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Enabling poor rural people
to overcome poverty

Republic of India

Implementation of the second cycle of the Orissa Tribal Empowerment and Livelihoods Programme financed under the Flexible Lending Mechanism

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For: Information

Republic of India

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1. The purpose of this information note is to comply with paragraph 13 of the Flexible Lending Mechanism (FLM) guidelines (EB 98/64/R.9/Rev.1), which stipulates that "...for each FLM loan and prior to the end of each cycle, IFAD Management will decide whether to proceed to, cancel, or delay subsequent cycles. Management will inform the Board accordingly."

I. Introduction

2. The overall objective of the FLM is to introduce greater flexibility into the Fund's project design and implementation in order to: match project time frames with the pursuit of long-term development objectives when it is judged that a longer implementation period will be required to meet those objectives; maximize demand-driven beneficiary participation; and reinforce the development of grass-roots capacities. The specifics of an FLM loan include: (i) longer loan periods (10-12 years) to allow for the achievement of sustainable development objectives; (ii) a continuous and evolving design process through implementation of distinct, three-to-four-year cycles; and (iii) clearly defined preconditions – or "triggers" – for proceeding to subsequent cycles.
3. This information note reports on the progress of the Orissa Tribal Empowerment and Livelihoods Programme in achieving its second-cycle triggers. Its content is based on an IFAD review mission that visited India in October 2010.

II. Background

4. The programme was approved by the Executive Board in April 2002 and became effective on 15 July 2003. Sources of financing are IFAD (with a loan of about US\$20.0 million), World Food Programme (with food assistance equivalent to US\$12.3 million), the United Kingdom's Department for International Development (DFID) (with a grant of GBP 7.54 million), the Government (US\$9.26 million) and beneficiaries (US\$9.57 million).
5. The objective of the programme is to ensure that the livelihoods and food security of poor tribal households are sustainably improved by promoting more efficient, equitable, self-managed and sustainable use of the natural resources at their disposal and by developing off-farm and non-farm enterprises. To achieve this objective, the programme is expected to:
 - build the capacity of marginal groups as individuals and grass-roots institutions;
 - enhance the access of poor tribal people to land, water and forests, and increase the productivity of these resources in environmentally sustainable and socially equitable ways;
 - encourage and facilitate off-farm enterprise development focused on the needs of poor tribal households;
 - monitor the basic food entitlements of tribal households and ensure their access to public food supplies;

- strengthen the institutional capacity of government agencies, *panchayati raj* institutions (local governance bodies in rural areas), NGOs and civil society to work effectively for participatory poverty reduction with tribal communities;
 - encourage the development of a pro-tribal enabling environment by ensuring that legislation governing the control of, and access to, development resources by poor tribal households is implemented effectively and by recommending other policy improvements; and
 - build on indigenous knowledge and tribal values and blend these with technological innovations to ensure a speedier pace of development.
6. The programme was designed under an FLM with three implementation cycles foreseen over a 10-year period. As per operations procedures, a second cycle review mission visited the country in October 2010 to measure the achievement of triggers and to make recommendations for the third cycle of the FLM. The mission met with government officials and project staff, and also with project beneficiaries and their organizations. The report of the mission was discussed at a wrap-up meeting with government partners on 20 October 2010.

III. Programme performance during the second cycle

Achievements of the second cycle

7. As reported by the second cycle review mission, overall performance during implementation can be considered as moderately satisfactory. All components have been implemented as per the design. The programme covered 20 blocks in cycle two, bringing total coverage to 30 blocks across the seven project area districts as intended in the design. A total of 223 micro-watersheds were added in cycle two and the total coverage is now 358 micro-watersheds in 1,080 villages consisting of 56,180 households. Scheduled Tribes make up 75.1 per cent of the total households covered, while Scheduled Castes account for 14.4 per cent. Landless households total 12,395 and 4,694 land titles have been allocated to this group under various schemes and acts. Since cycle one, a further 223 village development committees have been registered as societies, bringing the overall total to 358. During cycle two, 594 village-level subcommittees were formed bringing the overall total to 984, and 609 village-level social and financial audit subcommittees were set up and now total 999 in all.

Loan disbursement progress

8. At the end of January 2011, the cumulative disbursement of the IFAD loan stood at 28 per cent. With a current closing date of 30 September 2013 and approximately two years of implementation period remaining, it will be a major challenge to fully disburse the loan prior to closing. However, the second cycle review mission has estimated that due to the fact that cycle two villages have now passed the planning phase, expenditures will increase dramatically after March 2011, and that cumulative disbursement may reach 90 per cent at project closing.

Second-cycle triggers

9. A report on the first cycle was submitted to the December 2006 Executive Board based on recommendations from IFAD's first-cycle review mission. The mission report outlined the second-cycle triggers that must be satisfied before the end of the second cycle as a condition for continuing the IFAD financing for the third and final cycle:
- **Trigger 1:** There has been a 20 per cent reduction in the number of landless households in those villages in which the programme has been operating for more than two years.
 - **Trigger 2:** Revenue survey teams have surveyed the 10° to 30° sloping land in at least 60 per cent of the villages where the programme has been

operating for at least two years and the appropriate land titles have been issued in at least 60 per cent of the villages surveyed.

