
President's report

Proposed loan

Republic of India

**Odisha Particularly Vulnerable Tribal Groups
Empowerment and Livelihoods Improvement
Programme II (OPELIP-II)**

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Action: The Executive Board is invited to approve the recommendation contained in paragraph 58.

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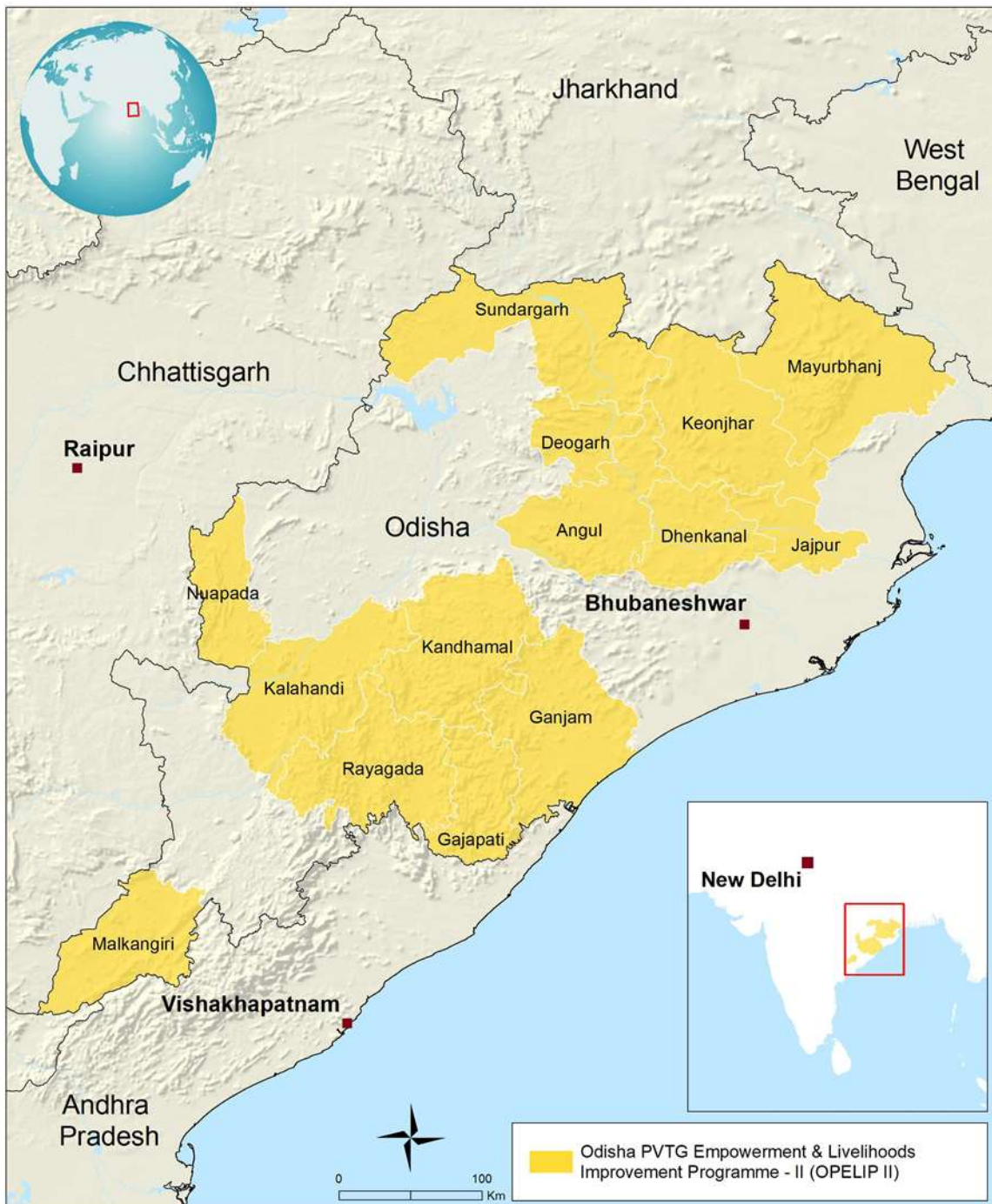
Appendices

- I. Negotiated financing agreement (to be made available prior to the session)
- II. Logical framework
- III. Integrated programme risk matrix

Programme delivery team

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Map of the programme area



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD | 24-10-2023

Financing summary

Initiating institution:	IFAD
Borrower:	Government of Odisha, India
Executing agency:	Scheduled Tribes and Scheduled Castes Development Department
Total programme cost:	US\$284.2 million
Amount of IFAD loan:	US\$86.3 million
Terms of IFAD loan:	Ordinary terms: 17.5 years, including a grace period of 5.5 years, subject to interest at a rate equal to the IFAD reference interest rate, including a variable spread.
Cofinanciers:	Domestic formal financial institutions, beneficiaries; convergence with government programmes and the Government of Odisha
Amount of cofinancing:	Formal financial institutions: US\$25.0 million Convergence: US\$68.3 million
Terms of cofinancing:	To be determined
Contribution of borrower:	US\$88.3 million
Contribution of beneficiaries:	US\$16.3 million
Amount of IFAD climate finance:	US\$41.3 million

I. Context

A. National context and rationale for IFAD involvement

National context

1. India is one of the world's fastest-growing economies, which, despite the major shocks the country has recently experienced, is expected to grow at a pre-pandemic rate of 6.5 to 7.0 per cent in 2023. India has made substantial progress in reducing multidimensional poverty by half over the period 2005–2016, and by 135 million people between 2015–2016 and 2019–2020. Nevertheless, the country still has 364 million people living in poverty, the highest number in the world, a situation that has worsened due to the impact of the COVID-19 pandemic and that demands continued and bolder efforts to sustain the gains in poverty reduction.
2. Odisha is India's tenth largest state, and is located on the eastern coast. While it has transitioned from a predominantly agriculture-based economy, agriculture remains a key sector, with 46.8 per cent of the workforce in agriculture and allied sectors. Odisha's diverse agroclimatic conditions support the cultivation of a wide range of crops. Rice is the staple food of Odisha, and paddy cultivation is widespread across the state. Odisha also cultivates various pulses, oilseed and diverse vegetables, fruits, and cash crops.
3. The agriculture sector constituted 22.5 per cent of gross state value added in 2022–2023 and is estimated to grow at a rate of 6 per cent in 2022–2023 (real terms), significantly higher than the country's growth (3.5 per cent).
4. The Government of India has a multipronged approach¹ to tackling poverty among the target group and recently announced the Pradhan Mantri Particularly Vulnerable Tribal Group (PVTG) Development Mission,² aimed at comprehensively boosting the socioeconomic development of tribal communities while retaining their culture and heritage by adopting a habitat development approach to fill in the critical gaps in development.

Special aspects relating to IFAD's corporate mainstreaming priorities

5. **Tribal groups.** According to the 2011 census, Scheduled Tribes (STs) constitute 8.6 per cent of India's population, and Odisha has the third largest concentration of tribal peoples in the country (22.85 per cent of its population). PVTGs are among the STs. In 2011, the reported incidence of poverty among STs in rural Odisha was 63.5 per cent.³ The PVTG literacy rate in Odisha is 31.55 per cent, which is lower than that of the STs of Odisha (52.24 per cent) and the state average of 72.87 per cent. STs are not homogeneous and live in different environments, with different livelihoods, religious beliefs and cultural practices.⁴
6. **Nutrition.** Some 34.7 per cent⁵ of children under the age of 5 in India still exhibit stunting, and 17.3 per cent of children under 5 suffer from wasting; both figures are higher than Asia's average of 21.8 per cent and 8.9 per cent, respectively. The state's National Family Health Survey (2019–2021) indicates that 31 per cent of children under 5 are stunted, the most pressing concern being the low levels of minimum acceptable diet in children aged 6–23 months (20 per cent, according to the latest data).
7. **Tribal women and youth.** Tribal women play a critical role in conserving and transmitting traditional tribal knowledge. Despite their important role, tribal women

¹ <https://pib.gov.in/Pressreleaseshare.aspx?PRID=1525197>.

² Ibid. and <https://pib.gov.in/PressReleasePage.aspx?PRID=1895298>.

³ https://repository.tribal.gov.in/bitstream/123456789/73865/1/SCST_2019_research_0069.pdf.

⁴ Mitra, Aparna, The status of women among the Scheduled Tribes in India (2008), <https://www.sciencedirect.com/science/article/pii/S1053535707001254>.

⁵ United Nations Educational, Scientific and Cultural Organization, *2022 Global Nutrition Report: Stronger commitments for greater action* (2022).

face various challenges in education, health and economic and social rights. According to the Scheduled Castes and Scheduled Tribes Research and Training Institute report on the health status of PVTGs in 2015, 38 per cent of women of reproductive age (15–49) were underweight, with 3 per cent suffering from severe anaemia, 22 per cent from moderate anaemia and 29 per cent from mild anaemia.

