

Document: EB 2014/111/R.8/Rev.1
Agenda: 5(b)(i)
Date: 8 April 2014
Distribution: Public
Original: English

E



Investing in rural people

President's report

Proposed loan to the Republic of India for the Livelihoods and Access to Markets Project

Note to Executive Board representatives

Focal points:

Technical questions:

Nigel M. Brett
Country Programme Manager
Tel.: +39 06 5459 2516
e-mail: n.brett@ifad.org

Dispatch of documentation:

Deirdre McGrenra
Head, Governing Bodies Office
Tel.: +39 06 5459 2374
e-mail: gb_office@ifad.org

Executive Board — 111th Session
Rome, 8-9 April 2014

For: Approval

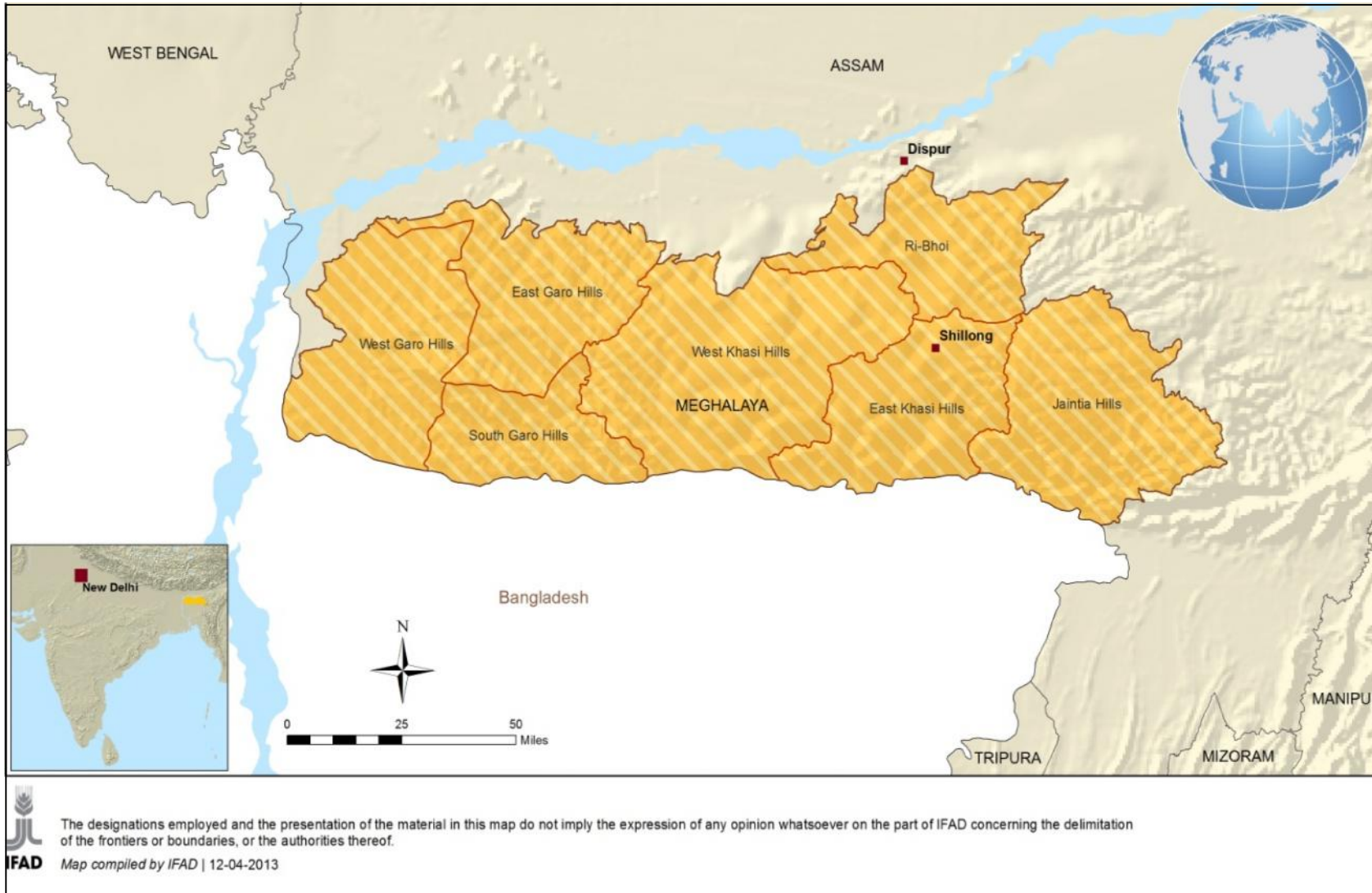
Contents

Abbreviations and acronyms	ii
Map of the project area	iii
Financing summary	iv
Recommendation for approval	1
I. Strategic context and rationale	1
A. Country and rural development and poverty context	1
B. Rationale and alignment with government priorities and RB-COSOP	1
II. Project description	2
A. Project area and target group	2
B. Project development objective	3
C. Components/outcomes	3
III. Project implementation	4
A. Approach	4
B. Organizational framework	4
C. Planning, monitoring and evaluation, and learning and knowledge management	5
D. Financial management, procurement and governance	6
E. Supervision	6
IV. Project costs, financing, benefits	7
A. Project costs	7
B. Project financing	7
C. Summary benefit and economic analysis	8
D. Sustainability	8
E. Risk identification and mitigation	9
V. Corporate considerations	9
A. Compliance with IFAD policies	9
B. Alignment and harmonization	9
C. Innovations and scaling up	10
D. Policy engagement	10
VI. Legal instruments and authority	10
VII. Recommendation	10
Annex	
Negotiated financing agreement	11
Appendix	
Logical framework	

Abbreviations and acronyms

AWP/B	annual workplan and budget
EFC	enterprise facilitation centre
IBDLP	Integrated Basin Development and Livelihood Promotion Programme
LAMP	Livelihoods and Access to Markets Project
M&E	monitoring and evaluation
MBDA	Meghalaya Basin Development Authority
MBMA	Meghalaya Basin Management Agency
NERCORMP	North Eastern Region Community Resource Management Project for Upland Areas
NRM	natural resource management
PMU	project management unit
RB-COSOP	results-based country strategic opportunities programme
VEC	village employment council

Map of the project area



Republic of India

Livelihoods and Access to Markets Project

Financing summary

Initiating institution:	IFAD
Borrower:	Republic of India
Executing agency:	Meghalaya Basin Development Authority
Total project cost:	US\$170 million
Amount of IFAD loan:	SDR 32.4 million (equivalent to approximately US\$50 million)
Terms of IFAD loan:	25 years, including a grace period of five years, with interest on the principal amount outstanding at a fixed rate of 1.25 per cent per annum plus a service charge of 0.75 per cent
Contribution of borrower:	US\$49.7 million
Credit funds from banks	US\$29.3 million
Convergence with other programmes	US\$28.2 million
Contribution of beneficiaries:	US\$12.7 million
Appraising institution:	IFAD
Cooperating institution:	Directly supervised by IFAD

Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed loan to the Republic of India for the Livelihoods and Access to Markets Project, as contained in paragraph 56.

