 400	4	-	-	25 214	76	-	-	-	-	33 173	8
Total	**38 000**	**9**	**1 400**	**0.3**	**12 000**	**3**	**96 188**	**23**	**260 740**	**63**	**4 950**	**1**	**413 278**	**100**

Table 2
Project costs by expenditure category and financier
(Thousands of United States dollars)

	IFAD Loan		**IFAD Grant**		**Additional IFAD Loan**		**Borrower/ Recipient**		**Other Cofinanciers**		**Beneficiaries**		**Total**	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
1. Enterprise Development Fund	19 912	22	-	-	5 387	6	66 992	73	-	-	-	-	92 291	22
2. Workshops, training, study, campaign and consultancy	12 669	52	647	3	6 613	27	4 375	18	-	-	-	-	24 304	6
3. Equipment, material and vehicles	92	9	753	73	0	-	191	18	-	-	-	-	1 036	0
4. Operational costs, salaries & allowances	5 327	18	0	-	0	-	24 630	82	-	-	-	-	29 957	7
5. Credit Line	0	-	0	-	0	-	0	-	250 840	100	-	-	250 840	61
6. Beneficiary	0	-	0	-	0	-	0	-	9 900	67	4 950	33	14 850	4
	38 000	**9.2**	**1 400**	**0.3**	**12 000**	**2.9**	**96 188**	**23.3**	**260 740**	**63**	**4 950**	**1.2**	**413 278**	**100.0**

Table 3
Project costs by components and project year
(Thousands of United States dollars)

Component	*PY1 (2020/21)*	*PY 2 (2021/22)*	*PY3 (2022/23)*	*PY4 (2023/24)*	*PY5 (2024/25)*	*PY6 (2025/26)*	*Total*
1. Market-driven enterprise development	10 758	26 285	35 527	30 205	14 768	1 303	118 846
2. Enabling support services	16 813	32 991	41 572	63 635	52 053	54 196	261 260
3. Institutional strengthening and project management	5 142	4 659	5 181	5 468	6 119	6 603	33 172
Total	**32 713**	**63 935**	**82 280**	**99 308**	**72 940**	**62 102**	**413 278**

III. Risk Management

15. The overall net risk for the project is moderate and within the risk management framework. The project intends to improve the capacity of rural women to diversify into sustainable enterprises or engage in remunerative employment and enhance their access to markets entails climate resilience risk and vulnerability to climate change impacts. Projected future climatic changes suggest that the project areas will experience fluctuations in temperatures and precipitation due to increased climate variability. By providing opportunities to mainstream environment safeguards, promotion of input use efficiency through Integrated Pest Management (IPM), adoption of Global Good Agricultural Practices (GGAP) certification for reduction of food safety risks, the risk is mitigated to moderate.

16. To strengthen the institutional capacity, the lead project agency - Mahila Arthik Vikas Mahamandal (MAVIM) (the Women Development Corporation of Maharashtra) MAVIM have established dedicated PMU and additional trained staff members in all districts and engaging service providers for designing value chain subprojects. Using the institutional strengthening component, MAVIM is introducing management system software upgradation for project management, rural finance and value chain activities. In view of the resources required for stimulus to economy on account of pandemic COVID-19, the Government will be under fiscal space pressure to delay adequate fund flow to the project. Both the Union and State Governments have given assurance to IFAD that adequate and timely funds will be provided and budgetary cuts will not be effected.

17. The risk of inadequate provisions on accountability, transparency and oversight arrangements (including the handling of complaints) is mitigated by establishing a mechanism and procedures for complaints management within MAVIM and nodal Ministry in Government of Maharashtra and identification of an independent investigative authority. The risks arising out of unfamiliarity to IFAD’s new procurement guidelines and procedures is being mitigated through capacity building, technical support on procurement aspects. Other sub-categories of risk are either low or not applicable to the project context. The updated Integrated Project Risk Matrix (IPRM) is attached as an appendix to the report.

A. Environment and social category:

18. The original project was classified as category B and a Social, Environmental and Climate Assessment Procedures (SECAP) Review Note with an associated Environmental and Social Management Framework (ESMF) was prepared to manage the identified risks and impacts. There is no change to the classification, as the proposed project activities funded by the additional financing will be implemented in the same geographical locations and generate moderate impacts similar in nature and scale to the original project.

B. Climate risk classification:

19. The climate risk classification for the original project was high and an in-depth climate risk analysis was prepared to guide the selection of climate adaptation measures that are integral to the project design and implementation integrated into the project to strengthen the resilience of project beneficiaries. There is no change to the classification, as the proposed project activities funded by the additional financing will be implemented in the same geographical locations and integrate climate adaptation interventions included in the in-depth climate risk analysis of the original project.

IV. Implementation

A. Compliance with IFAD policies

20. With the specific focus on strengthening women's enterprise development, Nav Tejaswini is well aligned with the single strategic objective of IFAD's RB-COSOP for India (2018-2024): smallholder food and agricultural production systems are remunerative, sustainable and resilient. The project further adheres to the IFAD's targeting policy and the new targeting guidelines and IFAD thematic Action Plans. The additional financing compliments to the existing priorities.

B. Organizational framework

21. There is no change in the implementation arrangements for additional financing. This will follow the initial agreed arrangements. MAVIM, the Lead Project Agency will be the key in implementation.

C. Monitoring and evaluation, learning, knowledge management and strategic communication

22. The annual workplan and budget, and procurement plan represent the outcome of a participatory planning process. They integrate management priorities for implementation; forecast procurement needs; and facilitate the mobilization of staff and financial resources. The MAVIM is responsible for preparing these documents in consultation with implementing partners, stakeholders and participating communities.

23. The monitoring and evaluation system for Nav Tejaswini provides comprehensive, frequent and reliable data and information for sound results-based management and decision-making. This system is based on the programme's logical framework and will inform reporting on government and IFAD indicators. All data will be disaggregated by age, gender and demographic profile as well as by vulnerable group status (e.g. persons with disabilities).

24. Participatory monitoring and evaluation, including qualitative surveys and annual outcome surveys, will be undertaken on a regular basis. The project will continue to apply the planner management information system to inform the annual workplan and budget, and progress reporting. The data managed by this system relate to: (i) financial expenditures by activity, financing source, category of expenditure and timing; (ii) procurement; (iii) reporting in line with IFAD's Results and Impact Management System; and (iv) the status of procurement and contract execution.