8. **Youth.** India has the largest youth population in the world, with one out of every four people in the 15–29 age range globally.⁶ PVTGs are distinct from mainstream society, and their youth population represents around 18 per cent of the total PVTG population, mainly due to its birth rate and migration. PVTG youth often remain vulnerable to negative social influences or are obliged to take low-skilled, low-paying jobs to support their families.
9. **Climate change.** Climate change threatens to have a detrimental impact on agriculture in Odisha. Projections indicate that the situation in drier and flood-prone areas will worsen, and smallholder farmers will be more likely to lose their harvests, making PVTG communities even more vulnerable to these threats.
10. In line with IFAD’s mainstreaming commitments, the programme has been validated as:
 - Including climate finance Nutrition-sensitive
 - Prioritizing Indigenous Peoples

Rationale for IFAD involvement

11. PVTGs are the most marginalized and vulnerable groups among multidimensionally poor groups in India.⁷ PVTGs are geographically remote and often have low levels of human capital and access to services. Odisha has 13 out of 75 PVTGs, the most in India. Following the Government of India’s commitment to “leaving no one behind” and promoting tribal development in the country, the Government of Odisha, in strategic collaboration with IFAD, is keen on scaling up support to PVTGs.
12. IFAD’s strategic focus in previous investments in Odisha (Orissa Tribal Empowerment and Livelihoods Programme [OTELP] and Odisha Particularly Vulnerable Tribal Groups Empowerment and Livelihood Improvement Programme [OPELIP]) has been on a locally led, bottom-up, community driven development approach that concentrates on building, strengthening and empowering local institutions to drive local development. Despite the results achieved in strengthening existing social cohesion within the community and building more robust village governance, there is still room for improving the way existing structures interact effectively with different government programmes and more optimally utilize social services and public goods.
13. IFAD has extensive experience working with smallholder farmers and tribal groups in the promotion of pro-poor, climate-resilient agricultural value chains in India and elsewhere. IFAD is also fully committed to the Government of India’s strategic goal of doubling farmers’ income, which is reflected in India’s country strategic opportunities programme (COSOP) 2018–2024.

B. Lessons learned

14. IFAD’s most recent projects in Odisha (OTELP and OPELIP) have yielded several lessons learned and best practices that inform priority-setting in OPELIP-II; some of them are:

⁶ According to the National Youth Policy 2014 and the updated policy draft 2021, youth are defined as individuals aged 15-29.

⁷ United Nations Development Programme, *Human Development Report 2021/22: Uncertain Times, Unsettled Lives; Shaping our Future in an Uncertain World* (2022), hdr2021-22pdf_1.pdf (undp.org).

- (i) **Social cohesion and bottom-up planning:** PVTGs are marked by strong social cohesion and existing governance at the village level, which are critical for building the village development model on these structures.
- (ii) **Community delivery system:** The community delivery model requires refinements to encourage demand-driven activities and effective participation in business planning.
- (iii) **Community driven development:** IFAD-supported community driven development projects in India have valued Indigenous Culture and Knowledge as engines of change and development.
- (iv) **Catering to the needs of PVTGs:** PVTGs differ from other traditional communities, and their empowerment requires sufficient investment of time and resources to strengthen the development process.
- (v) **Women and youth:** It is critical to listen to the needs of tribal women and youth and open space for their participation in dialogue and decision-making.
- (vi) **Convergence:** Responding to the target groups' multifaceted needs requires convergence of efforts across institutional partners and programmes.
- (vii) **Sustainable crop and livestock intensification:** Sustainable agricultural intensification must be complemented with efforts to improve the quality of products, post-harvest processes, including value addition and marketing.

II. Programme description

A. Objectives, geographical area of intervention and target groups

- 15. **Objective.** The overall goal of OPELIP-II is to contribute to the reduction of rural poverty and improve nutrition security in PVTG villages in Odisha. The programme development objective is to enable households to improve incomes, nutritional practices and resilience in target PVTG areas. This will be achieved by promoting stronger community institutions and local governance of public goods, productive assets and natural resources; improved household food and nutrition security; and improved agricultural productivity, market linkages and incomes.
- 16. **Geographic area of intervention.** OPELIP-II will target 1,679 PVTG villages (541 OPELIP villages and 1,138 new villages), 287 Gram Panchayats, 46 blocks and 14 districts (see map, page ii).
- 17. **Target groups and economic targeting.** The primary target population of OPELIP-II is composed of the 13 PVTGs residing in the state of Odisha. The total population of PVTG villages targeted consists of about 185,000 households, with an estimated population of 833,500. This comprises 65,000 PVTG households and about 120,000 non-PVTG ST households. The programme will therefore work entirely (100 per cent) with tribal groups. The programme will reach 81 per cent of the population in target villages and strengthen household engagement in crop production, non-timber forest products, livestock and handicrafts.

B. Components, outcomes and activities

- 18. The OPELIP-II logical framework organizes its activities into three main technical components, while component 4 is cross-cutting and covers programme management, monitoring and evaluation (M&E) and learning.
- 19. **Component 1. Community empowerment and institutional strengthening:** The objective is to foster self-reliant development within PVTGs by empowering these communities to plan and lead development initiatives and strengthen community institutions. The component will be implemented through two subcomponents: 1.1. strengthen community driven development planning; and 1.2. improve community service delivery mechanisms.

20. **Component 2. Household food and nutrition security:** This component addresses malnutrition by promoting behavioural change communication and nutrition education; facilitating access to nutrition entitlements; and increasing the availability and consumption of diverse foods through kitchen gardens. The component will be implemented through two subcomponents: 2.1. behavioural change and nutrition education; and subcomponent 2.2. promotion of homestead food production.
21. **Component 3. Improving agricultural productivity, market linkages and incomes:** This component seeks to help households in PVTG villages sustainably intensify and scale up crop and livestock production, while simultaneously helping them access more profitable markets. It will be implemented through three subcomponents 3.1. sustainable intensification of climate-resilient crop and livestock production; 3.2. marketing and value addition; and 3.3. microenterprise development and access to finance.

C. Theory of change

22. To address the major development challenges of PVTGs, OPELIP-II will undertake complementary interventions that will combine efforts to: (i) strengthen community structures and delivery mechanisms and increase awareness and knowledge about support services and programmes; (ii) improve knowledge and increase the adoption of healthy and safe diets based on tribal food heritage and biodiversity, and increase homestead food production and access to nutritious diets; and (iii) close critical gaps in natural resource management infrastructure, promote climate-resilient agriculture and biodiversity practices, enhance productivity and crop and livestock marketing and increase access to services and finance. The programme design is based on five foundational elements: (a) support for community driven development and institutional and governance strengthening; (b) the promotion of nutrition, gender, youth, tribal and socioeconomic inclusion; (c) the promotion of natural resource management and climate-resilient practices and technologies; (d) improved access to productive and post-production infrastructure; and (e) the facilitation of private sector engagement.

D. Alignment, ownership, and partnerships

23. OPELIP-II will contribute to the achievement of Sustainable Development Goal (SDG) 1 (no poverty), SDG 2 (zero hunger), SDG 5 (gender equality), SDG 8 (decent work and economic growth), SDG 10 (reduced inequalities) and SDG 13 (climate action). In addition, the Government of Odisha and IFAD will be contributing to the four priority pillars (people, prosperity, planet and participation) of the United Nations Sustainable Development Cooperation Framework 2023–2027, developed in close collaboration with Niti Aayog.
24. OPELIP-II is aligned with the Government of India’s multipronged approach to tackling poverty and IFAD’s policies and action plans for mainstreaming gender, rural youth, nutrition, environment and climate change and complements the recently announced India Pradhan Mantri PVTG Development Mission. In addition, three of IFAD’S strategic framework objectives are at the core of the proposed programme: (i) increasing the productive capacity of poor rural people; (ii) increasing their benefits from market participation; and (iii) strengthening environmental sustainability and climate resilience. OPELIP-II is aligned with IFAD’s Nutrition Action Plan 2019–2025.
25. The strategic focus of the Government of Odisha remains tribal communities and specifically, the PVTGs. The decision to extend OPELIP to the left-out villages identified midterm in the programme’s current phase reflects the commitment to empowering PVTGs. In addition, the focus on the target group is well-aligned with strategic priorities and was endorsed by the Government of India during the recently concluded COSOP results review validation exercise.

E. Costs, benefits and financing

26. Subcomponents 1.1, 1.2, 2.1, 2.2, 3.1 and 3.2 are counted as climate finance. As per the multilateral development banks' methodologies for tracking climate change adaptation and mitigation finance, the total amount of IFAD climate finance for this programme is estimated at US\$41.28 million.
27. The total programme cost, inclusive of taxes and duties, is US\$284.2 million over a seven-year implementation period. All cost estimates are based on the current prevailing prices in Odisha. Programme costs by component are presented in table 1.