Proposed loan to the Republic of India for the Livelihoods and Access to Markets Project

I. Strategic context and rationale

A. Country and rural development and poverty context

1. Despite remarkable economic growth, poverty remains a major issue for India, with 41.8 per cent of the population living on less than US\$1.25 per day. India has 33 per cent of the world's poor people, and nutritional levels are low, with 42.5 per cent of children underweight. Distribution of the benefits of growth to poor rural people has been limited by inadequate physical and social infrastructure, poor access to services, low investment, a highly stratified and hierarchical social structure, and governance failures. Agricultural wage earners, smallholder farmers and casual workers in the non-farm sector constitute the bulk of poor rural people. Within these categories, women, young people and tribal communities are the most deprived.
2. The Livelihoods and Access to Markets Project (LAMP) will work in Meghalaya State – one of eight small states in north-eastern India that has not benefited much from the country's recent development. Meghalaya is predominantly rural, with minimal industry and only limited jobs in government. Over half of the population are engaged in agriculture or farm work. Most villages are still not connected to a road, and many lack electricity. Only just over one quarter of the land is cultivable and, with high rainfall, soils are leached out and often acidic. As a result, crop yields are low and shifting cultivation is still practised. This fragile environment is vulnerable to climate change.
3. The population of Meghalaya is growing more rapidly than that of India as a whole, which is putting increased pressure on natural resources. The State has struggled to create livelihoods and to reduce poverty of the overwhelmingly tribal communities. Almost half of all households are classified as living below the official poverty line. While the poverty headcount ratio in India as a whole declined between 2005 and 2010, it increased slightly in Meghalaya along with other states in the north-east.

B. Rationale and alignment with government priorities and RB-COSOP

4. In rural areas, where 80 per cent of Meghalaya's population live, natural resources hold the key to growth and employment. LAMP will use these resources to improve living standards by enabling a transition from subsistence to new livelihoods through the development of market linkages and supporting services. At the same time, the project will address the multidimensional nature of the poverty challenge through natural resource management (NRM) with interventions to ensure water supplies and improve basic food security.
5. Two IFAD-supported projects in Meghalaya, the recently completed Livelihoods Improvement Project in the Himalayas and the ongoing North Eastern Region Community Resource Management Project for Upland Areas (NERCORMP), have

shown that a coherent programme of interventions involving natural resource conservation and management, livelihood promotion, market linkages, financial inclusion, community engagement, skills development and rural infrastructure can make a significant difference in household incomes and can open up new economic opportunities. Both projects have demonstrated how communities can come together to aggregate products for sale, add value and purchase inputs in bulk. NERCORMP has also shown how community-based NRM can make more rational and sustainable use of natural resources, and bring real benefits to households by improving access to water and other services. The Government of India has requested assistance from IFAD based on its experience with these projects.

6. Experience from other IFAD-supported projects in the region will also be valuable. This includes development of market linkages, value chains and enterprise development (in Uttarakhand, Maharashtra and Tamil Nadu), rural market infrastructure development and management (in Bangladesh), and village roads in hill regions (Bhutan and Nepal). The project will further leverage IFAD's well-recognized competence in knowledge management in India.
7. LAMP has been designed to be fully aligned and integrated with state government plans for river basin development in Meghalaya. The project will directly support the strategic objectives of the results-based country strategic opportunities programme (RB-COSOP): (i) increased access to agricultural technologies and natural resources; and (ii) increased access to financial services and value chains. The current RB-COSOP became effective in April 2011 and is jointly reviewed by IFAD and the Government on an annual basis to ensure full alignment with national priorities and policies.

II. Project description

A. Project area and target group

8. The project is designed to cover the entire State of Meghalaya, with enterprise facilitation centres (EFCs) in all of its 39 blocks (subdistricts) supporting around 47,400 enterprises over the eight-year project period. A total of 54 clusters for development of natural resources, food security and marketable crops will be established in 18 blocks, with about 75 villages (about half of all villages) in each block, making a total of 1,350 villages.
9. In line with government policy, the project will adopt a saturation approach, covering all villages in a cluster and all households in a village. Based on the state average, it is assumed there are 75 households per village, so there will be a total of 101,250 households in these clusters. Around 41,250 households will directly benefit from road and market development, while integrated village cooperative societies will have 120,000 members, but it is assumed that these will largely overlap with EFCs and NRM/marketable crop activities. Total outreach (net of overlap) is expected to amount to about 191,070 households.
10. Clusters (and blocks) will be selected on the basis of their capacity and potential for development of marketable crops and other products. EFCs will support all interested entrepreneurs in a block. This approach will help ensure that vibrant livelihood opportunities really do develop.
11. The project's target groups will include tribal communities, which form nearly the total population to be covered by the project; women, particularly those in remote areas; rural young people; and households living below the poverty line within selected areas. The project will adopt specific targeting strategies for each of these groups to ensure that those most vulnerable and marginalized are not left out of project coverage.

B. Project development objective

12. The project's goal is to improve household incomes and the quality of life in rural Meghalaya. This will be achieved by means of the development objective of expanded and sustainable livelihood opportunities adapted to the hill environment and to the effects of climate change.

C. Components/outcomes

13. The project will have four components: (i) natural resources and food security; (ii) livelihoods support; (iii) knowledge services; and (iv) project management.
14. **Natural resources and food security.** This component will provide a mechanism for villages to manage their own development, and so manage their natural resources more efficiently and sustainably, resulting in increased food production – and also laying the foundation for better livelihoods linked to markets. The component will lead to: (i) an improved knowledge base regarding land, water and biotic resources; (ii) improved capacity to plan and sustainably use these resources; and (iii) improved land and water resources, along with enhanced food crop production. Two subcomponents cover (i) capacity development and natural resource planning, and (ii) land, water resources and food crop development. These activities will be implemented in 1,350 villages, organized in about 54 clusters, in 18 blocks out of the 39 blocks in the state. Implementation of this component will make use of the experiences gained by NERCORMP, which has a broadly similar NRM approach.
15. Existing village employment councils (VECs) will be the focal points for implementing the component. With the help of village facilitators and contracted local service providers, and through application of participatory planning approaches, VECs will prepare integrated NRM plans. The project will support implementation of these plans with an allocation of 400,000 Indian rupees per village (about \$6,450). Likely interventions to be funded in the plans include: (i) water resource development (for example, small-scale irrigation, spring rejuvenation, rainwater harvesting, potable water supply); (ii) land development (for example, slope stabilization, terracing, *jhum* [shifting agriculture] stabilization and drainage management); and (iii) food crop development (for example, support for improved crop husbandry, crop diversification, soil fertility management and homestead development).
16. **Livelihoods support.** This component will (i) support and build the capacity of the community to implement commodity-specific livelihood activities and (ii) address issues related to access to markets and finance. It has five subcomponents: (i) enterprise development; (ii) integrated production and marketing; (iii) livestock development; (iv) access to markets; and (v) rural finance.
17. The EFCs established in every block of the State will act as a one-stop shop to anyone wanting to start or expand an enterprise in the farm or non-farm sectors. Support from EFCs to entrepreneurs will include: (i) assisting with access to bank loans and grants; (ii) facilitating access and benefits from other government programmes; and (iii) providing advice, training and technical support.
18. In the 18 blocks with the best market potential, LAMP will provide support to producers in village clusters in the development of selected high-potential commercial products. The project will support preparation and implementation of plans for each commodity. Support could include: (i) training of lead farmers; (ii) provision of improved technologies; and (iii) interventions to improve access to markets and inputs. Commodities that show strong market potential and that may therefore receive priority project support include pineapple, oranges, ginger, turmeric, off-season vegetables and strawberries.
19. With help from specialist service providers, the project will also develop 120 livestock development centres located in selected village clusters. These centres

will focus on supporting pig and goat production, with an emphasis on health, feeding, housing and breeding. The project will also train village livestock resource persons in each village, who will generate income from provision of basic animal health services.

