

India

Rural Enterprise Acceleration Project (REAP)

Project Design Report

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Project No.

Asia and the Pacific Division
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Currency equivalents

Currency Unit	= Indian Rupees (INR)
USD 1.0	= INR 73.38

Weights and measures

1 kilogram	=	1000 g
1 000 kg	=	2.204 lb.
1 kilometre (km)	=	0.62 mile
1 metre	=	1.09 yards
1 square metre	=	10.76 square feet
1 acre	=	0.405 hectare
1 hectare	=	2.47 acres

Abbreviations and acronyms

AWPB	Annual Work Plan and Budget
CBOs	Community based Organizations
CDBs	Community Development Blocks
CLF	Cluster level Federation
CSA	Climate Smart Agriculture
DPMU	District Project Management Unit
FPOs	Farmer Producer Organizations
GAP	Good Agriculture Practice
GDI	Gender Development Index
GDP	Gross Domestic Product
GoI	Government of India
GoUK	Government of Uttarakhand
HDI	Human Development Index
HHs	Households
HPC	High Power Committee
HVAP	High Value Agriculture Project of Nepal
IFAD	International Fund for Agriculture
ILSP	Integrated Livelihoods Support Programme
INR	Indian Rupee
KM	Knowledge Management

KVK	Krishi Vigyan Kendra
LC	Livelihood Collective
MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
M&E	Monitoring and Evaluation
MPI	Multi-dimensional Poverty Index
MSP	Multi-Stakeholder Platform
MSME	Micro, Small and Medium Enterprise
NFHS	National Family Health Survey
NRLM	National Rural Livelihoods Mission
PG	Producer Group
PMC	Project Management Committee
PMMY	Pradhan Mantri Mudra Yojana
PMU	Project Management Unit
PO	Producer Organization
PSC	Project Steering Committee
RDD	Rural Development Department of the Government of Uttarakhand
REAP	Rural Enterprise Acceleration Project
SC	Scheduled Caste
SDG	Sustainable Development Goals
SECC	Socio Economic and Caste Census
SHG	Self Help Group

ST	Scheduled Tribe
UGVS	Uttarakhand Gramya Vikas Samiti
UPASaC	Uttarakhand Parvatiya Aajeevika Sanvardhan Company
USD	United States Dollar
USRLM	Uttarakhand State Rural Livelihoods Mission
VC	Value Chain
VO	Village Organization
VPG	Vulnerable Producer Group

Executive Summary

Introduction

The Integrated Livelihoods Support Programme (ILSP), an on-going and soon to be closed Government of Uttarakhand's (GoUK) flagship project, has demonstrated positive impacts on the welfare and livelihoods of the poor. Concurrent with the implementation of ILSP the Uttarakhand State Rural Livelihoods Mission (USRLM) has, since 2011, been implementing a new strategy for poverty alleviation initiated at national level under the auspices of the National Rural Livelihoods Mission (NRLM) woven around community based institutions^[1]. The GoUK is very keen that key elements of the ILSP model should be replicated in Uttarakhand's SRLM (USRLM) areas. The Rural Enterprise Acceleration Project (REAP) will facilitate the transformation of community-based organizations (CBOs) supported under USRLM and ILSP into Livelihood Collectives (LCs) and Farmer Producer Organizations (FPOs) through adopting a cluster-based approach aimed at ensuring a stronger business orientation. The cluster-based approach is being followed as part of a national strategy to establish FPOs to ensure volume and quality of consolidated value chain products.

The traditional agricultural system in Uttarakhand, which consists of small and fragmented landholdings, limited irrigation facilities, low soil fertility and increasing levels of soil erosion combined with lack of market access and improved technology, has resulted in low levels of income for farm households that are largely operated by women, and a disincentive for youth to be engaged in farming. Increasing numbers of the rural population are migrating from the hills to the plains and outside the state in search of job opportunities, because of these constraints. GoUK recognises the urgent need to generate employment and income opportunities: for youth, migrants, daily wage earners, rural farm and non-farm poor and other deprived and marginal sections of society. Rural entrepreneurs are viewed as agents of change that have the potential to accelerate innovation and create wealth. A drawback is the lack of a conducive environment for farm commercialization and enterprise development with market infrastructure, institutional and policy level weaknesses. Consequently, the theory of change identifies two principal factors that contribute to the persistently high levels of rural poverty: (i) traditional agriculture systems that are subject to the vagaries and risks of climate change and as a result lead to low productivity, inadequate volumes of marketable products and low profitability; and (ii) lack of a conducive environment for farm commercialization and enterprise development with limited investment to develop support services for promoting better living standards particularly in the rural hill areas.

Development Objective: The goal of REAP is to contribute to the doubling of income of rural households and reduce distress rural out migration. The development objective is to build resilience of rural households by diversifying their sources of income through intensified cluster based climate resilient production systems, promotion of farm and off-farm enterprises and creating a supportive ecosystem. The project logframe is provided in Annex 1.

Geographic areas of intervention: The project will be implemented in all the 13 districts and in all 95 Community Development Blocks (CDBs) of Uttarakhand. Ten of the 13 are hill districts (Chamoli, Pauri Garhwal, Tehri Garhwal, Uttarakashi, Rudraprayag, Nainital, Almora, Pithoragarh, Champawat and Bageshwar) and the remaining three are districts in the plains (Dehradun, Haridwar and Udham Singh Nagar). The project will build on the work done through ILSP in 44 CDBs in 11 districts as well as the USRLM which is being implemented in all 95 CDBs across all 13 districts.

Targeting and target groups: The total outreach of the project will be 560,000 households i.e 2.7 million individuals largely comprising resource poor farmers.¹ Of the target number of

¹ Average family size of 4.9 in Uttarakhand.

households some 60% will be women and 35% youth will be targeted.² The majority of the beneficiaries are small farmers, livestock growers, micro entrepreneurs, non-farm producers, workers in service sectors, agricultural labourers and those who are engaged in other income generating activities³. The project will provide a combination of intensive and extensive interventions to ensure outreach and scalability.

Project Components: The development objective of the project will be achieved through implementing two technical components focusing on: (i) Inclusive cluster development, (ii) ecosystem for enterprise development, and (iii) project management, M&E and knowledge management. Each of these two technical components comprise two technical sub-components supported by a cross-cutting component that will service the project through effective coordination and management.

Component 1 will be implemented through two sub-components: 1.1: Livelihoods diversification and enterprise development and 1.2: Institutional strengthening of CBOs and partnerships. The objective of sub-component 1.1 is to build the capabilities of individual farm households, self-help groups and producer groups to diversify livelihoods opportunities. The objective of sub-component 1.2 is to strengthen the capacity of CBOs to increase their outreach to target households and to develop into viable inclusive farmer institutions.

Component 2 will be implemented through two sub-components: 2.1: Strengthening support services and market infrastructure. The objective of sub-component 2.1 is to develop the enabling conditions for livelihoods, enterprise and value chain development by establishing last mile market infrastructure, providing support services and scaling up a youth incubation scheme. The objective of sub-component 2.2 is to support project activities by facilitating access to financial services.

Component 3: A Project Management Unit (PMU) will be established at both State and District level. The state level PMU will be led by a Project Director and at district level by District Project Managers in all 13 districts. The PMU will converge with government programmes and projects that will actively support project implementation both technically and financially. A High Powered Committee (HPC) will provide strategic oversight.

Project Benefits: REAP will increase household family income by at least 50 percent. The overall investment would yield an ERR of 31 percent assuming a 70 percent adoption of new climate smart agricultural and climate resilient practices. Financial benefits will be in the form of increased cash incomes of beneficiary households. Social benefits will include a reduction in poverty rates, with special measures taken to ensure inclusion of disadvantaged groups, and increased food and nutrition security.

Project Costs: The total project cost is estimated at USD 378 million. IFAD Loan will finance USD 105 million of the total project cost (28%); Banks will provide USD 186 million (49%); beneficiaries, USD 14 million (4%); the private sector USD 0.6 million (0.2%); UPASAC USD 336,000; Convergence, USD 48 million (13%) and the Government of Uttarakhand will provide USD 24 million (6%). Component 1: Inclusive cluster development is expected to use 33% of the total project cost; Component, 2: Ecosystem for enterprise development, 59%; Component 3: project management, M&E and knowledge management is allocated 8%.

² <https://statisticstimes.com/demographics/india/uttarakhand-population.php>, Census 2011 data shows youth (15-29) population is 29 %. If add up to 35 years and consider the COVID returnees- it is estimated at 35%.

³ USRLM has a sharp targeting strategy of including poor and poorest of poor identified under the socio economic caste census. The target households are already formed into SHGs and thus are part of USRLM/NRLM. Out of the 560,000 households, about 460,000 households will be those mobilized by USRLM/ NRLM albeit for a different set of activities.

Implementation Structure: The organizational structure covers four levels – State, Uttarakhand Gramya Vikas Samiti (UGVS), District and Block. The overriding strategy is for the organizational structure to be flexible in terms of providing both field level and subject matter specialists on a demand led basis. Moreover, as part of the REAP exit strategy the flexibility proposed will ensure that a minimum of project staff will remain at the stage of project completion and the CBOs and FPOs will be capacitated to provide support services of their cluster members independently.

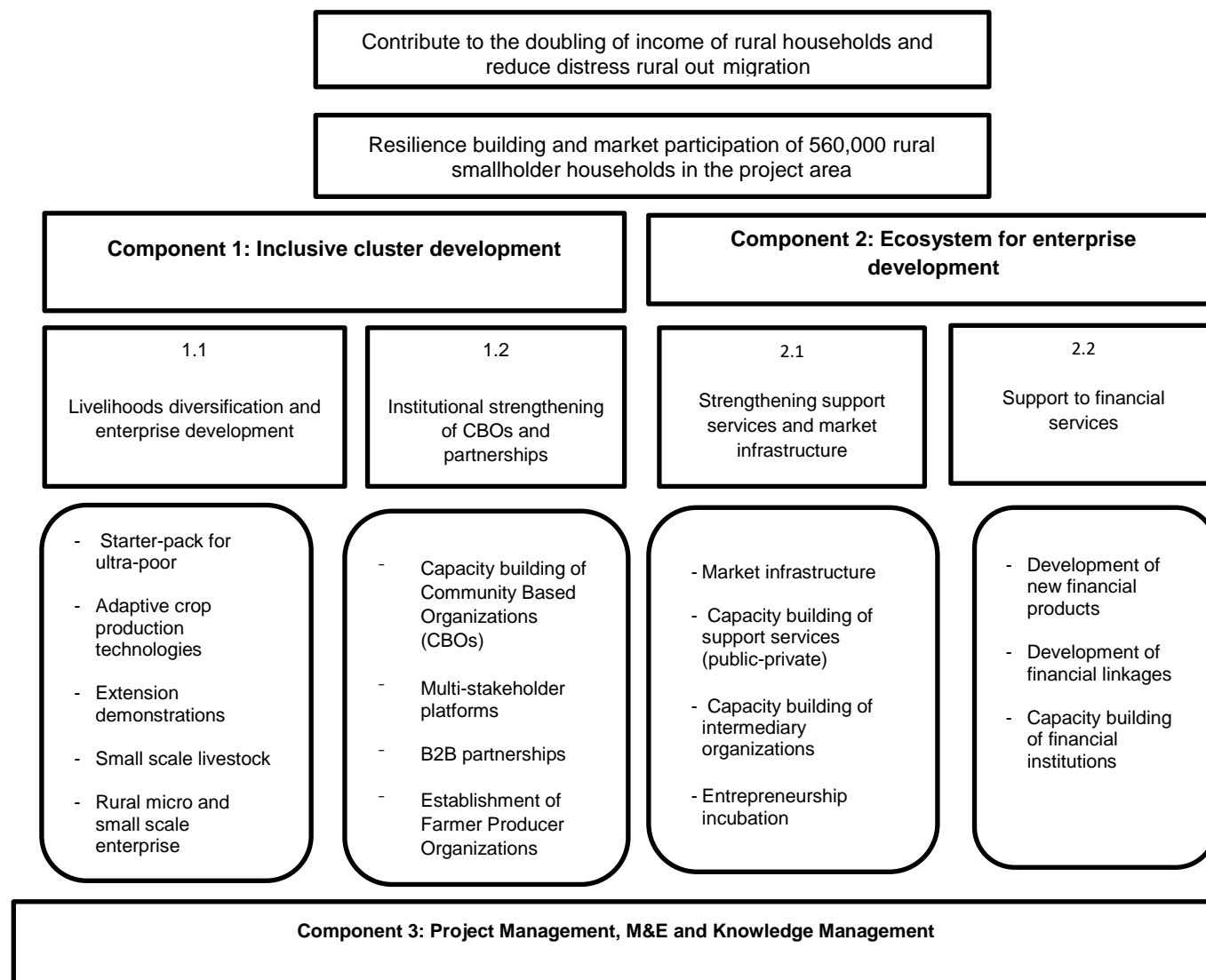
- *Executing agency:* The Rural Development Department is the executing agency to which UGVS reports.
- *Oversight:* There will be two oversight entities: (i) High Powered Committee, Chaired by the Hon. Chief Secretary Uttarakhand; and (ii) the Project Management Committee, Chaired by the Additional Chief Secretary, Rural Development Department. A Technical Advisory Panel comprising senior experts drawn from public and private sectors will be appointed to provide technical advice and guidance to the Project.
- *Implementing agency:* The loan funds from IFAD will be transferred via the state government to UGVS which will be responsible for implementing the project as per project design report and project implementation manual (PIM). The project will be implemented in association with USRLM and in partnership with Uttarakhand Parvatiya Aajeevika Sanvardhan Company (UPASaC), and private sector partners as per needs of specific sectors/ value chains and business opportunities. UGVS has management autonomy and will receive funds via the Rural Development Department for implementation of the project.
- *Outsourcing:* A large portion of the project staffing will be out sourced to service providers: a Management Consulting Facility for professional staff hire; a Human Resources Agency for hiring project staff of PMU, DPMU and Block Level and an Outsourcing Agency for hiring the services of office assistants, drivers and multipurpose staff.

Project Management Unit: The project will be implemented through the Project Management Unit headed by a Project Director reporting to the Chief project Director who will be assisted by a team of 2 Directors (Convergence and Finance), one Dy. Director (HR & Training) and one Team Leader Operations and Enterprises. The positions of Director Finance, Dy. Director HR & Training and Director Convergence will be on secondment from Government. Director Convergence will be *ex officio* CEO of USRLM

District Project Management Units: District level implementation teams will be housed with the District Project Management Units (DPMU) to be established in each of the 13 project districts. At the Block level the project team will be integrated with the USRLM set up.

Exit Strategy and Sustainability: REAP has been designed in consultation with the Rural Development Department and involvement of relevant government agencies, technical line departments of the Ministry of Agriculture and development partners. These consultations and discussions have resulted in a sound approach and a suite of interventions which will be implemented with strong community participation and engagement of local officials. Building on this foundation, it is expected that the investments as well as the results of the interventions will be sustained beyond the project period and over the long term.