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

Component/subcomponent	IFAD loan		Other cofinanciers		Beneficiaries		Borrower		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1. Community empowerment and institutional strengthening										
1.1. Strengthen community driven development planning	1 791	50	-	-	-	-	1 791	50	3 581	1.3
1.2. Improve community service delivery mechanisms	16 414	20.9	45 647	58.1	-	-	16 414	20.9	78 476	27.6
Subtotal	18 205	22.2	45 647	55.6	-	-	18 205	22.2	82 057	28.9
2. Household food and nutrition security										
2.1. Behavioural change and nutrition education	16 940	46.6	2 470	6.8	-	-	16 940	46.6	36 349	12.8
2.2. Promotion of homestead food production	3 213	50	-	-	-	-	3 213	50	64 25	2.3
Subtotal	20 152	47.1	2 470	5.8	-	-	20 152	47.1	42 775	15
3. Improving agricultural productivity, market linkages and incomes										
3.1. Sustainable intensification of climate-resilient crop and livestock production	32 288	34.4	20 204	21.5	9 057	9.7	32 288	34.4	93 837	33
3.2. Marketing and value addition	980	3.6	25 038	92.7	-	-	980	3.6	26 998	9.5
3.3. Microenterprise development and access to finance	5 610	30.4	-	-	7 212	39.1	5 610	30.4	18 432	6.5
Subtotal	38 877	27.9	45 242	32.5	16 269	11.7	38 877	27.9	139 267	49
4. Programme management, M&E and KM	9 095	45.2	-	-	-	-	11 046	54.8	20 141	7.1
Subtotal	9 095	45.2	-	-	-	-	11 046	54.8	20 141	7.1
Total	86 330	30.4	93 360	32.8	16 269	5.7	88 281	31.1	284 240	100

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

Expenditure category	IFAD loan		Other cofinanciers		Beneficiaries		Borrower		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Investment costs										
1. Civil works	17 501	19.1	56 723	61.8	-	-	17 501	19.1	91 725	32.3
2. Goods, services and inputs	32 768	49.3	944	1.4	-	-	32 768	49.3	66 481	23.4
3. Training and workshops	11 294	50	-	-	-	-	11 294	50	22 588	7.9
4. Grants and subsidies	16 896	19.7	35 692	41.6	16 269	19	16 896	19.7	85 753	30.2
5. Operating costs	-	-	-	-	-	-	-	-	-	-
Total investment costs	78 459	29.4	93 360	35	16 269	6.1	78 459	29.4	266 547	93.8
Recurrent costs										
Salaries and incremental operating costs	7 871	44.5	-	-	-	-	9 822	55.5	17 693	6.2
Total recurrent costs	7 871	44.5	-	-	-	-	9 822	55.5	17 693	6.2
Total	86 330	30.4	93 360	32.8	16 269	5.7	88 281	31.1	284 240	100

Table 3
Programme costs by component, subcomponent and programme year
 (Thousands of United States dollars)

Component/subcomponent	PY1		PY2		PY3		PY4		PY5		PY6		PY7		Total
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount
1. Community empowerment and institutional strengthening															
1.1. Strengthen community driven development planning	1 830	51	1 751	49	-	-	-	-	-	-	-	-	-	-	3 581
1.2. Improve community service delivery mechanisms	14 121	18	16 761	21	10 417	13	10 867	14	13 066	17	7 869	10	5 375	7	78 476
Subtotal	15 951	19	18 512	23	10 417	13	10 867	13	13 066	16	7 869	10	5 375	7	82 057
2. Household food and nutrition security															
2.1. Behavioural change and nutrition education	59 35	16	7 950	22	5 121	14	5 208	14	5 320	15	5 456	15	1 358	4	36 349
2.2. Promotion of homestead food production	14	-	3 103	48	3 182	50	30	-	31	-	32	-	33	1	6 425
Subtotal	5 949	14	11 053	26	8 303	19	5 239	12	5 351	13	5 488	13	1 391	3	42 775
3. Improving agricultural productivity, market linkages and incomes															
3.1. Sustainable intensification of climate-resilient crop and livestock production	2 176	2	12 329	13	25 175	27	29 704	32	17 189	18	6 572	7	692	1	93 837
3.2. Marketing and value addition	-	-	4 353	16	4 696	17	4 835	18	4 566	17	4 531	17	4 017	15	26 998
3.3. Microenterprise development and access to finance	37	-	4 839	26	4 784	26	4 675	25	3 998	22	71	-	29	-	18 432
Subtotal	2 213	2	21 520	15	34 654		39 213	28	25 754	18	11 173	8	4 738	3	139 267
4. Project management, M&E and KM	3 449	17	2 554	13	2 765	14	2 672	13	2 741	14	2 887	14	3 073	15	20 141
Subtotal	3 449	17	2 554	13	2 765	14	2 672	13	2 741	14	2 887	14	3 073	15	20 141
Total	27 563	10	53 639	19	56 140	20	57 991	20	46 913	17	27 418	10	14 577	5	284 240

Financing and cofinancing strategy and plan

28. The IFAD loan will finance US\$86.3 million (30.4 per cent) of the total programme costs. The counterpart funding from the Government of Odisha is US\$88.3 million (31.1 per cent), and the beneficiary contribution, US\$16.3 million (5.7 per cent). The key schemes that will be leveraged through convergence include the Mahatma Gandhi National Rural Employment Guarantee Scheme, District Mineral Funds, the Conservation-cum-Development Fund and a contribution from the Odisha State Fisheries and Animal Resources Department and other schemes of the State Government. The total convergence leveraged will be US\$68.3 million (24.0 per cent), with an additional US\$25.0 million (8.8 per cent) through formal financial institutions.

Disbursement

29. The withdrawal and use of IFAD funds for OPELIP-II will be governed by the IFAD project financial management and financial control arrangements letter and the financing agreement between IFAD and the Government of India.
30. The Government of Odisha will pre-finance programme expenditures, and the State Finance Department will allocate necessary funds for the programme each quarter, including IFAD's share. The programme will submit quarterly withdrawal applications to IFAD to reimburse IFAD's share of programme expenditures. The report-based disbursement modality will be applied to request funds from IFAD. The programme management unit (PMU) will submit consolidated quarterly interim financial reports (IFR) within 45 days of the end of the relevant quarter. The Controller of Aid, Accounts and Audit will submit withdrawal applications for IFAD's reimbursement of its share of the amount spent each quarter. The Federal Ministry of Finance (MOF) will maintain the designated account at Indian Central Bank. Once IFAD's share of expenditures is reimbursed to the MOF-maintained designated account, MOF will transfer funds to the state treasury account to complete the process.
31. OPELIP-II's main expenditure categories are "goods, services and inputs", "civil works" and "grants and subsidies". Under the IFAD loan, the ratio of recurrent expenditures to the total IFAD loan is 9.1 per cent.

Summary of benefits and economic analysis

32. The programme's economic internal rate of return (EIRR) over a 20-year period, with a 10 per cent social discount rate, comes to 14.9 per cent, with a net present value of INR 3.3356 billion (US\$39.7 million). The results of the sensitivity analyses showed that a 20 per cent reduction in programme benefits would yield an EIRR of 10.9 per cent, while an increase in programme costs would reduce the EIRR to 11.6 per cent. A 20 per cent increase in programme costs, combined with a 20 per cent reduction in programme benefits, coupled with a two-year delay in benefits, would reduce the EIRR to 5.2 per cent, making it economically unviable. The programme EIRR will equal the opportunity cost of capital if costs increase by 31.9 per cent or if benefits decrease by 24.2 per cent.

Exit strategy and sustainability

33. The programme's sustainability and exit strategy lie in two main elements. First, strengthening community-driven governance and the capacity of local community institutions. The programme's focus is to build stronger community institutions and help them reach a stage of maturity by the end of the programme. This will lay the foundation for greater ownership and community-led participatory planning and implementation of local development activities.
34. Second, OPELIP-II is set to generate bold lasting impacts on the way that households, farmers, livestock producers and small and medium-sized enterprises (SMEs) conduct their household, productive and economic activities. By supporting capacity development, fostering financial and environmental sustainability and

promoting the engagement of value chain operators in commercially viable and mutually beneficial business relationships, smallholder farmers, women, youth and SMEs in PVTG communities will be in a stronger position to continue developing their productive capacities. The programme focuses on improving dietary diversity and nutrition security, which will have an impact on their labour productivity and productive and income generation capacities.

III. Risk management

A. Risks and mitigation measures

35. OPELIP-II is considered a moderate risk programme overall, though some substantial risks are identified in the integrated project risk matrix. The inherent financial management risk is substantial due to: (i) potentially low financial management (FM) staff capacity in implementing agencies; (ii) the complex nature of implementation arrangements; and (iii) internal control weaknesses at micro-project agencies (MPAs) and village development committees (VDCs). OPELIP-II's design includes competitive recruitment of quality FM staff in sufficient numbers for PMU/MPAs, limiting fund allocations to VDCs; the introduction of an e-office filing system for all expenditures at the VDC, Facilitating NGO (FNGO) and MPA levels; and introduction of the online banking system for all implementing partners to mitigate risks.

