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Investing in rural people

President's report

Proposed loan to the Republic of India for the Odisha Particularly Vulnerable Tribal Groups Empowerment and Livelihoods Improvement Programme

Note to Executive Board representatives

Focal points:

Technical questions:

Nigel 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

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For: Approval

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Abbreviations and acronyms

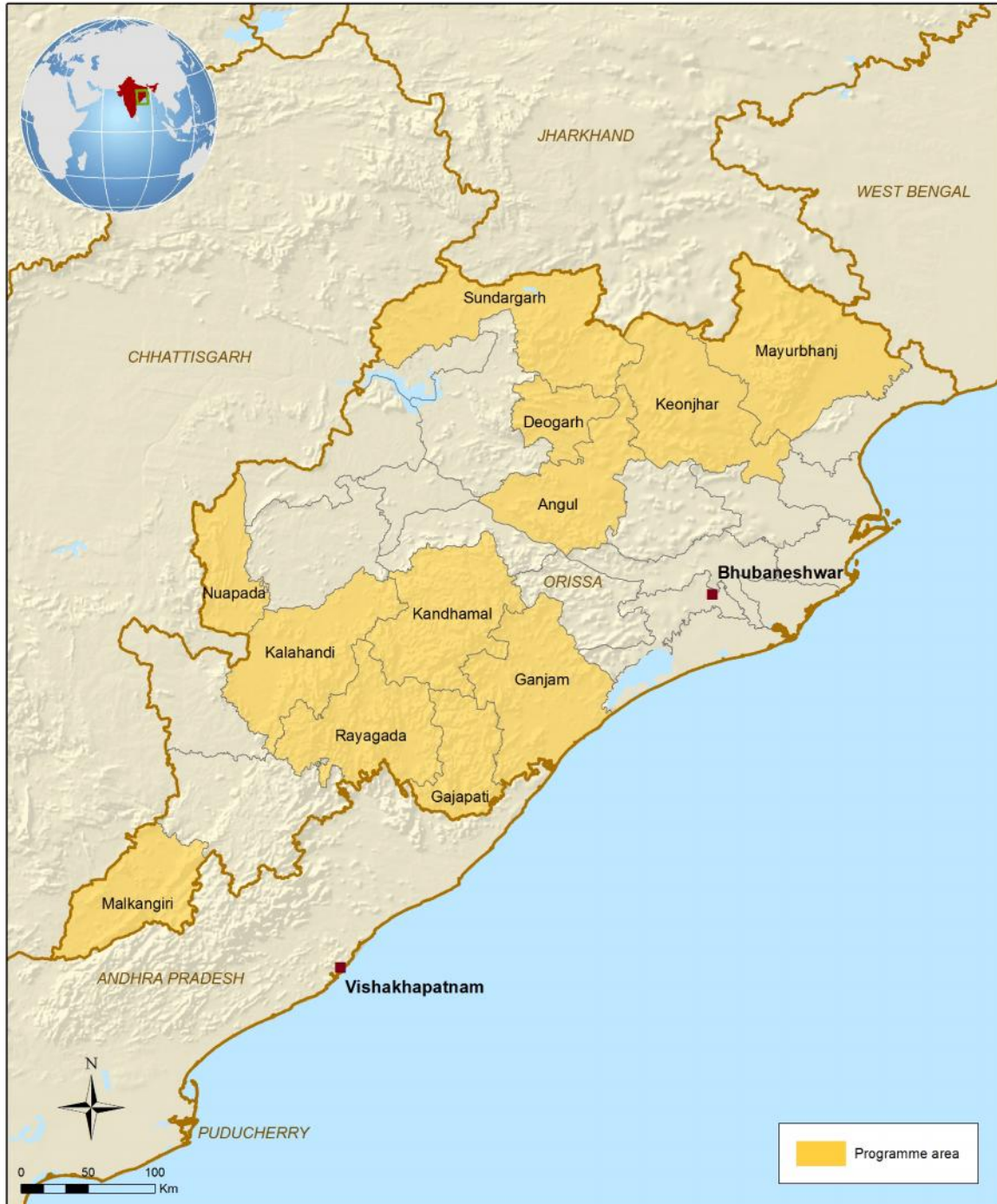
AWP/B	annual workplan and budget
CAG	Comptroller and Auditor General
CRP	community resource person
CSP	community service provider
GPLF	Gram Panchayat cluster-level forum
KM	knowledge management
M&E	monitoring and evaluation
MPA	microproject agency
NRM	natural resource management
NTFP	non-timber forest product
OPELIP	Odisha Particularly Vulnerable Tribal Groups Empowerment and Livelihood Improvement Programme
OTELP	Orissa Tribal Empowerment and Livelihoods Programme
PMU	programme management unit
PTG	Particularly Vulnerable Tribal Group
RB-COSOP	results-based country strategic opportunities programme
RIMS	Results and Impact Management System
SC	Scheduled Caste
SHG	self-help group
ST	Scheduled Tribe
STSCDD	Scheduled Tribes and Scheduled Castes Development Department (Government of Odisha)
VDA	village development association
VDC	village development committee

Map of the programme area

India

Odisha Particularly Vulnerable Tribal Groups Empowerment and Livelihoods Improvement Programme

President's Report



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 | 22-09-2014

Republic of India

Odisha Particularly Vulnerable Tribal Groups Empowerment and Livelihoods Improvement Programme

Financing summary

Initiating institution:	IFAD
Borrower:	Republic of India
Executing agency:	Scheduled Tribes and Scheduled Castes Development Department, Government of Odisha
Total programme cost:	US\$130.39 million
Amount of IFAD loan:	SDR 36.4 million (equivalent to approximately US\$51.20 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\$76.18 million
Contribution of beneficiaries:	US\$3.00 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 Odisha Particularly Vulnerable Tribal Groups Empowerment and Livelihoods Improvement Programme, as contained in paragraph 48.

Proposed loan to the Republic of India for the Odisha Particularly Vulnerable Tribal Groups Empowerment and Livelihoods Improvement Programme

I. Strategic context and rationale

A. Country and rural development and poverty context

1. Despite its middle-income status, poverty reduction remains an important challenge for India: 33 per cent of the world's poor live in the country and poverty has not fallen at the same pace as economic growth. Nutritional levels are unacceptably low, with 42.5 per cent of children underweight for their age, being one of the highest rates globally. Prevailing social inequality and the low nutritional, educational and social status of women are considered key factors contributing to the prevalence of malnutrition in children below the age of five.
2. India's population is composed of several ethnic groups, speaking diverse languages and more than 1,000 dialects. Poverty is particularly severe among tribal populations. These groups identify themselves in more than 5,400 castes and tribes and follow five major religions. India's tribal populations are officially registered as Scheduled Tribes (STs) according to distinct cultural and ethnic features. STs, numbering 104.3 million in the 2011 census, constitute approximately 8.6 per cent of India's population. Unlike Scheduled Castes (SCs), which are dispersed throughout the country, STs have traditionally been concentrated in specific parts of the country characterized by forests, hills and undulating inaccessible areas. This results in reduced access to basic services and fewer opportunities for economic development. The decline in the poverty rate is much slower for ST populations than for the general population. Of the total ST populations, approximately 2.6 million (2.5 per cent) belong to Particularly Vulnerable Tribal Groups (PTGs). This classification is reserved for the most disadvantaged of all ST communities. Currently, 75 identified PTGs are spread across 17 Indian states and union territories.
3. The proposed Odisha Particularly Vulnerable Tribal Groups Empowerment and Livelihood Improvement Programme (OPELIP) will work in Odisha State, which has one of the highest number of PTGs. Odisha is geographically the 8th largest state and the 11th most populous among Indian states. Poverty rates of rural populations are double those of their urban counterparts.
4. Odisha is home to 62 STs including 13 PTGs, which are concentrated in the Eastern Ghats and the Northern Plateau. Both these regions are characterized by rugged hilly terrain and high rainfall. Together they account for most of the state's forests. PTGs living in Odisha derive their livelihood mainly from shifting cultivation, rainfed agriculture and the gathering of non-timber forest products (NTFPs). The incidence of landlessness is high and farming practices have remained primitive, with rainfed paddy and millets being the main crops.