20. In relation to marketing and communications infrastructure, the project will support the development of approximately 55 primary markets, 250 kilometres of rural roads, 20 submersible bridges and 20 ropeways.
21. Finally, to ensure access to financial services for enterprise financing, the project will support the setting up and implementation of 300 integrated village cooperative societies covering 1,350 villages and 120,000 members. These cooperative societies will come under the umbrella of the Meghalaya Cooperative Apex Bank, which will provide them with loans for onlending to members. Where possible, they will build on existing institutions such as viable existing primary agricultural cooperatives and federations of self-help groups.
22. **Knowledge services.** This component will provide: (i) information for natural resource governance, including village maps derived from remote sensing; (ii) information for enterprise development, including, if feasible, a telephone support system for EFC staff and clients; (iii) technology testing and action research to generate information on new technologies and solutions to natural resource and enterprise problems; (iv) monitoring and evaluation (M&E) of project activities, outcomes and results; (v) knowledge management and lesson learning for participating households, project staff and other stakeholders; and (vi) dissemination and communications to spread information on the project to external stakeholders and a wider audience.
23. **Project management.** The project will establish a central project management unit (PMU) at the state level and 11 PMUs at the district level. The central PMU will include units for project administrative/financial management and technical support, as well as housing the knowledge services component. Project management will build on existing state- and district-level systems, strengthening capacity incrementally.

III. Project implementation

A. Approach

24. LAMP will follow a three-pronged approach. First, it will support EFCs that are now being established across Meghalaya to promote and support a range of rural farm and non-farm investments. Second, it will support clusters for the development of specific products for markets within and outside of the State, along with supportive investment in NRM, rural finance and market access infrastructure. A cluster-based approach will create the volumes and economies of scale needed to access markets. Third, the project will generate and disseminate knowledge to support rural production and enterprise relating to Meghalaya's natural resource base, production technologies, supporting services and markets. This will promote a change in attitudes towards livelihoods.

B. Organizational framework

25. At the state level, the Planning Department of the Government of Meghalaya will be the nodal agency, with the executing agency being the Meghalaya Basin Development Authority (MBDA), a registered society.
26. A central PMU will be established in the Meghalaya Basin Management Agency (MBMA), a Section-25 (non-profit) company that is part of MBDA. The full-time executive director of MBMA (preferably an Indian administrative services officer) will be the ex officio project director of LAMP. He will report to the chief executive of MBDA and to its board of directors (who include the key principal state government secretaries). PMU staff, including an additional project director, will be

recruited from the open market on a contract basis, or made available on deputation from the Government. The PMU may also include some of the existing staff of MBDA."

27. At the district level, the deputy commissioner will be the ex officio district project coordinator, responsible for LAMP implementation, which will help ensure convergence with other programmes in the area. In each village, implementation of the natural resources and food security component will be through the VECs, previously established to implement the Mahatma Gandhi National Rural Employment Guarantee Scheme.
28. Technical partner agencies, some of which have already been engaged by MBDA, will provide specialized support for NRM, food crops, livestock, EFCs, integrated production and marketing clusters, and knowledge services.
29. Coordination at the highest level will be provided by the board of directors of MBDA, who will review the progress of LAMP and ensure that its activities are coordinated with other development efforts in Meghalaya, especially with the nine thrusts of the Integrated Basin Development and Livelihood Promotion Programme (IBDLP) – aquaculture, apiculture, livestock, horticulture, sericulture, forestry and plantation crops, tourism, energy and water. At the district level, coordination and convergence will be ensured by having the deputy commissioner for the district as district project coordinator. The project will be included in the district planning and development coordination meetings, the monthly convergence meetings of the basin development unit and in other cross-programme meetings at the district level.

C. Planning, monitoring and evaluation, and learning and knowledge management

30. **Planning.** The project will follow the planning process undertaken by MBDA as a whole. A draft annual workplan and budget (AWP/B) will be drawn up in consultation with district units and with partner agencies and approved by the MBDA board of directors before being sent to IFAD, along with the annual procurement plan, for its approval. The approved AWP/B will be used for reviewing performance and progress during the supervision missions.
31. **Monitoring and evaluation.** The M&E system will collect data and information to measure performance and progress towards objectives, and be a learning tool to provide information for critical reflection on project strategies and operations. It will support decision-making at various levels and be a basis for results-based management. The M&E system will, as far as possible, be integrated with the overall MBDA management information system, and use data generated through the "entrepreneur portal". The system will also provide data on IFAD's corporate Results and Impact Management System (RIMS) indicators.
32. **Learning and knowledge management.** These are key elements of the project. All project components have a role in dissemination of information and knowledge, both internally within the project (particularly to entrepreneurs, farmers and other villagers), and externally to state residents, the Government, IFAD, other development agencies and wider civil society. Under this component, support will include: (i) provision of village information kits; (ii) production and printing of posters and leaflets; (iii) translation of technical manuals and guidelines into the three main local languages; (iv) editing and design of project publications aimed at an external audience; (v) production of communication materials; (vi) launch of a LAMP website with key information and results; and (vii) event organization. Information generated by the project will also be disseminated through IFAD websites, newsletters, thematic reports and at learning events. Internal learning will involve a series of regular meetings by project stakeholders at cluster, block,

district and state levels. At these meetings, progress of project activities will be reviewed and reasons for success and failure identified.

D. Financial management, procurement and governance

33. **Financial management.** Financial management will be in line with other projects currently funded by IFAD in India and in Meghalaya. Fiduciary risks may arise from the establishment of an adequate financial management function in a new implementing agency (MBDA) whose capacity is to be built, also in view of the geographic spread of project activities, with the associated accountability chain. Three principal mitigating measures are foreseen: setting up specific loan covenants to ensure financial management (including accounting and reporting) is effectively considered; strengthening the external and internal audit functions to include sampling review on use of funds at village level; and ensuring that central and district PMU financial staff receive periodic training and support from an IFAD financial management and procurement specialist.
34. **Flow of funds.** In order to provide the project with sufficient working capital to commence activities, the Government of India will open a designated account to receive funds in advance in the Reserve Bank of India. IFAD will transfer to such account an initial advance of US\$1.5 million which will be settled within 12 months from the disbursement of such advance. All subsequent programme expenditures reported by MBMA through the State Government will be reimbursed by IFAD through the reimbursement procedure. IFAD financing of the project will be routed through Government of India, which will pass on the IFAD loan financing to the State of Meghalaya through the procedure of additional central assistance to special category states. The state Planning Department will initially transfer the funds, including its counterpart funding, as per the approved LAMP AWP/B to the MBMA as a grant. These funds will be kept in separate project accounts at central and district PMU level. The funds received from the Government by the MBMA will not lapse at the end of the fiscal year. To establish the trail of IFAD financing, the State Government should specify the share of counterpart financing, advance funding and IFAD financing in each of the transfers.
35. **Procurement.** Procurement of goods, works and consultancy services for LAMP will be carried out in accordance with IFAD Procurement Guidelines and with its Procurement Handbook, 2010. Procurement will follow procurement plans submitted by MBMA and approved by IFAD. The information in the procurement plan will follow the requirements of IFAD, and will be prepared for goods, works and consultancy services separately.
36. **Audit.** The project's financial statements will be audited annually by a private chartered accountant firm competitively selected, following IFAD Guidelines on Project Audits. A separate firm (or firms) of chartered accountants will be engaged as internal auditors. In addition, during the project period, the project may be audited by the Supreme Audit Institution of India, and the Comptroller and Auditor General.
37. **Governance.** A framework for good governance will be drafted and included in the project implementation manual. This framework will aim to ensure: (i) transparency, with information in the public domain; (ii) accountability in the use of resources; and (iii) participation, with the people having a voice in decisions that may affect them. The involvement of affected communities in all stages of project implementation can simultaneously improve development outcomes and reduce the scope for fraud and corruption.