Table 4

Overall risk summary

<i>Risk areas</i>	<i>Inherent risk rating</i>	<i>Residual risk rating</i>
Country context	Moderate	Low
Sector strategies and policies	Moderate	Low
Environment and climate context	Substantial	Moderate
Programme scope	Moderate	Low
Institutional capacity for implementation and sustainability	Moderate	Low
Financial management	Substantial	Substantial
Programme procurement	Substantial	Substantial
Environment, social and climate impact	Moderate	Moderate
Stakeholders	Moderate	Low
Overall	Moderate	Moderate

B. Environment and social category

36. The proposed environmental and social category for OPELIP-II is substantial, based on the Social, Environmental and Climate Assessment Procedures (SECAP) screening tool and informed by the field assessments of SECAP and climate specialists in late July 2023. The programme covers a large geographic area, and the size of the population affected by programme interventions is significant. Biodiversity risks have been assessed as substantial and a biodiversity impact assessment and plan will be necessary. The programme will have a zero-forest encroachment and deforestation strategy and plans not to impact any sensitive areas or result in loss of natural habitat and biodiversity.

C. Climate risk classification

37. The climate risk rating stands at moderate. The main climate change-related impacts in the programme area are associated with: (i) changes in temperature (increased maximum and minimum temperatures, particularly in the summer) and the effect of heat stress on agricultural and livestock productivity; (ii) future precipitation changes and uncertainty in precipitation distribution (duration, intensity, frequency of extreme wet or dry events – particularly during the

monsoon) and the effect on water availability for PVTG households; and (iii) the incidence of weather-related disasters such as hailstorms, wildfires, landslides in hilly regions, livestock diseases and pests. The programme integrates the promotion of climate-resilient good agricultural practices and technologies as part of its strategy to build more resilience to climate shocks.

D. Debt sustainability

38. India's debt-to-GDP ratio peaked at 89 per cent in financial year (FY) 2020/21 and is projected to remain elevated over the medium term. The economic recovery and associated narrowing of the deficit brought debt levels to 83.4 per cent of GDP at the end of FY 2021/22. Moreover, the external debt-to-GDP ratio declined to 18.6 per cent in June 2023. The slow pace of fiscal consolidation means that the debt is expected to remain around this level before gradually declining from FY 2025/26 onwards.
39. The economy has rebounded from the pandemic-related downturn but is facing new headwinds. After the 2020/21 contraction of 6.6 per cent, India's GDP grew by 8.7 per cent in 2021/22. Strong growth of India's economy is expected in the near future, thanks to potential in the service and technology sectors. Moreover, technology-based modernization of the public sector has enabled India to improve tax compliance, streamline service delivery and provide a platform for innovation. GDP growth stood at 7.2 per cent in FY 2022/23 and is expected to decline to about 6 per cent by FY 2027/28.

IV. Implementation

A. Organizational framework

Programme management and coordination

40. **Organizational structure.** The Scheduled Tribes and Scheduled Castes Development Department of the Government of Odisha will continue to be the lead implementing agency, which, through a three-tier implementation structure at the state, MPA and village levels, will effectively implement the programme.
41. Institutional anchoring and coordination will have two main pillars: (i) governance, through three committees at the state, PMU and MPA levels, chaired by government officials; and (ii) management, through PMU, MPA and village development associations (VDAs) for a decentralized community-driven approach.

Financial management, procurement and governance

42. **Financial management.** The Government of Odisha will pre-finance programme expenditures. The State Finance Department will allocate the necessary funds for the programme each quarter, including IFAD's share. The programme will submit quarterly withdrawal applications to IFAD to reimburse IFAD's share of programme expenditures. The report-based disbursement modality will be applied to request funds from IFAD. The PMU will submit consolidated quarterly IFRs within 45 days of the end of the relevant quarter. The Controller of Aid, Accounts and Audit will submit withdrawal applications for IFAD's reimbursement of its share of the amount spent each quarter.
43. **Planning and budgeting.** Annual programme budgets will be prepared as part of the overall government budgeting process. The PMU will coordinate the preparation and submission of accurate realistic budgets from local MPAs. MPAs will ensure that realistic budgets are collected from all VDCs and FNGOs in their respective areas. The draft annual workplan and budget (AWPB), divided into components, categories and sources of funds, will be sent to IFAD for prior review 60 days before the start of the relevant financial year. Upon approval of the programme-wide AWPB, the PMU will enter the AWPB activities of each MPAs into Tally accounting software.
44. **Procurement and governance.** Procurement under OPELIP-II will follow the IFAD Project Procurement Guidelines 2020 and the Procurement Handbook

2020 (as amended) and employ IFAD standard bidding documents and other document templates. Odisha has no procurement law or centralized unit for regulating public procurement. The weaknesses identified in the current phase by missions and audit reports will be addressed through the provision of adequate expertise at different levels of implementation.

Target group engagement and feedback and grievance redress

45. OPELIP-II will follow the updated IFAD policy of engagement with Indigenous Peoples and will work with tribal communities to co-create strategies and design and monitor investments to improve their livelihoods based on their own perspectives. Free, prior and informed consent will be an iterative process for recognition and dialogue that enhances the participation of tribal communities. The programme acknowledges the social constructs and tribal governance systems existing within the villages and leverages these to formalize VDAs. It will allow the setting of clear objectives and the promotion of their empowerment to lead their own development and realize their aspirations. The use of tribal languages and local human resources will be key to ensuring smooth communication between the programme and PVTG villages.

Grievance redress

46. A grievance redress mechanism will be adopted to ensure that beneficiary groups do not experience any adverse impacts that may result from programme activities. IFAD has established procedures to address grievances resulting from alleged non-compliance with its environmental and social policies and the mandatory aspects of SECAP.

B. Planning, monitoring and evaluation, learning, knowledge management and communications

47. The M&E system will be built on the system already in place within OPELIP. The logical framework will constitute the basis of the three-tier M&E system: (i) output monitoring, with a focus on physical and financial inputs, activities and outputs; (ii) outcome monitoring, for the measurement of benefits at the household and community levels; and (iii) impact assessment, evaluating programme impact on the target groups versus objectives. The data will inform the preparation of AWPBs and annual progress reports compatible with IFAD's Operational Results Management System.
48. KM will ensure that programme implementation is a continuous learning process in which quantitative and qualitative data will be compiled, analysed and disseminated as lessons learned, together with thematic studies and stories from the field highlighting challenges and the results obtained. The lessons learned and best practices are expected to inform pro-tribal policymaking in the state of Odisha.

Innovation and scaling up

49. The programme will support: (i) geographic information system-based planning and monitoring across components; (ii) the identification and incubation of individual and group-based enterprises focusing on Indigenous food crops and their value chains; (iii) innovative models to boost microenterprise access to finance through a matching grant system; (iv) earmarked funds for exploring niche market opportunities for high-value Indigenous food crops through private players; (v) digital extension and the use of local dialects in all interactive communication tools; and (vi) remote sensing technology for effective land use analysis.

Implementation readiness and start-up plans

50. The design includes a programme readiness action plan to ensure smooth transition. OPELIP-II start-up needs to take place before OPELIP completion to avoid any disruption in the organizational set-up due to the attrition of human resources.

51. A programme implementation manual has been prepared and includes terms of references for key service providers. The Government of Odisha will be encouraged to initiate the procurement process for these service providers to advance programme effectiveness. Some resources from the ongoing OPELIP may be used to support this readiness activity for OPELIP-II.

Supervision, midterm review and completion plans

52. **Start-up workshop.** In the first year, a workshop will be held to inform all programme stakeholders, including the Scheduled Tribes and Scheduled Castes Development Department, key line departments, PMU/MPA and district staff, about the programme's key implementation arrangements.
53. **Supervision and implementation support missions.** Annual missions will be conducted jointly with the Government of Odisha and IFAD, in close collaboration with other relevant stakeholders. The midterm review will be conducted at the beginning of year four to assess the programme's performance and results against the established objectives and the efficiency and effectiveness of management.
54. **Programme completion review.** As the programme reaches its completion point, the PMU will prepare a programme completion report. IFAD and the Government of Odisha will conduct a programme completion review before the loan closing date.