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

5. Several provisions in the Indian Constitution seek to ensure better quality of life for PTGs. Yet their economic status has not improved. They rank poorly on all development indicators, such as food and nutrition security, literacy and health. Given their high dependence on an ecologically complex natural resource base, they are also highly vulnerable to variability in weather and climate shocks. Owing to poor farming systems and a lack of focus on the development of rainfed areas, PTG areas have suffered widespread land degradation. Efforts are thus needed to reverse this downward spiral of low productivity and a declining resource base.
6. To deliver services to the 17 PTG areas, the Government of India has established microproject agencies (MPAs). However, a consolidated high-intensity, integrated programme of support through these institutions – with clear targets and time frames – is still missing. The OPELIP will deliver this by capitalizing on institutional development that has already taken place, and will provide a range of services to PTGs through appropriate development initiatives.
7. The OPELIP will build on the experience of the IFAD-supported Orissa Tribal Empowerment and Livelihoods Programme (OTELP), which has successfully demonstrated an integrated development package in tribal areas. OTELP set up village-level bodies and involved tribal groups in planning and implementation of various development initiatives, especially development of the natural resources. Encouraged by the success of OTELP, the Government of Odisha has requested IFAD to scale up the approach into PTG areas. This is the first time an external development partner has been asked to work in these most remote and difficult areas of the state.
8. The programme is closely aligned with the priorities and strategies of both the Government of India and the State Government of Odisha and will particularly support the objective of achieving “faster and more inclusive growth”. It is compatible with and supportive of other donor initiatives and will directly address the strategic objectives of IFAD’s results-based country strategic opportunities programme (RB-COSOP). The current RB-COSOP became effective in April 2011 and is jointly reviewed by IFAD and the Government of India annually to ensure full alignment with national priorities and policies.

II. Programme description

A. Programme area and target group

9. OPELIP interventions will be implemented in 17 MPA areas located in 12 districts of Odisha (Angul, Deogarh, Gajapati, Ganjam, Kalahandi, Kandhamal, Keojhar, Malkanagiri, Mayurbhanj, Nuapada, Rayagada, and Sundergarh). This will cover 13 PTGs living in some 1,019 villages and hamlets and 84 gram panchayats (the local self-governing institution at the village level). Overall, the programme will cover 62,356 households.
10. In line with IFAD’s policy on targeting, the OPELIP will target marginalized groups: women, children, unemployed youth, hill-area cultivators, the landless among PTGs, and other tribal peoples. Based on geographical targeting, it will work in a predefined number of MPA gram panchayats. Some programme interventions – such as village development planning and the associated village institutions, and infrastructure such as rural roads – will benefit 100 per cent of the population living in these gram panchayats. To ensure precise targeting of marginalized groups, a specific targeting strategy has been developed for each component.

B. Programme development objective

11. The overall goal of the OPELIP is to achieve enhanced living conditions and reduced poverty in target group households. It will support improved livelihoods and food

and nutrition security for 32,090 PTG households, 13,970 other tribal households and 10,810 other poor and 5,486 SC households. This will be achieved, in turn, by building the capacity of target households, securing their entitlements to land and forest, improving their agricultural practices to enhance production, promoting income-generating microenterprises for alternate livelihoods, ensuring access to services such as education and health, and improving community infrastructure. To achieve the objective of empowerment, the programme will promote women's self-help groups (SHGs), organize village development committees (VDCs) for the planning and implementation of programme interventions and train community resource people (CRPs) to provide needed services in production, marketing and legal assistance.

C. Components/outcomes

12. The OPELIP will have four components: community empowerment; natural resource management (NRM) and livelihood improvement; community infrastructure and drudgery reduction; and programme management.
13. Component 1: Community empowerment. Empowerment is the key prerequisite to developing PTGs. It will be addressed through a series of capacity-building initiatives, entry point activities and mobilization of community-based organizations. Accordingly, the component will have two subcomponents:
 - (i) Community institutions. Promotion of village development associations (VDAs) for the planning and execution of need-based community activities that cover natural resource management, community-based paralegal services, community-based health, hygiene and nutrition education, and community infrastructure. Major activities will include: (a) engaging the services of 17 NGOs supported by about 360 CRPs; (b) training of trainers and capacity-building of CRPs; (c) mobilization of VDCs and capacity-building of VDC members; (d) implementation of entry point activities in all 1,019 villages, as identified by VDCs; and (e) preparation of village development plans (VDPs) and facilitation of VDCs in implementing activities identified in VDPs.
 - (ii) Strengthening SHGs and rural finance. Promotion of SHGs and rural finance services to enable social development of SHG members through facilitating group savings and credit, and through building capacity. Key interventions will include formation and strengthening of 3,800 SHGs, training of microfinance CRPs, formation of 84 gram panchayat cluster-level forums (GPLFs), provision of pro-poor and vulnerability reduction funds to SHGs and community investment funds to GPLFs, and piloting of two cooperative societies.
14. Component 2: Natural resource management and livelihood improvement. Historically, PTGs have lived deeper inside forests than other STs, and some PTGs, such as the Birhor and Mankirdia, were nomadic until recently. To support the transition from hunting-gathering to shifting cultivation and eventually to settled farming, this component will have three subcomponents:
 - (i) Natural resource management. Key interventions will include: (a) services of an NGO specialized in land surveys and the issuing of land titles to PTGs; (b) treatment of 20,000 hectares of arable land and construction of 900 irrigation structures; (c) capacity-building of 18,000 farmers in crop development and horticulture; and (d) support to horticulture development and cereal food crops, including oilseeds, pulses and tubers, in all villages.
 - (ii) Food and nutrition security. This will include: (a) training of school children and SHG members in malnutrition, locally available nutritious foods, preparation of nutritious food using local materials, sanitation and alcoholism; (b) focus on cultivating locally available traditional food crops;