25. MAVIM has a website that promotes knowledge management and shares lessons learned, videos and a range of easily accessible documentation. In addition, social media platforms will be effectively used to inform the results and innovative practices.

D. Financial management, procurement and governance

26. The financial management (FM) assessment concluded that project-level FM arrangements were adequate. The MAVIM PMU will continue to be responsible and accountable for the proper use of funds, including the additional financing, in line with the provisions of the financing agreement. Further details on financial management, procurement and internal control as presented in the president's report for main project will remain unchanged. The Borrower will open a new designated account for the additional financing. The consolidated project financial reports will include all expenditures, including expenditures incurred out of additional financing resources.

Audit

27. Consolidated annual financial statements and audit reports will be submitted to IFAD within six months of the end of each fiscal year in accordance with the IFAD guidelines on project audits.

E. Proposed amendments to the financing agreement

28. Upon approval by the President of IFAD, the financing agreement will be amended to reflect the additional IFAD financing. As this supplementary financing completes the financing plan initially agreed at design, it does not imply any modifications to the project description.

V. Legal instruments and authority

29. An amendment to the current financing agreement between the Republic of India and IFAD will constitute the legal instrument for extending the proposed financing to the borrower.

30. The Republic of India is empowered under its laws to receive financing from IFAD.

31. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

VI. Recommendation

32. According to the delegation of authority procedure approved by the Executive Board at its 126th session and detailed in document EB 2019/126/R.48/Rev.2, the President is invited to approve the proposed financing in terms of the following resolution:

> RESOLVED: that the Fund shall provide a loan as additional financing on ordinary terms to the Republic of India in an amount of twelve million United States dollars (US$12 000 000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Donal F. Brown

Associate Vice President

Programme Management Department

Appendix I: Logical framework incorporating the additional financing

Results Hierarchy	Indicators				Means of verification			Assumptions
	Name	Baseline	Mid-term	End target	Source	Frequency	Responsibility	
Outreach	Number of HHs		841,579	1,000,000	MIS	Monthly	MAVIM	
	Number of HH members				MIS	Monthly	MAVIM	
	Number of women-headed households		117,821	117,821	MIS	Yearly	MAVIM	
	No. of persons receiving project services (M/F/Age)		841,579	1,000,000	MIS	Monthly	MAVIM	
Goal								
Enable rural poor to overcome poverty	• 1 million rural women and men out of income poverty (> 58,000 Rs/ year) • Women reporting dietary diversification			1,000,000 800,000	Impact Study, AOS	At the end Annual	MAVIM	
Development Objective								
Improve capacity of rural women to diversify into sustainable enterprises or engage in decent and remunerative employment and enhance their access to markets	• 80% of targeted women are engaged in sustainable enterprises or gainful employment • 75% of targeted women report an increase in score on pro-WEAI survey			80% 75%	1) Baseline survey report, 2) Mid term, 3)AOS, 4) End line/Impact Study	1) One time, 2) One time, 3) Annual, 4) At the end	MAVIM	
Outcome 1								
Creation of sustainable business linkages for farm and non/off farm enterprises	• 565,400 of supported rural enterprises reporting an increase in profit (CI 2.2.2) •		200,000	565,400	1) AOS, 2)Thematic study, 3) Yearly Survey	Annual	MAVIM	
Output 1								

Farm, non/off farm enterprise development plans	• 765,400 of rural enterprises accessing business development services (CI 2.1.1)		250,000	765,400	1) AOS, 2)Thematic study, 3) Yearly Survey	Annual	MAVIM	
	• 2000 batches of standalone businesses receive technical/management training		700	2000	1) MIS	Annual	MAVIM	
	• 250 cooperatives formed		100	250	2) MIS			
Output 2								
Development of value chain project management capacity of CMRCs	• 1500 CMRC staff trained in enterprise development and management		1000	1500	MIS, Training report	Annual	MAVIM	
Output 3								
Supporting innovation	• At least 40 innovations tested and 20 scaled up by the project		20	20	MIS, Enterprise reports	Annual	MAVIM	
Outcome 2								
An enabling environment to facilitate women's enterprise development and employability in decent and remunerative jobs	• 100,000 women accessing financing for enterprise development of Rs 100,000 or more		50,000	100,000	MIS reports	Monthly	Banking Partner, MAVIM	
Output 1								
Financial linkages	• 3 financial institutions offering > 100,000 Rs financing for enterprise development		1	3	MOUs	NA	Banking Partner, MAVIM	
	• 800,000 SHG members continue to receive loan under SHG-Bank linkage program	800,000	800,000	800,000	MIS	Quarterly	MAVIM	

	• Increase in loan outstanding under SHG-Bank Program	Rs ----- million	Rs 3442 million	Rs 9769. million	MIS	Quarterly	MAVIM	
	• Loan repayment rate (%)	99.5	99.5	99.5	MIS	Quarterly	MAVIM	
	• Livestock health and insurance recover operating cost	10%	60%	100%	MIS	Quarterly	MAVIM	
Output 2								
Mentoring the ultra-poor and skill development training	• 26,800 ultra-poor persons trained in income-generating activities (CI 2.1.2) (M/F/Age) • 34,000 decent wage employment generated		10,000 10,000	26,800 34,000	MIS, Ultra poor study reports	Quarterly	MAVIM	
Output 3								
Improved nutritional status of households	• 800,000 of persons provided with targeted support to improve their nutrition (CI 1.1.8)		300,000	800,000	MIS reports	Annually	MAVIM	
Output 4								
Policy engagement	• 8 of policy-relevant knowledge products completed		4	8	Policy papers	Annually	MAVIM	
Outcome 3								
Capacity of MAVIM strengthened and project satisfactorily managed	Center of Excellence set up and well-functioning		1	1	MAVIM report	Annually	MAVIM	
Output 1								
Training of MAVIM officials on enterprise development and system upgraded	80 MAVIM officials trained		80	80	MAVIM report	Annually	MAVIM	
	Institutional assessment of MAVIM completed		1	1	MAVIM report	once	MAVIM	
	All four computerized system installed and upgraded		4	4	MAVIM	once	MAVIM	

Appendix II: Summary of the economic and financial analysis

Introduction and Methodology

1. The Design Mission of the Nav Tejaswini project carried out the economic and financial analysis (EFA) to assess the financial and economic viability is of the investments proposed to be made under the project over the next six years. The main objective of the project is to reach 1 million women by facilitating and supporting them to take up micro-enterprises and increase their level of income is. During the earlier phase of the project around 65,000 SHG's were set up and nearly 1 million women were covered in the project. This phase of the project builds upon the work done earlier and taking that as a base, value chain approach would be adopted to unlock the value of the enterprises at the village level. The value chain approach would be adopted both for the farm sector and non-farm sector enterprises so that the benefits flow to the women beneficiaries who form the main target group of this programme. Collective marketing and enterprise development will be done through the Community Managed Resource Centres (CMRCs) that were established during the earlier phase.