Figure 1 REAP Design Framework



1. Context

A. National context and rationale for IFAD engagement

a. National Context

1. **Political and economic context:** India is the world's largest democracy and the second most populous country with a population of over 1.3 billion. Between 2014-19 India took a few giant strides and became the sixth largest economy in the world and this pace of growth was sustained while re-establishing macro-economic stability, with average inflation during these five years (2014-19) being less than half the inflation level of the preceding five years. The current account deficit remained within manageable levels and foreign exchange reserves rose to all-time high. In purchasing power parity terms India was ranked as the third largest economy and was projected to grow at well over 7 percent per year with a long-term GDP growth expected to become more stable, diversified, and resilient⁴. However, with Covid-19 pandemic both the current and future outlook has changed. In 2019-20, India's Gross Domestic Product (GDP) grew at 5 percent compared to 6.8 percent in 2018-19. It was predicted that economic growth will pick up from 2020-21. However, the expectation was belied by the Covid-19 pandemic and India's GDP, which was expected to contract by 10.5 percent⁵ during 2020-21, already contracted by 23.9 percent during the quarter ending June 30, 2020. In order to make India self-reliant (*Atmanirbhar*) the Government of India (GoI) has drawn up several policy initiatives resulting in enabling schemes and programmes for social protection, health care as well as for enhancing competitiveness of enterprises⁶.

2. **Poverty (SDG 1), food security and nutrition (SDG 2), and smallholder agricultural and rural development context:** India has made substantial progress in reducing the multi-dimensions of poverty by half over the period 2005-16⁷ i.e a reduction of over 270 million persons. However, the country still has the largest number of people living in MPI poverty in the world (364 million people), a situation that has worsened due to the wide-ranging impact of the Covid 19 pandemic, necessitating continued and expanded efforts to sustain the gains in poverty reduction and achieve the ambitious plan of Poverty Quit India. The country ranks 131 among 189 countries on the Human Development Index (HDI), and 112 among 153 countries on Gender Development Index (GDI) score which is 0.820.⁸

3. Over the past six decades, India has come a long way from being a famine-prone net importer of food grains to producing food for 1.3 billion people and among the top three global producers of many crops. However, crop yields are still relatively low by global and regional standards. The country has made rapid strides in lowering the incidence of under nutrition and malnutrition but continues to have one of the world's highest child under-nutrition rates.^{9/10/11} Agriculture, however, is still a major source of employment and an area where the poor are concentrated. The sector largely comprises women and the elderly. In order to transform the rural areas the farm sector needs to shift from traditional cropping to high value crops and diversify to related enterprises. The non-farm sector has a considerable role to play in promoting sustainable poverty reduction.¹²

⁴ Source: India home page, The World Bank, updated on 2 April 2019

⁵ According to the estimates of Fitch credit rating

⁶ https://msme.gov.in/sites/default/files/MSME_Schemes_English_0.pdf

⁷ Measured by the Multidimensional Poverty Index (MPI)

⁸ Human Development Report, 2020.

⁹ Stunting in children below five years declined from 48 to 38 percent between 2006 and 2016

¹⁰ Source: Nutrition and Food Security, United Nations in India

¹¹ To address this, the GoI is working on a mission mode towards the vision of "Kuposhan Mukh Bharat" or Malnutrition free India. NITI Aayog. Nourishing India. National Nutrition Strategy. Government of India. 2017.

¹² Perspectives on poverty in India – Stylized facts from survey data, The World Bank

b. State Context

4. The State of Uttarakhand, is located in the North-western part of the country with a GDP of INR 2.5 trillion (USD 34 billion) in 2018-19. The State GDP grew in 2015 at an annual rate of 37.4 percent but since then has declined to 10.4 percent (2019). Currently around 70 percent of the population lives in rural areas. Uttarakhand has 2 administrative divisions- Garhwal and Kumaon- 13 districts, with 10 located in hill areas and 3 in lowland regions of the state. Around half of the population is engaged in agriculture although the cultivable areas make up less than 15 percent of the land.
5. For physical, geographical and environmental reasons, the scope for agricultural policies based on modern input-intensive agriculture is severely constrained in the hill regions. Low agriculture productivity as a result of severe soil erosion, as well as other factors such as small and scattered landholdings, extreme weather events, difficult physical terrain and related drudgery, limited irrigation facility, challenges in soil and water conservation, lack of access to quality inputs and technical advisory combined with difficulties in access to remunerative markets has led to more and more of subsistence agriculture which is an unappealing choice for the local communities.
6. This, combined with lack of basic amenities in many upper hill areas such as access to drinking water, roads, transport, health services etc is pushing increasing numbers of the rural population to migrate from the hills to the plains and outside the state in search of alternative job opportunities. This has led to a situation of labour shortages in hills further impacting the production systems, with some villages becoming almost empty and being labelled 'ghost villages'¹³. Uttarakhand has historically seen high rate of out-migration: over 502,707 residents have migrated between 2008-2018,¹⁴ on a permanent and semi-permanent basis. Migration from rural to urban areas in Uttarakhand is a major challenge with a comparison between 2001 and 2011 Census data showing a slow decadal growth of population in most of the mountain districts of the state.
7. Most of these migrants, however, sent remittances home thus contributing to local economy. However, in 2020, COVID-19 induced closure of businesses forced many migrants to return to their villages¹⁵ in the state resulting in both loss of remittances as well as the challenge of finding livelihood opportunities for the returnees. The Government of Uttarakhand (GoUK) is looking at finding long term solutions by creating opportunities for these returnees to generate income as well as to reduce reliance on migration to fulfil the aspirations of the rural communities, particularly the youth.
8. With an HDI of 0.684, Uttarakhand is one of the medium human development states of India. Since its formation in 2000, the state, which was carved out of Uttar Pradesh, has had significantly higher rate of economic growth than the national average¹⁶. Overall poverty in the State has declined but remains acute in the hill districts compared to that of the plains. Five hill districts, Chamoli followed by Champawat, Pithoragarh, Tehri Garhwal and Uttarkashi have the highest levels of Multi-Dimensional Poverty Index (MPI). This reflects their higher deprivation in education, health, and standard of living, which are also key push factors for migration. In comparison the plains districts - Haridwar, Udham Singh Nagar and Dehradun, in that order, have comparatively lower levels of deprivation on the MPI parameters, but two of these districts-

¹³Nearly 1,768 hamlets have been categorized as "ghost villages" with 7-8 inhabitants. Tehri, Pauri Garhwal, Almora, Chamoli and Pithoragarh districts are the worst affected with higher levels of out migration.

¹⁴ The figure is a total of both fully migrated with selling their property (118,981) and semi-permanently migrated (383,726) persons within 10 year period, Uttarakhand Rural Development and Migration Commission - [Palayan Ayog Report English](#) 2018

¹⁵ According to estimates, 52,216 persons have returned to the 10 hill districts.

¹⁶ <https://statisticstimes.com/economy/india-statistics.php>

Haridwar and Udham Singh Nagar are classified as Aspirational Districts¹⁷ needing priority attention of the government for enhancing their development indicators. The Gini Coefficient as a Measure of Inequality for Uttarakhand was estimated at 0.31 in 2017, which was slightly higher than the national average of 0.30. The district-wise distribution of inequalities shows four different poverty and inequality patterns viz., (i) low poverty and high inequality (Uttarkashi, Pithoragarh, Dehradun, Pauri Garhwal and Tehri Garhwal); (ii) high poverty and high inequality (Chamoli, Almora and Udham Singh Nagar); (iii) high poverty and low inequality (Champawat and Rudrapur); and (iv) either moderate or low poverty/inequality (Nainital, Haridwar and Bageshwar). In terms of Gender, the GDI estimates show that hill districts rank higher in GDI compared to plain districts. All the three plains districts Udham Singh Nagar (0.632), Dehradun (0.593) and Haridwar (0.561), in that order, are at the bottom of the GDI.¹⁸ A comparison of the HDI and GDI values at the district level shows an interesting contrast with districts located in the plains having high HDI levels but low GDI values. It is understood that a key differentiating factor is related to the female participation in income earning activities whereas on health and education indicators there is no significant difference across the districts.

9. In terms of employment, approximately two-thirds of the workers are self-employed compared to almost half at the national level. Unemployment in the state is a major challenge; the unemployment rate of the state (3.1 per cent), was more than the national level (2.2 per cent) with females (3.9 per cent) more unemployed than males (2.7 per cent) in 2011-12. In particular, youth (15-29 years) unemployment rate (14.3 per cent) by the Usual Principal Status Approach¹⁹ was significantly higher than the national level (7.6 per cent). In 2017 a little over a third of the population was employed in primary production with a work force largely made up of women (68.5 percent). Primary sector employment is higher in the rural areas (55.0 percent) and hill areas (55 percent).
10. Rural entrepreneurs are seen as agents of change that accelerate innovation in the economy and create wealth. India has the third largest entrepreneurship ecosystem after the United States of America and China but has lower rates of formal entrepreneurship on a per capita basis compared to other countries.²⁰ However, enterprise development in rural areas faces major challenges, including (i) inadequate physical infrastructure to enable access to markets; (ii) low levels of skills and education to foster local entrepreneurship; and (iii) lack of a conducive ecosystem for facilitation of entrepreneurs. The proposed project intends to address the challenges facing the rural communities in developing a conducive ecosystem for small farm and non-farm enterprises to contribute to the growth of the rural economy.

B. National and State Strategies:

11. The state and central governments have rolled out several policies to tackle the challenge of unemployment in rural areas. The Ministry of Micro, Small and Medium Enterprises, GoI has launched a new programme called Udyog Aadhaar to facilitate easy registration of micro and small enterprises, access to loans with low interest rates, and access to other enabling measures. GoI has formulated a National Youth Policy (2014) and a National Policy for Skill Development and Entrepreneurship (2015) to provide an umbrella framework for youth development and skilling activities and to link skilling with demand centres. The GoUK has launched a policy for skill development and entrepreneurship in 2019. The Rural Development Department (RDD) of GoUK has also been in the forefront of promoting rural community based institutions to promote entrepreneurship and livelihoods through implementation of the Integrated Livelihoods Support Project (ILSP) supported by IFAD and the Uttarakhand Rural

¹⁷ Aspirational districts are identified by Niti Ayog based on poor socio-economic indicators. There are 115 Aspirational Districts in India and 2 in Uttarakhand.

¹⁸ Human Development Report 2018, The State of Uttarakhand, Directorate of Economics & Statistics, Department of Planning, Government of Uttarakhand.

¹⁹ Usual Principal Status and **Subsidiary Status approach is an extension to the principal status approach**. If a person has engaged in any economic activity for a period of 30 days or more during the preceding 365 days a person is considered as employed under this approach.

²⁰ Economic survey 2019-20, Government of India

Livelihoods Mission (USRLM) with support from Govt of India.²¹ The RDD also implements the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), a flagship scheme of the Government of India operational in all 13 districts and 95 Blocks covering 7,818 Gram Panchayats of the state. The Pradhan Mantri Mudra Yojana (PMMY) launched in 2015 is a flagship scheme of the GoI to “fund the unfunded” by bringing enterprises to the formal financial system and extending affordable credit up to INR 10 lakhs for non-farm income generating activities. The state Department of Agriculture implements a number of schemes for smallholders including the Pradhan Mantri Krishi Sinchai Yojna (PMKSY) an important government initiative related to water conservation and management. In recognising the threats of climate change, the State has developed a Climate Action Plan for Climate Change which is in line with principles and guidelines of the National Action Plan for Climate Change (NAPCC) for India. Additionally, the Uttarakhand State Disaster Management Authority (USDMA), chaired by the Chief Minister is the nodal agency for planning, co-ordination and monitoring activities related to disaster prevention, mitigation, preparedness and management in the state. It provides guidelines and reviews the measures being taken for mitigation, capacity building and preparedness by the Government and issues guidelines as necessary.

12. The Food and Agribusiness industry is currently fragmented and despite immense potential hill farmers face challenges in accessing technology and knowledge on crop and livelihood diversification, marketing strategies, and credit to undertake value addition of their produce due to absence of strong forward linkages. The state envisages huge scope for *cluster based enterprise development* in horticulture, agriculture and other sectors to ensure higher incomes for rural communities and enhance the contribution to the Gross State Domestic Product (GSDP).
 13. **Covid-19** related restrictions and the severe burden on the systems of the state has had an all-round negative impact on the state’s economy. Amidst the lockdown in 2020, more than 424,000 of the out-migrated people returned to their hometowns and villages in Uttarakhand either due to permanent or partial loss of jobs²². In addition to returnee migrants, daily wage worker and agricultural labours, comprising the most vulnerable section of society, have been severely hit due to loss of income generation activities. Additionally, the options for these households which have lost their main source of income, in taking up new livelihood activities are severely restricted due to lockdown and other restrictions.
 14. GoUK recognises the need to promote sustainable livelihoods, particularly for daily wagers, rural farm and non-farm poor, migrants and other deprived and marginal sections of the society. For this purpose, the state proposes to strengthen its ongoing work on sustainable livelihood generation through capacity-building initiatives, institutional strengthening, and providing access to technology, affordable finance, and mentorship which can boost self-employment and wage-employment opportunities.
- b. Special aspects relating to IFAD's corporate mainstreaming priorities
15. **Gender:** India ranks 95 out of 129 countries in the Gender Development Index (GDI) that measures global gender equality looking at aspects such as poverty, health, education, literacy, political representation and equality at the workplace.²³ In Uttarakhand the GDI improved from 0.457 in 1996 to 0.647 in 2006 reflecting an overall improvement in gender relations in the state. Available information from Uttarakhand highlights impressive literacy rates with a narrow gender gap²⁴. Women in the state show a life expectancy span of approximately 5 years more than the males (M=68.8 years and F=74.3 years). While women have lesser mean years of

²¹ The State Rural Livelihoods Missions are implemented by respective state governments under the overall direction of the National Rural Livelihoods Mission of the Govt of India.

²² Till 14th June 2020

²³ The Sustainable Development Goals Gender Index has been developed by UK-based Equal Measures 2030, a joint effort of regional and global organisations including African Women’s Development and Communication Network, Asian-Pacific Resource and Research Centre for Women, Bill and Melinda Gates Foundation, and International Women’s Health Coalition.