V. Legal instruments and authority

55. A financing agreement between the Government of India and IFAD will constitute the legal instrument for extending the proposed financing to the borrower. A copy of the negotiated financing agreement will be made available prior to the session.
56. The Republic of India is empowered under its laws to receive financing from IFAD.
57. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

VI. Recommendation

58. I recommend that the Executive Board approve the proposed financing in terms of the following resolution:

RESOLVED: that the Fund shall provide a loan on ordinary terms to the Republic of India in an amount of eighty-six million three hundred and thirty thousand United States dollars (US\$86,330,000), which includes twenty-five million United States dollars (US\$25,000,000) funded from the IFAD Borrowed Resource Access Mechanism, and sixty-one million three hundred and thirty thousand United States dollars (US\$61,330,000) funded from the performance-based allocation system, and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Alvaro Lario
President

Negotiated financing agreement

(To be made available prior to the session)

Logical framework

Results Hierarchy	Indicators				Means of Verification			Assumptions				
	Name	Baseline	Mid-Term	End-target	Source	Frequency	Responsibility					
Outreach	Persons receiving services promoted or supported by the programme.											
	Male	-	78,750	225,000	MIS	Monthly	PMU/MPA	Programme implementation happens as per the work plans approved without delay in the release of financial resources and human resource recruitment. Government continues with its programmes for the tribal development and other convergence programmes are available to tribal households				
	Female	-	78,750	225,000								
	Young	-	42,000	120,000								
	Not Young	-	115,500	330,000								
	Indigenous Peoples	-	157,500	450,000								
	Non-Indigenous Peoples	-	0	0								
	Total number of persons receiving services	-	157,500	450,000								
	Persons with disabilities	-										
	1.a Corresponding number of households reached											
	Households	-	52,500	150,000								
	1.b Estimated corresponding total number of household members											
Household members	-	210,000	600,000									
Programme Goal <i>Contribute to the reduction of rural poverty and improvement of nutrition security in PVTG villages in Odisha</i>	Percent increase in average annual household income (real) of the target households in programme areas											
Increase in incomes (%)	0%	10%	30%	Impact Assessment	Baseline, Mid, and End-line Surveys	PMU/External Agency	Policies for Tribal Development, economic and political stability and local security situation allow communities access to economic opportunities and natural resources.					
Development Objective Households are enabled to improve incomes, nutrition practices and resilience in target PVTG areas	Households with intensified and/or diversified sources of livelihoods											
	Households (%)	0%	25%	60%	Impact Assessment	Baseline, Mid, and End-line Surveys	PMU/External Agency	Government's infrastructure and other development efforts converge with this programme activities.				
	Households - number	0	37,500	90,000								
	1.2.8 Percentage of women reporting improved quality of diets (Minimum Dietary Diversity of Women)											
	Women (number)	-	45,000	168,750	Impact Assessment	Baseline, Mid, and End-line Surveys	PMU/External Agency					
	Women (%)	0%	20%	75%								
	Households (number)	-	30,000	112,500								
	Households (%)	0%	20%	75%								

	Household members (number)	-	45,000	168,750			
Outcome 1.1 Community institutions are empowered and equipped to engage in community-centric planning and execution	SF.2.2 Households reporting they can influence decision-making of local authorities and programme-supported service providers						
	Households (number)	0	52,500	112,500	Impact Assessment	Baseline, Mid, and End-line Surveys	PMU/External Agency
	Households (%)	0%	35%	75%			
	Household members (number)	0	210,000	450,000			
Output 1.1.1 Improved community and household participation in planning processes	Percentage of VDCs functional and receiving funds						
	% of VDCs functional and receiving funds	0	85%	85%	Programme MIS	Quarterly	PMU
	Number of VDCs functional and receiving funds	0	1425	1425			
	Percentage of functional VDCs are high quality (graded A/B)						
	Percentage of VDCs graded A/B (%)	0%	30%	80%	Programme MIS	Quarterly	PMU
	Number of VDCs graded A/B	0	500	1,350			
Outcome 1.2 Increased access to government entitlements and development opportunities for target households	Households reporting that they have access to at least five different entitlements of the government						
	Households (number)	0%	60,000	120,000	Impact Assessment	Baseline, Mid, and End-line Surveys	PMU/External Agency
	Households (%)	0%	40%	80%			
	Land area covered under irrigation and watershed treatment from convergence						
	Number of irrigation structures created under convergence	-	200	500	Programme MIS	Quarterly	PMU
	Area under irrigation (acre)	-	2,000	5,000			
Watershed area treated through convergence (acres)	-	4,000	8,500				
Output 1.2.1 Community organization strengthened, conducted regular meetings and are empowered	Number of defunct SHGs revived by the programme						
	Number of SHGs	-	2,000	6,000	Programme MIS	Quarterly	PMU
	Number of SHG members	-	20,000	60,000			
	Number of SHG members (women)	-	20,000	60,000			
	Number of SHG members (indigenous)	-	20,000	60,000			
1.1.1 Persons whose ownership or user rights over natural resources have been registered in national cadasters and/or geographic information management systems							

Adequate capacity is built within VDA and VDC to express the requirements and needs of the community to programme officers and other government representatives

Output 1.2.2 Households have secured access to land for cultivation	Total persons	-	1,500	3,500	Programme MIS	Quarterly	PMU	
	Male	-	1,050	2,450				
	Female	-	450	1,050				
	Young	-	-	-				
	Indigenous peoples	-	1,500	3,500				
Outcome 2.1 Households adopted new healthy dietary practices and improved nutritional status	1.2.9 Percentage of households with improved nutrition Knowledge Attitudes and Practices (KAP)							
	Households (%)	0%	40%	80%	Impact Assessment	Baseline, Mid, and End-line Surveys, Annually	PMU/External Agency	
	Households (number)	-	60,000	120,000				
	Household members (number)	-	240,000	480,000				
	Percentage of children in the age group 6-23 months reporting minimum diet diversity							
	Children (6-11 months) (%)	0%	35%	60%	Impact Assessment	Baseline, Mid, and End-line Surveys	PMU/External Agency	
	Children (12-17 months) (%)	0%	35%	60%				
Children (18-23 months) (%)	0%	35%	60%					
Output 2.1.1 Households accessed nutritional advisory services at doorstep	Number of nutrition sathi active at village level							
	Active nutrition sathi	-	500	1,138	Programme MIS	Quarterly	PMU	
	Active nutrition sathi (women)	-	500	1,138				
Output 2.1.2 Households accessed critical nutrition services	Number of NRC supported that are operational after three years							
	Number of NRC	107	257	394	Programme MIS	Quarterly	PMU	
	Number of mother and child spot feeding centers strengthened							
	MSFC	-	500	1,138	Programme MIS	Quarterly	PMU	
SFC	-	500	1,138					
Outcome 2.2 Households have increased access to diverse number of food groups as measured by the Households Diet Diversity Score (HDDS)	Households with access to increased number of food groups available (HDDS)							
	Households (number)	0	52,500	112,500	Impact Assessment	Baseline, Mid, and End-line Surveys; AOS	PMU/External Agency	
Households (%)	0%	30%	75%					
Output 2.2.1 Households produce diversified food groups for consumption	Households cultivate diverse food groups in kitchen gardens							
	Households (number)	-	35,000	80,000	Programme MIS	Quarterly	PMU	
	Villages where the programme conducted demonstrations on nutritional recipes							

Households have access to diverse food groups to be able meet their dietary requirements and adopt the nutrition sensitive behavior change modules being introduced by the programme

	Villages (number)	-	500	1,138	Programme MIS	Quarterly	PMU	
	Tribal residential schools where kitchen gardens are established							
	Tribal residential schools (number)	-	20	50	Programme MIS	Quarterly	PMU	
Outcome 3.1 Increased agriculture incomes of households from sustainable intensification and commercialization of crop, livestock, NTFP products	Target households increase their annual agriculture household incomes (agriculture, livestock and NTFP activities only, real) by at least 30%							
	Households (%)	0%	20%	60%	Impact Assessment	Baseline, Mid, and End-line Surveys	PMU/External Agency	
	Households (number)	-	30,000	90,000				
	Target households report an increase in crop productivity of selected crops by at least 30% (compared to baseline)							
	Households (number)	-	15,000	60,000	Impact Assessment	Baseline, Mid, and End-line Surveys; AOS	PMU/External Agency	
	Households (%)	0%	10%	40%				
	3.2.2 Households reporting adoption of environmentally sustainable and climate- resilient technologies and practices							
	Households (%)	0%	30%	60%	Impact Assessment	Baseline, Mid, and End-line Surveys; AOS	PMU/External Agency	
	Households (number)	-	45,000	90,000				
Household members (number)	-	180,000	360,000					
Output 3.1.1 Sustainable intensification of climate-resilient agricultural production and increased crop productivity	3.1.4 Land brought under climate-resilient management							
	Total area (ha)	-	4,400	10,800	Programme MIS	Quarterly	PMU	
	Area under Agriculture Intensive Clusters (acre)	-	6,000	15,000				
	Number of AIC groups set up	-	400	900				
	Number of households covered under AIC	-	10,000	22,500				
	Area of slopy lands that has stabilized for agriculture (acre)	-	5,000	12,000				
	Number of SSAG set up	-	250	600				
Number of households covered under land development	-	25,000	40,000					
Output 3.1.2 Increased livestock production, productivity and share of livestock in overall household incomes	Households practice sustainable livestock intensification							
	Households practicing goat rearing	-	30,000	77,000	Programme MIS	Quarterly	PMU	
	Households practicing backyard poultry	-	35,000	80,000				
	Adequate capacity is built among programme households to adopt sustainable and climate resilient practices and extreme climatic events do not disrupt agriculture and livestock production							