- **Trigger 3:** Village development committees (VDCs) and self-help groups (SHGs) in both cycle one and cycle two villages are functioning effectively and at least 80 per cent of these have been audited in each of the previous two financial years and have been shown to have accurate financial records and to have managed programme funds in an appropriate manner.
- **Trigger 4:** At least 75 per cent of SHGs established in cycle one and cycle two have fully functional savings and internal lending operations and have provided loans to at least 75 per cent of their members in the previous two years.
- **Trigger 5:** Village volunteers are continuing to provide services to the communities in cycle one villages.
- **Trigger 6:** Cycle one villages have developed effective linkages with service providers and are furthering their development by accessing resources from other government programmes and financial institutions.
- **Trigger 7:** Rural infrastructure enhanced under cycle one is being effectively maintained.
- **Trigger 8:** Policy issues relating to tribal communities have been investigated and have officially been brought to the attention of the Government of Orissa and actions have been taken to institute the necessary reforms.

Achievement of second-cycle triggers

10. The IFAD second-cycle review mission concluded that the vast majority of the trigger indicators have been met, as outlined below.
 - **Trigger 1 assessment.** Under cycles one and two, 718 villages have completed two years of programme implementation.
 - In these villages, there are 7,925 landless households of which 6,852 families have been given land titles. In addition, 2,328 homestead-less families have been settled with homestead land, plus 997 families that were living on encroached land have been settled. More than 85 per cent of these landless households have been settled with land and they are now using these lands for productive purposes, thus meeting this trigger indicator.
 - **Trigger 2 assessment.** The Revenue and Disaster Management Department issued a letter dated 5 June 2008 to all Phase I districts regarding settlement of government lands with eligible landless tribal families. With this order, 5,855 land titles have been issued in four districts of cycle I and 1,624 land titles issued in three districts of cycle II. With this progress, this trigger indicator has been met.
 - **Trigger 3 assessment.** There are 135 VDCs in cycle one and 223 VDCs in cycle two programme areas. Cycle one audits are completed. Cycle two audits are under way and will be completed by approximately July 2011.
 - **Trigger 4 assessment.** While 84 per cent of groups do meet and save regularly, albeit with varying frequency, only 49 per cent groups have borrowed from rural financial services. Therefore, even assuming every group member took out such loans, the achievement of this trigger would be only 49 per cent. The requirement for member borrowing was not limited only to rural financial services loans and it is likely that more members have borrowed from internal savings, seed capital and bank

loans, besides rural financial services. The programme needs to give greater emphasis to this issue during cycle three in all the programme villages, and collect and analyse data with respect to benefits to different members more systematically. This indicator has therefore only partially been met.

- **Trigger 5 assessment.** Each VDC appoints five village volunteers to support the communities in the areas of crop, livestock, land and water management, bookkeeping and social support. An impact assessment study of villages carried out for cycle one showed that almost 94 per cent of the households engaged in agriculture have utilized the services of agriculture volunteers and almost 59 per cent of households have used para-veterinarian volunteers. Para-veterinarians are now charging for their services at a rate of INR 300 to INR 1,200 per month. The second cycle review mission is of the opinion that this trigger indicator has been met.
- **Trigger 6 assessment.** The programme has linked cycle one villages to a number of government programmes such as the Backward Area Grant Fund, the National Rural Health Mission and others. The mission confirms there is good convergence of government programmes in all the districts visited. The mission considers that this trigger indicator has been met.
- **Trigger 7 assessment.** The key infrastructure created in the cycle one villages (including irrigation structures, storage structures, drying yards, community centres, toilets, bathrooms, work sheds, and drinking water facilities) is being maintained by a village development fund set up by the villages. In addition, facilitating non-governmental organizations have assisted with the formation of apex bodies at the watershed level as part of a sustainability strategy. This will help ensure that the communities have access to technical inputs even after the withdrawal of the programme. The mission is of the opinion that this trigger indicator has been met.
- **Trigger 8 assessment.** In 2009, a policy study investigating the issues and opportunities experienced in the implementation of the Forest Rights Act 2006 was undertaken by the programme. Based on the study, the programme is now preparing for a long-term assessment of the impact of land allocation on households and the environment. This will generate recommendations for any necessary modifications to the implementation process. The mission is of the opinion that as the process is still ongoing, this trigger indicator has been partially met.

11. **Overall Assessment.** The second cycle review mission confirmed that the basic requirements of most of the trigger indicators have been either fully met or are well on the way to being fully met. It is therefore recommended that IFAD proceed with financing cycle three.

IV. Recommendations for the implementation of the third cycle

12. The review of the achievements and performance of the second cycle highlight the following key lessons and recommendations to be incorporated into the programme's third cycle.
 - The mission concluded that the participatory rural appraisal process in cycle two villages is incomplete. Wealth ranking needs to be undertaken to help identify the poor and vulnerable for programme activities. The mission recommended revisiting the preparation of the village

development and livelihoods plans (VDLPs) in cycle two villages with a view to including activities for poor, vulnerable and destitute groups.

- In the remaining years of the programme, productivity enhancement issues need to be given greater emphasis and reflected in the VDLPs as the overall outreach to date on this matter remains modest.
- The programme needs to identify key livelihood themes and activities suitable to each watershed or set of villages for focused interventions rather than implementing multiple activities uniformly in all watersheds; this should be done while the VDLPs are being prepared/ revised.
- The programme should provide more capacity-building and strengthening of SHGs and assist them in forming federations to manage the aggregated activities covered by them. At the same time, the programme should support the federated SHGs in linking their products to markets and in increasing their leveraging capacity for loans.
- The programme should continue to support VDC capacity-building in financial management.
- More effort is needed in strengthening VDC linkages to government programmes.

V. Conclusions

13. The second cycle review mission found that the main programme objectives continue to be relevant.
14. The programme has continued to make good progress during the second cycle with regard to each of the components, despite a complex design and challenging project area. There is growing evidence of strong community support and good impact at the household level.
15. IFAD Management considers that there is a firm basis for proceeding to the third and final cycle.