- (c) nutrition-intensive interventions such as kitchen gardens, backyard poultry- and goat-rearing; and (d) promotion of “convergence” to address gaps in the areas of food availability, health, water and sanitation.
- (iii) Livelihood improvement. The programme will support: (a) selection and training of community service providers (CSPs); (b) household production support; (c) market access support for producer collectives; (d) support for NTFP marketing; and (e) vocational training and strengthening of PTG culture and traditions.
15. Component 3: Community infrastructure and drudgery reduction. PTG villages are characterized by poor housing, limited or no access to potable water year round, absence of sanitation facilities, limited or no access to electricity and limited or no road infrastructure. Some villages in the programme area have no school buildings and, in those that do, in many cases the buildings are dilapidated and without drinking water and sanitation facilities. Many villages do not have paved roads or drainage inside the settlements, and children play in extremely unhygienic conditions, especially during the rainy season. Though NTFPs constitute a major livelihood source for PTGs, there are no platforms for drying and sorting these commodities or for storage to facilitate collective marketing. This will be addressed through two subcomponents:
- (i) Community infrastructure. The programme will support construction of: (a) 300 drinking water schemes and 542 school toilets; (b) 4,000 housing units and habitat development; (c) 500 km of roads and 50 km of electrification; and (d) infrastructure for 542 drying yards, 84 market yards, 250 aggregation centres and 250 SHG worksheds; and will provide power tiller units, 2,000 irrigation pump sets and 84 hydram units. Operation and maintenance of these facilities will be through VDCs, and village volunteers will be trained as community mechanics.
- (ii) Drudgery reduction. Under this subcomponent, the programme will support: (a) construction of 35,000 smokeless wood stoves; (b) installation of 20,000 solar lanterns; (c) maintenance of fuelwood reserves in 540 villages; and (d) construction of 84 milling units for hulling rice, millet, etc.
16. Component 4: Programme management. This component will have three subcomponents: (i) a programme management unit (PMU) will be set up within the lead programme agency; (ii) the programme will strengthen the 17 existing MPAs through staffing and facilities; and (iii) a programme monitoring and evaluation (M&E) and knowledge management (KM) unit will be set up within the PMU. The programme will make an effort to strengthen existing systems within the MPAs, rather than creating parallel ones.
17. Major outcomes of the OPELIP will include: 1,019 VDCs organized and functional; 3,800 SHGs and 84 GPLFs organized and functional; at least a 50 per cent reduction in rural indebtedness; 100 per cent of PTG households holding homestead titles and 75 per cent of them land titles; 43,000 households receiving land and water management treatment measures; 19,000 households accessing irrigation and an almost equal number of households planting fruit and spice crops; 31,000 households increasing cereal, millet, pulse and oilseed production; 9,000 households starting an income-generating activity; all households accessing a water supply, and market and road connectivity; and 32,000 PTG households having kitchen gardens, smokeless wood stoves and access to community fuelwood reserves.

III. Programme implementation

A. Approach

18. The OPELIP has been designed to follow the successful bottom-up planning approach of OTELP. Success under OTELP was attributed to the fact that the implementation process was owned by tribal peoples. With local community institutions at the heart of the programme, the new design focuses on scaling up activities that have already been tested and proven successful in Odisha. The programme will adopt an integrated approach involving support for improved access to land, natural resources, agricultural technologies, financial services, markets, productive and social infrastructure, and essential social services. Gender empowerment will be mainstreamed in all activities. Given the extremely severe malnutrition situation in PTG villages, the design has also piloted an approach to mainstreaming nutrition-sensitive agricultural activities across all components.

B. Organizational framework

19. At the national level, the Department of Economic Affairs of the Ministry of Finance will be the nodal agency for the programme. The Ministry of Tribal Affairs will be involved in overall policy guidance.
20. At the state level, the Scheduled Tribes and Scheduled Castes Development Department (STSCDD) will be the lead programme agency. Overall policy guidance will be provided through a programme steering committee under the Chief Secretary. A PMU set up within STSCDD will have overall responsibility for day-to-day management of the programme and the functions relating to planning, funds flow, M&E, gender mainstreaming, policy dialogue and KM.

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

21. Planning. The programme will follow the planning process undertaken by the respective MPA, taking the specific objectives and purposes of the OPELIP into account. A draft annual workplan and budget (AWP/B) will be drawn up by the PMU, consolidating all microplans, in consultation with the respective MPAs and partner NGOs.
22. Monitoring and evaluation. The M&E system will measure progress and performance, and will be a learning and decision-making tool at various levels. The PMU will establish an M&E unit, which will support progress monitoring by programme field implementation units and partner NGOs. The M&E unit will also monitor programme outcomes and impacts through, among other tools, annual outcome surveys and by applying the Results and Impact Management System (RIMS) in accordance with IFAD guidelines. Semi-annual and annual reports will also contain sections on analysis, interpretation and recommendations from process monitoring, lessons learned and best practices.
23. Learning and knowledge management. Information generated by the programme will be disseminated through IFAD websites, newsletters, thematic reports and at learning events. The programme will develop a KM strategy and appropriate action plans. KM will be used as a tool for internal learning by programme stakeholders such as the staff of various implementing agencies, and participating villagers and farmers, both women and men. Activities will include regular review meetings at village/cluster, MPA and state levels and the production of knowledge products such as newsletters (in local languages), briefs, training materials, technical manuals, booklets, posters, videos, etc.
24. The OPELIP will also use audio/video systems to disseminate information from farmer to farmer and village to village. It will build on the KM culture and practices of OTELP and on the Digital Green programme to amplify knowledge through combining technology and social organizations for community transformation.

D. Financial management, procurement and governance

25. Financial management. The OPELIP will build on the experience of the ongoing OTELP. During implementation, the PMU will consolidate the AWP/B, including the annual action plan for conservation-cum-development¹ of microprojects, and submit the consolidated AWP/B to the programme management committee for approval. Financial accounting for the OPELIP will be done through computerized accounting software at all levels. The software will be customized to generate financial reports for the national and state governments and for IFAD according to specific requirements. After programme start-up, the PMU will enter into a subsidiary agreement with each MPA. Each MPA will submit a monthly progress report to the PMU electronically. Strong internal control procedures will be introduced, including adequate segregation of duties, especially at the MPA level. Detailed procedures for recording, management and safeguarding of fixed programme assets will be detailed in the programme implementation manual. An internal auditor will be hired to provide continuous monitoring and review of financial systems and procedures.
26. Flow of funds. IFAD financing of the programme will be routed through an account designated to receive funds in advance (designated account), denominated in United States dollars and maintained at the Reserve Bank of India. The Controller, Aid, Accounts and Audit, Department of Economic Affairs (Ministry of Finance, Government of India), will administer the designated account. Funds will flow from STSCDD to the PMU bank account as non-lapsable funds in one or two tranches, and funds from the PMU will be transferred to MPAs as grants-in-aid. IFAD's share of funds reimbursed to the Government of Odisha will flow to that Government through the prescribed national procedures for budgetary support to state governments. The PMU will release funds to the microprojects based on the approved AWP/B for implementation of programme activities. The PMU will open a separate bank account in a bank mutually acceptable to IFAD and STSCDD. Each MPA will open a separate bank account, in any bank mutually acceptable to the Government of Odisha and IFAD, to receive funds from the PMU and carry out eligible expenditures.
27. Audit. The external auditing arrangements for the OPELIP will be established in two tiers: (i) independent external audit; and (ii) compliance and performance audit by the Office of the Comptroller and Auditor General (CAG) of India. As the OPELIP PMU will be a part of STSCDD, CAG will undertake compliance and performance audit of the department, in addition to the independent external audit.
28. Procurement. Procurement of goods, works and services financed from resources provided or administered by IFAD will be undertaken in accordance with IFAD's project procurement guidelines and procurement handbook, 2010. Procurement will be undertaken in accordance with a consolidated procurement plan submitted by the PMU and approved by the programme management committee and IFAD.
29. Governance. An integrated framework for good governance has been developed to ensure: (i) information transparency in the public domain; (ii) accountability in the use of resources; and (iii) participation of the communities in decisions that may affect them. The involvement of affected communities at all stages of programme implementation can simultaneously improve development of outcomes and reduce the scope for fraud and corruption. Key features of this governance framework include, among others, use of a computerized financial management system; setting up of a complaints and remedies mechanism; rotation of group leaders of VDC, SHG, GPLF and social audit of group programme accounts; and regular IFAD implementation support and supervision missions.

¹ From the "Conservation-cum-Development Plan for PTGs" (Ministry of Tribal Affairs, Government of India).