Output 3.1.3 Strengthened community level extension systems for sustainable intensification	Number of community level extension workers that are able to provide extension services to households (livestock, agriculture, NRM)							
	Number of active krushi sathis	-	600	1,400	Programme MIS	Quarterly	PMU	
	Number of active krushi sathis (youth)	-	300	800				
	Number of active krushi sathis (women)	-	600	1,400				
	Number of active krushi sathis (indigenous)	-	600	1,400				
	Number of active livestock CSPs	-	200	500				
	Number of active livestock CSPs (youth)	-	50	200				
	Number of active livestock CSPs (women)	-	200	500				
	Number of active livestock CSPs (indigenous)	-	200	500				
Outcome 3.2 Improved access to markets for smallholders and increased engagement in agri-processing activities of targeted households	Households reporting an increase in sales of agricultural products (by at least 30% as compared to baseline)							Agriculture produce by the farmers are of good quality that can good prices in the markets and farmers are able to access proper marketing channels for their produce
	Households (%)	0%	10%	50%	Household survey - AOS	Annually	PMU	
	Households (number)	-	15,000	75,000				
Output 3.2.1 Farmer groups engaged in market access and processing activities	Number of farmers groups that are engaged in repeat selling to channels facilitated by the programme							Agriculture produce by the farmers are of good quality that can good prices in the markets and farmers are able to access proper marketing channels for their produce
	Farmer groups	-	400	900	Household survey - AOS	Annually	PMU	
	Famers (number)	-	8,000	18,000				
	Famers (indigenous)	-	8,000	18,000				
	Number of farmer groups that have set up primary processing (or higher) facilities							
	Farmer groups	-	200	600	Programme MIS	Quarterly	PMU	
	Famers (number)	-	4,000	12,000				
Famers (indigenous)	-	4,000	12,000					
Outcome 3.3 Resilient growth of micro-enterprises in targeted programme areas	Percentage of supported enterprises (individual and collective) functioning after two years of programme support							Sustainable and qualified business service providers are available to provide business development and entrepreneurship services to targeted enterprises
	% of enterprises (individual and collective) functioning after two years of programme support	0%	30%	60%				

	Number of enterprises (individual and collective) functioning after two years of programme support	-	1,200	2,700	Programme MIS	Quarterly	PMU	
Output 3.3.1 Financially viable microenterprises supported by the programme	Microenterprises promoted by the programme							
	Individual enterprises	-	1,200	2,800	Programme MIS	Quarterly	PMU	
	Individual enterprises (youth)	-	600	1,400				
	Individual enterprises (women)	-	400	900				
	Individual enterprises (indigenous)	-	1,200	2,800				
	Group enterprises	-	1,000	2,500				
	Group enterprises (total members)	-	5,000	12,500				
	Group enterprises (total members - youth)	-	2,500	6,250				
	Group enterprises (total members - women)	-	1,667	4,167				
Group enterprises (total members - indigenous)	-	5,000	12,500					
Outcome 4.1 Effective M&E and KM practices in place	Programme brings on board technical partners for effective programme implementation							
	Number of technical partners onboarded	0	5	7	Programme Reports	Annually	PMU	Programme is able to develop and onboard partners for effective KM and M&E
	Number of KM partners onboarded	0	2	5				
Output 4.1.1 Programme MIS is active with all required features	Programme has a functional MIS with HH level tracking and GIS/RS modules							
	MIS with HH level tracking	No	Yes	Yes	Programme Reports	Annually	PMU	
	MIS with GIS module	No	Yes	Yes				

Integrated programme risk matrix

Risk Category / Subcategory	Inherent risk	Residual risk
Country Context	Moderate	Low
Political Commitment	Moderate	Low
Risk: State Government is due for elections next year, 2024. However, this is not expected to affect to affect programme implementation.	Moderate	Low
Mitigations: India is a stable democracy. No major political risks are perceived that may affect the programme. The Government of Odisha have provided the necessary clearances for the programme, which will remain effective even in the event of change in governance. The programme negotiations will be completed by November 2023, way ahead of the elections.		
Governance	Low	Low
Risk: India is a union of States with a constitutional distribution of powers between the Centre and the State Governments. The government of Odisha has been stable with the same political formation ruling the state for more than 20 years.	Low	Low
Mitigations: No programme interventions required. Moreover, IFAD has been working in India for over 40 years, and with the Government of Odisha for over two decades.		
Macroeconomic	Moderate	Low
Risk: India's economy may slow down, coming off a strong recovery in FY21/22 (April 2021–March 2022). The spillovers from the Russia-Ukraine war and the global monetary policy tightening cycle are expected to weigh on India's economic outlook.	Moderate	Low
Mitigations: Programme activities and interventions will support resilience of the participating communities.		
Fragility and Security	Moderate	Low
Risk: The programme geographies are areas with history of left-wing extremist presence. However, Ministry of Home Affairs, Government of India, has reported that over the period from 2014-2022, there has been 55 per cent reduction in violent incidents perpetrated by Left-wing extremists and 63 per cent in deaths over a period of eight. Ministry of Home Affairs works in close coordination with other Ministries and State Governments for optimum implementation of the flagship schemes at central and state level in Left-Wing-Extremism (LWE) affected areas. Apart from the flagship schemes of various ministries, specific schemes have also been implemented for LWE affected areas, wherein special emphasis has been given on expansion of road networks, improving telecommunications, educational empowerment, and financial inclusion in LWE affected areas. Further, State of Odisha as per MHA report, has reported fewer number of incidents in 2022 (19) compared to 2021 (32). There has been a general trend of fall in number of incidences in the country and specifically in Odisha.	Moderate	Low

Mitigations: The programme use of comprehensive approach to development of indigenous peoples is in alignment with the policies of GoI and Odisha in areas impacted by left-wing extremism. The focus of the programme on community empowerment and participatory processes will also ensure that there is limited risk of alienation of community from the programme or adverse impact.		
Sector Strategies and Policies	Moderate	Low
Policy alignment	Low	Low
Risk: The programme is a follow-on of on-going OPELIP programme (closing soon) with the same client counterparts and institutional architecture. The alignment with the state and national policies remains strong. Pradhan Mantri PVTG Development Mission launched by GoI is modelled on the proposed programme approach or approach of on-going OPELIP. Further the programme's goal and objective are aligned with GoI and GoO.	Low	Low
Mitigations: Design has ensured strong alignment with relevant State level and national policies.		
Policy Development and Implementation	Moderate	Low
Risk: The programme is fully aligned to the sectoral policies, leverages on convergence of existing schemes, and scales up tested interventions. The policies and implementation mechanisms are well established. The risk in implementation is of the speed at which the implementing agency will be able to initiate activities in new villages and delays if any in coordination with other line departments.	Moderate	Low
Mitigations: The programme has built-in financing for entry point activities in new villages and also, aims to build a structured mechanism for co-ordination and convergence of programme activities.		
Environment and Climate Context	Moderate	Moderate
Programme vulnerability to environmental conditions	Substantial	Moderate
Risk: The main climate change-related impacts in the programme area are associated with new incidences of weather-related disasters such as hailstorms, wildfires, landslides in hilly regions, livestock diseases and pests. Out of the 14 districts targeted for OPELIP-II, 2 districts (Dhenkanal, Jajpur) are vulnerable to flooding and 2 districts (Ganjam, Gajapati, Keonjhar, Mayurbanj) are currently vulnerable to wind and cyclone. In addition, the programme covers a large geographic area and the size of the population affected by programme interventions is substantial. Furthermore, programme areas include, or share a boundary with restricted areas, forest areas, and biodiversity-sensitive ecosystems.	Moderate	Moderate

<p>Mitigations: Programme areas cover a limited number of coastal districts that are susceptible to cyclones. In more inland territories, the threat of drought and heat waves is substantial. However, the programme intends to build environmental resilience in these areas by rehabilitating land, promoting soil and water conservation measures, building water harvesting infrastructure, and planting tree-based crops that add to the biodiversity of local ecosystems. The programme will strengthen adaptive capacities of the target group. Due to the increasing climate change dynamic and its negative impact in the programme area (depletion of soil nutrients, soil erosion and landslides, floods and increase in pest and disease) there is a need to integrate climate-resilient good agriculture practices and technologies that can strengthen local livelihoods and improve sustainable agriculture. In addition, water and soil conservation measures, rainwater harvesting, appropriate crop selection, sustainable harvesting, and improved processing of NTFP, community-based disaster management system may also be proposed as mitigation measures.</p>		
Programme vulnerability to climate change impacts	Moderate	Moderate
<p>Risk: Programme directly finances or creates incentives that encourage or facilitate unsustainable environmental practices (e.g. inappropriate chemical use; encroachment on protected natural environment areas). The main climate change-related impacts in the programme area are associated with: (i) Changes in temperature (CMIP5 climate projection of 1.9°C temperature increase according to RCP 8.5 for 2040-2059 timeline period and 3°C temperature increase for the period 2060 -2079) - increased maximum and minimum temperatures, particularly in the summer, and the effect of heat stress on agricultural and livestock productivity; (ii) Future precipitation changes (-4% to +8% change comparing with the 1986- 2005 baseline) and uncertainty in precipitation distribution (duration, intensity, frequency of extreme wet or dry events – particularly during the monsoon), and effect on water availability to PVTG households – including drinking water and limitations on number of agricultural seasons. The analysis found an increased trend in annual rainfall and a decreasing trend in annual number of rainy days. Climate change will exacerbate the current trends of floods and droughts by increasing frequency and intensity. It is expected that climate change will lead to:</p> <ul style="list-style-type: none"> • high variability of rainfall, leaving people with two peak periods of food shortage • drought and dry spells every two years in western Odisha, with a major drought every 5 to 6 years • flash floods during the rainy season • heat waves in summer • intense coastal flooding and cyclones 	Substantial	Moderate