2. Methodology and approach of the EFA: Based on the observations during the field visit and interactions with the officials of MAVIM and CMRCs and the district level officials the design team members were able to formulate a view on the interventions to be undertaken in this phase of the project. The design team interacted directly with the potential beneficiaries to assess, first hand, their situation and expectations and to ascertain their inclination towards taking up different micro-enterprise related activities. The data used in the EFA consisted of information on crops, market prices, capital expenditure and working capital required for different enterprises to be set up under the project were collected.

3. The design Mission identified 18 different enterprises in the farm and non-farm sector both. These were enterprises related to crops, livestock, rural non-farm sector, handicrafts, basic grading and sorting, processing of spices and millets et cetera. Financial analysis was done for these enterprises to estimate the financial viability, demand for credit besides their profitability. Incremental costs and benefits as a result of implementation of the project were also estimated to assess its impact on the beneficiaries of the project. Enterprises that were similar in nature and targeted towards similar nature were grouped together for ease in implementing the value chain approach. The identified micro-enterprises related to dairy, goat rearing, poultry for eggs and meat, pulses, common spices, crops like soybeans, sorghum, foxtail millet and the like in the farm sector. In the off /non-farm sector enterprises like woodworking, handicrafts small non-gold jewelry making, bamboo work and ecotourism were identified. These are presented in the Table 1 given below.

4. It is essential in the EFA methodology that a clear link between the beneficiaries and the planned interventions is established to attribute the benefits accruing to the beneficiaries as a direct result of the project intervention. The EFA identified these benefits and established a direct connection to the proposed project intervention. This was done, as mentioned above, through extensive interactions of the Design Mission Team Members with not only the beneficiaries, field level functionaries, district level officials but also with the MAVIM officials at their headquarters in Mumbai.

5. All the target beneficiaries are members of the SHGs which in turn are connected to the CMRCs. This enables an ensures that interventions to be undertaken in the project will be targeted in a focused manner towards the women beneficiaries. The CMRCs will also setting up common facility centres for different enterprises for the beneficiaries to get trained and participate in the activities generate income under the project intervention.

Project cost, beneficiaries and assumptions in the EFA

6. The project cost of implementing the Nav Tejaswini Project was ascertained from the estimated costs generated in the COSTAB.

7. The Nav Tejaswini project will be implemented from 2020/21 through 2025/26. As mentioned above, a total of 1 million women beneficiaries will be covered under this project. The distribution

of these beneficiaries is presented in table number xxx given below. Besides covering the beneficiaries under the value

Table 1a Distribution of Beneficiaries- Farm sector

SN	Farm Sector	Number of Sub Projects	No of Women in each sub - project	Total Number of Beneficiaries
1	Dairy	20	2000	40,000
2	Goat/poultry/poultry hatcheries/	131	2000	262,000
3	Fisheries	5	1000	5,000
4	Vegetables	68	1000	68,000
5	Fruits	10	1000	10,000
6	Lentils/Pulses/Millets	33	1000	33,000
7	Nuts/etc	10	200	2,000
8	Special rice/other field crops	34	500	17,000
9	Second round expansion	34	500	17,000
		345		**454,000**

Table 1b Distribution of Beneficiaries -Non-Farm Sector

SN	Off/Non-Farm Sector	Number of Sub Projects	No of Women in each sub - project	Total Number of Beneficiaries
1	Garments/textiles/looms/similar products	34	510	17,340
2	Bamboo-products/allied products	16	500	8,000
3	Wood products	20	500	10,000
4	Handicrafts	20	510	10,200
5	Jewelry (non-gold metal/stone/wood/lac etc)	20	500	10,000
6	Food processing/spice processing/dal/millet processing	33	1000	33,000
7	Eco/ Agri Tourism etc.	10	250	2,500
8	Restaurants/ Catering services	34	100	3,400
9	Services / Electronic Platform	17	500	8,500
10	Other non-farm products	34	500	17,000
11	Second round expansion	34	500	17,000
		272		**136,940**
21	Stand alone Businesses	200	1000	**200,000**
	TOTAL BENEFICIARIES	817		**790,940**

8. Chain approach the programme will also facilitate and encourage 200,000 women beneficiaries to take up stand-alone enterprises that may not be covered directly under any of the value chains. These stand-alone enterprises would be both from the farm and non-farm sector and the choice to carry out these will the made by the beneficiary herself.

9. Table xxx also presents the phasing and distribution of the beneficiaries by value chain and the enterprises they would take up. The phasing to cover all 1 million beneficiaries has been drawn for a small evenly spread out implementation plan giving enough time to propagate and ground the micro-enterprises.

10. The following assumptions were made while carrying out the economic and financial analysis (EFA).

i) The prices prevailing at the time of the mission have been considered as the current prices, current level of technology has been assumed to be the "without project" situation. The with project situation has been estimated using inputs from the beneficiaries, district and state level officials, and the Agri-Value Chain expert in the Design Mission team. The 'with project scenarios are taken as the most probable scenarios that would or could occur over next few years during the implementation of the project.

ii) The prevailing wage rate of Rs. 250 per person/day has been taken as the base wage rate for most of the enterprises considered in the project.

iii) It is assumed that there is scope of improvement in current level of technology however, for the project efforts will be concentrated more on unlocking the value of the produce at the post-production stage by collective marketing, creation of processing and grading and sorting facilities and taking care of the logistics and transport. Collective action for enterprise development amongst these 1 million will be the key factor determining the success of the project.

iv) Being a nutrition sensitive project, the implementation team will recognise the predominantly agricultural profile of the project beneficiaries to focus their efforts strongly and effectively.

v) During the interactions at the field level the design team members observed that the potential beneficiaries were willing to participate in the various sub-projects t enthusiastically.