²⁴ Human Development Report of the State of Uttarakhand. Dec 2018. Chapter 1. Introduction.

schooling than men in the state (8.9 years for males and 6.3 years for female), women have higher expected years of schooling across most districts suggesting that there is no gender bias in terms of enrolment²⁵. However, two critical challenges remain for women in the state- a high annual per capita earning gap between women and men and high levels of drudgery which is often shared by young girls too. Due to limited employment opportunity induced migration of men from the rural areas, women continue to shoulder the responsibility of the family and its livelihood activities. Income from these activities for majority of the rural households is inadequate to act as an incentive for reverse migration. The study²⁶ on out-migration from the hills of Uttarakhand indicates that remittances per se have not reduced the work load and related drudgeries of women population. The work load of women belonging to migrant households remains almost similar to their counterparts belonging to non-migrant households. Every able bodied woman works for average eight to ten hours daily in various productive activities, such as cultivation, fodder collection, fuel wood collection, animal husbandry apart from cooking and care of children and the elderly in their households. About 4 to 5 hours of a hill woman are spent in farm related works, animal tendering, fuel wood collection and fodder collection, without the necessary appropriate compensation level. In many cases migration has in fact overburdened women as they have to undertake those activities which were being performed earlier by their spouses like working in agriculture and MGNREGS-related works.

16. The RDD has developed CBOs largely comprising women under the IFAD-supported ILSP to increase production and productivity of primary sector activities and under USRLM to facilitate financial inclusion. Women comprise about 80 percent and 100 percent of the members in CBOs mobilized under ILSP and USRLM respectively. Cluster based production of key value chain commodities based on market demand and also promotion of enterprise development for women are the promising pathways to increase income of the rural households. Revenue streams from these activities largely remain in the domain of women, enhancing their participation in decision making and reducing discrimination. Women use their income mostly for the benefit of the family with particular emphasis on food and nutrition security, especially of children. Thus, the strengthening of the women's position as independent income earners, will help in changing unequal gender relations and enhance their decision making role both, in community institutions as well as within their respective households. Also considering the high workload for women, the project will introduce labour-saving technologies and equipment to ease their burden in convergence with the GoI's Sub Mission on Agricultural Mechanisation (SMAM) Programme.
17. **Youth:** Youth account for almost a third of India's population. A large number of young unskilled persons in the country in general and in the state of Uttarakhand migrate in search of better opportunities. This trend is predominant in the hill districts of Uttarakhand. This migration is both seasonal and long term owing to lack of local income opportunities. Despite the good growth rate of the state's economy, an increasing labour force has not been able to access productive and remunerative work, raising cause for concern as the unemployment rate has also shown an increase. What is of pressing concern is the high rate of unemployment amongst the educated youth. Many youth remain idle and inactive in Hill Region due to lack of employment opportunities outside agriculture and associated vocational guidance and training. The youth (15-29 years) unemployment rate in Uttarakhand increased from 10.2 percent in 2011-12 to 13.2 in 2017, being much higher in urban and plains areas as compared to rural and hill areas. Cluster based production and marketing support for agriculture and allied sectors and also facilitation for enterprise development targeting youth have the scope for creating round the year income streams for youth and this may help reduce distress migration. Initial lessons from ILSP show that small enterprises around poultry and models of integrated farming in Pithoragarh and Chamoli districts respectively were found to be attractive by the youth, leading to a few instances of reverse migration.²⁷

²⁵ Ibid.

²⁶ HDR Survey 2017-18

²⁷ ILSP Annual Progress Report 2019-20. Pages 77-78.

18. **Climate change:** The average atmospheric temperature in India has increased by 0.7 degrees Centigrade in the past 100 years. Future projections indicate continued intensification of climate change and variability, resulting in increased occurrence of extreme weather events in the form of drought, floods and natural disasters. The effects of climate change will have a higher impact on rural communities who are largely dependent on natural resources and rainfed agriculture as the source of their livelihoods, have higher exposure and lower adaptive capacity, therefore increasing their overall vulnerability to climate shocks. Future projections in the State of Uttarakhand forecast that the mean temperature and seasonal precipitation variation will likely increase. The increased frequency and intensified extreme weather events will cause more seasonal droughts and floods, exacerbating the soil erosion in the mountainous areas of the State where majority of the rural poor live and rely on natural resources and rainfed agriculture for their livelihoods.
19. The promotion of cluster based production by focusing on low volume, high value, environmentally sustainable and climate resilient value chains is an appropriate climate smart approach for development of the State and offers potential for building climate resilience within wider geographical areas. The project will contribute to reducing the risks and impacts of climate change and variability by integrating climate smart agriculture practices in training and extension services offered to farmers and LC/FBO leaders, and incorporate measures for efficient use of water and energy conservation in processing. The Project will build on the knowledge gained from the successful implementation of soil and water conservation interventions that were supported under ILSP and which are in line with climate adaptation measures recommended in the State Climate Action Plan. The project will collaborate with schemes of the Department of Agriculture and Department of Watershed in GoUK to address issues of soil and water conservation.
20. **Nutrition:** Uttarakhand has made significant improvements in its nutrition status over the past two decades. The prevalence of underweight, stunting, and wasting in the state according to National Family Health Survey (NFHS-4) is 26.6%, 33.5%, and 19.5% which is significantly lower than the national average which is 36%, 43.3% and 24.5% for the same period²⁸. Despite the gains in stunting and underweight, child malnutrition remains a problem in the state as also the issue of anaemia among women. Micronutrient deficiency is a major contributor to childhood morbidity and mortality. The share of food expenditure in rural areas was found to be 50 percent of household incomes. Anganwadi centres are an integral part of child survival interventions in India under the Integrated Child Development Services (ICDS) Scheme and are the point for addressing hunger and malnutrition among children (3-6 years) and pregnant and lactating women. In Uttarakhand, approximately 61.4 percent of children were enrolled in Anganwadi centres in 2017. The crops and value chains being promoted under REAP are nutrition sensitive and the value chain promotion would be done with a focus on enhancing both household consumption of nutrition dense crops such as millets, vegetables, pulses etc as well as generating a marketable surplus. Additionally the project will develop strategies for addressing malnutrition among children and women through institutional partnerships, especially with ICDS.

c. Rationale for IFAD involvement

21. The rationale for IFAD's involvement in the state relates to the potential to (i) harness the strength of institutions created through previous IFAD supported ILSP project and create self-sustaining institutions leading livelihoods transformation in the state (ii) build on the strong partnership with the GoUK, especially the Uttarakhand State Rural Livelihood Mission (USRLM) to transfer lessons from ILSP as well as from other projects to scale-up good practices across the entire state through the active engagement with USRLM institutions and (iii) leverage knowledge and expertise to contribute to the state government's efforts to move from subsistence agriculture and livelihood models to value chains and enterprise promotion models that have a long lasting impact on the situation of local economy and migration and reduce the

²⁸ Uttarakhand related data is not available under NFHS 5.

vulnerability to climate shocks. REAP will engage with the following community institutions- Livelihood Collectives (LCs), Producer Groups (PG) and Vulnerable Producer Groups (VPG) under the ILSP and o the Self-Help Groups (SHG) and Cluster Level Federations (CLFs) set up under USRLM²⁹. The ILSP has successfully completed the project activities and has demonstrated positive impacts on the livelihoods of the rural poor through the establishment of LCs at the grassroots level. USRLM efforts have also been successful in focusing on women but has been largely confined to savings and credit activities with limited emphasis on production expansion.

22. While ILSP intervened only in select blocks of the 10 hill districts (and parts of Dehradun), there is substantial potential for expansion to the whole state with an accelerated and sustainable market-based growth path for these LCs. This project will be scaling up the activities throughout the State and supporting the CLFs of USRLM to undertake market oriented livelihood activities and establishing Farmer Producer Organizations (FPOs) for engagement with private sector which is key to enhance outreach, viability and impact, building on the accomplishments and lessons from ILSP. Several initiatives in the project have reached a stage that have generated a demand/ opportunity for further up scaling, replication, quality improvement, higher-level aggregation and value addition.
23. REAP will facilitate the transformation of CLFs to business oriented LCs by adopting a cluster-based approach aimed at ensuring a stronger business orientation. The cluster-based approach is being followed as part of a national strategy to establish Farmer Producer Organizations (FPOs) to ensure volume and quality of consolidated value chain products. The approach is widely recognised as essential to aggregate production, ensure economies of scale and develop formal Cooperatives or FPOs that could act as agents of change for the rural population involved in agriculture. Clustering in this form provides attractive benefits for farmers by concentrating rural services in particular areas and supplying them to broad networks of farmers. The concentration of farmers with similar interests in a geographical area and within localized productive systems is intended to lower transaction costs and thereby foster improved efficiency of market transactions and greater productive flexibility. The existence of a tight network of relationships also creates a favorable background for collective action, with positive potential for innovation.
24. The GoI has recently announced several important agricultural reforms and the goals and objectives of REAP are aligned with these reforms. REAP's intervention framework is in consonance with the two agricultural reform bills and one Union Budget announcement. These include: (i) *Promotion and nurturing of 10,000 Farmer Producer Organizations (FPOs) (Union Budget 2019-20)*; (ii) *The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020*; and *The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020*. These farmer-friendly laws and announcements relate to liberalizing marketing of farm produce. Their aim is to increase marketing options to the farmers, increase their bargaining power, enable competitive price discovery for agricultural produce and enhance farm income. This project will be the first one being designed post farm law liberalization and is in alignment with GoI's vision and IFAD's focus.
25. IFAD has extensive and successful experience of working with smallholder farmers in the promotion of pro-poor and climate smart value chains in India and elsewhere. It has ability to

²⁹ IFAD activities in Uttarakhand to develop livelihoods has extended over more than 20 years culminating in ILSP. The Government of India established the National Rural Livelihoods Mission (NRLM) in 2011 to implement a new strategy of poverty alleviation woven around community based institutions. The Uttarakhand State Rural Livelihoods Mission was initiated at the same time as the State arm of NRLM. The mandate of NRLM is to establish SHGs for women, link with financial institutions and develop the livelihoods of the poorest section of the state's population. Whilst ILSP has promoted livelihood collectives for improving farm and non-farm income of farm households, USRLM under NRLM, has formed three tiered women owned grass root institutions – self-help groups, Village Organisations and Cluster Level Federations (CLF).

leverage global/technical expertise on value chains and “market first” approaches to strengthen the capacities in the state. IFAD is well placed to support REAP on account of its ongoing partnership with GoUK and the State Department of Rural Development in particular. IFAD has, moreover, been fully committed to GoI’s strategic goal of doubling farmers’ incomes, and this is reflected in the India Country Strategic Opportunities Programme (COSOP) (2018-2024). To contribute to this goal, the India COSOP has a single, focused strategic objective: Smallholder food and agricultural production systems are remunerative, sustainable and resilient. REAP is fully aligned to strategic objective. Recognizing that women and youth not only engage in agriculture in large numbers, but are also key to rural transformation, there will be a strong focus on women and youth as change agents, innovators and entrepreneurs.

B. Lessons Learned

26. In addition to scaling up the good practices from ILSP as outlined above, the project will take into account the lessons learned from various IFAD supported projects within India and the sub-region as well as lessons collected from Civil Society in the country. These include :
27. **Leveraging government resources through convergence.** Strengthening the linkages with public programmes and collaboration with sub-state and local government entities (“convergence”) is particularly relevant in a Lower Middle Income Country like India where government investments for developmental activities are significant and where IFAD financing plays a catalytic role. The lessons from past projects including ILSP is to continue to leverage government resources for greater convergence. The project will particularly, but not only, draw on the resources and systems of the USRLM, the schemes of the Dept of Agriculture, Horticulture and Livestock as well as the National Rural Employment Guarantee Scheme of the RDD.
28. **Leveraging community institutions as vehicles to deliver government schemes in remote areas:** ILSP was very successful in expanding its resources and outreach by engaging most relevant government schemes and offering the project and its institutions as a vehicle for implementing these schemes. The outreach provided to the remote villages by the project on accounts of its presence and personnel made it easier for other government departments to maximise their outreach through the project systems. As a result of this partnership additional resources equivalent to 35% of the overall project budget could be delivered to the communities. The support also helped strengthen peoples’ institutions (LCs, PGs, CLFs) and increased their infrastructure, input access, asset base and technical services.
29. **Market-first approach to production on a cluster basis;** a prerequisite to substantially increase income of farmers in a sustainable manner. The IFAD-supported High Value Agriculture Project (HVAP) in Nepal, demonstrated that farmers in hill and mountain regions produce agricultural products for self-consumption and to meet local demand. This has resulted in low capital accumulation with farm households caught in a vicious cycle of labour outmigration and a lack of on-farm capacity to intensify agriculture. Agricultural diversification towards high-value crops proved to be an effective response to this issue. The HVAP’s market-first approach will be adapted for scaling up in the local State context.
30. **Grassroots institutional development is essential to successfully commercialize smallholder agriculture:** The necessity of coherent and sustainable group activities, supported by kick-start grants, to deliver technical, financial and marketing services to their members is a prerequisite for smallholder commercialization at scale. Intervention support based on the institutional maturity of the POs/Cooperatives is essential to successfully commercialize smallholder agriculture.
31. **Empowerment of women is key to sustainable family well-being:** Experience from IFAD supported projects like Tejaswini, MPOWER, PTSLP and ILSP demonstrate that women mobilized into groups have achieved substantial socio-economic empowerment on account of ability for collective action and access to training and services. These CBOs serve as a backbone for

delivery of market driven services to drive them into a growth trajectory. Also employing labour-saving technologies and practices play a crucial role in releasing poor rural women of all ages from unpaid time burdens so that more time is available for productive work and to participate in development opportunities.

32. **Small livestock rearing:** Some of the most important lessons that can be drawn from a range of IFAD designed projects include the following: (i) free distribution of goats to households leads to reduced sense of ownership resulting in increased mortality and premature sale of goats; (ii) substantial reduction in mortality rates of goats and backyard poultry is achieved with the introduction of Pashu Sakhi model of grassroots community level animal health service providers; (iii) introduction of mineral blocks and azolla culture improve the health of goats; (iv) livestock interventions provide opportunities for farmers to diversify their sources of livelihood and in turn building their economic and climate resilience, and (v) introduction of goat sale by live weight increases price realization of goat farmers.
33. **Targeting of the most vulnerable:** ILSP has generated good lessons on targeting and inclusion of women, people below poverty line, women headed households, people with disability along different socio economic groups. The strategy and selection criteria followed for project beneficiary identification and mobilization effectively prevented the entry of better off households and elite capture of resources³⁰. Eighty six percent of surveyed households during Annual Outcome Survey 2019 were originally below the poverty line, which shows that the poverty targeting process followed by ILSP was effective. This strategy will be taken forward in REAP to identify the ultra-poor and most vulnerable members of CBOs.

2. Project Description

C. Project objectives, geographic area of intervention and target groups

34. **Project Goal and Objectives:** The goal of REAP is to contribute to the doubling of income of rural households and reduce distress rural migration. The development objective is to build resilience of rural households by diversifying their sources of income through intensified cluster-based climate resilient production systems of select value chains, promotion of farm and off-farm enterprises and building a supportive ecosystem. The farm enterprise intensification will be achieved through support to community groups and their federated structures (LCs and CLFs) to undertake cluster-based production of select value chains based on market demand. These community groups will be supported through the establishment and strengthening of FPOs to achieve economies of scale and also to give primacy to market linkages within the overall production cycle. The project logframe is provided in Annex 1.
35. **Geographic areas of intervention:** The project will be implemented in all the 13 districts and in all 95 Community Development Blocks (CDBs) of Uttarakhand. Ten of the 13 are hill districts (Chamoli, Pauri Garhwal, Tehri Garhwal, Uttarakashi, Rudrapur, Nainital, Almora, Pithoragarh, Champawat and Bageshwar) and the remaining three are districts in the plains (Dehradun, Haridwar and Udham Singh Nagar). The project will build on the work done through ILSP in 44 CDBs in 11 districts as well as the USRLM which is being implemented in all 95 CDBs across all 13 districts³¹.