E. Supervision

30. The OPELIP will be directly supervised by IFAD. During the programme's start-up phase, IFAD will attend the state-level start-up workshop and participate in discussions on the programme's approach and strategy. It will field annual supervision missions, which will review progress with regard to physical targets, compliance with fiduciary responsibilities and follow-up on audit recommendations, and will result in agreed actions to further enhance progress and performance. Government of Odisha representatives will participate in these supervision missions. IFAD will also field implementation support missions on specific technical issues.

IV. Programme costs, financing, benefits

A. Programme costs

31. Total programme costs are estimated at 7,954.15 million Indian rupees (Rs) (US\$130.39 million), including contingencies (US\$6.30 million), over an eight-year period. Key assumptions used in estimating programme costs include: (i) price contingencies assumed at 5 per cent and applied on all items, except for grant and subsidies categories and staff salaries financed by IFAD; (ii) an exchange rate of Rs 61 per United States dollar; (iii) taxes and duties of 5 per cent on training, staff and operating costs, of 15 per cent on service provider contracts and civil works, and of 10 per cent on goods and equipment; (iv) all unit costs input in the local currency unit (i.e. Rs); and (v) taxes excluded from IFAD financing.

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

<i>Component</i>	<i>Borrower/ counterpart</i>	<i>IFAD</i>	<i>Beneficiaries</i>	<i>Total</i>
1. Community empowerment				
Community institutions	6 449	9 653	-	16 102
Strengthening SHGs and rural finance	602	5 654	-	6 256
Subtotal community empowerment	7 051	15 307	-	22 357
2. Natural resource management and livelihood improvement				
Natural resource management	13 718	8 584	2 116	24 418
Food and nutrition security	961	4 574	-	5 534
Livelihood improvement	1 313	7 565	559	9 437
Subtotal natural resource management and livelihood improvement	15 991	20 723	2 676	39 390
3. Community infrastructure and drudgery reduction				
Community infrastructure	40 641	1 126	69	41 836
Drudgery reduction	826	4 333	257	5 416
Subtotal community infrastructure and drudgery reduction	41 467	5 459	327	47 253
4. Programme management				
Programme management unit	1 861	2 547	-	4 408
Microproject agency unit	9 615	6 369	-	15 984
M&E and KM	201	803	-	1 004
Subtotal programme management	11 677	9 719	-	21 396
Total cost	76 185	51 209	3 002	130 396

B. Programme financing

32. The programme will be funded through IFAD financing and Government of Odisha counterpart financing from state budgetary resources, from funds under article 275(1) Special Central Assistance to Tribal Peoples Sub Plan, from the conservation-cum-development fund and through beneficiary contributions. IFAD will provide a loan of about US\$51.20 million. The Government will provide

US\$76.18 million, including staff costs, operating costs and the annual budget allocation for development of PTGs and other STs. Beneficiaries are expected to make an in kind contribution of labour equivalent to US\$3.00 million.

Table 2

Indicative programme costs by expenditure, category and financier
(Thousands of United States dollars)

<i>Expenditure category</i>	<i>Borrower / counterpart</i>	<i>Percentage</i>	<i>IFAD</i>	<i>Percentage</i>	<i>Beneficiaries</i>	<i>Percentage</i>	<i>Total</i>
1. Civil work	47 043	84.9	7 131	12.9	1 246	2.2	55 420
2. Training ^a	2 423	16.4	11 761	79.8	559	3.8	14 744
3. Goods, services and inputs	15 978	43.9	19 187	52.8	1 197	3.3	36 362
4. Grants	-	-	7 149	100.0	-	-	7 149
5. Operating costs ^b	10 741	64.2	5 981	35.8	-	-	16 721
Total programme costs	76 185	58.4	51 209	39.3	3 002	2.3	130 396

^a Training and capacity-building.

^b Includes staff salaries.

33. Retroactive financing. With a view to ensuring that the OPELIP start-up proceeds smoothly, preparatory activities related to the NRM and livelihood improvement component, certain staff costs, and preparation of a baseline survey and manuals are proposed to be undertaken from April 2014 to entry-into-force of the financing agreement. Accordingly, as an exception to the General Conditions for Agricultural Development Financing, approval for IFAD retroactive financing for expenditures up to US\$406,240 is recommended. These proposed expenditures will fall under two expenditure categories: (i) goods, services and inputs; and (ii) training and capacity-building (table 3). The expenditures incurred will be reimbursed to the borrower after the programme enters into force.

Table 3

Indicative retroactive financing by component, cost category and financier
(United States dollars)

<i>Component</i>	<i>Disbursement account category</i>	<i>Estimated expenditure</i>	<i>Amount to be reimbursed by IFAD</i>
1. Community empowerment			
Wages to multipurpose workers	Goods, services and inputs	72 000	36 000
2. NRM and livelihood improvement			
Engaging the services of a rural organization	Training and capacity-building	320 000	256 000
4. Programme management			
Baseline survey	Training and capacity-building	134 400	107 520
Preparation of finance manual	Training and capacity-building	8 400	6 720
Total		534 800	406 240

C. Summary benefit and economic analysis

34. Programme investments have an overall internal rate of return of 23 per cent, with a net present value of Rs 7,840 million and a cost-benefit ratio of 1.85. The programme remains viable if costs increase and/or benefits decrease by 25 per cent. Farm model analysis shows significant increases in food production from 510 kg to 1,020 kg per household, with net incomes increasing several fold over existing levels.
35. A total of 62,356 households (comprising 32,090 PTGs; 13,970 other ST households; 5,486 SC households; and 10,810 others) would benefit directly from the programme.

36. Immediate benefits from the OPELIP include: (i) increased productivity through the introduction of better management practices and improved farming practices; (ii) minimized soil erosion; (iii) reduced runoff and increased infiltration; (iv) enhancement of organic content of the soil; (v) greater social cohesion among target group communities due to greater interaction with VDAs and SHGs; (vi) security of land tenure due to recognition of the usufruct rights of PTGs and restoration of alienated land; and (vii) increased recognition of and participation by women.

D. Sustainability

37. The land survey and land allocation, with land title rights, provided to PTGs is expected to trigger sustained improvements in land use and overall productivity. Quality of the produce will be ensured through provision of quality seed and seedlings by the programme and through capacity-building. Marketing could be a constraint in the initial years, but would be overcome through the operations of producers' collectives and the provision of market infrastructure, as demand is increasing for produce from the programme area. Increased capacity of the target groups to undertake intercropping and other small enterprises through programme support will enhance the sustainability of livelihoods.
38. The programme will contribute to environmental and NRM sustainability. Planting of fruit trees in the current shifting cultivation areas will help protect soils and improve productivity. The fruit trees and spice crops will provide PTGs and other STs a regular and more reliable source of income and will reduce the temptation to encroach on forest lands. In addition, programme participants will receive technical training in good agricultural practices, improved soil fertility and soil health management, eco-restoration techniques, planting along contour lines to prevent erosion, and organic farming.

E. Risk identification and mitigation

39. There are a number of risks associated with the programme as detailed in the logical framework. The goal-level risk of lack of support by the Government is reduced by the Government commitment to continue tribal development programmes and to enhance investment. The development-objective-level risk of social instability is addressed by promoting and supporting local governments and community institutions in building a coalition facilitating stability and economic growth. The risk of a complex, challenging institutional setting involving 17 MPAs will be reduced by additional, qualified staffing and staff incentives. Output-level risks, such as crop production adversely affected by changing weather patterns, will be reduced through a number of measures to mitigate the impacts of climate change. Other risk mitigation measures include: (i) promoting interventions that are profitable for PTGs; (ii) enhancing communication links for better access to markets and services; and (iii) ensuring community participation in programme planning and implementation to ensure community support for the programme and insulation from the left-wing insurgency.