Sub project models

11. Financial models were developed to estimate the impact of different interventions to be implemented under the project using the value chain approach as well is for the stand-alone businesses. Except for the farm-based interventions it was assumed that the interventions will be altogether new hence, the information gathered during the field visits and interactions was used to develop these models for both without project and with project situations.

i. Dairy VC Model: In the dairy value chain model, a short value chain was considered that consisted of the dairy farmer, milk collection centre and the bulk milk cooler. To operationalise this model the beneficiaries would be encouraged to set up a mini dairy of at least two cows and pour the milk at the milk collection centre which in turn would transport the milk to the bulk milk cooler. By doing this dairy farmer would be assured of the right price for the milk produced and regular payments. A total of 40,000 farmers/beneficiaries would be covered under this value chain.

ii. Goat/poultry value chain model: In this model it was assumed that the SHG members would be taking up goat rearing or poultry for eggs or meat. By being associated with the CMRCs would ensure better purchase prices to them for the animals/birds, extension services provided through the *pashu sakhis,* better prices for the output and regular payments for their outputs.

iii. Vegetable value chain: In this value chain the beneficiary farmers would be encouraged to take up vegetable cultivation and would be able to avail the benefits of being associated with the SHGs/CMRCs. The CMRCs would be facilitating collection of vegetables and marketing to ensure that the beneficiaries are unable to get the prices for their produce. Based on the discussion at the field level, it was estimated that, on an average, the beneficiaries would be able to get at least Rs. 1.50/kg of produce than if they would sell it individually without being associated with the CMRCs/value.

iv. Fruits value chain model: the food value chain model: To unlock the value for the fruit growers, is a short value chain set up was assumed. In this value chain, fruit grading and sorting facilities would be set up and the farmers will be able to bring their produce to get it created and sorted to realise better prices and markets.

v. Special rice or other field crops: In some areas of the state, area specific local varieties of rice that are either aromatic or black in colour are grown by very small number of farmers. In this project, 34 subprojects of 500 farmers each growing these specialised crops would be implemented under this value chain. The CMRCs would be facilitating the farmers to procure seed and help in their produce also. They would also be facilitating extension services so that the farmers are able to grow/produce good quality rice.

vi. Second round of expansion: Under the second round of expansion, those beneficiaries who have already one round of activities in the last round would be covered. These beneficiaries would be taking up activities related to vegetable growing, goat keeping or dairy farming.

vii. Garments/textiles/looms model: in this model, a common facility centre would be established where the participating beneficiaries would be trained in tailoring and the related skills. These trained women beneficiaries would then be working at the CFC to produce garments and or other cloth/textile items. During the discussion in the field, it emerged that with the ban on plastic bags in place, the demand for cloth bags had increased substantially and there is a readily available market for such items. In this model, the analysis is done keeping in mind the manufacturing of cloth bags as the primary item. However, as the women are trained in tailoring and other skills they can also manufacture other garments/clothes if need be.

viii. Bamboo products: Some districts of the state have ample quantities of bamboo available for being exploited commercially. The products made out of bamboo -like mementos, diary covers showpieces etc are gaining demand. These items are also considered as good gifts by the buyers. This setup would consist of a common facility centre fully equipped with the required machinery and tools. It will be managed by the CMRC. The gain to the participating beneficiaries in these NFS models is by way of wages which they would get and also a percentage of the revenue earned by the CFC in marketing the products.

ix. Wood products: Raw wood is readily available in the eastern districts of Maharashtra. Showpieces and artefacts are manufactured out of the raw wood by the trained hands. In this sub project proposed, a common facility centre would be established to train women and then use their skills to manufacture wood products. Currently, the artifacts/showpieces do not fetch high prices due to inferior quality of the product, The new setups would focus on training the women beneficiaries in getting better quality output..

x. Handicrafts: Traditional handicraft work, Kantha work is very popular throughout the state. traditional motifs are stitched on silk or handloom cloth. These products are in demand because of the novelty and uniqueness. The participating beneficiaries in this activiy model would be trained and their skills used for manufacturing handicraft items. Women will be earning in terms of wages as well as a small incentive (5-10%) from the revenue of the CFC.

xi. Jewelry making: the CFC to be set up for this activity would train women beneficiaries and manufacture of small (non-gold) jewelry items. Trained beneficiaries would be working at the CFC and earning on a per piece basis besides a percentage of revenue earned by the CFC. The role of the CFC is to provide the facilities, input material, machines et cetera and marketing of the finished goods.

xii. Food processing model: in this particular model a combination of paddy processing and spice (mainly turmeric) processing was considered the farmers would be using these processing facilities to add value to their produce before selling it further.

xiii. Eco-/Agri tourism: Keeping up with the times, there is scope for eco-/Agri tourism where participating women beneficiaries can take this up after proper training. The CMRCs would be taking the lead in identifying and getting the women beneficiaries trained to handle this operation. This is a new model that would be experimented and would be refined and expanded further.

xiv. Rural catering/rural restaurants: During the field visit, the design Mission members found that there was a demand for rural catering/rural restaurants in the hinterland too. Women expressed their willingness to set up such small units to augment their income.

xv. Other non-farm products: in this category to non-farm activities like paddy processing and spice processing (also considered in another sub project above were grouped under this head to have a focused approach and implementation.

xvi. Second round of expansion NFS: In the second round of expansion, activities of handicrafts, jewelry making and woodworking were combined together to provide an opportunity to those who have already participated in some livelihoods/income generating activity earlier. The activity is considered under this head would help women in getting training and then having the choice to work at the CFC or set up their own independent small unit.

xvii. Stand Alone Businesses: Under this activity head, the individual beneficiaries would be taking up activities of their choice, on their own (not part of any value chain/efforts undertaken by CMRCs). They would not be able to benefit from the benefits of a value chain. These would be 200 sub-projects of 100o members each – covering an overall number of 200,000 beneficiaries.

Financial Analysis and Demand for Credit

12. Partial budgets were prepared for the enterprise/sub project activities for the financial analysis. (Cost benefit analysis (CBA) was done for all the subproject models and net present values, BC ratio were estimated to examine the financial viability of the enterprise. The NPD’s were calculated at the project level for all the subprojects.