E. Supervision

38. The project will be directly supervised by IFAD. During the project's start-up phase, IFAD will attend the state-level start-up workshop and participate in discussions on the project approach and strategy. IFAD will also provide implementation support

in key areas, including financial management, assistance with setting up the M&E system, and the drawing up of training plans for the various project components. It is envisaged that the first supervision mission will take place towards the end of the first year of operations. It will include specialists in natural resources, enterprise development and financial management. Once physical infrastructure works start, supervision missions may include engineers.

IV. Project costs, financing, benefits

A. Project costs

39. Based on 2013 prices, total project costs are estimated at US\$169.9 million, including 10 per cent price contingencies. The assumptions that underpin these costs include: (i) an eight-year period starting in July 2014; (ii) price contingencies at 5 per cent per year (8 per cent for staff costs); (iii) a constant rate of INR62.00 to US\$1.00; and (iv) taxes and duties of 5 per cent on training, workshops, staff and operating costs, of 15 per cent on service provider contracts and civil works, and of 10 per cent on goods and equipment.

Table 1
Project costs by component

	<i>Thousands of Indian rupees total</i>	<i>Thousands of United States dollars total</i>	<i>Percentage of baseline</i>
1. Natural resources and food security	2,144,981	34,596	22
2. Livelihood support	6,635,394	107,002	69
3. Knowledge services	338,092	5,453	4
4. Project management	493,659	7,962	5
Total baseline costs	9,612,126	155,034	100
Physical contingencies			
Price contingencies	921,969	14,870	10
Total project costs	10,534,095	169,905	110

B. Project financing

40. The project will be financed by an IFAD loan of US\$50.0 million, a contribution of US\$49.7 million from the Government of Meghalaya, US\$29.3 million from banks as loans to enterprises, US\$28.2 million from convergence with other programmes and US\$12.7 million as contributions from beneficiaries. Banks, convergence programmes and beneficiaries will provide parallel financing, which will not be directly accounted by the project finance team.

Table 2
Financing plan by financier and expense categories

	Government		IFAD		Banks		Convergence		Beneficiaries		Total		Duties and Taxes
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	
1. Works	10 325	45.0	12 619	55.0	-	-	-	-	-	-	22 944	13.5	3 442
2. Works/ convergence	-	0.0	-	0.0	-	-	16 555	100.0	-	-	16 555	9.7	-
3. Vehicle	121	25.0	364	75.0	-	-	-	-	-	-	486	0.3	121
4. Equipment	1 264	52.5	1 142	47.5	-	-	-	-	-	-	2 407	1.4	241
5. Training	859	10.1	7 686	89.9	-	-	-	-	-	-	8 545	5.0	427
6. Consultancy	577	15.0	3 269	85.0	-	-	-	-	-	-	3 846	2.3	577
7. Goods, services and inputs	1 479	15.0	8 380	85.0	-	-	-	-	-	-	9 859	5.8	1 479
8. Credit, guarantee funds	9 699	15.9	-	0.0	29 319	48.2	11 593	19.0	10 256	16.8	60 867	35.8	-
9. Grant and subsidies	11 625	54.9	7 706	36.4	-	-	-	-	1 855	8.8	21 185	12.5	-
10. Salaries and allowances	11 983	60.0	7 989	40.0	-	-	-	-	-	-	19 972	11.8	531
11. Operating costs	1 732	53.5	908	28.0	-	-	27	0.8	572	17.7	3 239	1.9	69
Total project costs	49 665	29.2	50 063	29.5	29 319	17.3	28 175	16.6	12 682	7.5	169 905	100.0	6 887

C. Summary benefit and economic analysis

41. The project investment has an overall economic internal rate of return of 26 per cent, which remains viable if costs increase or benefits decrease by 25 per cent. Farm model analysis shows significant increases in net income for participating households.
42. The project will cover some 191,070 households or over 1 million people. Of these, 101,250 households will benefit from more intensive interventions of the natural resources and food security component and also from opportunities for integrated production and marketing, and for livestock development.
43. The project's immediate benefits will be increased productivity through the introduction of in situ water conservation practices; improved farming practices, including a shift in cropping patterns in response to market demands; and cultivation of spices and plantation crops. This will result in increased household incomes and improved food security. On average, a household's food production will increase from 1,070 kilograms per year to over 1,260 kilograms (excluding tubers, fruits and vegetables, and spices). Additional benefits will come from the project's capacity-building interventions.

D. Sustainability

44. Clusters for NRM and development of marketable product value chains will be based on market forces and supported by sustainable service providers from local communities and the private sector. The process of drawing up integrated NRM plans will create awareness of the issues involved in the sustainable use of natural resources, while implementation of these plans will safeguard these resources. VECs, the key agency at the village level, are permanent statutory institutions that will continue to function after the project ends. Enterprises supported by the EFCs and production clusters will be financially viable. MBDA has plans to make EFCs themselves sustainable by charging fees and generating income, but their role is likely to change over time, and it is possible that other agencies may evolve to support enterprises. The basic infrastructure of public markets is not costly to maintain, and agreements entered into by LAMP with market authorities for the development of their markets will include the requirement to reserve a certain amount of income for maintenance and further improvements, along with the

drawing up of an agreed maintenance plan. The Government has emphasized that IBDLP is a programme, not a project, and that it plans to continue to support enterprise development and NRM beyond the end of any specific project.

E. Risk identification and mitigation

45. Key risks and assumptions are identified in the logical framework. These relate to external factors (overall economic growth, market/prices and climate change), and the response of rural households to opportunities for enterprise development. The risk that crop production will be adversely affected by changing weather patterns resulting from climate change will be reduced through a number of activities and measures, such as water conservation, water-efficient irrigation methods and use of drought-tolerant crops. The risk that low food prices will make production of basic food crops unattractive for farmers is reduced by: (i) the fact that crops do not suffer from damage by wild animals as much as in some of the other hill states; and (ii) the relatively low rates of outmigration, meaning that labour is available for farm work. However, government subsidies on food prices could mean that it becomes cheaper to purchase basic food grain (rice, wheat) than to grow it. If this risk emerges as a real problem, the project will refocus its activities on market-orientated products and away from basic food crops. There are also risks that natural resources, especially water supplies, will be affected by coal mining and logging. In this regard, villages in the project area will be carrying out NRM plans, which will designate areas as protected forests, and will draw up plans for sustainable timber harvesting in other places. NRM activities may also rehabilitate springs and replant their catchment areas.