V. Corporate considerations

A. Compliance with IFAD policies

40. The OPELIP is fully aligned with the IFAD Strategic Framework 2011-2015 and supports both strategic objectives of the IFAD RB-COSOP for India. It is also directed to one of the main target groups identified in the COSOP – indigenous tribal groups. The programme design adheres to IFAD policies for poverty, targeting and gender, indigenous peoples, climate change, scaling up, good governance and the environment. The programme is classified as a category B operation; thus no further environmental assessment is considered necessary.

B. Alignment and harmonization

41. The State Government has been actively involved in formulation and appraisal of the OPELIP. The programme is built on the success of OTELP as well as on lessons learned from other IFAD-supported projects in India. The OPELIP is aligned with the India COSOP 2010-2015 and is compatible with and supportive of other state government initiatives. It is also in line with strategies and policies of the Governments of India and Odisha for the development of tribal and vulnerable communities. The programme goal and objective are aligned with the objective of "faster and more inclusive growth" of the Governments of Odisha and India.

C. Innovations and scaling up

42. The OPELIP represents a scaling up of the successful interventions of OTELP, and it is expected that the OPELIP, itself, will be scaled up in time. As this is the first externally funded development intervention targeted to PTGs, it offers an opportunity to refine a model for PTG areas, which can then be scaled up to PTG areas in other states with large PTG populations, such as Jharkhand and Chhattisgarh.
43. The OPELIP will undertake case studies of innovations and success stories on a regular basis and will report on them through annual progress reports and in the India country newsletters.

D. Policy engagement

44. The policy engagement of the programme will support the Government of Odisha's efforts to address a number of policy issues relating to the development of tribal populations. The programme will also provide funding for studies on key policy issues and dissemination of the findings, and will engage in dialogue with the State Government on other unresolved policy areas.

VI. Legal instruments and authority

45. A 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.
46. The Republic of India is empowered under its laws to receive financing from IFAD.
47. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

VII. Recommendation

48. 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-six million four hundred thousand special drawing rights (SDR 36,400,000) 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: "Odisha Particularly Vulnerable Tribal Groups Empowerment and Livelihoods Improvement Programme"

(Negotiations concluded on 10 March 2015 in Delhi, India)

Loan Number:

Programme Title: Odisha Particularly Vulnerable Tribal Groups Empowerment and Livelihoods Improvement Programme (OPELIP) ("the Programme")

The Republic of India (the "Borrower")

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 Odisha Particularly Vulnerable Tribal Groups (PTG) Empowerment and Livelihoods Improvement Programme (OPELIP) described in Schedule 1 to this Agreement;

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

NOW THEREFORE, the Parties hereto hereby agree as follows:

Section A

1. The following documents collectively form this Agreement: this document, the Programme 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 except for the provisions identified in Section E paragraph 3 below. 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 Programme in accordance with the terms and conditions of this Agreement.

Section B

1. The amount of the Loan is SDR 36 400 000.
2. The Loan is granted on blend terms, 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 June and 15 December.
6. There shall be an account denominated in USD designated to receive up to USD 3 million (Authorised Allocation) from the Loan Account which shall be opened with the Reserve Bank of India and shall be administered by Ministry of Finance, Government of India (Designated Account).
7. There shall be a Programme Account denominated in local currency opened and operated by the Programme Management Unit (PMU), which shall be maintained in a bank mutually acceptable to the Fund and the State Government.
8. There shall be Sub-Programme Accounts denominated in local currency opened and operated by each of the Micro Project Agencies (MPAs), as described in Schedule 1 hereto, which shall be maintained in a bank mutually acceptable to the Fund and the State Government.
9. The Borrower shall cause the State to provide an amount of approximately USD 15.32 million equivalents as counterpart financing for the Programme. The Borrower, in cooperation with the State, shall strive to undertake proactive measures/policies for convergence of other Government schemes and contributions from beneficiaries in an amount of approximately USD 60.86 million equivalents to achieve the design projections. This will include funds (estimated to be USD 36.79 million) that will flow from Ministry of Tribal Affairs, Government of India to the State (under Conservation cum Development, Special Central Assistance to Tribal Sub Plan and Article 275 (1) of the Indian Constitution) which the State Government shall make available for spending in the Programme Area.

Section C

1. At national level the Department of Economic Affairs, Ministry of Finance of the Borrower, will be the nodal agency for the Programme and the Ministry of Tribal Affairs (MoTA) of the Borrower will be involved for overall policy guidance. The Lead Programme Agency at the State level shall be the Scheduled Tribes and Scheduled Castes Development, Minorities and Backward Classes Welfare Department (STSCDD), Government of Odisha.
2. The following are designated as additional Programme Parties:
 - (a) MPAs;
 - (b) NGOs including Livelihood Resource Agencies; and
 - (c) Any other stakeholder identified by the PMU in agreement with the Fund.
3. The Programme 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 Programme supervised by the Fund.

Section E

1. The following are designated as additional grounds for suspension of this Agreement:

- (a) The Programme 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 Programme, and the Borrower has not taken any measures to remedy the situation; and
- (b) The State Government has taken any action to dissolve or liquidate any of the MPAs during the implementation of OPELIP, without the prior consent of the Fund.

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 Programme Steering Committee (PSC) with representations from key line departments, District Collectors of programme districts, Banks and independent resource persons shall have been duly established.
- (b) The State level Programme Management Committee (PMC) and the PMU shall have been duly established.
- (c) A Programme Director (PD) shall have been duly appointed on deputation basis.
- (d) Key programme and finance staff shall have been duly appointed at PMU and at each of the MPA level.
- (e) The Programme Account and Sub-Programme Accounts shall have been duly opened by the PMU and by each of the MPA respectively.
- (f) The Programme Agreement, in form and substance acceptable to the Fund, shall have been duly concluded between the Fund and the State of Odisha.
- (g) A PIM shall have been prepared and approved by the Programme Management Committee and the Fund.

3. The following provisions of the General Conditions shall not apply to this Agreement:

- (a) As an exception to Section 4.08(a)(ii) of the General Conditions, expenditures of up to the equivalent of USD 406,240 incurred after the 1st April 2014 but before the date of entry into force of this Agreement for financing some of the preparatory activities like baseline survey, land survey for providing title to the lands, preparation of finance manual and some staff costs under Goods, Services and Inputs Category and Training and Capacity Building Category, may be considered Eligible Expenditures for the purposes of this Agreement,

if otherwise eligible, notwithstanding the fact that they have been incurred before the start of the Programme Implementation Period.

- (b) As an exception to Section 7.05(a) of the General Conditions, the procurement of goods, works and services under the Programme financed from resources provided or administered by IFAD will be undertaken in accordance with IFAD's Procurement Guidelines and Handbook (September 2010), as amended from time to time.

4. 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 06 5459 3463

This Agreement, dated [click and type], has been prepared in the English language in three (3) original copies, one (1) for the Fund, one (1) for the State and one (1) for the Borrower.

REPUBLIC OF INDIA

[insert NAME of the Authorised Representative]
[insert his title]

INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

Kanayo F. Nwanze
President

Schedule 1

Programme Description and Implementation Arrangements

I. Programme Description

1. Target Population. The Programme will be implemented in 17 MPAs areas located in twelve districts of Odisha namely Malkanagiri, Rayagada, Angul, Deogarh, Ganjam, Nuapada, Keojarh, Sundergarh, Gajapati, Kandhamal, Kalahandi and Mayurbhanj covering 13 Particularly Vulnerable Tribal Groups (PTGs) living in some 1,019 villages and hamlets and 84 Gram Panchayats (GPs) ("Programme Area"). Overall, the Programme will cover approximately 62,356 households, including PTGs and other Schedules Tribes (ST) and Schedules Caste (SC) households.