13. All the activities being taken up in the project were financially viable and generated sufficient cash flows to support credit uptake. Potential credit demand generated from crop enterprises is presented in Table 2 below. The credit demand is estimated at 90% of the production costs. These are short-term crop loans.

Table 2: Potential annual credit demand from crop enterprises

SN	Crop	Number of Beneficiaries	Bank loan per unit (Rs)	Total demand (Rs in million)
1	Vegetables	141400	32906	4653
2	Soybeans	23250	11399	265
3	Jowar	6600	12457	82
4	Bajra	4950	13856	69
5	Moog	21600	13239	286
6	Arhar	6600	10460	69
			Total	5424

14. Similarly, credit demand for the livestock activities was estimated separately at 80% of the investment costs. The details are presented in Table 3 given below:

Table 3: Credit Demand generated by livestock activities

SN	Activity	Number of Beneficiaries	Bank loan per unit (Rs)	Total demand (million Rs)
1	Dairy	63400	171200	10854
2	Goat Keeping	153400	43220	6630
3	Poultry-eggs	106800	100000	10680
4	Poultry- Meat	92000	364200	33506
			Total	61670

15. Dairy farming and poultry meat activities generate the bulk of the demand as the per unit bank loan is higher as compared to that of goat keeping activity.

16. Potential credit demand generated by the non-farm/farm activities was also estimated at 80% of the project investment cost the details are presented in the Table 4 below:

Table 4 Potential Bank loan demand

SN	Off/Non-Farm Sector	No of Units	Bank loan per unit (Rs 000)	Total Bank Loan (million Rs)
1	Garments/textiles/looms/similar products	578	1324	765
2	Bamboo-products/allied products	80	3120	250
3	Wood products	134	4480	600
4	Handicrafts	680	1280	870
5	Jewelry (non-gold metal/stone/wood/lac etc)	536	2336	1252
6	Food processing/spice processing/dal/millet processing			
	Millet	33	13637	450
	Paddy	134	1104	148
	Spice	236	920	217
7	Eco/ Agri Tourism etc.	10	1880	19
8	Restaurants/ Catering services	340	136.8	47
			Total	4618

17. The credit demand generated by the crop enterprises will be on an annual basis while that generated by the off/non-farm enterprises will be a one-time credit demand.

18. Additional employment generated by crop enterprises: as a result of implementation of the Nav Tejaswini project, additional employment 374,000-man days would be generated annually. This is substantial considering that incremental labour requirement was minimal at the activity level. The benefits which accrue to the beneficiaries were a result of being part of the value chain and realising better prices for their produce has also production and losses substantially at the farm level due to the extension activities carried out by the CMRCs.

19. It would be pertinent to examine the NPV is generated for different subprojects. As mentioned earlier the NPVs were calculated at a discount rate of 12% which is the normal lending rate prevalent. The details of the NPVs are given in Table 5 below:

Table 5	NPV of the Sub projects (@12% DR for 20 year period)	Rs in million
SN	Sub Project	NPV at 10%
1	Dairy	13727
2	Goat/poultry/poultry hatcheries/	22965
3	Vegetables	1116
4	Fruits GS	560
5	Lentils/Pulses/Millets	125
6	Special rice/other field crops	53
7	Second round expansion	2170
8	Garments/textiles/looms/similar products	522
9	Bamboo-products/allied products	407
10	Wood products	833
11	Handicrafts	585
12	Jewelry (non-gold metal/stone/wood/lac etc)	1548
13	Food processing/spice processing/dal/millet processing	1553
14	Eco/ Agri Tourism etc.	107
15	Restaurants/ Catering services	91
17	Other non-farm products	379
18	Second round expansion	1473

20. The financial internal rate of return (FIRR) for the project as a whole world out to 32% with a BC ratio of 2.77 calculated at the discount rate 7.5%. The details are presented in Excel sheets.

Economic Analysis

21. Economic values for the economic analysis was generated by adjusting the figures generated in the financial analysis that was carried out the financial analysis. Figures were adjusted conversion factors and the following assumptions:

a) The prices prevailing during the design Mission in August/September 2 019 was taken for valuing the inputs and outputs.
b) Analysis was carried out for a 20 year, that includes a six-year period of project implementation
c) a standard conversion factor of 0.9 was used for adjusting the labour wages and a conversion factor of 1.1 was used for converting fertiliser prices to their economic values.
d) Lead directly attributable benefits from the crop enterprises as well is of farm enterprises were included.
e) For economic analysis and discount rate of 7.5% was taken. This is the long-term bond rate in India.

22. The major gain to the participating beneficiary for the crop enterprises was mainly in terms of increased income that resulted from their being associated with the project as a value chain participant and by way of reduction in losses by taking up post harvest operations which will generally better handling of the produce that they were doing earlier.

23. All the benefits that flowed from taking up activities like dairy farming and poultry have not been ascertained as they have wider implications. These benefits include enhanced nutrition availability in terms of milk eggs and meat.

24. The results of the cost benefit analysis showed that the overall project EIRR worked out to 35% with a BC ratio of 2.93 discounted at 7.5%. The NPV for the 20-year period stood at INR 84,500 million.

Sensitivity Analysis

25. Sensitivity analysis was carried out to analyse the robustness of the project and to know whether the project is economically viable to withstand risks of increasing cost of production of enterprise and decreasing benefits to the beneficiaries. Various scenarios were created to analyse the behaviour of the figures generated in the economic analysis. Various scenarios and related numbers analysed in the sensitivity analysis are presented in the table given below:

ECONOMIC VALUES Economic DR = 7.5%

Sensitivity Analyses	EIRR	B/C Ratio	NPV (USD mn)	NPV (Rs Mn)
Base Case	35%	2.93	1,207	84,500
All cost increase by 10%	31%	2.66	1,144	80,115
All cost increase by 20%	28%	2.44	1,082	75,730
All benefits decrease by 10%	31%	2.63	1,024	71,665
All benefits decrease by 20%	27%	2.34	840	58,830
Cost increase by 10% and benefits decrease by 10%	28%	2.39	961	67,280
1-year delay in getting benefits	27%	0.38	1,024	71,706

26. An increase in cost by 10% decreases the EIRR to 31%. However, the maximum decrease in the EIRR happens in the scenario where all benefits decrease by 20% and there is he one-year delay in getting the benefits.