³⁰ Mid-term Review of ILSP, 2016, IFAD.

³¹ The ILSP has previously covered 44 blocks comprising some 100,000 households organized in Livelihood Clusters. The expected outreach from USRLM areas consist of 460,000 households comprised only of women.

36. **Targeting and target groups:** The total expected outreach of the project will be 560,000 households i.e 2.7 million individuals largely comprising small farmers and landless households³². Of the target number of households some 60% will be women and 35% youth.³³ The majority of the beneficiaries are small farmers (with less than 1.0 ha. of land), livestock growers, micro entrepreneurs, non-farm producers, workers in service sectors, agricultural laborers and those who are engaged in other income generating activities³⁴.
37. There will be three categories of smallholders; i) extreme poor³⁵, ii) poor, iii) commercially oriented smallholders farmers. Among all, 80 percent of beneficiaries will be of poor category (extreme poor-40% and poor -40%) and non-poor (20%). Besides, the project will target returnee migrants impacted by the COVID-19 pandemic who have been extensively documented by the Migration Commission of GoUK. REAP will also target 10,000 ultra-poor households of extreme poor segments and supported through ultra-poor package to establish either individual and/or collective off-farm enterprise with appropriate skill, credit plus start-up grants and market linkages. The project will introduce approaches that promote gender equality, women empowerment and social inclusion.³⁶
38. Of the total target group of 560,000 HHs it is envisaged some 20 percent of the target beneficiaries have the potential to improve their wellbeing through livelihood activities. A further 60 percent of beneficiaries will be supported to shift from basic livelihoods towards 'market driven' production and it's expected that a further 20 percent will move into commercial enterprises that will be both profitable and financially sustainable
39. **Targeting strategy:** REAP will ensure the participation of the more marginal rural households, whilst being inclusive of so-called 'better-off' smallholder farmers and specific vulnerable groups in order to leverage on their stronger capacity and have a pull effect on the entire group. The mechanisms include: (i) geographic targeting, (ii) direct targeting and (iii) self-targeting supported by capacity building and empowering, creating a conducive enabling environment and partnerships with USRLM and UPaSAC. Direct targeting will be used to choose activities, taking into consideration where the most vulnerable beneficiaries can be found. A differential approach will be used to ensure accessibility, relevance and impacts of different interventions for women, men, youth, and the most vulnerable. Quotas for gender will be used to ensure that they have representative and leadership positions at board and management level of LCs and FPOs combined with capacity building to ensure their effective participation in decision making. Self-targeting will occur through participation in the training and extension programmes and direct targeting will be used for specific activities directed to women, youth, returnee migrants and other vulnerable groups in the communities. Mentoring will be done at LC and village level to ensure proper participation, achievement and sustainability of interventions, especially for the extreme poor, and specific disadvantaged groups such as women headed households and the disabled. Gender and Targeting checklists used for the REAP design will be adapted and used in implementation (see Appendix 1). Direct and self-targeting process will be supported

³² Landless households are defined by SECC as households who are deriving their main income from manual casual labour. It has been estimated that around 30% of the target beneficiaries are landless.

³³ <https://statisticstimes.com/demographics/india/uttarakhand-population.php>, Census 2011 data shows youth (15-29) population is 29 %. If add up to 35 years and consider the COVID returnees- it is estimated at 35%.

³⁴ USRLM has a sharp targeting strategy of including poor and poorest of poor identified under the socio economic caste census. The target households are already formed into SHGs and thus are part of USRLM/NRLM. Out of the 560,000 households, about 460,000 households will be those mobilized by USRLM/ NRLM albeit for a different set of activities.

³⁵ The extreme poor groups including single women, women headed households, people with disabilities, landless, agriculture labour, schedule caste (SCs) and schedule tribes (STs) will be specifically targeted for livelihood improvement to address the food insecurity and nutrition vulnerability and gradually upgrade them in market led production system when business environment will be developed in the clusters.

³⁶ "The targeting strategy as detailed in appendix 8 provides detailed targeting process, target groups profiles and livelihoods pathways along with gender and inclusion strategies in PIM and social and environmental risks are analyzed and risk mitigation measures are included in SECAP."

with empowering strategies and enabling measures with clear process and interventions for resilience capacity building. Sensitization of producer groups (PGs/VPGs/SHGs), institutions (LCs/CLF), other stakeholders, partners and staff on socio-economic context and challenges of these target groups will be adopted as enabling measures to improve the institutional environment favourable to poverty targeting. Peer sharing, social mentoring and handholding support mechanism will be followed to build the capacity of ultra-poor, vulnerable and extreme poor will be adopted. Interventions for drudgery reduction to increase the productive capacity of women and reduce their time poverty will be developed.

Table 1: Beneficiary Targeting and Livelihoods Development Pathway

Type of target groups	Poverty indicators	Services and pathway out of poverty
EXTREME POOR (Income sources: agricultural labour, government support, MGNREGA, no regular income, limited income from farm) <u>Beneficiaries below poverty line</u> 40 percent of total beneficiaries (224,000 HHs)	Ultra-Poor: 10,000 households will be identified from 'INCLUSION' category with any one inclusion parameter ³⁷ and Households categorized as 'Disabled member and no able bodied adult member' as given parameter in 'DEPRIVED' in Socio Economic Caste Census (SECC-11). Rest of the Extreme poor: 214,000 households will be identified based on the parameters given in 'DEPRIVED' category ³⁸ considering the vulnerability priority given in footnote.	Landless families: Start livelihood activities but access to credit, technology, and marketing service needed. Marginal land holding families: Participate in agriculture production and productivity enhancement and participate in marketing opportunities. Ultra-poor: Grant support for starting off-farm/ non-farm income generating activities. Access pro-poor convergence schemes Graduation to market oriented production and inclusion in value chains Skill training for traditional and non-traditional self-employment opportunities in non-farm sector.
POOR (Income sources: agriculture, salary from employment, shops service etc.) <u>Beneficiaries around poverty line</u> 40 percent of total beneficiaries (224,000)	Auto excluded all from the 'DEPRIVED' category from above extreme poor segment having any one parameter of 'EXCLUDED' category ³⁹	Participate in cluster based agriculture production and establish farm enterprises. Some qualify for selected convergence schemes. Able to take small loans and start farm and off-farm enterprise with access to business development, credit, technology and marketing services needed.
NON POOR (Micro-Entrepreneurs) (Income sources: farm, salaried jobs, shops and small manufacturing, processing etc.) <u>Beneficiaries above poverty line</u> ⁴⁰	Commercially oriented smallholders from the 'EXCLUDED' category with parameters in SECC-11.	Participate in cluster based agriculture production and establish enterprises. Take loans and start/expand farm and off-farm and non-farm enterprises with access to business development, credit, technology, matching grants and marketing service needed. Few will invest in small enterprises in VC but will need matching grant to incentivise

³⁷ SECC 2011: INCLUDED (HHs; 1) without shelter, 2) Destitute, 3) Manual Scavengers, 4) Primitive Tribal Group, 5) Legally released bonded labours) and 6) Disabled member and no able bodied adult member (parameter of DEPRIVED segment).

³⁸ DEPRIVED: 1) No adult member between age 16 to 59, 2) Female headed households with no adult male member between age 16 to 59, 3) Only one room with Kucha walls and Kucha roof, 4) Landless households deriving major part of their income from manual casual labour, 5) SC/ST households, 6) No literate adult above 25 years will fall under this section. For example; Female headed households with no adult male member between ages 16 to 59 are deprived and fall under extreme poor, however, if any family member (female) is government employee, the household automatically fall under this 'poor' category.

³⁹ SECC-11 'EXCLUDED' segment has 14 parameters which are given in PIM.

⁴⁰ Poverty line in Uttarakhand = INR 51,744 (USD 706)

20 percent of total beneficiaries (112,000)		procurement from project clusters located in remote areas. Able to generate employment for poor and extreme poor households
YOUTH (15-29+ up to 35 Years) AND RETURNEE MIGRANTS (Income sources: services in private and government sector, agricultural, MGNREGS, small enterprises) <u>Beneficiaries of non-poor and below poverty line</u> 35 percent of total beneficiaries (196,000 Hhs)	More than 38.5 percent youth have middle, primary and below primary level education. Illiterate are still 10 percent Mostly depend on regular and non-regular jobs. Limited access to financial and business services. Returnee Migrants: Employment background ranged from hospitality and services sector as drivers, electricians, self-employed, students and services in IT sector. Low level of education and skills, involved private sector.	Participate in cluster based agriculture production and establish both production and service enterprise with support for market linkages. Skill training for traditional and non-traditional self-employment opportunities wage employment in non-farm sector Able to take loans and start farm, off-farm and non-farm enterprises with training, business incubation, business planning, access to business development, access to matching grant support and credit, technology and marketing service needed. Apprenticeship for employment Some qualify for selected convergence schemes.

40. An effective and well-defined community mobilization process will facilitate the inclusive and effective delivery of REAP activities, building on the groundwork done by USRLM in setting up Village Organizations (VOs) with a cadre of Community Resource Persons (CRPs) at community level and a Social Inclusion and Targeting Committee in Cluster Level Federation (CLFs). These two institutions will ensure that the ultra-poor are identified based on the Socio Economic and Caste Census 2011 (SECC) parameters and supported in the course of implementation. The mobilization of the CRPs in VOs/CLFs, which is the responsibility of USRLM, will assure that project activities are targeted to the extreme poor and fine-tuned to respond to local opportunities and the priorities of the target beneficiaries. The CRPs will be key to ensuring inclusivity and incentivizing the ultra-poor to participate in project activities and enhance their agency for empowerment, livelihoods improvement and nutrition through training and peer sharing mechanism. CRPs will also contribute to establishing an effective communication channel between the project beneficiaries and project implementers. These CRPs will be mobilized by USRLM and Producer Group Mobilisers at CLF/LC level.'
41. **Value chain development:** A part of the project targeting and inclusion strategy is the sound selection of the suitable climate resilient value chains largely based around commodities from Uttarakhand which have a comparative advantage, market potential and with existing or future potential of market demand and private sector interest (see lessons learnt). As part of the project targeting and inclusion strategy, value chains have been selected based on the potential for large scale impact with consideration for changes to be made during implementation. The approach followed in the REAP design for identifying suitable enterprises was based on a number of criteria: i) Analysis of product wise volume of produce in the different Blocks; (ii) amenability of product to lend itself for a suitable enterprise intervention; (iii) the special characteristics of the products were taken into account to understand whether the market demand was adequate to cover transport costs; (iv) locational analysis for setting up a particular type of enterprise and its feasibility (operational, economic, social and environmental); and v) selection of climate resilient value chains that will enhance tolerance of crop varieties and seeds to floods, and changing precipitation and temperature patterns in the different agro-climatic zones. This suggestive list includes temperate fruits, off-season vegetables, millets, select pulses, goats, sheep, dairy, fishery, organic and/or certified locally produced seeds of indigenous species, specialized products such as mushroom, honey, spices and aromatic plants, and services such as nature-based and agro-tourism value chains. The range of commodities broadly, reflect the diverse agro-ecological landscape wherein the altitude and terrain define the local ecosystems,

thus necessitating localized solutions and interventions keeping in mind the fragile ecosystem and climate change and variability. The more specialized products and services have currently limited coverage but a high value potential. Detailed value chain-cum-market analyses will be conducted during implementation to support the design of inclusive business models between farmer organizations and the private sector. Flexibility will be needed to allow additional value chains to be added during project implementation, as new opportunities can arise, and market dynamics can change. The selected new value chains will be informed by the changing weather patterns in the different agro-climatic zones of the State.

D. Components/outcomes and activities

42. The project will comprise three components: Component 1: Inclusive cluster development; Component 2: Ecosystem for enterprise development; and Component 3: Project management, M&E and Knowledge Management.

Component 1: Inclusive cluster development⁴¹

43. This component is intended to enable farm and non/off farm producers and enterprises in identified clusters to increase sales and profit through improved production livelihoods and market-oriented interventions. It will facilitate new and expanding enterprises to strengthen their linkages with the agri/non-agri businesses and other value-chain actors. This component has two main sub components: 1.1 Livelihoods diversification and enterprise development and 1.2 Institutional strengthening of CBOs and partnerships.

Subcomponent 1.1 Livelihoods diversification and enterprise development:

44. This sub-component will build the capabilities of individual farm households, producer groups, LCs, and FPOs located in clusters along road corridors to diversify livelihoods, establish farm and off-farm enterprises and develop priority climate resilient value chains. Livelihoods are activities of less than INR 50,000; Nano enterprises are between INR 50,000-100,000, micro-enterprises INR 100,000 – 1 mill, small enterprises INR 1-8 million. The sub-component is constituted of the following activities.
45. Climate smart crop productivity: Climate smart crop productivity enhancement under this subcomponent will aim to develop business-oriented small holder farmers who would eventually become part of value chains that can adapt their production systems to become more resilient to changing climate conditions, diversify their food intake and use entrepreneurial skills to respond to local market demands. The main activities are: (i) prioritise agricultural interventions to address existing constraints to climate adaptation, increasing production and productivity and to develop stronger market linkages; (ii) introduce improved climate resilient cropping technologies to increase cropping intensity of the farming system; (iii) develop and implement a training program on the promotion of Climate Smart Agriculture (CSA) practices to increase productivity and climate resilience; and (iv) deliver training on Good Agricultural Practices (GAP) and post-harvest activities for smallholders to transition from subsistence farming. REAP will use a range of extension approaches supported by applied research to demonstrate and promote CSA activities that are suitable to the soil and changing weather patterns in the different agro-ecological zones of Uttarakhand.⁴²

⁴¹ Clusters are aggregations of households within a similar agro-ecological zone and in specific block locations growing a predominant crop or livestock. The average size of a cluster is around 150 ha with a population of between 5-600 households. The clusters have been established by ILSP.

⁴² CSA training curriculum will cover aspects of the following practices: (a) Soil management, (b) Crop management, (c) Crop and livelihood diversification, and (d) Water management. Focus will be placed on improved crop varieties, fertilizer management with composting, cover cropping, mulching amongst others.