V. Corporate considerations

A. Compliance with IFAD policies

46. LAMP is fully aligned with the IFAD Strategic Framework 2011-2015 and with the current RB-COSOP for India, focusing on profitable enterprises and value chains, and on the resilience of the natural resource base. The project design also adheres to IFAD policies for enterprise development, climate change, targeting, indigenous peoples and gender. The project is classified as a Category B operation, and hence no further environmental assessment is considered necessary.

B. Alignment and harmonization

47. LAMP will work alongside important state programmes, in particular the Government of Meghalaya's IBDLP. The project has been designed to have execution convergence with the Mahatma Gandhi National Rural Employment Guarantee Scheme, and financial convergence with the Special Central Assistance to Tribal Sub-Plan under article 275 (1) of the Indian Constitution. Being implemented by the MBDA and forming a central part of the overall IBDLP, the State's flagship programme for rural livelihoods and poverty reduction, will ensure that LAMP has the highest possible priority and that lessons learned will be disseminated at the highest level. IBDLP provides a framework for involvement of relevant government agencies, which will help gather additional resources through convergence with other state and national programmes.
48. The project will also be harmonized with the programmes of external development agencies. The main agencies active in Meghalaya are the Asian Development Bank (ADB) and the German Agency for International Cooperation [Deutsche Gesellschaft für Internationale Zusammenarbeit] (GIZ). ADB is supporting a road programme that complements rural development efforts by improving access to markets and services. It will also be supporting secondary education and skills development. GIZ is supporting the North East Climate Change Adaptation Programme in five north-eastern states, including Meghalaya where it is to be implemented by MBDA in 64 villages. These will act as a pilot for climate change adaptation measures in LAMP. The IFAD Country Office hosted a meeting with the

donor community in November 2013 to review LAMP's design and to ensure cross-learning with development partners.

C. Innovations and scaling up

49. LAMP is designed to scale up successful interventions under the Livelihoods Improvement Project in the Himalayas and NERCORMP, in particular NRM planning, and enterprise development. Furthermore, based on discussions with the State Government, it is anticipated that the project's activities (in particular, development of natural resources, food security and marketable crops) may be scaled up to cover the rest of the State, using both central and state government funds, with possible support from other donors.
50. In line with the innovation agenda in the RB-COSOP, the project design includes support for climate-resilient agriculture and, among others, intends to make use of information and communication technologies for enhanced knowledge management and the dissemination of information from farmer to farmer and village to village through participation in a programme coordinated by Digital Green, an Indian organization.

D. Policy engagement

51. The implementation arrangements – implementation by the MBDA as a central part of the overall IBDLP – will support a day-to-day policy engagement at the highest level. In addition, the project's knowledge management activities will assist policy processes by: (i) sharing results and lessons learned during implementation; (ii) furthering the scaling up of successful operations; and (iii) providing feedback on the effectiveness of ongoing central and state government policies and programmes in reaching poor rural people.
52. LAMP will additionally organize annual high-level knowledge-sharing events, bringing together all stakeholders and parties involved, to strengthen the dialogue and support pro-poor policy development.

VI. Legal instruments and authority

53. A project financing agreement between the Republic of India and IFAD will constitute the legal instrument for extending the proposed financing to the borrower. A copy of the negotiated financing agreement is attached as an annex.
54. The Republic of India is empowered under its laws to receive financing from IFAD.
55. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

VII. Recommendation

56. 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 blend terms to the Republic of India in an amount equivalent to thirty-two million four hundred thousand special drawing rights (SDR 32,400,000), and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Kanayo F. Nwanze
President

Negotiated financing agreement: "Livelihoods and Access to Markets Project"

(Negotiations concluded on 25 March 2014)

Loan Number: _____

Project Title: Livelihoods and Access to Markets Project ("the Project")

The Republic of India (the "Recipient")

and

The International Fund for Agricultural Development (the "Fund" or "IFAD") (each a "Party" and both of them collectively the "Parties")

hereby agree as follows:

WHEREAS:

(A) The Borrower has requested a loan from the Fund for the purpose of financing the Livelihoods and Access to Markets Project described in Schedule 1 to this Agreement;

(B) The Project shall be carried out through the State of Meghalaya (the "State") pursuant to a separate agreement of even date herewith between the Fund and the State (the "Project Agreement");

NOW THEREFORE, the Parties hereto hereby agree as follows:

Section A

1. The following documents collectively form this Agreement: this document, the Project Description and Implementation Arrangements (Schedule 1) and the Allocation Table (Schedule 2).
2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, as may be amended from time to time (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein.
3. The Fund shall provide a Loan to the Borrower (the "Financing"), which the Borrower shall use to implement the Project in accordance with the terms and conditions of this Agreement.

Section B

1. The amount of the Loan thirty two million four hundred thousand Special Drawing Rights (SDR 32 400 000).
2. The Loan is granted on blend terms, with a maturity period of 25 years, with a grace period of 5 years, interest rate at 1.25% and a service fee of 0.75%.
3. The Loan Service Payment Currency shall be the United States Dollars.

4. The first day of the applicable Fiscal Year shall be the 1st of April.
5. Payments of principal and service charge shall be payable on each 15 April and 15 October.
6. There shall be an account, denominated in USD, designated to receive a one-time initial advance of USD 1.5 million, to be settled by the Borrower in the first twelve months following the disbursement of such advance. All subsequent withdrawal applications during the Project Implementation Period will be submitted on the basis of reimbursement of expenditures.
7. There shall be a Project Account denominated in local currency opened and operated by the State Project Management Unit (SPMU), as described in Schedule 1 hereto, which shall be maintained in a bank mutually acceptable to the Fund and State Government.
8. There shall also be Sub-Project Accounts denominated in local currency opened and operated by the District Programme Management Units (DPMUs), as described in Schedule 1 hereto which shall be maintained in a bank mutually acceptable to the Fund and State Government.
9. The Borrower shall cause the State to provide an amount of approximately USD 50 million equivalent as counterpart financing for the Project. The Borrower, in cooperation with the State, shall undertake proactive measures/policies to ensure credit flow to the enterprises, convergence of other Government schemes and contributions from beneficiaries to achieve the design projections.

Section C

1. The Planning Department of Government of Meghalaya will be the nodal agency at the state level, whilst the Lead Project Agency shall be the Meghalaya Basin Management Agency (MBMA).
2. Additional Project Parties shall include any other stakeholder identified by the SPMU in agreement with the Fund.
3. The Project Completion Date shall be the eight anniversary of the date of entry into force of this Agreement.

Section D

The Loan will be administered and the Project supervised by the Fund.

Section E

1. The following is designated as an additional ground for suspension of this Agreement: The Project Implementation Manual (PIM) or any provision thereof, has been waived, suspended, terminated, amended or modified without the prior agreement of the Fund and the Fund, after consultation with the Borrower, has determined that such waiver, suspension, termination, amendment or modification has had, or is likely to have, a material adverse effect on the Project, and the Borrower has not taken any measures to remedy the situation.