The EIRR decreases to 28% in the scenario of 10% increase in cost and 10% decrease in benefits simultaneously which a rather extreme condition. The NPV decreases to INR67,280 million in this scenario.

Appendix III: Integrated Project Risk Matrix

Overall Summary

Risk Category / Subcategory	Inherent risk	Residual risk
Country Context	Substantial	Moderate
Political Commitment	Substantial	Moderate
Governance		No risk envisaged - not applicable
Macroeconomic	Substantial	Moderate
Fragility and Security		No risk envisaged - not applicable
Sector Strategies and Policies	Moderate	Moderate
Policy alignment	Moderate	Moderate
Policy Development and Implementation		No risk envisaged - not applicable
Environment and Climate Context	High	Substantial
Project vulnerability to environmental conditions	Substantial	Moderate
Project vulnerability to climate change impacts	High	Substantial
Project Scope	Substantial	Moderate
Project Relevance		No risk envisaged - not applicable
Technical Soundness	Substantial	Moderate
Institutional Capacity for Implementation and Sustainability	Substantial	Moderate
Implementation Arrangements	Substantial	Moderate
Monitoring and Evaluation Arrangements	Substantial	Moderate
Project Financial Management	Substantial	Moderate
Project Organization and Staffing	Moderate	Low
Project Budgeting	Substantial	Moderate
Project Funds Flow/Disbursement Arrangements	High	Substantial
Project Internal Controls	Substantial	Moderate
Project Accounting and Financial Reporting	Substantial	Moderate
Project External Audit	Moderate	Low
Project Procurement	Substantial	Moderate
Legal and Regulatory Framework	High	Substantial
Accountability and Transparency	Substantial	Moderate
Capability in Public Procurement	Moderate	Low
Public Procurement Processes	Moderate	Low
Environment, Social and Climate Impact	Moderate	Low
Biodiversity Conservation		No risk envisaged - not applicable
Resource Efficiency and Pollution Prevention		No risk envisaged - not applicable
Cultural Heritage	Low	Low
Indigenous People		No risk envisaged - not applicable
Labour and Working Conditions	Low	Low
Community Health and Safety	Moderate	Low

Physical and Economic Resettlement		No risk envisaged - not applicable
Greenhouse Gas Emissions	Low	Low
Vulnerability of target populations and ecosystems to climate variability and hazards	Substantial	Moderate
Stakeholders	Moderate	Low
Stakeholder Engagement/Coordination	Moderate	Low
Stakeholder Grievances		No risk envisaged - not applicable
Overall	Substantial	Moderate

Country Context	Substantial	Moderate
Political Commitment	Substantial	Moderate
Risk: MAVIM obtained political commitment for the project as the project received required Cabinet approval.	Substantial	Moderate
Mitigations: MAVIM is developing required communication, KM and advocacy to ensure that the organization and the project receive required political support.		
Governance		No risk envisaged - not applicable
no risk envisaged for this		
Macroeconomic	Substantial	Moderate
Risk: Higher inflation & changing import-export policies will have a direct impact on prices of commodities that might adversely impact the poor. Moreover, experience from the predecessor Tejaswini project suggests that due to the State's fiscal position, interruptions in pre-financing are likely to occur.	Substantial	Moderate
Mitigations: In order to mitigate adverse effects of high inflation, mitigation measures cover : 1) the project is focused on diversification of income of the poor HHs to mitigate adverse impact of macroeconomic factors; 2) crop insurance and other insurance solutions (for example for livestock) will be explored by the project; 3) the project will promote Government crop insurance. In order to mitigate ad hoc and partial release of funds by State Govt, the country team will closely follow up with MAVIM on an annual basis the budgeting and budget sanction process, in order to trouble shoot any issues early on.		

Fragility and Security		No risk envisaged - not applicable
no risk related to the fragility and security		
Sector Strategies and Policies	Moderate	Moderate
Policy alignment	Moderate	Moderate
Risk: Currently Govt. schemes and programmes drive production decisions, which could risk commercial sustainability of enterprises.	Moderate	Moderate
Mitigations: (i) Improved market linkages and assurance of off-take, will encourage shift of decision making to entirely commercial parameters; (ii) the project's central focus will be to improve quality of products and establishing linkages with mainstream private market.		
Policy Development and Implementation		No risk envisaged - not applicable
no risk envisaged related to policy development and implementation		
Environment and Climate Context	High	Substantial
Project vulnerability to environmental conditions	Substantial	Moderate
Risk: The potential environmental impacts posed by the project are likely to be limited, site specific and constrained to production (including land development and agrochemical management issues), agro-processing facilities (including use of firewood, waste and effluent management, unhealthy working environment, etc.), and possible risks from construction of market infrastructure, and small scale irrigation and drainage development including, tube-well and watering points construction.	Substantial	Moderate
Mitigations: The mitigation options proposed for environmental concerns provide opportunities to mainstream environment safeguards (such as waste valorization) within the existing system established by the previous Tejaswini project without extensive additional costs. Other measures include : - promotion of input use efficiency through IPM, drip irrigation, bio-fertilizer, compost technologies for converting cow dung into fertilizer etc; - GGAP will also improve environment and reduce food safety risks;		

Mitigation measures are detailed in Environment and Social Management Plan		
Project vulnerability to climate change impacts	High	Substantial
Risk: Projected future climatic changes suggest that the project areas will experience: - fluctuations in temperatures and precipitation due to increased climate variability; - the possibility of increased dry spells, drought and delayed rains during the wet season.	High	Substantial
Mitigations: - controlling of methane emission - promotion of water efficient/ high value crop production enterprises Mitigation measures detailed in Environment and Social Management Plan		
Project Scope	Substantial	Moderate
Project Relevance		No risk envisaged - not applicable
no risk envisaged for the project relevance		
Technical Soundness	Substantial	Moderate
Risk: While MAVIM has implemented successful livelihood interventions in farm sector, the adoption of value chain approach and experience in non-farm sector initiatives is nascent. Market linkages capacity is limited in MAVIM.	Substantial	Moderate
Mitigations: - To mitigate the risks, the project has planned multiple trainings for MAVIM and CRMCs on enterprise development and value chain development; - The project will launch smaller and less risky value chains and after successful completion up-scaling into larger and complex value chains; - substantial budget allocated for technical assistance to MAVIM and CMRCs. - hand-holding will be provided to MAVIM to ensure that they are able to manage effectively the hiring of qualified agencies for technical assistance on value chain development and market linkages.		
Risk: Non-materializing of allocation to close IFAD's financing gap will prevent the project from being implemented as designed, and this may reduce its effectiveness.	Substantial	Moderate
Mitigations:		