46. In-kind support in the form of quality seeds and planting material will be provided for smallholder farmers⁴³ to motivate them to adopt better varieties; these will be procured through registered sources of high repute. The availability of planting material shall be ensured on an ongoing basis through development of a vibrant seed production programme with active participation of progressive farmers. This will be supplemented by access to seasonal loans and agricultural extension/ training support to be provided by the GoUK line departments. The Staff of line departments would be trained to meet the changing needs through an updated curriculum to be developed with the assistance of specialized technical agencies and accomplished resource persons. Farm demonstrations by early adopter farmers will be established in cluster locations to introduce and disseminate improved technologies targeted to priority value chains. Training activities will include piloting and demonstrating CSA practices as well as post-harvest management, value adding technologies, food safety and hygiene. Training programmes will be designed for field level technical and extension staff who will organize cascade training programmes that are product and problem specific at cluster level. The field level training programmes will be organized in all blocks.
47. The extension approach will be facilitated by project staff, staff of line departments and master farmer trainers selected to represent cluster farm beneficiaries. Project staff, CBO staff and service providers will be trained to deliver extension services and training to 400,000 farm households in market led production keeping in mind climate resilience and other Good Agricultural Practices for farmers forming part of the priority value chains^{44 45}. Backstopping mentoring and coaching support will be available from project staff, CBO staff and agriculture departmental staff of the State Agriculture Departments and Krishi Vigyan Kendra (KVKs). Cascade training programmes will be designed to cover all Blocks and the extent of activity will be based on diverse needs of specific blocks and clusters. Where appropriate the project will promote ICT interventions related to digital extension, marketing and pre and post-harvest management of farm produce.
48. Livestock-based livelihoods: For livestock, participating farm households will receive technical assistance, veterinary services and avail loans to develop their livelihoods through livestock-based packages that will comprise improved species, fodder supplies and veterinarian support⁴⁶. Small livestock (poultry, goat and sheep rearing/ fattening and fisheries) will be undertaken as a livelihood diversifying and risk reducing strategy. The livestock livelihood activities will target 100,000 households. The most vulnerable households (ultra-poor), largely consisting of women will be assisted to rear small livestock as a safety net support and promote additional income generating activities. The livestock interventions will also receive technical support from a cadre of para veterinarians and Pashu Sakhi/Pashu Mitra (Livestock Facilitators) at community level who will be selected from the community and provided with veterinary kits and technical training through CRPs or actual farmers themselves. The Pashu Sakhi and Pashu Mitra will be trained by staff of the Department of Livestock supported by block level livestock extension staff in selected locations. The para vets would have to register under the Veterinary Officer of the area who will monitor their work.
49. Off-farm and non-farm livelihoods: Amongst the smallholder farming population the project will diversify activities through off-farm and on-farm investments in post-harvest management, value addition as well as handicrafts and other non-farm activities to generate income and build capacity for resilience to climate change which will support the diversification of livelihoods amongst the more vulnerable households by building their capacity for resilience. Households will choose the livelihoods from a menu of options keeping in view the local context and viability

⁴³ The seed production programme will take into account local crops like millets and pulses which are natural to the area. Planting material will be provided to smallholders as starter-pack over three seasons. Detailed proposals will be developed by the Project.

⁴⁴ The extension programme will cover farm households in LCs and members in SRLM areas.

⁴⁵ It is expected that some 50,000 farmers will be reached through training activities that extend beyond the boundaries of the cluster locations.

⁴⁶ Standard livestock packages: Dairy: 2-3 cross-bred cows (preferred crosses Jersey, HF, Sahiwal, RS). Cross breeds procured from the plains districts of the State and neighbouring States of Haryana and Punjab. Also using AI.
Goat: 10+1. Preferred breeds for upgradation are Sirohi, Beetal and Jamnapari from Rajasthan, Punjab and UP.

aspects. The skills and capacities required amongst women in particular (members of SHGs/PGs) will be strengthened to ensure that communities become more resilient to market and climate-related risks and that the necessary support services to communities and households will be readily available.

50. **Nutrition**: Nutrition sensitive value chains will be promoted through some of the crop diversification programmes that will include cultivation of horticultural crops including millets, pulses and vegetable production, identified as priority value chains⁴⁷. The project will collaborate with government led programmes to introduce a nutritional literacy component incorporated into the training curricula targeted at priority districts and blocks where the incidence of malnutrition is high⁴⁸ to combine marketing of nutri-dense crops with higher consumptions at household levels. Additionally, the successful intervention by LCs of preparing and supplying highly nutritious ready-to-eat food through the ICDS Scheme under ILSP will be scaled up to cover more Anganwadi Centres.^{49 50}
51. **Skills training**: REAP will support training for women and youth in non-farm and off-farm activities in order to generate self-employment and diversify incomes. The project strategy will converge with the different government schemes that offer training in non-agricultural activities, youth artisanal training, training for micro-entrepreneurs, apprenticeship training and training for youth employment. The project will train 48,000 persons over the course of implementation. Training in livelihoods development will be conducted for the CLF/ LC management staff (1,320 people) over the duration of project implementation supported by line department staff.
52. **Enterprise development**: In addition to livelihoods, the project will also work towards setting up of commercial scale value chain enterprises which will provide adequate volumes to attract buyers and also provide a stimulus to the growth of livelihood activities. To maximize engagement of youth and women the project will support on and off-farm nano, micro and small enterprises⁵¹.
53. Nano and micro enterprises include Input supplies, mechanization hire service, spraying, transportation, nursery raising, agro-forestry, goat forestry, beekeeping/ bee breeding, mushroom production, value addition/processing with labour saving technologies, handicrafts and traditional enterprises. Financing will be a combination of matching grants (up to 30% REAP) and bank loans for working capital will be offered to entrepreneurial beneficiaries setting up enterprises to provide commercial goods and services (input supplies, mechanization, farm management services like pruning, spraying, nursery raising, transportation etc.) to farm households.⁵² Investments will range from Rs 50,000 to Rs. 1 million.
54. A second category of value chain investments are for small off-farm enterprises such as sorting, grading, milling, packinghouses, small rice mills, small oil extraction units, food processing units, modern nurseries etc. Initially, four key off-farm/non-farm value chains/growth centers are envisaged (i) rural tourism (way side tourist amenities⁵³, experiential and adventure tourism; (ii) handicrafts; (iii) prasad and snack making⁵⁴ and (iv) pooja kit⁵⁵ production and marketing⁵⁶. About 24 off-farm/non-farm enterprises would be setup. In order to improve the turnover of these enterprises small customised training packages related to customer handling by front line

⁴⁷ Nutrition sensitivity implies selecting food value chains that also contribute to improved nutrition. The approach identified the area of insufficient consumption of key foods that affect diet quality and selected value chain food products, accordingly.

⁴⁸ Collaboration will be fostered with the Department of Medical Health and Family Welfare and Department of women and child development

⁴⁹ The ICDS Scheme is one of the flagship programmes of the Government of India for early childhood care and development.

⁵⁰ These are early childhood care centres in villages that provide services to children 0-6 years and pregnant and lactating mothers.

⁵¹ Nano < Rs. 100,000, micro Rs 100,000- 1 mill, small > Rs. 1 million

⁵² Agri-machinery and equipment for hire service providers is potentially an attractive and feasible source of income for young entrepreneurs and will be supported by youth engaged in repair workshops.

⁵³ A small integrated complex with a modern kitchen, snacking area, handicraft & local produce outlet and clean toilets. In addition to providing a place for a short break on the highways, these would also serve as gateways for rural stays & buying agricultural produce from the surrounding areas.

⁵⁴ Prasad in this context is the sweet food item offered to the deity in a temple and then carried by the pilgrims for distribution to those who have not visited the temple. It is made from amaranthus seeds.

⁵⁵ Pooja kit is a collection of items required for worship in a temple.

⁵⁶ Others may be added based on assessment, opportunities and demand.

staff, hygienic handling of foods, innovative packaging and displays would be facilitated by a technical agency for enterprise development. These illustrative off-farm activities are largely women & youth oriented. Investments are between Rs 1- 8 million and will be supported with matching grants from the project (25%) for private individuals/groups/private companies and bank loan/ beneficiary contributions (75%). Private entrepreneurs will be encouraged to participate. The financial package is expected to source raw materials from the target beneficiaries and this aspect will be closely monitored. These small enterprises will be managed individually, by groups or by private companies.

55. For similar enterprises when established by FPOs/LCs, matching grant of 60% will be provided for LCs/FPOs and the rest will be mobilised by own contribution and bank loans.
56. These enterprises have potential to serve as Growth Centres. An evaluation exercise is expected to be undertaken through a business support agency to assess the current situation of the Growth Centres which were setup under the aegis of the Department of Industries, GoUK. It is expected that there is a potential for around 100 centres to be setup by the private sector and by FPOs/LCs with investment sizes ranging from Rs. 1 million to Rs. 8 million.
57. Government sub-projects: A number of innovative Sub-projects with select government departments will be supported with a view to strengthen the gaps in the existing programs being run in the State as well as potential for growth and scaling up. The intervention by the departments will help in institutionalization of interventions thereby ensuring sustainability post project. At the same time, institutional capacity building will strengthen technical knowledge of the department staff. The initial list of sub projects include those from (i) Department of Animal Husbandry, (ii) Uttarakhand Sheep and Wool Development Board, (iii) Department of Fisheries, (iv) Uttarakhand Livestock Development Board, (v) Department of Agriculture (Seed Production), (vi) Department of Dairy Development, and (vii) Department of Horticulture and Food Processing. During implementation detailed proposals will be sought and approved after appropriate vetting process by the Project. The broad parameters for selection include; a) direct income benefit to small holder farmers, b) climate change adaptation, c) youth and gender focused, d) innovation or technology that will be a game changer e) value for money etc.,
58. These interventions would not only support and provide forward integration for livelihood activities but would also have a catalytic effect in promoting future enterprises by private players.
59. Examples of livelihoods activities enterprises and REAP's grant and loan policy is given in Sub-component 1.1, Appendix 10 in the Project Implementation Manual.

Activities will include: a) starter-pack for the most vulnerable households, b) small livestock activities; c) Climate Smart Agriculture training and extension d) nano, micro and small scale value chain enterprises; and e) support to sub-projects in agriculture and allied sectors.

60. Subcomponent 1.2 Institutional strengthening of CBOs and partnerships: This subcomponent will strengthen CBOs to increase their outreach to target households and to develop into viable inclusive institutions. A total of 161 LCs formed under ILSP and 440 CLFs set up under USRLM will be organized into 95 block level FPOs that will be expected to operate as sustainable business entities. FPO formation and strengthening is the major institutional strategy to promote sustainable market linkages for LCs and their members since LCs individually lack the reach, volumes and negotiating powers to improve the incomes of producers.
61. Institutional Support: The guiding principle of institutional support is to transform CBOs into sustainable business entities. A three-pronged strategy will be followed:
62. Support in ILSP areas where existing LCs will be provided performance based incentives linked to business volumes to expand the scope of their business activities and to provide a clear growth pathway towards long term financial sustainability. 94 LCs are between 3 to 5 years of

age and are yet to be mature enough to have generated the business volumes necessary for viability. For the first three years the project will provide performance based incentives linked to business volume to expand the scope of their business activities and provide a clear growth pathway towards long term financial sustainability. Some 67 CLFs that are more than 5 years old will also be provided with similar incentives for a two-year period since COVID -19 has had a deleterious effect on the fledgling businesses of these LCs.

63. Support in USRLM areas for transformation of 440 CLFs⁵⁷ into LCs. USRLM will continue to form, nurture and build capacity of the three-tiered institutions of Self-help groups, Village Organisations and Cluster level federations especially in under-developed areas with funding support from NRLM and Government of Uttarakhand. USRLM adopts tools and norms to ensure orderly growth of these institutions and invests in women leadership to govern their institutions. CLFs will hire additional staff and CRPs⁵⁸ for livelihood related activities with funding support from REAP. Strengthening the capacity of the board and staff in business management will be a key focus area. Equity support - matching the share capital mobilised by the LCs - will be provided in line with GOI guidelines. The staff will form commodity specific producer groups drawn from members of different self-help groups for production related training, extension services, input supply, production planning for quality and quantity assurance and bulking for marketing. While largely farm livelihoods will be promoted, there will emphasis on off farm and non farm livelihoods as well (see section 1.1. for more details). The Institutions and social inclusion manager at PMU and district offices of UGVS will work closely with designated Institutions staff of USRLM at district and block level for implementing the activities.
64. Establish and strengthen 95 FPOs with members from LCs/CLF-LCs.⁵⁹ FPOs will be formed at block level which overlaps with the production clusters for value chain development and for facilitating convergence with other government programmes. FPOs will be formed first in the ILSP areas of 44 blocks and will have institutional membership of LCs and CLF/LCs. In remaining 45 blocks FPOs will be set up by the third year providing adequate time for strengthening of the FPOs. FPOs will be supported to expand their capital base, establish systems and processes for business development with private sector participation where feasible, and emerge as profitable and sustainable organizations that can protect the collective interest of farmers. UGVS will engage Technical Service Agencies with proven marketing expertise to form and nurture the FPOs to be business entities⁶⁰.
65. The broad roles of FPOs will include ensuring the systematic growth of the LCs/CLF-LCs, organizing local level multi-stakeholder platforms (MSP) for crowding in buyers, sellers and service providers following up from the state level MSP initiatives and operating as a hub for value addition and processing and managing logistics and supply chain, other need based services that LCs/LC members require and Convergence with Government programmes and schemes.
66. FPOs will adopt a two pronged strategy to increase the business volumes of LCs: a) FPOs will identify and source good quality inputs according to the demand of members, and b) through focused engagement with the private sector, members of LCs will be encouraged to produce in accordance with market demands and with negotiated terms of trade in line with member needs. As a result of this approach the confidence of members to sell through LCs will be enhanced.

⁵⁷ CLFs have been established as cluster level apex organizations of SHGs under USRLM comprising poorer section of the society (covering about 30 percent of the households) to promote savings and credit, production and productivity related interventions for producing marketable surplus and to establish market linkages are nascent and require strengthening.

⁵⁸ Hiring will be preferably from SHG member households.

⁵⁹ ILSP has promoted 161 LCs and 68% have been rated as category A and B with business orientation.