2. Goal. The overall goal of the Programme is to achieve enhanced living conditions and reduced poverty of the target group households.

3. Objective. The objective of the Programme is to enable improved livelihoods and food and nutrition security primarily for 32,090 PTGs households, 14,000 other tribal households and 16,356 other poor and SC households. This in turn will be achieved via building the capacity of the target households, securing them their entitlements over land and forest, improving their agricultural practices for enhanced production, promoting income-generating micro-enterprises for alternate livelihoods and ensuring access to education, health and other services and improving community infrastructure to adapt expanded and sustainable livelihood opportunities to the hill environment and to the effects of climate change.

4. Components. The Programme shall consist of the following Components:

4.1 Component 1: Community Empowerment.

This component has two subcomponents:

- (a) Community institutional development. Major activities under this sub-component will include: (i) the engaging of the services of 17 Non-Governmental Organizations (NGOs) supported by about 360 community resource persons (CRPs) each CRP being responsible for two or more natural villages; (ii) Training of Trainers (ToT) through a Specialist NGO and capacity building of CRPs; (iii) mobilization of Village Development Associations (VDAs) and building capacity of VDA members and subsequent establishment of Village Development Committees (VDCs); (iv) implementation of entry point activities in all 1019 villages, as identified by the VDCs; and (v) preparation of village development plans (VDPs) and facilitation of VDCs to implement activities identified in the VDPs.
- (b) Promotion of women Self Help Groups (SHGs) and Rural finance. Key interventions under this sub-component will include formation and strengthening of 3,800 SHGs, training of CRPs, formation of 84 Gram Panchayat level Federations (GPLFs), provision of pro-poor funds and vulnerability reduction funds to SHGs and community investment funds to the GPLF in compliance with NRLM norms, and piloting two cooperative societies. The feasibility study for setting up community-owned cluster level cooperatives will be taken up during PY3. The Programme will implement all activities related to SHG led savings and credit using systems and processes that are compliant with National Rural Livelihood Mission (NRLM). MPAs will be authorised to implement NRLM activities largely using Programme funds to

avoid duplication of efforts between NRLM Society and MPAs in the Programme Area.

4.2 Component 2. Natural Resource management and Livelihood Improvement.

This component has three sub-components:

- (a) Natural resource Management. Key interventions under this sub-component will include: (i) engaging the services of the specialist NGO for land surveys and issuing of land rights titles to PTGs; (ii) treatment of 20,000 ha of arable land, construction of some 900 irrigation structures (such as diversion of run-off of the streams); (iii) building the capacity of some 18,000 farmers in crop development and horticulture; and (iv) support to horticulture development, cereal food crops including oilseeds, pulses and tubers in all programme villages.
- (b) Food and Nutrition Security. Under this subcomponent, the Programme will promote: (i) food and nutrition security and productivity enhancement by identifying local varieties that add value to nutritional basket and also identify new crops suitable locally, develop seed banks, train farmers and CRPs, undertake demonstrations of more productive farming systems, provide improved farm tools, including power tillers, establish vegetable and fruit tree nurseries and introduce new and innovative farming techniques such as system of root intensification (SRI); (ii) diversification of the farming system of PTGs to include fruits and vegetables as well as traditional cereals, such as sorghum or millets, or bio-fortified crops that have been bred for higher nutrient values; (iii) provision of technical advice and education on processing and storage and on health and nutrition (including food safety, home preservation and preparation); and (iv) milling and hulling activities as one of the IGA specifically with regard to traditional crops that are being neglected to facilitate use of fortification to combat malnutrition and also value-addition.

For disseminating information and technology among the farmers and improving agricultural extension services, farmers will be organised into farmer field schools (FFS) with about 15 to 20 members in each FFS.

- (c) Livelihoods Improvement. Under this subcomponent, the Programme will support: (i) selection and training of community service providers (CSP); (ii) household production support – such as expansion of kitchen gardens with their produce for markets, backyard poultry, goat rearing and income generating activities; (iii) support for producer collectives - aggregation, value addition and market linkage; (iv) support for Non timber Forest Products (NTFP) marketing; and (v) vocational training and strengthening PTG culture and traditions

4.3 Component 3. Community Infrastructure and Drudgery reduction.

This component has two sub-components: (a) community infrastructure, and (b) drudgery reducing interventions. The State will strive to converge with on-going National and State programmes for financing the first subcomponent. The second sub-component on drudgery reduction will be financed by IFAD.

- (a) Community infrastructure. Under this subcomponent, the Programme will strive to support construction of: (i) some 300 drinking water schemes and some 542 school toilets; (ii) 4,000 housing units and habitat development; (iii) 500 km of road connectivity and 50 km of electrification; (iv)

infrastructure for 542 drying yards, 84 market yards, 250 aggregation centres, 250 SHG work-sheds; and (v) provision of power-tiller units and 2,000 irrigation pump-sets and 84 hydram units based on the requirements and felt needs identified during the participatory micro planning process. O&M of these facilities will be through a committee of the VDA and the village volunteers will be trained as community mechanics.

- (b) Drudgery reducing interventions: The Programme will expedite access to land tenure rights under the Forest Rights Act (FRA) both for house-building and the community and natural resource regeneration to protect water and fuel-wood sources, and protecting biodiversity on and off-farm. Creating access to drinking water, providing smokeless cook-stoves, creating fuel-wood reserves and promoting home-based nutrition gardens will also be good and community-acceptable entry point activities to reduce drudgery. In addition, the Programme will also provide facilities for improved storage of food grains through household storage bins and improved housing and solar home lighting. Reduced drudgery can also be achieved through improvements in hauling, threshing, hulling, and milling of food grains. Small scale processing units can enable women to spend more time on productive activities, and in preparing nutritious foods such as millet.

4.4. Component 4: Programme Management.

The Programme Management component will have three sub-components:

- (a) Programme Management Unit (PMU) at the State level. For the overall management of the Programme a PMU will be established in Bhubaneswar under the STSCDD. The establishment of the PMU will be notified through the issuance of a Government Order. The PMU will be headed by a full time Programme Director (PD) from the government on deputation basis, who will report to the Commissioner and Secretary, STSCDD and work closely with the Additional Secretary STSCDD and Director, Tribal Research Institute, Bhubaneswar. The PD will be overall responsible for the management of the Programme and fostering support and convergence with key departments.
- (b) Management structure at MPA level. The Programme will be implemented in the field through the existing MPAs with the respective Special Officer, who will be the regular Government Officer. A Government Order will be issued notifying that the Special Officer, MPA, will be in charge of the implementation of the Programme at the Micro Project level covering all villages within the GPs being serviced using an inclusive approach. The Special Officer will be responsible for the implementation of the Programme with a tenure of at least three continuous years in his/her MPA.
- (c) Programme Monitoring and Evaluation (M&E) and Knowledge Management (KM). The Programme will make provisions for conducting baseline surveys, annual outcome surveys, midterm review surveys, RIMS surveys, special studies, concurrent monitoring etc. Monitoring and evaluation functions will be handled by the M&E team and the KM functions by the Manager-Communications within the PMU under the guidance of the PD.