- The financing gap will be close either from IFAD12 PBAS resources or from resources made available from restructured problem projects.		
Risk: If private sector co-financing does not materialize, financial support activities will be affected.	Substantial	Moderate
Mitigations: The project will undertake steps to mitigate risks and develop partnership with banks to: a) launch a pilot ME loan program with 2-3 banks to reach to 10,000 microenterprises in two years, in order to develop a successful ME loan program; b) train/orient bank officers at the branch level of partner banks on ME management and financing, and c) provide risk guarantee instruments in the pilot phase to reduce risks from bank's point of view.		
Institutional Capacity for Implementation and Sustainability	Substantial	Moderate
Implementation Arrangements	Substantial	Moderate
Risk: The key challenge for MAVIM relates to: - implementing several sub-sectoral value-chain interventions across sectors and across agro-ecological and economic zones, which requires diverse technical expertise; - implementing sustainable enterprise development and charging fee for services which requires intense networking and liaison with the government, and identifying the most relevant private sector actors.	Substantial	Moderate
Mitigations: To mitigate the risks: - MAVIM will have dedicated PMU and additional trained staff members in all districts; - MAVIM, through the project, will seek help of sectoral experts in designing value chain subprojects. - the project will enhance its institutional capacity through targeted trainings and exposures. - Management systems include microfinance, VCD project management system will be installed.		
Monitoring and Evaluation Arrangements	Substantial	Moderate
Risk: MAVIM developed a good M&E system for the predecessor project Tejaswini that contributed to satisfactory performance of the project. Under the Nav Tejaswini, and unlike what was originally envisaged during the design, MAVIM did not prepare the MIS and M&E during the pre-implementation phase and this is largely due to the	Substantial	Moderate

disruptions of Covid pandemic. MAVIM has yet to hire an agency for the customization of the MIS to track progress in outreach, activities implemented, corresponding financial progress, handle SHG and individual loans and real time tracking of transactions including mobile phone based financial transactions. However, MAVIM hired an agency for baseline survey .		
Mitigations: During the start-up, the country team will need to closely support MAVIM in the design of the MIS and M&E system as well as guide in the procurement of these services. Country team would also need to follow up with MAVIM to make sure that the baseline survey questionnaire is in line with the IFAD methodology for assessment of core indicators.		
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Project Financial Management	Substantial	Moderate
Project Organization and Staffing	Moderate	Low

Risk: Staff may not be suitably qualified, staff turnover may be high, staff may be unfamiliar with working with donor financing requirements	Moderate	Low
Mitigations: MAVIM has implemented two IFAD-financed project previously and staff are adequately qualified and experienced. Additional staff will be recruited to handle the extra workload of the project. Clear job descriptions and accountability lines will be implemented with delegations of authrority and segregation of duties. Several MAVIM staff attended a Dec 2019 IFAD financial management workshop and key staff will participate in the capacity-building grant-funded initiative with CIPFA.The PIM will outline key procedures.		
Project Budgeting	Substantial	Moderate
Risk: The risk that budgeted expenditures are not realistic, not prepared or revised on a timely basis, and not executed in an orderly and predictable manner, resulting in funds not being available when needed, ineligible costs and reallocation of project funds and slow implementation progress.	Substantial	Moderate
Mitigations: The budgeting system is well established and there are procedures for collecting information from the districts each month, however, the data collected needs to be verified to ensure proper process of preparation of AWPB using the bottom-up approach and regular review of the physical and financial progress		
Project Funds Flow/Disbursement Arrangements	High	Substantial
Risk: The risk that funds from multiple financiers disburse with delay due to cumbersome treasury arrangements or inability of project cost centers and service providers to justify prior advances, resulting in delayed implementation. In particular prior experience showed that slow release of funds by the Government of Maharashtra led to some delay in implementation.	High	Substantial
Mitigations: Ensure timely release of budget for project activities		
Project Internal Controls	Substantial	Moderate
Risk:	Substantial	Moderate

The risk that controls over Project funds are not in place, leading to the inefficient or inappropriate use of project resources including the risk that internal audit arrangements are not present, independent or adequately resourced, leading to an inaccurate (or inexistent) assessment of the effectiveness of risk management, control and governance processes.		
Mitigations: Segregation of duties exists at MAVIM but not at the districts due to limited number of staff: the bank reconciliations are prepared by the accounts officer who is also the person who makes payment and is a joint signatory for issue of payments. Periodic reconciliations. Restricting access to accounting files and documents. Periodic count of inventories and fixed assets. Internal audit does not currently exist and needs to be introduced with quarterly reporting.		
Project Accounting and Financial Reporting	Substantial	Moderate
Risk: The risk that accounting systems – including polices and standards – are not integrated and reliable, leading to inaccuracies in financial records lack of informed decision-making.	Substantial	Moderate
Mitigations: Tally software is used but needs customizing to include the reporting by categories and financiers as well which is currently done in Excel. Chart of accounts existed for the earlier project and does exist for MAVIM, for the new project will be prepared in accordance with the AWPB of the project. Accounting standards prescribed under the Companies Act, 2013 and the rules made thereunder which are nationally accepted accounting standards in India for accrual system of accounting are followed. MAVIM has Financial Regulations which was framed in 2004 but they need to be updated. MAVIM has a financial regulation manual which will be updated and included in PIM. Accountant will need to be proficient in the use of the accounting software. Back-up of accounting records. Use of registry of fixed assets. Bi-annual unaudited financial statements and annual audited financial statements were sent to IFAD for the earlier project and will be continued for the new project as well. Data is exported from Tally into Excel for detailed reporting. Project Implementation Manual (PIM) to detail reporting and monitoring requirements and rules. Use of financial statements templates consistent with IFAD reporting requirements		
Project External Audit	Moderate	Low
Risk:	Moderate	Low