⁶⁰ Technical Service Agencies will also work with select weak LCs

67. The project will also support the training of technical and project staff in cooperative business management to be rolled out through a cascade training approach to cover all FPOs and LCs.⁶¹ The training provided to FPOs and LCs/CLF-LCs will focus on building local capacity of the community leaders governing these institutions. Institutions and social inclusion manager at PMU, assistant manager institutions and social inclusion at district management units, technical experts at PMU and district project managers of UGVS will monitor the work of the Technical Service agencies.
68. *Multi-stakeholder platforms:* Platforms will be organized at National, State, and local levels to engage with multiple stakeholders to provide services and develop business relations.⁶² These will comprise round table meetings, road shows and one to one engagement with select investors. Some platforms will be organized at block/ cluster/ FPO level to encourage dialogue and commitment with locally based businesses. The block/ cluster level platforms could engage research stations/ organizations as stakeholders to encourage feedback from farmers of research technologies and practices to support the research systems.
69. *Productive partnerships:* The project will build productive partnerships primarily with the private sector to develop selected value chains. This will involve: (i) conducting in depth value chain analyses and feasibility studies for private sector investment; (ii) conducting a comprehensive campaign among women and youth to develop market orientation and generate demand for market linkages among them; (iii) establishing roundtables and multi-stakeholder platforms (MSPs) to engage with market players to plan for market demand linked production; (iv) brokering support for prospective buyers and entrepreneurs/ FPOs to prepare simple joint profiles; (v) provision of technical assistance to entrepreneurs/FPOs with the development of mutually agreed business plans; (vi) provision of start-up assistance for entrepreneurs/ FPOs to fulfil the terms of their business plans; and (vii) developing public-private-producer partnership (4P) business models. As an incentive for the private sector to engage with the FPOs, REAP will facilitate loans and other incentives to encourage private sector companies to contract farmer organizations to supply raw materials and value-added products and ensure buy-back of produce⁶³. Productive partnerships will be organized through a process of open competitive bidding. The Project would aim at facilitating private partnerships, especially with larger market players from the third year of project implementation once a sizeable volume and quality has been achieved.⁶⁴

Activities will include: a) strengthening and formalization of existing CBOs; b) roundtables and multi-stakeholder platforms; c) development of productive partnerships between FPOs and the private sector.

Component 2: Ecosystem for enterprise development

70. This component will provide the critical complementary services and infrastructure at all levels to create a conducive enabling environment for enterprise development. The component has two (2) main sub-components: 2.1 Support services and market infrastructure; and 2.2 Support to financial services which will help support the activities under Component 1.
71. Subcomponent 2.1 Strengthening support services and market infrastructure: This sub-component will cover investments in markets, service support centres/ growth centres following the cluster based approach to increase profitability and incomes.

⁶¹ A training programme has been developed by FAO under the title of the Cooperative Business School which could be adapted for this purpose.

⁶² Stakeholders will include large private companies, medium and small scale enterprises, research and extension agencies, informal local service providers, traders, agro-processors, input dealers, exporters, financial organizations etc.

⁶³ Consideration will be given to a targeted/phased approach based on the maturity level of the LC/FPO.

⁶⁴ Some examples of possible Partnerships are: Seed Production of temperate vegetables which are low volume but high in value, organic meat business and specialised milk products such as goat cheese, artisanal clarified butter, and high altitude mountain honey.

72. *Market infrastructure:* Learning from the experience of ILSP, market infrastructure will be concentrated – where appropriate – to form centres for rural transformation and economic growth. Connectivity to markets through storage and other last-mile market related infrastructure will be an essential prerequisite for market access. REAP proposes to establish 950 collection centres through the LCs at community/ village organization level. Additionally, some 50 Agri-service centres will also be established at Block/ cluster level taking into account context specific adaptation options to integrate climate risk management into the design. However, value chain analyses for commodities identified under Sub-Component 1.1 should be conducted as a pre-requisite to identify the most suitable location of market infrastructure⁶⁵.
73. Growth Centres would be established in potential LCs and CLFs. These will comprise a range of services based on local demand at a cluster level and could include custom hire centres, agri-clinics, banking kiosks, value addition and processing units, collection centres, amongst others. Prior to adoption of the Growth Center model, the project will conduct a detailed assessment of the performance of the existing Growth Centres. Based upon the findings the growth centres will be replicated or alternative modes of organization proposed. This will be conducted before arriving at a road map for the replication of growth center models. The business modality could involve investment from the LC/CLF and FBO or alternatively facilitating private sector investment through private partnership and/or leasing of facilities.
74. REAP will promote context specific adaptation options to integrate climate risk management into the development of post-harvest and marketing links and build capacity for various actors. The storage and collection centre infrastructure development (siting, design specifications and construction materials) will be informed by the climate proofing analyses⁶⁶. Finances will be allocated to carry out site-specific climate risk analysis during the feasibility studies. The inclusion of a Specialist in Natural Resource Management and Climate in the PMU, will ensure that infrastructure and facilities to be constructed under REAP will adhere to environmental and social risk management safeguards.
75. *Support services:* The project will identify, register and support entrepreneurs with business development, financial, technical and market linkage services so as to provide comprehensive services for farm commercialisation and enterprise development. A Business Facilitation Agency will be used to design and implement an enterprise development plan by looking into the business models, identifying entrepreneurs, assessing regulatory, financial and business aspects and conduct outreach to disseminate information on business opportunities. For potential clusters and blocks, Business Facilitation will concentrate on development of the selected value chains by providing technical, business and marketing services and facilitating linkages to private sector suppliers and buyers. Business support will be sourced by Business Service Providers and/ or directly by private companies. In this latter situation, attention will be given to capacitate the management and staff of the FPOs to enhance their prospects to ensure social inclusion and financial and environmental sustainability. The capacity of the Technical Services Agencies and government departmental staff engaged in project implementation will be supported by high level professional expertise in specialised technical subject areas sourced through the Management Consultant Facility.
76. *Business incubation:* GoUK has set up two Rural Business Incubators (RBIs) in the two regions (Kumaon and Garhwal). They were set up for business idea generation and incubation, and to support start-ups and innovations. They have yet to start operations. The RBIs aim to implement an on-going enterprise promotion strategy which involves promotion of entrepreneurship amongst youth including returnee migrants. REAP will support the RBIs through a four-pronged strategy; i) support to RBI for 1,000 enterprises in the 2 regional centres; ii) support innovative

⁶⁵ Growth Centre could be established in potential LCs and CLFs. These may aggregate a range of services based on local requirement at a cluster level such as custom hire centres, agri-clinics, banking kiosks, value addition and processing units, collection centres, animal health clinics etc..

⁶⁶ The studies will indicate the projected climate trends likely to affect the performance of the infrastructure and subsequently embed standards and specifications into the designs.

businesses and start-ups (3-5) (see below)⁶⁷; iii) apprenticeship training for youth (Sub-component 1.1); and iv) youth/women enterprise training and support for 7,000 persons. The enterprise promotion strategies of the project will be managed by a Project Management Consultant agency (PMC) which will prepare guidelines for business idea generation, business incubation, innovation and start-up support.^{68 69} The youth incubation scheme in collaboration with the private sector will be pilot tested. The State also has two other institutions viz. Indian Institute of Management, Kashipur and GB Pant University of Agriculture and Technology where incubation programmes can be started straight away as they have the necessary wherewithal for the same.

77. *Innovation*: REAP will establish an Innovation Fund to assess and support innovative proposals that could include: (i) Precision Agriculture; (ii) Space Agriculture; (iii) Fin tech (iv) Automated Climate Stations, (v) Seed vending kiosks, (vi) Telemedicine for livestock, (vii), Nano tech and Bio tech applications in vertical production of seeds and food, (viii) automated polyhouses, (ix) Food traceability systems including through ICT technologies, (x) Agro climatic zonation mapping, (xi) ICT based farm planning, farm budgeting and advisory services to farmers initially focusing on value chain clusters; (xii) farm advisories on crop, weather, pests based on basic farm analysis; (xiii) hydroponic fodder & silage to ensure feed availability over the winter period; (xiv) digital platforms for value chain planning and marketing; and (xv) new models of agro forestry etc. The Fund will be set up to with over USD 2.2 million for innovative technologies. Proposals will be backed by appropriate business models to ensure sustainability. Criteria for the screening and selection of proposals could include a) potential impact on the lives of rural households, b) impact on mitigating out-migration; and c) social/ environmental screening. REAP will make a call for proposals with interested companies, appraise and select candidates, monitor performance and support roll out and use.
78. *Strengthening HILANS Brand*:⁷⁰ The project will support HILANS to emerge as a separate business entity with business lines covering various product mixes. The project will support engagement of a PMC to transform HILANS into a separate business entity with required systems and processes to function as a business entity with a detailed business plan and a road map for financial sustainability.⁷¹ Private sector participation in various business lines will be facilitated with the ultimate aim of fully privatising HILANS once intrinsic value of the brand is discovered.
79. *Policy Engagement*: REAP will help in the implementation and contextualization of key policies and strategies of the Government of India relevant for project implementation in the state including those related to: a) contract farming (The Farmer Empowerment and Protection Agreement of Price Assurance and Farm Services Bill, 2020); b) promotion Farmer Produce Organizations (FPOs); c) promotion of youth entrepreneurship; d) alignment of loan schemes and crop insurance; e) subsidy policy at national and state level; f) organic certification – GAP and geographical indicators. Challenges in project implementation that originate from gaps and ambiguities in existing policy frameworks will be identified and addressed through the preparation of Policy Notes and advocating for necessary policy reforms/ implementation where

⁶⁷ The innovative enterprises and start-ups will be designed for youth and will be extended to them through polytechnics and educational institutions.

⁶⁸ Indian Institute of Management, Kashipur has established a Foundation for Innovation and Entrepreneurship Development and has required capacity and experience to function as a management consultant for promotion business incubation and start-ups and is empaneled by GoUK. In addition, Yashraj Bharadwaj of Petonics Infotech and Dr Solomon Darwin of UC Berkley's Centre for Corporate Innovation have been part of the Berkley Niti Ayog Advisory Council on Rebuilding India and this combine has shown interest to work as Project Management Consultants to identify and handhold businesses interested in establishing start-ups in Uttarakhand.

⁶⁹ The project will support innovative businesses and start-ups that has shown a preliminary potential such as: (i) FIN-tech products catering to the bottom of the pyramid; (ii) IT based farm planning, farm budgeting and advisory services to farmers; (iv) digital and subscriber based agriculture extension services and (v) solutions to animal and bird depredation of crops; (vi) innovative fish farming like RAS and others; (vii) use of nano-technology for improving shelf life of fruits.

⁷⁰ HILANS is the umbrella brand created by Uttarakand Gramya Vikas Samithi (UGVS), the lead implementing agency of ILSP. UGVS currently procures packaged produce (pulses, cereals and spices) and also processed food (pickle, honey, edible oil, etc) from farmer groups and facilitates selling them under HILANS brand.

⁷¹ This will include brand and sub-brand development and promotion, organizing trade fairs and buyer-seller meets, establishing linkages with existing e-commerce platform and creating a dedicated e-commerce platform for ethnic/speciality products.

needed. Additionally, policy engagement will also be undertaken for helping to scale up good practices from the project areas including: (i) the youth employment and the youth incubation scheme and (ii) up-scaling the training programme on group business management and marketing to support cooperative and FPO development⁷².

Activities will include: s) construction of storage and aggregation facilities; b) development of service/ growth centres; c) developing the capacity of service providers; d) developing the capacity of implementing partners; e) business incubation and employment; f) innovative activities and technologies; g) strengthening the HILANS brand and h) policy engagement

80. Subcomponent 2.2 Support to financial services: The financial services strategy will provide financial support through the banking system for livelihoods diversification, enterprise promotion and CBO strengthening to better operationalize the activities planned under sub components 1.1, 1.2 and 2.1. UPASaC⁷³ will be the nodal organization to facilitate financial services for the different target groups. REAP will build the capacity of UPASaC to act as business facilitator of banks/insurance companies. Keeping in view the need for financing of enterprises and financing LCs/FPOs, District staff (rural finance coordinators and assistant rural finance coordinators) will be trained in enterprise financing, portfolio management, LC/FPO financing etc.
81. Once the project implementation commences, UPASaC will convene meetings with banks, NBFCs and also fintech players to assess their business models and their interest in financing the producers, enterprises and LCs/FPO and sign MOUs with interested financial institutions. UPASaC will also convene co-ordination meetings with banks at block and district level to inform banks of the targets and to sort out operational issues for smooth credit flow. These meetings will be integrated with the local level multi-stakeholder platforms described under subcomponent 2.1. REAP will work together with selected financial institutions to strengthen their technical capacity to scale up financial services for all categories of the target institutions/enterprises through tailor made trainings and product development/modification support. While training costs will be borne by the banks, REAP will work with training curriculum modifications to include REAP requirements for adequate financing of target groups/institutions. Credit rating of institutions and also enterprises will be part of the capacity building initiatives to ensure risk assessment and access to adequate credit.
82. *Financing of SHGs/PGs for livelihoods and nano enterprises*⁷⁴: Bank credit to SHG/PGs will be the major source of finance for financing livelihoods and also nano enterprises. REAP will support engagement of 601 Bank Mitras (BM), the multi-purpose community resource persons, in LCs/CLF-LCs who will facilitate groups to prepare credit plans and complete loan documents and also follow up on recoveries. On line and digital processing of loan documents will be facilitated with banks. Interest subsidy as applicable under different Government schemes will be made available for agriculture and Group lending.
83. *Financing of micro and small enterprises:* Bank loans will be facilitated by UPASaC for the enterprises. Capital investments will receive a matching grant up to 20% in the case of micro

⁷² Partnership may be explored with the Agribusiness Market Ecosystems Alliance (AMEA) under the joint IFC-IFAD supported programme "Transforming Systems for Professionalising Farmers and Farmer Organizations in Developing Countries".

⁷³ Uttarakhand Parvatiya Aajeevika Sanvardhan Company (UPASAC) was established in 2006 to provide venture capital support to farm based enterprises in the project areas under the IFAD supported ULIPH project (2004-2012). However, this company did not take up originally intended activities and has largely been facilitating bank financing for LC members.

enterprises⁷⁵, 25% for small enterprises by private sector and 50% for small enterprises by FPOs/LCs.

84. *Financing of LCs/FPOs*: In total 601 LCs/CLF – LCs and 95 FPOs will be facilitated for loans mostly for working capital and also for term loans for investments. Rural finance manager UGVS and Banking consultant UPASaC will facilitate MOUs with specialised financial institutions who focus on lending to LCs/FPOs. Once credit history is proven mainstream banks will be more willing to finance LCs/FPOs.
85. In total, 13.76 billion is expected to flow as bank credit for self-help groups/producer groups, LCs and FPOs, micro and small enterprises through the facilitation support of UPASaC and also risk comfort mechanisms which may be offered by the project after undertaking a detailed study. The mechanisms for implementation are detailed in the PIM. REAP/UPASaC will, after study and negotiations with financial institutions, offer need based risk comfort where required and possible, to financial institutions especially for financing first time entrepreneurs/LC/FPO.
86. *Savings*: Deepening of household savings will be enabled through periodical campaigns undertaken through Bank mitras and banks to increase savings in SHGs/PGs. COVID related disruptions in local livelihoods and reverse migration leading to loss of remittances have depleted household income and household savings. Special campaigns from the second year of the project will be under taken to mobilise more savings once livelihood activities are rolled out.
87. *Insurance*: Crop loan insurance scheme, a heavily subsidized scheme of the Government of India, is operational in the state. Weather based insurance scheme covers vegetables and fruits and yield based insurance scheme covers cereals. Livestock insurance coverage is low⁷⁶. Claim experience has been a deterrent for wider uptake of insurance. Three pronged action will be taken to improve insurance coverage especially to mitigate climate change related losses. a) Through an insurance consultant at UPASaC, the interested insurance companies will be engaged to study the insurance needs, product changes needed and modify processes to improve insurance claims. b) Pilots will be undertaken with the insurance companies for product development/product changes modification of processes and engagement of LC/CLF-LCs as agents. LC/CLF-LCs will be appointed as facilitators /agents for underwriting proposals and also quick claim settlements. c) REAP will also carry out trainings on insurance as risk mitigation strategy especially to mitigate climate change related losses, and product literacy.
88. REAP will support paperless MIS software system to track savings, credit and insurance services. Tracking member level usage of services will ensure that the poorer members in the groups are availing the services especially credit equitably. Credit rating modules for institutions and enterprises will be included in the software. REAP will provide tablets/other equipment to all LCs to implement paperless MIS. Bank Mitras, multi-purpose CRP, will also train SHG/PG members in digital financial services.
89. REAP will support the salary cost and operational costs of UPASaC on a sliding basis; UPASaC is expected to be fully sustainable by mid-term through the commission it earns from business facilitation.
90. IFAD and GoUK have held discussions with the Bill & Melinda Gates Foundation (BMGF) as a potential partner to support USRLM and UPASaC to address the challenges related to financial inclusion, as part of the project. BMGF may extend this support through its partner agency which could provide technical assistance to UPASaC and USRLM. The technical assistance (TA) and

⁷⁵ REAP will make an informed choice about matching grant after study of other innovative instruments such as patient capital loans, micro equity etc.,. See PIM for a more detailed description of patient capital loan and micro equity.