II. Implementation Arrangements

A. Coordination

1. Coordination at the highest level will be provided by a Programme Steering Committee (PSC). The PSC will be established to support the Programme, under the chairmanship of the Chief Secretary (or alternate), Government of Odisha, with representations from key line departments, District Collectors of Programme districts, independent development experts, a representative from a reputed Bank and with the Commissioner cum Secretary of STSCDD as the member secretary. The PSC will provide effective governance and overall policy guidance to the Programme. The PSC will review the progress of the Programme and ensure that its activities are coordinated with other development efforts in the State, especially with the key line departments.

2. State level. At the State level, there will be a PMC with the Commissioner cum Secretary, STSCDD as the Chairperson and PD of the Programme as the Member Secretary. The members will include Secretaries (or their nominees) of the Departments of Revenue, Finance, Forest, Panchayati Raj, Rural Development, Women and Child Development and Planning and Co-ordination along with Additional Secretary, STSCDD and Director, Tribal Research Institute, Bhubaneswar (TRI). The PMC will meet quarterly and be responsible for all management decisions for effective Programme implementation, including approving the Annual Work Plan and Budget.

3. District level. At the MPA level a District Programme Implementation Committee (PIC) will be set up under the Chairmanship of the District Collector with representation from ITDA, Forestry Department and NGOs for approving Annual Workplan and Budget (AWPB), reviewing implementation progress and facilitating coordination with other line departments. The PIC will facilitate convergence and co-ordination with relevant departments and schemes of the government. The Special Officer of MPA will be the Member Secretary of PIC.

4. Village level. A Village Development Association (VDA) will be established in all MPA villages and each such VDA will have about 30 to 60 households with one male and one female representative from each household as member of the VDA. In some cases 2-3 small villages have to form a VDA in the event these villages have fewer or inadequate number of households to organise themselves into a VDA. VDAs will establish a VDC and these VDCs will be responsible for implementation of natural resource management and livelihood related activities. In each village or habitation, there will be one VDC secretary supported by a CRP who will be selected from within the PTG communities. Each CRP will cover 2-3 villages. The Programme will identify NGO partners to work closely with the MPAs in implementing activities at the grass-roots level. Provisions will be made for the NGOs to bring on board technical experts to work in the field in particular for microfinance, agriculture, etc.

B. Management

5. The PD in charge of the management of the Programme will be recruited from the government (preferably from the Indian Forest Service as the programme has a strong component on FRA). He/she will report to the Commissioner and Secretary, STSCDD and work closely with the Additional Secretary STSCDD and Director, Tribal Research Institute, Bhubaneswar. The PD will be overall responsible for the management of the Programme and fostering support, convergence with key departments such as Rural Development, Forest, Agriculture, Women and Child Development etc. The PD will be assisted in his/her functions by a full time Deputy Programme Director (DPD), preferably from the market or on secondment, who will, in addition to his/her core Programme related functions be responsible for Planning, Knowledge Management, procurement and

Human Resource issues and a complement of professionals including a Revenue Officer seconded from the Revenue Department to assist in Programme implementation.

6. NGOs. The Programme will engage an NGO for each MPA which are capable of implementing the Programme interventions in the Programme Area. The selected NGO will engage a multidisciplinary technical team to support field level implementation. The role and responsibilities of the facilitating NGO will be spelled out in the contract to be entered into between the PMU and the NGO, in a form and substance approved by the State and IFAD. The Programme will also engage the services of NGOs with proven capacity who have experience of working in Odisha in the Tribal and/or PTG areas. NGOs that have been engaged by Orissa Tribal Empowerment and Livelihoods Programme (OTELP) and have performed well will be given preference. NGOs will be engaged for the full duration of the Programme except the last year of the Programme to ensure intensive handholding of the community. The selection criteria of the NGOs will be detailed in the PIM.

7. Subsidiary Agreement. The State, through STSCDD, will enter into a Subsidiary Agreement, acceptable to the Fund, with each of the MPAs. Among other things, the provisions of the Subsidiary Agreement should include: (i) The MPAs declare its commitment to the goal and objective of the Programme and, in furtherance of such goal and objective, they shall undertake to carry out the Programme in accordance with the Financing Agreement and with the Programme Agreement; (ii) preparation of annual plan and fund flow arrangements; (iii) physical and financial reporting requirements; (iv) auditing and submission of Programme Financial Statements; (v) adherence to IFAD Procurement Guidelines and approved Procurement Plan; (vi) using bank interest earned for eligible expenditures; (vii) adopting an inclusive approach for implementation of OPELIP activities and (viii) applicability of IFAD Policy on Fraud and Anti-corruption. A draft Subsidiary Agreement shall be submitted to the Fund for its no –objection.

C. Programme Implementation Manual

The PMU shall prepare a draft PIM to be approved by the PMC and the Fund. The PIM shall include procedures and processes for Programme implementation, financial administration and reporting and procurement. The PMU shall adopt the PIM substantially in the form approved by the PMC and the Fund and may make amendments thereto from time to time with the approval of the Fund.

The State shall cause the Programme 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 Programme Agency and the Fund shall jointly carry out a review of the Programme 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 Programme Agency and approved by the Fund. Among other things, the Mid-Term Review shall consider the achievement of Programme 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. IFAD may appoint, in consultation with the Government, an external agency to evaluate the impact of the Programme if necessary.

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	4 560 000	80%
Training	7 520 000	80%
Goods, Services and Inputs	12 270 000	80%*
Grants & Subsidies	4 570 000	100%
Operating Costs	3 830 000	50%
Unallocated	3 650 000	
TOTAL	36 400 000	

* 50% for NGO contracts

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

“Works” financed by IFAD are specifically limited to land treatment, NTFP aggregation centres, piloting water purification plants, seed storage bins to PTGs, youth dormitory, office buildings and their renovation and camp offices. All other works will be financed by GoI/GoO at 100%.

“Training” include capacity building activities.

“Goods, Services and Inputs” include financing at 50% of NGO contracts in component 1, 80% financing in component 2.1 with the exclusion of horticulture plantations, 80% financing in component 2.2, 80% financing in component 3.1 with the exception of power tillers, 80% financing in component 3.2, 4.1 and 4.2.

“Grants & Subsidies” include grants provided to VDCs, SHGs and their federations, Agricultural Universities and vocational trainings

“Operating Costs” include staff salaries and allowances. Operating costs are financed at 50% of total expenditures. Incremental staff salaries, except those who are seconded from GoI, are financed at 50% of total expenditures.

2. Retroactive financing. As an exception to Section 4.08(a) (ii) of the General Conditions, expenditures of up to the equivalent of USD 406 240 incurred after the 1st of April 2014 but before the date of entry into force of this Agreement for: baseline survey, land survey, preparation of finance manual and some staff costs, shall be charged under the Goods, Services and Inputs Category and Training Category. The retroactive financing may be claimed from the Loan Account when the general conditions precedent to withdrawal are complied with. The retroactive financing is not additional financing and shall be within the Loan resources allocated.