2. The following are designated as additional general conditions precedent to withdrawal, as well as additional conditions for eligibility of expenditures under IFAD financing:

- (a) The State level Project Management Committee (PMC) and the SPMU shall have been duly established.
- (b) A Project Director (PD) shall have been duly appointed.
- (c) An Additional Project Director (APD) shall have been duly appointed.
- (d) Key project finance staff shall have been duly appointed at SPMU level.
- (e) The Project Account shall have been duly opened by the SPMU.
- (f) The Project Agreement shall have been duly concluded between the Fund and the State of Meghalaya.
- (g) A PIM has been prepared and approved by the Board of Directors (BoD) of MBMA and the Fund

3. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Borrower:

Secretary to the Government of India
Department of Economic Affairs
Ministry of Finance
North Block
New Delhi 110001, India

Facsimile: +91 11 2309 4075

For the Fund: The President
International Fund for Agricultural development
Via Paolo di Dono 44
00142 Rome, Italy

Facsimile: + 39 06504 3463

This Agreement, dated _____, has been prepared in the English language in six (6) original copies, three (3) for the Fund and three (3) for the Borrower.

REPUBLIC OF INDIA

Authorised representative
[title]

INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

Kanayo F. Nwanze
President

Schedule 1

Project Description and Implementation Arrangements

I. Project Description

1. *Target Population.* The Project is designed to cover the entire state of Meghalaya, with enterprise facilitation centres (EFC) in all 39 blocks (sub-districts) of the state supporting around 47,400 enterprises over the Project Implementation Period (the "Project Area"). The Project will adopt a saturation approach, covering all villages in a cluster and all households in a village. Clusters will be selected on the basis of their capacity and potential for development of marketable crops and other products. This approach will help ensure that vibrant livelihood opportunities developed through the Project then spread to other villages in the same region. To ensure that the poorest and most marginalised families are included in the Project activities, specific targeting strategies will be adopted to reach out to different groups such as women, especially women in remote areas, youth and those below poverty line.

2. *Goal.* The goal of the Project is to improve family incomes and the quality of life in rural Meghalaya.

3. *Objectives.* The objective of the Project is to adapt expanded and sustainable livelihood opportunities to the hill environment and to the effects of climate change.

4. *Components.* The Project shall consist of the following Components:

- (a) Component 1: Natural resources and food security. The Project will improve access to domestic and irrigation water, and support improvements to food crop production, as well as catchment conservation and soil conservation. The Project will identify and train a Village Facilitator (VF) who, along with Lead Farmers, will implement natural resources (NR) and food crop interventions under the aegis of existing Village Employment Councils (VEC). The component will lead to: (i) an improved knowledge base regarding land, water and biotic resources, (ii) improved capacity to plan and sustainably use these resources; and (iii) improved land and water resources, along with enhancing food crop production. This component will have two subcomponents: (i) capacity development and natural resource planning; and (ii) land, water resources and food crop development.

Existing village employment councils (VECs) will be the focal point for implementing this component. With the help of VF and contracted local service providers, and through application of participatory planning approaches, VECs will prepare Integrated Natural Resource Management Plans (INRMP). These plans would be supported with an allocation of approximately INR 400 000 per village (varying according to the size and needs of the village), to enable implementation of the plans.

- (b) Component 2: Livelihoods Support. This component aims to support and build the capacity of the community to implement commodity-specific livelihood activities and address issues related to access to markets and finance. It has five subcomponents: (i) enterprise development; (ii) integrated production and marketing clusters; (iii) livestock development; (iv) marketing infrastructure; and (v) rural finance.

(i) *Enterprise Development* will support EFCs in all 39 blocks. EFCs are a one-stop-shop for enterprise development where interested entrepreneurs will get access to bank, convergence and Project funding, along with training and technical support;

- (ii) *Integrated Production and Marketing Support*: at least one sub-sector (product) with potential for scaling up and commercial production will be identified for each village cluster. The Project will engage service providers to prepare and implement sub-sector plans. These service providers may be private companies, resource NGOs or other agencies.
 - (iii) *Livestock Development*: establishment of Livestock Development Centres (LDC), mostly focusing on pig production. Each LDC would cover about six villages.
 - (iv) *Marketing Infrastructure*: The Project will support development of infrastructure including for primary markets, eco-friendly village roads, submersible bridges and ropeways. The Project will also establish a system of management of the markets to ensure equitable access for poor producers and regular maintenance;
 - (v) *Rural Finance*: The Project will establish Integrated Village Cooperative Societies (IVCS) mostly located in the Project village clusters. Each IVCS will have a full-time paid employee, provide savings and credit services along with other activities, such as supply of farm inputs and aggregation of production for marketing. IVCS will be directly linked to the Meghalaya Cooperative Apex Bank and can also borrow wholesale funds from other sources.
- (c) Component 3: Knowledge Services will include: (i) information for natural resources governance, including village maps derived from remote sensing; (ii) information for enterprise development, including, if feasible, a telephone support system for EFC staff and clients; (iii) technology testing and action research to generate information on new technologies and solutions to NR and enterprise problems; (iv) monitoring and evaluation (M&E) of LAMP activities, outcomes and results; (v) knowledge management and lesson learning for LAMP participating households, Project staff and other stakeholders; and (vi) dissemination and communications to spread information on LAMP to external stakeholders and a wider audience.
- (d) Component 4: Project Management. LAMP will establish Project Management Units (PMU) one at the State level and 11 at District Level. The State PMU (SPMU) will include units for Project management and technical support, as well as housing the Knowledge Services Component. Project management will build on existing systems at the state and district levels and strengthen the capacity in an incremental manner.

II. Implementation Arrangements

A. Coordination

1. Coordination at the highest level will be provided by the Board of the Meghalaya Basin Development Authority (MBDA). This will review the progress of LAMP and ensure that its activities are coordinated with other development efforts in the state, especially with the nine missions on the Integrated Basin Development and Livelihood Promotion Programme (IBDLP) in aquaculture, apiculture, livestock, horticulture, sericulture, forestry & plantation crops, tourism, energy and water.

2. State level. A Project Management Committee (PMC) will be constituted to support the Project. Chaired by the Development Commissioner/Principal Secretary, Planning Department, this will include PD of LAMP, heads of relevant line departments at the state level, representatives from banks and at least one representative from civil society. Additionally, one District Project Co-ordinator/ District Project Manager will participate and this will be on a rotational basis. The APD of LAMP will be the Member-Secretary. The key functions of the PMC will be to review Project progress, identify and help resolve challenges/ bottlenecks impacting Project performance, review the Annual Action Plans, share information and facilitate convergence.
3. District level. At the district level coordination and convergence will be ensured by having the Deputy Commissioner for the district as District Project Coordinator (DPC). The Project will be included in the regular District Development Coordination meetings and in other cross-programme meetings at the district level. These arrangements will ensure that the Project links up with the technical line departments in the field both in terms of obtaining technical support and getting convergence funding from other projects being implemented by these agencies.
4. Village level. At the village level LAMP natural resource management (NRM) activities will be implemented through the VECs, or other suitable community organisation. These VECs also have responsibility for implementation of Mahatma Gandhi National Rural Employment Guarantee Act/Scheme, which provides a major source of funds for local level infrastructure, soil and water conservation, and catchment improvement – all major thrusts proposed for LAMP NRM. Each VEC will employ a Village Facilitator to support the implementation of LAMP activities in the village.