⁷⁶ Government already subsidises crop and livestock insurance albeit with low uptake due to complex claim processes. The intention is to simplify the insurance claim processes ensuring a more active role for LCs in providing customer comfort. .

capacity-building support may be provided by establishing a Technical Support Unit (TSU) and could address the following areas: 1) Training and capacity building of UPASaC Staff; 2) Strengthening digital channels including a digital strategy and roadmap for UPASaC as well as scale-up of gender sensitized channels for delivery of financial services; 3) Development and enhancement of financial products and services, especially those targeted at women; 4) Sustainability of UPASaC, including digitization of its operations and demonstration of viable business models for self-reliant functioning. The TA could be provided for three/four years including the initial strategic planning and situation assessment planned for the first three months. Towards the end of the project, six months would be utilized to transfer the support to USRLM and UPASaC to ensure that lessons learned have the potential for replication and scaling-up on completion of the BMGF inputs.

Activities include: (i) support to UPASaC to pilot test new financial and risk management products; (ii) capacity enhancement of UPASaC and Bank Mitras across all activities pertaining to financial inclusion; (iii) business and financial literacy (iv) software development for savings and credit management; and (vi) partnerships with FIs to increase access to financial services.

Component 3: Project Management, M&E, Knowledge Management

91. Component 3 is a cross cutting component to the technical components described above. The organizational structure covers four levels– State, UGVS, District and Block. At State level there is (currently operating) a High Powered Committee chaired by the Chief Secretary which functions as the Project Steering Committee. Under this structure lies the Project Management Committee chaired by the Additional Chief Secretary Rural Development Department. The project will be executed through the Project Management Unit headed by a Project Director reporting to the Chief Project Director and assisted by a team of 2 Directors (Convergence and Finance), one Dy. Director (HR & Training) and one Team Leader Operations and Enterprises. The positions of Director Finance, Dy. Director HR & Training and Director Convergence will be on secondment from Government. Director Convergence will be *ex officio* CEO of USRLM District level implementation teams will be housed with the District Project Management Units (DPMU) to be established in each project district. A large portion of the project staffing will be out sourced to service providers: a Management Consulting Facility for professional staff hire; a Human Resources Agency for hiring project staff of PMU, DPMU and Block Level and an Outsourcing Agency for hiring the services of office assistants, drivers and multipurpose staff. The organizational framework is elaborated in more detail in section K below. Knowledge management is described in section L.

E. Theory of Change

92. The traditional agricultural system consists of small and fragmented landholdings, limited irrigation facilities, low soil fertility and increasing levels of soil erosion combined with lack of market access and improved technology, has resulted in low levels of income for farm households that are largely operated by women and is not an incentive for youth to be engaged in farming. The majority of the rural population in the hills either barely survive from farming or migrate to other parts of the country in search of employment. The uncertain farming environment is further impacted by the vagaries of climate change and increasing weather variability with increased frequency of droughts, erratic rainfall and floods. Traditional low-input low-volume production together with a dearth of support services and market infrastructure as well as limited access to improved technologies, finance and knowledge have had a marked effect by restraining both income and employment.

93. Hence an increasing numbers of the rural population are migrating from the hills to the plains and outside the state in search of job opportunities and incomes. This has led to a situation of labour shortages in the hills, increasing the burden on women and even creating instances of "ghost villages". The situation has recently been reversed as a result of the Covid-19 pandemic with considerable numbers of migrants returning to their hometowns and villages (due to permanent or partial loss of jobs), with a significant numbers deciding to stay back⁷⁷ although it is not certain, over the long term, how many will remain there. GoUK recognises the urgent need to generate employment and income opportunities for youth, migrants, daily wage earners, rural farm and non-farm poor and other deprived and marginal sections of society to reduce the Covid induced distress in the short term and remunerative jobs in the long-run to prevent distress migration as a strategy for survival among the local youths. Rural entrepreneurs are viewed as agents of change that have the potential to accelerate innovation and create wealth. A drawback is the lack of a conducive environment for farm commercialization and enterprise development with market infrastructure, institutional and policy level weaknesses. Consequently, the theory of change identifies two principal factors that contribute to the persistently high levels of rural poverty: (i) traditional agriculture systems that are subject to the vagaries and risks and impacts of climate change and as a result lead to low productivity, inadequate volumes of marketable products and low profitability; and (ii) lack of a conducive environment for farm commercialization and enterprise development with limited investment to develop support services for promoting better living standards particularly in the rural hill areas. The intersectionality of poverty, inequality, feminisation of agriculture and enhanced workloads for women in the State will be addressed by enhancing productive capacities of women as well as greater leadership and decision making roles in CBOs. The project will facilitate a combination of efficient production technology, practices and methods (including labour saving technologies) to reduce workload. Considering the challenges of remunerative job opportunities for young men and women in the state and the distress migration, the project intends to create both short term and long term opportunities for youth including developing a cadre of agriculture entrepreneurs, service providers responsible for last mile service delivery including facilitating bank linkage. The youth are poised as "transformation drivers" and will open avenues for local communities to diversify their income and invest in the local economy and attract back youth who have migrated to the cities and/or prevent local youths from migrating in search of better incomes. To enhance the outcome of project interventions, and contribute to enhancement of nutritional status of local communities in the project areas, the project will prioritise nutrition sensitive value chains that will be promoted through crop diversification programmes attached to homestead forestry activities, nutrition literacy and support to maternal and child health to ensure that better production is linked to better consumption as well as better incomes.
94. For this purpose, REAP proposes to build on the ongoing work of ILSP to sustain the livelihoods of the rural population through capacity-building initiatives, institutional strengthening, and providing access to climate smart agricultural technology and training, affordable finance, information and skills in an effort to aggregate and add value to production and enhance profitability and income. Critical to this process is establishing and strengthening the capacity of farmers to manage Livelihood Clusters and Farmer Producer Organizations as profitable and sustainable business entities. In order to achieve this REAP proposes a two pronged strategy: (i) switching to cluster based production of value chains that are nutritionally sensitive and resilient to climate change and have the potential to increase production to a commercial level; and (ii) developing an enabling ecosystem for farm commercialisation and enterprise development with increased investments in market infrastructure, growth centres, support services and youth incubation. The approach is "market driven" requiring farmers and the management of CBOs to have the capacity and skills to respond to the vagaries of the market and climate change. At the centre of this strategy is the need to strengthen farmer based

⁷⁷ After the first wave over 350,000 migrants returned to Uttarakhand by May 2020. By Nov 2020 over 100,000 of them went back to their place of work outside Uttarakhand while 250,000 stayed back. During the second wave approx. 100,000 migrants have returned to the state till early May 2021.

organizations and increase the volume of produce sold, lower costs of production and forge linkages and partnerships with private sector buyers.

95. To address the vagaries of climate change the project will converge with the schemes of the Department of Agriculture and Department of Watershed Development in GoUK which will build on the ILSP activities related to watershed development and further introduce interventions related to soil and water conservation (under PMKSY scheme of DoA). Climate change challenges will also be addressed directly through climate adaptation interventions that include the promotion and use of climate tolerant crop varieties and seeds. A climate risk analysis will be a part of the final identification of value chains that are adaptable to different agro-climatic zones of Uttarakhand.
96. Finally, the conducive enabling environment will ensure a steady stream of innovative and entrepreneurial youth and migrants interested in engaging in farm and off farm activities. These efforts are expected to contribute towards the doubling of the income of rural households⁷⁸ and reduction in distress related out-migration from the rural areas.

F. Alignment, ownership, and partnerships

97. Alignment with SDGs. The project will contribute to the government's target of doubling farm incomes of rural households through a market-first and business approach to agriculture production with in-built nutrition security activities. With a focus on women, youth and vulnerable farmers and adaptive technologies to address climate change, REAP will contribute significantly to the achievement of SDG 1 - end poverty; SDG 2 - zero hunger; SDG 5 - gender equality; and SDG 13 - combat climate change and its impacts.
98. Alignment with Government of India. REAP is similarly aligned to the Government of India's 11th Five Year Plan (2011-12) aimed at 'Promoting social, economic and political inclusion for the most disadvantaged, especially women and girls.' The UNDAF (2008-12) addresses the goals of the Five Year Plan and REAP is aligned closely to the outcomes⁷⁹.
99. Alignment with IFAD policies and corporate priorities. At corporate level, the project is aligned with IFAD policies for mainstreaming nutrition, gender, youth and climate. The project is gender mainstreamed, climate focused, youth-sensitive and will create nutritional outcomes for the target groups. The project objectives and activities are well aligned with the single, focused strategic objective (SO) of the COSOP 2018-2024, namely that 'Smallholder food and agricultural production systems are remunerative, sustainable and resilient'.
100. Ownership: RDD through UGVS has been directly involved in implementation of ILSP and developed a Preliminary Project Report (PPR) for submission to the Department of Economic Affairs, Ministry of Finance, GoI, Niti Ayog and the Ministry of Rural Development. Based on this PPR, GoI approved the project for IFAD financing. UGVS will be the implementing agency and a Project Management Unit (PMU) will be set up. RDD will be responsible for project management and has undertaken all preparatory activities related to project design. RDD as well as the other Departments of GoUK have actively participated in the design process
101. **Partnerships and convergence**: REAP has been designed to take over the CBOs set up under ILSP and USRLM. The Government of Uttarakhand is very keen that key elements of the ILSP model are replicated in USRLM areas and taken to a higher level of commercialization through REAP. While NRLM/USRLM will continue to fund the activities related to self-help group (SHG) mobilization and capacity building of SHGs, REAP will build the capacity of USRLM cluster

⁷⁸ This is aligned to the GoI's overall goal of doubling farmers' income

⁷⁹ Inclusive growth, food and nutrition security, gender equality, equitable access to quality basic services, governance, and sustainable Development.

level federations to deepen livelihood related activities among the target groups to become sustainable business entities. As such the REAP design has been closely harmonized with the activities of USRLM – which will continue throughout the duration of the IFAD funded project. The partnership with USRLM will also allow the good practices from the state to be showcased at the national level through the NRLM.

102. REAP will converge with the ongoing schemes of the government, especially with RDD and the various line departments⁸⁰ as well as UPASAC and commercial banks to facilitate loan funding to SHGs and CBOs as well as farm household enterprises. To address the vagaries of climate change REAP will converge with the State Watershed Development Programme as well as the Department of Agriculture. Partnership will also be forged with the Uttarakhand State Disaster Management Authority. Additionally institutional partnership with ICDS will pave the way for expanding coverage of more Anganwadi centres with the supply of highly nutritious ready-to-eat food prepared by LCs.
103. REAP will closely coordinate with all of the programmes and activities to ensure that economies of scale are made to reduce the cost of investments and avoid duplication of interventions. The organizational structure has established a full time position for a Director for Convergence as part of the government contribution.
104. Activities identified under different sectors / sub-sectors for convergence will be planned and executed within the guideline/parameters of that department / scheme. Any expected change, favouring REAP in the operational guideline of schemes implemented by any department needs a detail policy dialogue and consent of the department with which convergence plan is designed. Schematic convergence will be done at two different levels i.e. at the district and/or at the state level.
105. As noted in paragraph 90, IFAD and GoUK have held discussions with the Bill & Melinda Gates Foundation (BMGF) as a potential partner to support USRLM and UPASaC to address the challenges related to financial inclusion as well as the limited growth opportunities for youth and women, high unemployment rate, and topographic and climate-related challenges as described in the Theory of Change.⁸¹ It is envisaged that, if agreed, the Technical Assistance would be provided for three to four years commencing immediately on signing of the Finance Agreement.

G. Costs, benefits and financing

a. Project costs:

106. The project cost is derived in close consultation with staff of the state government and all other stakeholders of the project on the basis of (i) 7-year project implementation period from 2022 to 2028; (ii) **inflation** rate of 3.5%⁸², which was used to compute the price contingencies; (iii) current exchange rate of AFN Rs 73.5 for 1 US \$; (iv) 18% **taxes** for most of the cost items; and (v) **physical Contingency** rate of 4%. **Expenditure and Disbursement Accounts** are in line with the IFAD standardization of expenditure categories based on circular IC/FOD/02/2013.
107. The total project cost inclusive of taxes and duties amounts to USD 378 million over a seven-year implementation period. All costs are estimated based on currently prevailing prices in Uttarakhand, India. Project costs by component are presented in Table 5. Project financing including 6% contingencies by components are: US\$ 125 million for Component 1 – Cluster based inclusive development (33 percent of project costs) and US\$ 221 million for Component

⁸⁰ The line departments include Agriculture, Animal husbandry, horticulture department, USWDB, fisheries department, and the Dairy department all of which are operating a number of government programmes.

⁸¹ The activities that will be supported will be consistent with the philanthropic and programmatic objectives of the Gates Foundation.

⁸² National Statistical Office, Government of India, Ministry of Statistics and Programme Implementation, 12th February 2021.

2 – Ecosystem for enterprise development (59 percent of project costs). For Component 3 – Programme management, M&E, & KM, costs came to US\$ 31 million (8 percent of project costs).

108. IFAD Loan will finance USD 105 million⁸³ of the total project cost (27%); Banks will provide USD 186 million (49%); beneficiaries, USD 14 million (4%); the private sector, USD 0.607 million (0.2%); UPASAC, USD 336,000; Convergence, USD 48 million (13%) and the Government of Uttarakhand will provide USD 24 million (6%).