The risk that independent and competent oversight of the Project financial statements is not in place or performed timely leading to possible misrepresentation of the financial results and/or suspension or other remedies due to compliance breaches.		
Mitigations: A Chartered Accountant firm does the external audit of MAVIM who is appointed by the office of the CAG. For the project a CA firm will be recruited to undertake the audit in accordance with the Indian Standards of Auditing as prescribed by the Companies Act, 2013. Besides the Auditor General's office (SAI) also conducts transaction audit. Ensure reporting as required by IFAD Guidelines. Prompt implementation of auditor's recommendations.		
Project Procurement	Substantial	Moderate
Legal and Regulatory Framework	High	Substantial
Risk: The risk that the Borrower's regulatory and institutional capacity and practices (including compliance with the laws) are inadequate to conduct the procurement in a manner that optimizes value for money with integrity.	High	Substantial
Mitigations: 1). Project Level Procurement Manual - modeled and customised based on IFAD Project Procurement Handbook version 2020 which would include standard bidding documents. 2). Oversight through the review of the Procurement plan that procurement method (competitive) is used and applied. LTB to include provision of the applicable method based on range (value). 3). Potentially establish or integrate procurement monitoring system within MAVIM 4). Potentially establish or integrate public access to procurement information within MAVIM		
Accountability and Transparency	Substantial	Moderate
Risk: The risk that accountability, transparency and oversight arrangements (including the handling of complaints regarding, for example, SH/SEA and fraud and corruption) are inadequate to safeguard the integrity of project procurement and contract execution, leading to the unintended use of funds, misprocurement, SH/SEA, and/or execution of project procurement outside of the required time, cost and quality requirements.	Substantial	Moderate
Mitigations:		

1). Establish a mechanism and procedures and for complaints management within MAVIM and nodal Ministry in Govt of Maharashtra 2). Explore opportunities and potential for strengthening proposed single tier complaints management system with a two tier system. 3). Adopt procedures and implement the government rules on procurement sanctions 4). Explore opportunities of strengthening independent investigation of prohibitive practises at the at the level of Govt of Maharashtra.		
Capability in Public Procurement	Moderate	Low
Risk: The risk that the implementing agency does not have sound processes, procedures, systems and personnel in place for the administration, supervision and management of contracts resulting in adverse impacts to the development outcomes of the project.	Moderate	Low
Mitigations: 1). Set up a procurement unit with at least one procurement officer 2). Provide training and capacity building to the procurement staff, Project to develop a clear set of objective and results matrix for the procurement staff.		
Public Procurement Processes	Moderate	Low
Risk: The risk that procurement processes and market structures (methods, planning, bidding, contract award and contract management) are inefficient and/or anti-competitive, resulting in the misuse of project funds or sub-optimal implementation of the project and achievement of its objectives.	Moderate	Low
Mitigations: 1). Monitoring the adoption and implementation of Project Level Procurement Manual 2). Oversight through supervision mission and other ad-hoc offsite follow up.		
Environment, Social and Climate Impact	Moderate	Low
Biodiversity Conservation		No risk envisaged - not applicable
no risk envisaged		
Resource Efficiency and Pollution Prevention		No risk envisaged - not applicable
no risk envisaged		

Cultural Heritage	Low	Low
Risk: Chance finds of artefacts of cultural and historical significance	Low	Low
Mitigations: MAVIM develops and trains the CMRCs on procedures for chance finds in agri- and eco-tourism projects.		
Indigenous People		No risk envisaged - not applicable
no risk envisaged		
Labour and Working Conditions	Low	Low
Risk: No major risk is foreseen, given the nature of the project and that no infrastructure work is envisaged.	Low	Low
Mitigations: However, MAVIM will ensure much of the income earned by the women beneficiaries is spent on child education (we can refer to the endline surveys of Tejaswini Maharashtra).		
Community Health and Safety	Moderate	Low
Risk: With special focus on women farming community including agriculture labourers and landless, there could be the risk that activities will result in drudgery and physical exhaustion	Moderate	Low
Mitigations: - For land related activities and non farm enterprises, sub-projects will promote precision machinery that improve labour productivity and reduce drudgery; - promote drought resilient farming based on crop diversification, low external input sustainable agriculture; - For livestock related activities, the sub-projects will include intensive and semi-intensive livestock husbandry and appropriate sheds/ feed and water troughs.		
Physical and Economic Resettlement		No risk envisaged - not applicable
no risk envisaged		
Greenhouse Gas Emissions	Low	Low
Risk: Methane emission	Low	Low
Mitigations: - the sub-projects will provide for feed mixes and livestock breeds that have better conversion of feed;		

- recycling of manure into biogas and bio-slurry; - To control methane emissions from rice cultivation, CMRCs will expand SRI (as already adopted by SHG members in rice producing areas).		
Vulnerability of target populations and ecosystems to climate variability and hazards	Substantial	Moderate
Risk: The target group of the area is substantially dependent on climate-sensitive natural resources especially rainwater-fed agricultural crops such as cotton, soybean, sugarcane and livestock production. The Economic and Financial analysis at completion of Tejaswini suggested that project viability was sensitive to simultaneous increases in costs and decline in benefits that may be attributed to climatic, natural and other shocks. This underscored the need to build HH resilience during Nav Tejaswini.	Substantial	Moderate
Mitigations: - Crop-based insurance and early warning systems are planned for development in collaboration with Govt of Maharashtra; - Minimize use of non-organic fertilizers and encourage use of organic (bio-degradable) manure in agriculture, in a bid to rationalize production costs; and - reduce use of agro-chemicals in processing and manufacturing processes again in a bid to rationalize costs. - Improve access to remunerative markets.		
Stakeholders	Moderate	Low
Stakeholder Engagement/Coordination	Moderate	Low
Risk: 1. The key risk perceived is banks are unwilling to provide individual micro enterprise loan of a larger size to SHG members. 2. Risk of poor performance by Technical Service Providers; 3. Risk of low mobilization of resources under convergence schemes.	Moderate	Low
Mitigations: 1. The design provides for risk sharing instrument during pilot phase; 2. The project will ensure proper due diligence before selecting partners and build risk mitigating mechanisms (financial / performance bank guarantees) into contracts; 3. The project will jointly develop action plans with the relevant departments. Similar programme implementation		

by MSRLM based on subsidies and grants is a risk that will be mitigated by agreements with Rural Development Department for collaboration for sharing of data, facilitating interest subvention scheme for SHG loans, implementing the skilling initiatives and also facilitating funds flow to CMRC.		
Stakeholder Grievances no risk envisaged		No risk envisaged - not applicable