<p>Mitigations: The programme will apply IFAD SECAP procedures. The design has planned for this including human resource. The programme focus is on building food and livelihood systems resilient to climate-change. The climate-resilient agricultural practices, strengthening of natural resources-based livelihoods, and diversification of livelihood sources will protect the communities from the extreme adverse impacts of climate change. Smallholder farmers and target groups display a moderate awareness of climate risks and related adaptive and mitigation measures. Programme efforts to build the adaptive capacities of its beneficiaries must emphasize the need for disaster risk planning, climate resilient cropping, and reduced post-harvest losses, among other interventions that build the beneficiary's capacity to cope with, or recover from, the effects of climatic shock events.</p>		
Programme Scope	Moderate	Low
Programme Relevance	Low	Low
<p>Risk: Stubborn pockets of poverty and uneven patterns of development persist in Odisha and is concentrated in tribal regions. The programme holds little risk as it well aligned to the development reality of the region and target communities.</p>	Moderate	Low
<p>Mitigations: The programme's bottom-up Community Driven Development (CDD) approach, focuses on building, strengthening and empowering local institutions to drive local development. This will help in reducing poverty as well as enable households to improve incomes, nutrition practices, and resilience. Component 1 focuses on mechanisms that will enhance community-driven development to strengthen the human resource base. It includes formation of Village Development Associations/Committee, which is the starting point for the programme interventions, and empowerment of the PVTG communities. These VDCs will be responsible for development and implementation of Village Development Plan (VDP), a village perspective plan for 5 or more years developed by the VDC with support of programme. All the other component and activities will be reflected in VDP. Formation of these VDAs/VDCs and plans have been one of the highlights of the programme. This community driven and participatory approached has worked well in the current phase of the programme and one of the main reasons for Government of Odisha to propose a second phase of the programme. In addition, the programme will be implemented in line with the right to free, prior and informed consent (FPIC), so a FPIC implementation plan and a stakeholder engagement plan will be finalized for securing full and effective participation of PVTGs.</p>		
Technical Soundness	Moderate	Low
<p>Risk: The programme design is hedged on willingness and interest of target group to participate in programme activities. The programme relies on the experience of OPELIP in terms of approaches and activities that have previously worked. It is on this basis that OPELIP-II is out-scaling and up-scaling such approaches and activities. The Impact Assessment of OPELIP is underway but will not be complete at the time of programme design.</p>	Moderate	Low

<p>Mitigations: The programme has studied the baseline survey undertaken by the client in 2018, feedback from OPELIP Mid Term Review and consulted with stakeholders while developing the programme approach. Also, the baseline survey of the new PVTG villages is underway and will be completed by start of June'23 that will provide comprehensive insights into the current state of the new PVTG villages and the critical gaps to be addressed. The programme is also anchored on the principles of FPIC and co-design with tribal communities following the IFAD's policy of engagement with Indigenous Peoples.</p>		
Institutional Capacity for Implementation and Sustainability	Moderate	Low
Implementation Arrangements	Low	Low
<p>Risk: Insufficient programme management capacity to successfully deliver programme. The implementing architecture of the programme will be the same as OPELIP and OTELP. The programme staff has deep understanding of implementing IFAD programmes and majority of OPELIP (on-going investment) staff will continue to support the proposed programme.</p>	Low	Low
<p>Mitigations: Implementation arrangements and staffing was discussed at design., The design includes a readiness action plan to ensure smooth transition. OPELIP-II start-up needs to be timed before OPELIP completion (i.e. 31st March 2024) to avoid any rupture in the organizational setup due to attrition of human resources.</p>		
Monitoring and Evaluation Arrangements	Moderate	Low
<p>Risk: Insufficient capacity to collect and analyze sufficient / reliable data on programme outcomes and impacts. The implementing agency has a functional and in-house developed MIS "eSamrudhi" and a system of data collection exists. OPELIP M&E work was impacted due to the delay in hiring of M&E human resources.</p>	Moderate	Low
<p>Mitigations: The programme leadership has agreed to prioritize and position M&E staff at the outset of the proposed programme. Further, the key focus of KM will be on evidence-based learnings and course correction through an approach of MEL (Monitoring Evaluation and Learning). The MEL approach will be integrated in the M&E, KM and MIS functions to improve planning and decision-making for results-based management. Output monitoring will be done with a focus on physical and financial inputs, activities and outputs. A baseline survey is already undergoing, results of which are expected before the Design mission.</p>		
Programme Financial Management	Substantial	Substantial
Programme Organization and Staffing	Substantial	Substantial
<p>Risk: Potential risk exist regarding: (i) potential low FM staff capacity at implementing agencies, (ii) the complex nature of implementation arrangements, including the need for maintaining accounting records for about 1 000+ VDCs/FNGOs in the programme accounting software. Although India has a well-developed accounting profession, IFAD-funded programmes can't attract good quality FM staff due to low salaries and not attractive career perspectives.</p>	Substantial	Substantial

Mitigations: Complete competitive selection of adequately qualified and experienced FM staff for PMU and MPAs.		
Programme Budgeting	Moderate	Moderate
Risk: Potential internal control weaknesses at MPAs and VDCs levels. Budgeting will follow government regulations. Collecting budgets for all MPAs (20) and VDCs (1000+) will be challenging.	Moderate	Moderate
Mitigations: PIM/FMM will have clear roles and responsibilities for budgeting and timelines.		
Programme Funds Flow/Disbursement Arrangements	Substantial	Substantial
Risk: The state government will pre-finance programme expenditures, and IFAD reimburses quarterly. Timely allocation of funds to all MPAs and VDCs will be a vital issue.	Substantial	Substantial
Mitigations: HDFC's online banking module will be implemented to timely allocation of funds and payments		
Programme Internal Controls	High	High
Risk: There are potential internal control weaknesses at MPAs and VDCs levels due to the number of entities involved (1000+) and the low capacity of MPAs and VDCs.	High	High
Mitigations: - limiting fund allocations to VDCs, - the introduction of e-office filing system for all expenditures at VDCs, FNGOs, and MPAs levels - introduction of the online banking system for all implementing partners - the development of PIM and FMM with clear roles for supporting documents filing and accounting record keeping for all implementing partners such as MPAs, VDCs, and FNGOs.		
Programme Accounting and Financial Reporting	High	High
Risk: Accounting records must be maintained for all MPAs (20) plus VDCs (1000+) in one accounting software.	High	High
Mitigations: Implementation of cloud-based Tally accounting software for accounting record keeping financial reporting and accounts reconciliations and use of the services of a consulting firm to reconcile accounts of 1000+ VDCs.		
Programme External Audit	Moderate	Moderate
Risk: State-level CAG will audit programme financial statements. The audit may be delayed due to a shortage of staffing resources and other priorities of CAG.	Moderate	Moderate
Mitigations: PMU will actively follow-up with state level CAG to complete the audit on time.		
Programme Procurement	Substantial	Substantial
Legal and Regulatory Framework	Substantial	Substantial

<p>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</p>	Substantial	Substantial
<p>Mitigations: 1) Review periodically the application procurement in accordance with the Programme Procurement Manual. 2) Review and clear programme procurement plan (consolidated) encouraging the use of competitive procurement methods 3) Provide consolidated procurement information on programme website (opportunities and awards)</p>		
Accountability and Transparency	Substantial	Substantial
<p>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 programme procurement and contract execution, leading to the unintended use of funds, mis-procurement, SH/SEA, and/or execution of programme procurements outside of the required time, cost and quality requirements.</p>	Substantial	Substantial
<p>Mitigations: 1) Provide confidential report of complains received, under investigation and resolved. 2) Establish appropriate level of procurement reviews post and prior based on risk 3) Identify and report on risk flags during procurement supervision 4) Use IFAD standard bidding documents which include provisions for prohibitive practices and safeguards</p>		
Capability in Public Procurement	Substantial	Substantial
<p>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 programme.</p>	Substantial	Substantial
<p>Mitigations: 1) Strengthen procurement arrangements by engaging skilled procurement professionals to manage and support programme procurement at all levels. 2) Periodic training and support to be provided to various implementing agencies teams. 3) Nominations to BUILDPROC training and other trainings at national level institutions for procurement staff. 3) Ad-hoc offsite coaching by IFAD accredited procurement consultant and/or IFAD Staff.</p>		
Public Procurement Processes	Substantial	Substantial
<p>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 programme funds or sub-optimal implementation of the programme and achievement of its objectives</p>	Substantial	Substantial