B. Management

5. The PD in charge of the management of LAMP will be a government appointee, preferably an Indian Administrative Service Officer who is the full-time Executive Director of MBMA. He/she will report to the Chief Executive of MBDA and to its BoD (who include the key Principal Secretaries of the Government of Meghalaya). PMU staff, including an APD, will be recruited from the open market on a contract basis or made available on deputation from the Government. The PMU may also comprise some of the existing staff of MBDA.
6. Technical Partner Agencies will provide specialised support for NR and Food Security, EFCs, Integrated Production and Marketing Clusters, Livestock Development, and Knowledge Services.
7. NRM and food security improvement will be implemented by VECs, with people in these villages also receiving financial services from IVCS. Integrated Production and Marketing activities in the same clusters will be implemented by producers and producer groups supported by service providers. IVCS will be member based cooperatives and will come under the overall guidance of MCAB and the Department of Cooperatives. Support to EFCs will be directly implemented by the Project. In case of road and market infrastructure development, the Project will use contractors for construction and Consulting Engineers to design and supervise construction, selected based on the approved Procurement Plan.
8. State level. At the state level, the SPMU will be housed within the MBMA. In the SPMU the APD will be responsible for ensuring convergence with other government schemes and will follow-up on coordination meetings to ensure that the Project obtains the maximum possible benefits from the very significant government resources available for complementary projects. If justified by the workload, the SPMU may appoint a Convergence Manager to take on these tasks.

The SPMU will have two teams which will work in close co-ordination with each other:

- (a) Project Management Team (PMT) with key responsibilities of: (i) prepare and implement action plans; (ii) support DPMUs in their day to day functioning; (iii) co-ordinate and liaise with line departments of the government for convergence; (iv) ensure quality of implementation; (v) procure services/good as required; and (vi) project accounting. The additional function of human resources (HR) will be managed by an HR team now being recruited for MBDA.
- (b) Knowledge Services Team (KST) which will come under the overall charge of a Director/Head of Knowledge Services, and consist of teams for natural resource knowledge, enterprise knowledge, M&E, and lesson learning and communications. Their key responsibilities would be to (i) collate and analyse information from the field and prepare reports, information briefs etc; (ii) identify needs for and prepare knowledge products for different audiences; (iii) facilitate knowledge sharing within and outside the project with key stakeholders; and (iv) develop and manage a knowledge website.

8.1. Subsidiary Agreement. The State of Meghalaya shall enter into a Memorandum of Understanding (Subsidiary Agreement) with the MBMA, mutually acceptable to the State and the Fund, which shall provide, among other things that:

- (a) The State shall transfer the proceeds of the Financing and the State's counterpart funds, as Grants-in-Aid, as per the approved annual workplan and budget, to MBMA, in advance;
- (b) MBMA shall declare its commitment to the goal and objective of the Project as stated hereinabove, and, in furtherance of such goal and objective, MBMA shall undertake to carry out the Project in accordance with this Agreement and with the Project Agreement;
- (c) Submission of withdrawal claims for the financing to the Borrower through the Planning Department of Government of Meghalaya;
- (d) The Procurement of works, goods and services undertaken by MBMA shall follow the Fund's Procurement Guidelines and the approved annual Procurement Plan; and
- (e) Provision that the financial statements of MBMA may also be audited by the Office of Comptroller and Auditor General of India and any observations resulting from the audit and the action taken thereof, shall be communicated to the Fund within a reasonable time.

9. District level. The Deputy Commissioner of the district will be the *ex officio* DPC of LAMP. At the district level the LAMP district project management unit (DPMU) will be integrated into the existing Basin Development Units (BDU). A full time District Project Manager (DPM), reporting to the DPC will be hired from the market and will be responsible for the day to day management of the Project activities at the district level and below. The team will provide handholding support as well as be responsible for supervision and monitoring of the EFCs, the Village Facilitators (who would be hired via the VECs) and the Managers of the IVCS. They will help resolve bottlenecks, liaise with the line departments at the district level as well as with the technical experts and project managers concerned at the state level to facilitate convergence and provide support to the entrepreneurs. The DPMU will also act as a liaison between the community level organizations (VEC, EFCs, IVCS) and the SPMU to ensure smooth flow of information and technical support. As required, additional staff may be attached to the DPMU to implement IBDLP activities that

are not being supported by LAMP. These staff would be funded by MBDA independently of LAMP. The DPMU shall also have Convergence Officers who will follow-up on coordination meetings to ensure that the Project obtains the maximum possible benefits from the very significant government resources available for complementary projects.

C. Programme Implementation Manual

The MBMA shall prepare a draft PIM to be approved by the BoD of MBMA and the Fund. The PIM shall include procedures and processes for Project implementation, financial administration and reporting.

MBMA shall adopt the PIM substantially in the form approved by the BoD and the Fund and may make amendments thereto from time to time with the approval of the Fund. The State shall cause the Project to be carried out in accordance with the PIM. In case of any discrepancies between the provisions of the PIM and those of this Agreement, the provisions of this Agreement shall prevail.

D. Mid-Term Review

The Lead Project Agency and the Fund shall jointly carry out a review of the Project implementation no later than the fourth anniversary of the date of entry into force (the Mid-Term Review) based on terms of reference prepared by the Lead Project Agency and approved by the Fund. Among other things, the Mid-Term Review shall consider the achievement of Project objectives and the constraints thereon, and recommend such reorientation as may be required to achieve such objectives and remove such constraints. The Borrower shall ensure that the agreed recommendations resulting from the Mid-Term Review are implemented with the specified time therefore and to the satisfaction of the Fund. Such recommendations may result in modifications to this Agreement or cancellation of or reduction in the Financing.

Schedule 2

Allocation Table

1. *Allocation of Loan Proceeds.* (a) The Table below sets forth the Categories of Eligible Expenditures to be financed by the Loan and the allocation of the amounts of the Loan to each Category and the percentages of expenditures for items to be financed in each Category:

Category	Loan Amount Allocated (expressed in SDR)	Percentage
Works	7 340 000	55%
Equipment and materials	880 000	75%
Training	4 480 000	90%
Goods, Services and input	6 780 000	85%
Grants and Subsidies	4 490 000	50%
Salaries and allowances	4 650 000	40%
Operating costs	530 000	50%
Unallocated	3 250 000	
TOTAL	32 400 000	

(b) The terms used in the Table above are defined as follows:

“Equipment and materials” include expenditures for vehicles

“Goods, Services and input” include expenditures for goods, services and consultancies

Negotiated project agreement: "Livelihoods and Access to Markets Project"

(Negotiations concluded on 25 March 2014)

Loan Number: _____

Project Title: Livelihoods and Access to Markets Project (the "Project" or "LAMP")

The State of Meghalaya of the Republic of India (the "State") acting through its Governor
and

The International Fund for Agricultural Development (the "Fund" or "IFAD")

(each a "Party" and both of them collectively the "Parties")

Hereby agree as follows:

WHEREAS:

(A) By Financing Agreement (the "Financing Agreement") between the Republic of India (the "Borrower") and the Fund, the Fund has agreed to make available to the Borrower a loan in the amount of thirty two million four hundred thousand Special Drawing Rights (SDR 32 400 000) for the purpose of partially financing the Project, but only at the condition that the State agree to undertake such obligations toward the Fund as are set forth in this Agreement;

(B) By a Memorandum of Understanding (the "Subsidiary Agreement"), to be entered into between the State and the Meghalaya Basin Management Agency ("MBMA" or "Lead Project Agency"), the State shall make available the proceeds of the Financing as received from the Borrower in accordance with the Financing Agreement, together with other funds required for carrying out the Project in the State, available to the Lead Project Agency on terms and conditions set forth therein;

(C) The State, in consideration for the Fund entering into the Financing Agreement with the Borrower, has agreed to undertake the obligations hereinafter set forth;

NOW THEREFORE, the Parties hereto hereby agree as follows:

Section A

1. The following documents collectively form this Agreement: this document and the Financing Agreement.

2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, as may be amended from time to time (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement.