Negotiated programme agreement: "Odisha Particularly Vulnerable Tribal Groups Empowerment and Livelihoods Improvement Programme"

(Negotiations concluded on 10 March 2015 in Delhi, India)

Loan Number:

Programme Title: Odisha Particularly Vulnerable Tribal Groups Empowerment and Livelihoods Improvement Programme (OPELIP) (the "Programme")

The State of Odisha of the Republic of India (the "State") acting by 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 six million four hundred thousand Special Drawing Rights (SDR 36 400 000) for the purposes of partially financing the Programme, but only at the condition that the State agree to undertake such obligations toward the Fund as are set forth in this Agreement;

(B) A Memorandum of Understanding (the "Subsidiary Agreement"), will be entered into between the State through the Scheduled Tribes and Scheduled Castes Development, Minorities and Backward Classes Welfare Department (STSCDD), Government of Odisha ("Lead Programme Agency"), and each of the existing 17 Micro Project Agencies (MPA) in accordance with the laws of the Borrower for the purpose of implementing the Programme in the State. The MOU shall specify the Programme implementation modalities, financing and flow of fund arrangements in accordance with the Financing Agreement;

(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, as may be amended from time to time (the "General Conditions") are annexed to this Agreement, and all provisions thereof, with the exceptions indicated in the Financing Agreement, shall apply to this Agreement.
3. The State declares its commitment to the goal and objective of the Programme 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 Programme Agency/Programme 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 fund flow to the MPAs, strive for convergence of other Government schemes and contributions from beneficiaries to achieve the design projections.
5. Any obligation of any Programme 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 MPA shall cause, such other Programme 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 each of the MPA in form and substance acceptable to the Fund.
2. The State shall duly perform all its obligations under the Subsidiary Agreement and this Agreement and shall cause the MPA to perform all of its obligations under the Subsidiary Agreement. The State shall ensure that each other Programme Party or implementing agency shall perform their respective obligations under the Programme and under each other contract agreement or memorandum of understanding which may be entered into to implement the Programme.

Section C

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

For the State:

Commissioner-cum-Secretary
ST&SC Development, Minorities & Backward Classes Welfare Department
Government of Odisha,
Odisha Secretariat,
Bhubaneswar

Facsimile: +91-674-2396806

For the Fund:

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

Facsimile: +39 06 5459 3463

This Agreement, dated [click and type], has been prepared in the English language in three (3) original copies, one (1) for the Fund, one (1) for the State and one (1) for the Borrower.

STATE OF ODISHA

[insert NAME of the Authorised Representative]
[insert his title]

INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

Kanayo F. Nwanze
President

Logical framework

Narrative Summary	Key Performance Indicators	Means of Verification	Risks
Goal: Improved living conditions and reduced poverty of the tribal communities.	<ul style="list-style-type: none"> - At least 46,500 households with improvement in RIMS household asset index; - At least 46,500 households have improved food security. -Between 5-10% reduction in prevalence of stunting among children; -IMR and MMR at par with State average 	RIMS impact surveys at baseline, mid-term and completion.	<ul style="list-style-type: none"> -No major adverse events such as natural disasters etc -Govt continues with its programmes for tribal development and other convergence programmes -NGOs are available for working in the PTG micro-project areas
Development Objective:			
Improved food and nutrition security and livelihood opportunities adapted to tribal communities.	<ul style="list-style-type: none"> - Increased food production from 510 kg/hh to 1,020 kg/hh by at least 43,500 households; -Average farm incomes increased from INR 2,865 per household to INR 30,790 for NRM households; INR 30,310 for 19,000 livestock households; INR 8,510 for 2,000 IGA hh. -household indebtedness reduced by 50% -all PTG hh have housing units and access to DWS and roads 	Annual outcome surveys; Programme progress reports Participatory gender and community evaluations	-Policies for Tribal Development, political stability and security situation allow communities access to economic opportunities and natural resources
Outcomes:			
1.1 Empowered community institutions access their entitlements	<ul style="list-style-type: none"> -1,019 VDAs and VDCs organised and functional -75% of VDCs effective in programme implementation 	Theamtic studies Programme progress reports Annual outcome surveys	-competent NGOs available and recruited
1.2. Strengthened women SHGs access financial services	<ul style="list-style-type: none"> -3,800 SHGs organised and functional -75% of SHGs with active internal savings and lending with active bank account -75% SHGs with at least 90% internal loan recovery and bank loan repayment, -at least 50% reduction in indebtedness of PTGs 	Theamtic studies Programme progress reports Annual outcome surveys	-Sustained policies of the government
2.1 Secured access to land for cultivation and homestead and improved land productivity	<ul style="list-style-type: none"> -100% of PTG hh received land titles for homestead -75% of PTG hh received titles for agricultural land -43,500 hh reported reduced soil erosion and improved production -19,000 hh have access irrigation -18,800 hh planted fruit & spices crops 	Theamtic studies Programme progress reports Annual outcome surveys NGOs reports	<ul style="list-style-type: none"> -Major natural disasters (drought, flood) do not negate soil and water conservation works. -Markets for cash crops accessible via local roads, and profitable
2.2 Improved access to inputs and increased production	<ul style="list-style-type: none"> -31,000 hh have increased cereals, millets, oilseeds and pulses crops production 	Theamtic studies, Programme progress reports, Annual outcome surveys NGOs reports	-Inputs needed for agricultural technologies available
2.3 Improved access to livelihood opportunities and rural markets	<ul style="list-style-type: none"> -2,000 hh benefited from IGA -8,500 hh benefited from producer collectives 	Theamtic studies; Programme progress reports; Annual outcome surveys; NGOs reports	-access to markets established and prices favourable

Narrative Summary	Key Performance Indicators	Means of Verification	Risks
3.1 Improved access to social and economic community infrastructure	-All households have access to water supplies -84 small market yards and 34 food & NTFP processing facilities benefit all hh; -500 km of road alignments improved/paved -1,019 O&M groups set up and operational -100% villages with school toilets -all PTG hh have housing units, access to DWS and roads	Theamtic studies; Programme progress reports; Annual outcome surveys; NGOs reports	-Fund flow including from those of convergence is smooth and timely; -No Threats from extremist forces
3.2 Reduced drudgery to women	-32,000 PTG hh benefit from kitchen gardens -35,000 hh benefit from smokeless stoves -31,500 hh benefit from fuelwood reserves	Theamtic studies Programme progress reports Annual outcome survey	-favourable policies for community forestry
Outputs:			
1.1 Community institutions development	-1019 VDA/VDCs set up and capacitated -1019 village development plans prepared and implemented -17 NGOs & 360 CRPs recruited	MIS; Programme progress reports; NGO reports; Community part. reports	-community respond positively to programme interventions and initiatives -competent NGOs recruited
1.2 SHG and rural financial services	-3,800 SHG formed, capacitated & functional -84 GPLF set up and capacitated -PIP, VRF & CIF funds set up & operational - two cooperatives piloted -pulses banks facilitated in all PTG villages	MIS; Programme progress reports; NGO reports; Community part. reports	-women's response is positive -MPA responsible for NRLM
2.1 Natural resource management	43,500 hh provided land titles -20,000 ha land developed -12,500 hh provided fruit crops on podu land -6,250 hh provided spices crop on podu	MIS; Programme progress reports; NGO reports; Community part. reports	A rural organization is recruited. -Government policies continue
2.2 Food and nutrition security	-62,000 hh provided facilities for crop development -several demonstrations set up	MIS; Programme progress reports; NGO reports; Community part. reports	-communities respond to opportunities to improve food and nutrition security, produce products for sale
2.3 Livelihoods improvement	-2000 hh supported for IGA - 84 CSP models set up	MIS; Programme progress reports; NGO reports; Community part. reports	-communities respond to opportunities to improve livelihoods in response to markets.
3.1 Community infrastructure development	-300 water supply schemes constructed; -500 km rural roads upgraded. -542 drying yards, 84 village markets, 250 aggregation centres constructed	MIS; Programme progress reports; NGO reports; Community part. reports	-funds from convergence available -communities participate in construction
3.2 Drudgery reduction interventions	-35,000 smokeless stoves installed -32,000 kitchen gardens supported -84 milling units installed -fuelwood reserves created in 540 villages	MIS; Programme progress reports; NGO reports; Community part. reports	-funds from convergence available -communities participate in construction