<p>Mitigations:</p> <p>1. The planning and execution of procurement activities will follow IFAD new IT procurement system (OPEN)</p> <p>2. Procurement Risk Matrix will be updated annually and resolution of gaps. Other IFI MAPS survey report will also be used for identification of risk and deployment of mitigation measures</p> <p>3. Internal audit team will also review the compliances to the established procurement processes</p> <p>4. A grievance redressal mechanism will be set up at the programme level to receive complaints and resolution.</p> <p>5. All solicitation, invitation to bids and contract awards will be published in the Odisha e-procurement portal and programme website.</p>		
Environment, Social and Climate Impact	Substantial	Moderate
Biodiversity Conservation	Substantial	Moderate
<p>Risk:</p> <p>The programme covers a large geographic area and the number of ecosystems affected by programme interventions is substantial. Furthermore, programme areas include, or share a boundary with restricted areas, forest areas, and biodiversity-sensitive ecosystems</p>	Substantial	Moderate
<p>Mitigations:</p> <p>The programme will promote nature-based solutions for ecosystem management, upon consultation with local communities and traditional practices. The programme intends to build environmental resilience by rehabilitating land, promoting soil and water conservation measures, and planting tree-based crops that add to the biodiversity of local ecosystems. The programme will leverage tribal knowledge and promote its use to enhance biodiversity. The convergence activities outside of the scope of this design will be carefully monitored to provide benefits to biodiversity and avoid any potential harm. The programme will therefore have zero forest encroachment and deforestation strategy. The Programme will not impact on any sensitive areas or result in loss of natural habitat and biodiversity.</p>		
Resource Efficiency and Pollution Prevention	Moderate	Moderate
<p>Risk:</p> <p>Risks related to fertilizer and pesticide use as well as Programme activities that promote livestock activities and dairy production may contribute to the increase of GHGs.</p>	Moderate	Moderate
<p>Mitigations:</p> <p>To address this and other possible environmental impacts, the programme will formulate an Environmental and Social Management Plan that will comprise: adequate mitigation measures; climate-smart agriculture practices and adaptation to climate change activities; and the necessary compliance with IFAD environmental, social and climate change safeguard procedures whilst seeking sustainable management of natural resources in the targeted regions.</p>		
Cultural Heritage	Moderate	Low
<p>Risk:</p> <p>The programme is in areas that contain critical tangible and intangible cultural heritage for the scheduled tribes living there. There is a moderate risk that this is negatively impacted or utilized for commercial purpose.</p>	Moderate	Low

<p>Mitigations: The programme has a specific focus on supporting the revival of indigenous and diversified production systems, as well as local handicraft, with an approach to provide fair and equitable sharing of benefits from commercial use of such cultural heritage. FPIC process will ensure ownership and will also allow the identification of any sites of cultural importance for IPs (i.e. burial sites, cultural sites) systematically excluding these areas from programme interventions.</p>		
Indigenous People	Substantial	Moderate
<p>Risk: The programme will be implemented in areas home to IPs. Given their distinct cultural heritage, there is an inherent risk that the programme does not respond to the actual needs and vision of PVTGs and does not result in opportunities for community empowerment, improved livelihoods and general benefits to them.</p>	Substantial	Moderate
<p>Mitigations: FPIC will be undertaken as an iterative tool to ensure co-design and ownership of programme activities. A very important activity is the one related to land allocation. Based on the successful experience of OPELIP, land titling will be supported, with the expectation that this will result in positive impacts on the environment, natural resources, and climate change adaptation. Secure titles to homesteads and land for cultivation will provide social, economic and livelihood security to the PVTGs, restore their sense of dignity, reduce livelihood risks, reduce vulnerability to harassment by local officials and moderate conflicts arising from competing claims on land. The promotion of community institutions and their capacity building and community empowerment will ensure the identification of interventions that are profitable to the PVTGs and will improve their access to nutritious food and markets.</p>		
Labor and Working Conditions	Moderate	Moderate
<p>Risk: Agriculture continues to be the main source of employment for the majority of PVTGs, mostly subsistence agriculture, and increasingly casual labor. Wage rate for PVTGs are lower in the case of casual labor. Programme will operate in adequately nationally regulated activities; however, risks emerge as PVTGs often face discrimination and exclusion.</p>	Moderate	Moderate
<p>Mitigations: Programme will focus on livelihood promotion for on and off farm livelihood activities. Programme will support agricultural work to be more sustainable and productive – including through titling of agricultural land. The work related to market infrastructure, processing centers, etc. will ensure regulations for work safety are applied. The convergence activities related to labour will be carefully monitored and ensure they promote decent working conditions. The programme will completely focus on tribal population and PVTGs and will avoid discrimination and will effectively seek FPIC.</p>		
Community Health and Safety	Moderate	Moderate

<p>Risk: PVTGs often lack access to basic services such as education, health, drinking water, sanitation and other social services. Malnutrition is a significant issue in Odisha State particularly among women and children. The programme is situated in an area where negative impacts from water-borne or other vector-borne diseases are possible.</p>	Moderate	Moderate
<p>Mitigations: Food and nutrition security will be enhanced by up-scaling and out-scaling successful nutrition activities under the OPELIP, including home gardening, nutrition, reproductive health. Activities to enhance women's self-confidence and lead to their overall empowerment (i.e. by organising them, providing opportunities and skills to participate in decision-making processes in the community, etc.) will also have a positive impact in terms of reducing risks related to community health and safety.</p> <p>The programme will put in place measures to lower water-borne or other vector-borne diseases risk of building on OPELIP lessons improving water management.</p>		
Physical and Economic Resettlement	Moderate	Moderate
<p>Risk: No physical or economic resettlement will be carried out due to programme's activity</p>	Low	Low
<p>Mitigations: A Resettlement Action plan may need to formulate as per IFAD guidelines.</p>		
Greenhouse Gas Emissions	Moderate	Low
<p>Risk: Programme activities that promote livestock activities and dairy production may contribute to the increase of GHGs.</p>	Moderate	Low
<p>Mitigations: Programme will promote climate-smart, organic/natural farming including supporting only organic/natural inputs for fertility and pest management. Further, farmers will be encouraged to grow crops other than paddy in the AICs. Both these measures will lead to reduced GHG emissions. Among ruminants, only goats are being supported in the programme. They have the least GHG emissions per unit of body weight among ruminants.</p>		
Vulnerability of target populations and ecosystems to climate variability and hazards	Substantial	Moderate
<p>Risk: Smallholder farmers and target groups display a moderate awareness of climate risks and related adaptive and mitigation measures.</p>	Substantial	Moderate
<p>Mitigations: Programme efforts to build the adaptive capacities of its beneficiaries must emphasize the need for disaster risk planning, climate resilient cropping, and reduced post-harvest losses, among other interventions that build the beneficiary's capacity to cope with, or recover from, the effects of climatic shock events</p>		
Stakeholders	Moderate	Low
Stakeholder Engagement/Coordination	Moderate	Low
<p>Risk: Insufficient consultation / engagement with stakeholders on key programme interventions</p>	Moderate	Low

<p>Mitigations: Government at state level and national level including lead implementing agency along with other line departments will be consulted and through collaborative process the design will be developed for the new phase. Follow up of the FPIC implementation and stakeholder engagement plan</p>		
Stakeholder Grievances	Moderate	Low
<p>Risk: The programme beneficiaries have no channel to voice their grievances. In the current phase of the programme, there is a mail drop facility established at PMU and each MPA, an executive assistant has been given the responsibility of collating and reporting these grievances to Programme Director on weekly basis for necessary action. At district and block level, there is a grievance redressal mechanism of government administration, in which the District Collector and Block Development officer conduct a weekly review meeting on the grievances received. Special Officer from Micro Programme Agencies have to attend these weekly review meetings to address any grievances related to the programme</p>	Moderate	Low
<p>Mitigations: The community platforms through Gram Sabhas and village development associations offer platform for beneficiaries to voice their grievances. Following counter measures will be put in place regardless</p> <ul style="list-style-type: none"> • Development of FPIC, Stakeholder Engagement Plan and Grievance Redress Mechanism. • Information disclosure norms – particularly in Odia language or in a verbal form (considering the diversity of PVTG dialects) – will be determined on the basis of consultations and in a transparent manner. • GRM-related training, formal record maintenance and resolution approaches, and monitoring mechanisms will be a part of capacity development which will be budgeted. Awareness of GRM will be a part of SEP and FPIC-related processes 		