3. The State declares its commitment to the goal and objective of the Project as set forth in Schedule 1 of the Financing Agreement and accepts the obligations ascribed to it in the Financing Agreement, as valid, binding obligations of the State to the Fund.

4. For the purposes of this Agreement, any obligation of the Borrower, either independently or jointly with the Lead Project Agency/Project Parties to cause or ensure the taking of or forbearance from taking certain actions, shall be deemed a direct obligation of the State to the Fund to take or forbear from taking such actions or to cause or ensure the taking of or forbearance from taking such actions. This includes the obligation of the State to undertake proactive measures/policies to ensure credit flow to the enterprises, convergence of other Government schemes and contributions from beneficiaries to achieve the design projections.

5. Any obligation of any Project Party or other implementing agency to take or forebear from taking any actions, shall be deemed a direct obligation of the State to the Fund to cause, or ensure that the MBMA shall cause, such other Project Party or implementing agency to take or forebear from taking such actions.

Section B

1. In accordance with the Financing Agreement, the State shall enter into a Subsidiary Agreement with MBMA in form and substance acceptable by the Fund.

2. The State shall duly perform all its obligations under the Subsidiary Agreement and this Agreement and shall cause MBMA to perform all of its obligations under the Subsidiary Agreement. The State shall ensure that each other Project Party or implementing agency shall perform their respective obligations under the Project and under each other subsidiary agreement or memorandum of understanding which may be entered into to implement the Project.

Section C

The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the State:

xxxxxx
xxxxxx
xxxxxx

Facsimile: + (xx) xxxxxxxx

For the Fund:

The President
International Fund for Agricultural Development
Via Paolo di Dono 44
00142 Rome, Italy

Facsimile: + (xx) xxxxxxxx

This Agreement has been prepared in the English language in six (6) original copies, three (3) for the Fund and three (3) for the State.

STATE OF MEGHALAYA

Authorised representative
[title]

INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

Kanayo F. Nwanze
President

Logical framework

Narrative summary	Key performance indicators	Means of verification	Risks
Goal Higher family incomes & better quality of life in rural Meghalaya	Increase in household asset index (RIMS anchor)* % reduction in child malnutrition (RIMS anchor)*	RIMS+ baseline and impact assessment surveys	Relative stability in general economic conditions are conducive to poverty reduction
Objective Expanded and sustainable livelihood opportunities adapted to the hill environment and to the effects of climate change	At least 50,000 households adopt new livelihood opportunities linked to markets.* 20,000 households report reduced time to collect domestic water*. 210 IVCS are financially sustainable and have loan recovery rates of at least 95%.	Thematic outcome surveys Project progress reports Annual Outcome survey IVCS audits and MIS	Rural people respond to opportunities for improved livelihoods Political stability and security situation allow communities access to economic opportunities and natural resources
Outcomes			
1.1 Improved access to water and increased production of food crops	50,000 farmers report increased cereal production* 200,000 ha under improved management for watershed/forest conservation	Thematic studies Annual Outcome survey Project progress reports	Changes in weather patterns do not seriously affect farming. Prices do not fall to a level where local production unviable.
2. 1 Improved access enterprise development	47,000 entrepreneurs supported by EFCs start or expand an enterprise* 80% of the enterprises receiving investment support are operating profitably beyond third year of establishment*	Thematic studies EFC MIS data	Banks come forward provide required credit to start enterprises
2.2 Expansion of clusters producing commodities for the market	15,000 farmers report increased sales* 50% increase in the total production/sales Increased sale prices of 15%	Annual outcome surveys Thematic studies of costs & returns	Households have adequate labour for the expansion of enterprise and good returns in sub-sector
2.3 Improved livestock production	32,500 households report adoption of improved methods, increased sales, value of sales and increased number of animals	Annual Outcome survey	Vaccines are available to control infectious diseases
2.4 Improved access to rural markets	Sales in 41 markets increase by 30%+ 30% reduction in transportation cost of crops and inputs on improved roads	Thematic studies of markets	Resources for maintenance of markets available.
2.5 Increased use of financial services by rural households	IVCS have 90,000 savers and 60,000 borrowers*	IVCS MIS system	Meghalaya Cooperative Apex Bank provides required finance and other support.
3. Information hub providing useful data	Number of producers benefiting from information services*	Project progress reports	Information services prove to be useful.
Outputs			
1. Natural Resources and Food Security			
1.1 Capacity development & natural resource planning	1350 NRMPs prepared, approved and implemented	MIS/project progress reports	
1.2 Land, water resource and food crop development	Water-related interventions in 1000 villages Land use management plans	MIS/project progress reports	Adequate funds are available for the implementation of

Narrative summary	Key performance indicators	Means of verification	Risks
	implemented in 500 villages, and area covered. 50,000 farmers involved in food crop interventions.		activities from convergence.
2. Livelihood Development			
2.1 Enterprise Development	300,000 entrepreneurs register with EFCs* 100,000. of applications submitted for loans and convergence funding* 60,000 entrepreneurs trained*	EFC MIS/project progress reports	Technical support can reach scattered entrepreneurs Convergence funds available
2.2 Integrated production and marketing support	54 village clusters implement commodity-based production and marketing plans 1350 Lead Farmers trained by commodity* 20,000 households participating in cluster based production*	MIS/project progress reports	Viable value chain development opportunities exist
2.3 Livestock development	120 livestock clusters covering 720 villages 120 CLF and 720 VLRP trained & providing services 43,200 households trained and participating	MIS/project progress reports	Sufficient number of CLP and VRLP can be recruited and trained.
2.4 Market Development	55 improved markets built 55 markets with maintenance plans 41 markets establish a procedure for maintenance by using the revenue collected	MIS/project progress reports	Traditional leadership allows market development
2.5 Communications Infrastructure	250 kms of village roads, 20 bridges and 10 ropeways built No. of households with access to village roads built under the project*	MIS/project progress reports	Villagers and traditional leaders provide land for road construction
2.6 Rural finance	IVCS societies cover 1350 villages with 120,000 members*.	ICVS MIS system	Support from the Department of Cooperatives and quality handholding from MCAB
3. Knowledge services			
3.1 Lesson learning	Number of knowledge products and events generated by project	Progress reports	Useful lessons available for dissemination
3.3. Information hub	Amount of information collected, collated and stored in the information hub.	MIS/project progress reports	Relevant information is available for collection by hub