109. The project component 1 and component 2 are partially counted as climate finance. As per the Multilateral Development Banks Methodologies for Tracking Climate Adaptation and Mitigation Finance, the total amount of IFAD climate finance for this project is calculated as USD 17.7 million which is approximately 17 percent of the USD 105 million of IFAD financing. Most of the activities under REAP will reach women and youth as they comprise 60% and 35% of the target groups respectively. The budget allocation for gender and social inclusion from IFAD financing has been approximated at USD 47 million (Annex 3 provides details).

Table 5: REAP financing plan by component and financier
(Thousands of United States dollars)

Components by Financiers	The Government -															
	UK		Convergence		IFAD		UPASAC		Banks		Beneficiaries		Private Sector		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
A. Inclusive cluster development																
1. Livelihoods diversification and enterprise development	4,578	6.0	30,926	40.3	32,544	42.4	-	-	3,926	5.1	4,769	6.2	-	-	76,742	20.3
2. Institutional strengthening of CBOs and partnerships	6,549	13.4	-	-	32,742	67.2	-	-	-	-	9,342	19.2	94	0.2	48,727	12.9
Subtotal	11,127	8.9	30,926	24.6	65,286	52.0	-	-	3,926	3.1	14,111	11.2	94	0.1	125,469	33.2
B. Ecosystem for enterprise development																
1. Support services and market infrastructure	4,182	25.3	-	-	10,552	63.8	-	-	1,281	7.8	-	-	513	3.1	16,528	4.4
2. Support to financial services	635	0.3	17,000	8.3	6,275	3.1	336	0.2	180,559	88.2	-	-	-	-	204,804	54.2
Subtotal	4,817	2.2	17,000	7.7	16,827	7.6	336	0.2	181,840	82.2	-	-	513	0.2	221,332	58.5
C. Project Management, Knowledge management and M&E																
Project Management	7,699	28.2	-	-	19,602	71.8	-	-	-	-	-	-	-	-	27,301	7.2
M&E and Knowledge management	661	16.8	-	-	3,285	83.2	-	-	-	-	-	-	-	-	3,946	1.0
Subtotal	8,360	26.8	-	-	22,887	73.2	-	-	-	-	-	-	-	-	31,247	8.3
Total PROJECT COSTS	24,304	6.4	47,926	12.7	105,000	27.8	336	0.1	185,766	49.1	14,111	3.7	607	0.2	378,049	100.0

110. The total project cost distributed by the expenditure accounts and financiers is presented in Table 6. The credit and guarantee funds take the highest amount of project resources with 52% of the total project cost. The recurrent cost takes 7% of the total project cost and 16% of the IFAD loan resources.

Table 6: REAP financing plan by Expenditure Category and Financier

⁸³ Full allocation for IFAD 11 for India.

(Thousands of United States dollars)

Expenditure Accounts by Finance	The Government -															
	UK		Convergence		IFAD		UPASAC		Banks		Beneficiaries		Private Sector		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
I. Investment Costs																
A. Training	406	2.0	8,923	43.9	11,004	54.1	-	-	-	-	-	-	-	-	20,332	5.4
B. Consultancies, studies & TA	5,486	30.0	-	-	12,801	70.0	-	-	-	-	-	-	-	-	18,288	4.8
C. Goods, Services and Inputs	6,006	12.7	14,829	31.3	21,451	45.3	-	-	1,297	2.7	3,212	6.8	607	1.3	47,402	12.5
D. Grants and Subsidies	4,598	7.3	7,174	11.3	36,617	57.9	-	-	3,926	6.2	10,899	17.2	-	-	63,213	16.7
E. Credit and Guarantee Funds	-	-	17,000	8.5	2,243	1.1	-	-	180,543	90.4	-	-	-	-	199,786	52.8
Total Investment Costs	16,496	4.7	47,926	13.7	84,116	24.1	-	-	185,766	53.2	14,111	4.0	607	0.2	349,021	92.3
II. Recurrent Costs																
A. Salaries and Allowances	6,602	30.0	-	-	15,397	70.0	-	-	-	-	-	-	-	-	21,999	5.8
B. Operating Cost	1,207	17.2	-	-	5,487	78.1	336	4.8	-	-	-	-	-	-	7,029	1.9
Total Recurrent Costs	7,809	26.9	-	-	20,884	71.9	336	1.2	-	-	-	-	-	-	29,028	7.7
Total PROJECT COSTS	24,304	6.4	47,926	12.7	105,000	27.8	336	0.1	185,766	49.1	14,111	3.7	607	0.2	378,049	100.0

111. The project component and sub component cost distributed by the project period is presented in Table 7. The 1st year takes 11% of the budget and the 7th year, 3% of the budget. By mid-term of the project in 2024 the budget has the allocation of 56% of the total project cost.

Table 7: Project costs by component and year

(Thousands of United States dollars)

Project Components by Year	Totals Including Contingencies							Total
	2022	2023	2024	2025	2026	2027	2028	
A. Inclusive cluster development								
1. Livelihoods diversification and enterprise development	1,307	24,585	26,854	15,199	8,359	318	120	76,742
2. Institutional strengthening of CBOs and partnerships	1,920	11,945	10,569	7,326	13,437	2,290	1,240	48,727
Subtotal	3,227	36,531	37,423	22,525	21,796	2,608	1,360	125,469
B. Ecosystem for enterprise development								
1. Support services and market infrastructure	526	3,357	5,987	2,530	1,908	1,587	634	16,528
2. Support to financial services	34,023	32,402	42,015	44,690	38,145	6,647	6,882	204,804
Subtotal	34,549	35,759	48,002	47,220	40,053	8,234	7,516	221,332
C. Project Management, Knowledge management and M&E								
Project Management	5,049	3,973	4,035	3,560	3,677	3,799	3,209	27,301
M&E and Knowledge management	1,524	1,492	287	238	108	214	82	3,946
Subtotal	6,573	5,465	4,322	3,798	3,786	4,012	3,292	31,247
Total PROJECT COSTS	44,350	77,754	89,747	73,543	65,634	14,854	12,167	378,049

b. Project financing/ co-financing strategy and plan

112. The project is co-financed by the State Government of Uttarakhand, government convergence programmes, UPASAC, Banks, project beneficiaries which include FPOs/LCOs, and the private sector. The ratio of IFAD loan resources to all co-financing is 1:2.6.

c. Disbursement

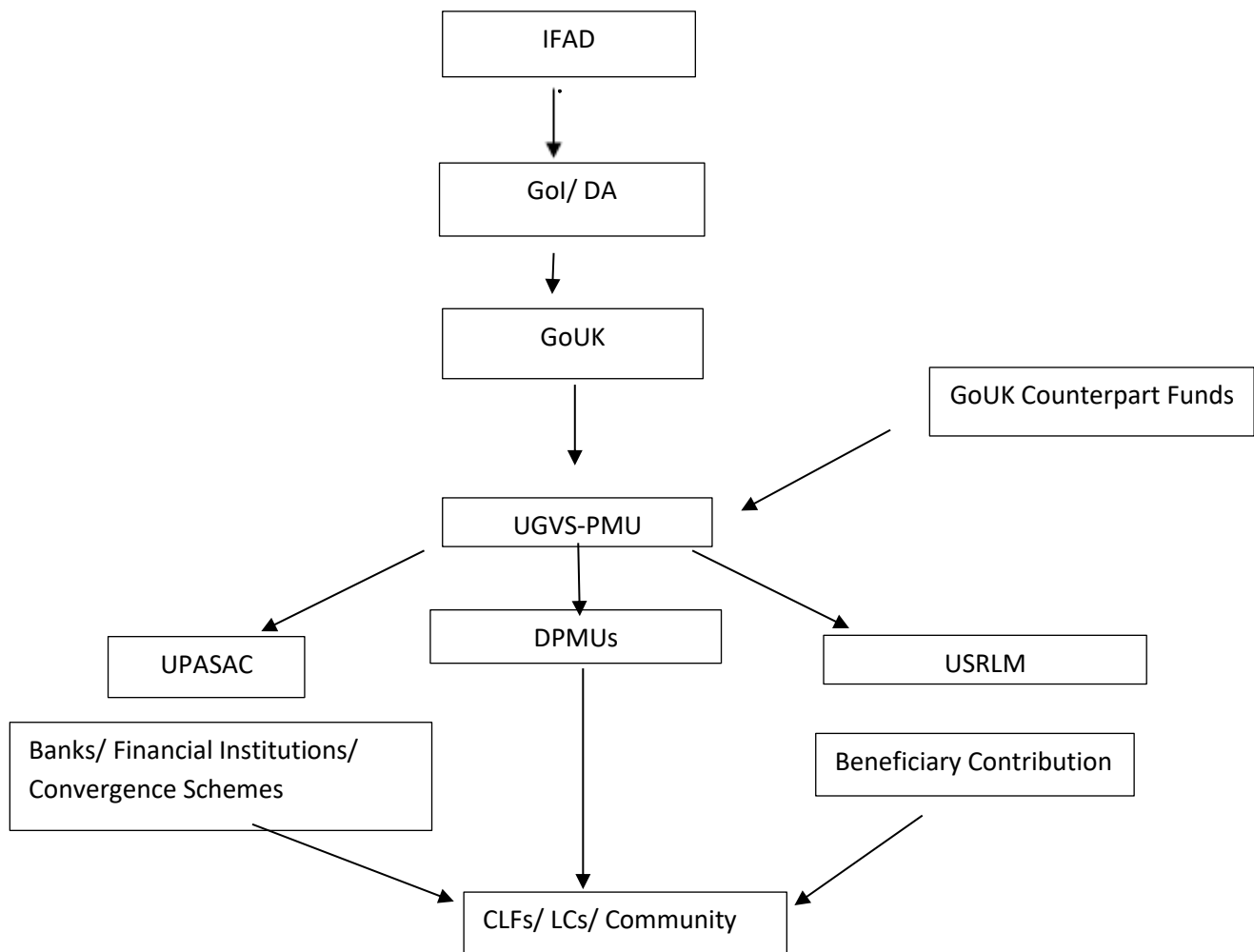
113. IFAD financing will be disbursed in accordance with IFAD Loan Disbursement Handbook and detailed arrangements will be outlined in the Letter to the Borrower and the Financing Agreement.

114. The total loan allocation of IFAD will be USD 105 million on ordinary lending terms as per IFAD financing policies. A Designated Account in USD for the Loan will be opened by the GoI at Reserve Bank of India (RBI) to which funds will flow from IFAD on a reimbursement basis. The

financing from IFAD will be done in USD. GoI will transfer IFAD funds to GoUK which in turn will release this amount to the project in accordance with the approved AWPB. Thereafter, reimbursements from IFAD can be claimed through claims/withdrawal applications (WAs). The various methods of disbursement of IFAD funds and the procedure for submission of WAs are detailed in the PIM.

115. IFAD will reimburse funds to the Borrower (GoI) into the Designated Account in USD for the Loan. GoI will effectively transfer IFAD funds to GoUK which in turn will release this amount to the project in accordance with the approved AWPB.
116. The government counterpart fund, besides the taxes on goods and services, shall be contributed by the GoUK and it shall ensure timely and adequate release of the funds to the project in accordance with the AWPB. The project will have a separate bank account at each of the implementing units wherein the amounts received from GoUK including IFAD and its own share will be deposited and used for project activities. The project will submit claims/WAs for the IFAD financed eligible expenditures as per the procedures and formats agreed with IFAD to the Office of CAA&A, Ministry of Finance, GoI. Beneficiary contribution shall also be recorded in the books of the project to arrive at the total project expenditure.
117. Disbursements from the PMU will be made to the other implementing partners such as UPASAC and USRLM as per the AWPB and to the DPMUs. The funds from the DPMUs shall be disbursed to the CLFs/LCs/communities for project activities. The PMU/ DPMUs shall obtain utilization certificates (UC) from the implementing partners and the CLFs/LCs/ community organizations for each quarter based on which further releases shall be made. The annual UC shall be audited by a Chartered Accountant and submitted within three months from the end of the year. The implementing partners and the DPMUs shall provide monthly expenditure statements to the PMU which will be consolidated at the PMU. The counterpart funds will also be made available by the GoUK to the PMU account from which expenditure will be incurred. The fund flow is depicted in the flowchart below:
118. **Retroactive financing:** At the Borrower's request IFAD financing up to USD 1 million can be provided as retroactive financing as an exception to the General Conditions and with Executive Board approval, to cover eligible expenditures between the date of approval of the design document by IFAD and the date of Entry into Force. Some of the activities that can be funded under retroactive financing include : (i) costs related to studies to be initiated (ii) procurement and customization of software; (iii) some operating costs; (iv) staff and consultants recruitment cost; (v) purchase of a minimum set of equipment and materials; and (vi) activities related to a baseline survey. To be eligible for retroactive financing, goods and services must have been procured according to the procurement procedures applicable to loan financing. The funds for these activities will be provided initially by the GoUK which will be reimbursed once the IFAD conditions precedent to first withdrawal have been met.

FUND FLOW CHART OF THE PROJECT



119. **Taxes:** The proceeds of the IFAD financing will not to be used to pay taxes which will be part of the counterpart funding of GoUK to the project. With the introduction of GST, the tax rates in India are uniform (general rate is 18%) and it is proposed that the GoUK share will be worked out as a percentage of total cost to include taxes (indirect) and its own share. The estimated tax amount is USD 9.8 million which will be borne by the GoUK besides its contribution as counterpart funding.

d. Summary of benefits and economic analysis

120. The direct project benefits are derived mainly from increased farm income and livestock income attributed to adoption of new technologies; income of new value chain enterprises established with project support; incremental income of producers who are supplying raw material to enterprises; and new business of FPO/LCs who will start business with project support. A number of crops, livestock, off-farm nano enterprises, and small enterprise models

were developed and their financial viabilities, and the demand for loans and grants were estimated (details in the EFA in Appendix 4). These models represent almost all the beneficiary households. A total of 400,000 HHs undertake crop farming including 50,000 of them with livestock; 113,248 HHs raise livestock (dairy, poultry and goat); 36,726 HHs who are mostly landless undertake off-farm activities including small mushroom huts; and 10,000 ultra-poor HHs receive grant support. The project also supports 1,260 units of 10 different enterprises. The viability of these units was also estimated. The financial viability indicators such as financial internal rate of returns (FIRR), return on investments and benefit-cost ratio indicate that all the models are financially viable. The FIRR of the whole project is 26% with a net present value of USD 759 million. The economic analysis of the whole project was conducted by converting all the financial prices of investment models to economic prices, excluding taxes and duties, and converting the project cost to economic cost through COSTAB. The project allocations for credit, and grants and subsidies were removed from the project cost. The adjusted cash flows of the project yield an economic internal rate of return of 31% with an economic net present value of USD 1,034 million. The results of the sensitivity analyses showed that both cost increase by 10% and 20%; benefit decrease by 10% and 20%; and both scenario taking place together yield EIRRs that are higher than the opportunity cost of capital and therefore indicate that the farm and enterprise models and the project as a whole are quite stable to face risky scenarios.

121. The project also generates several indirect benefits, namely enhanced financial and social service delivery capacities of the FPO/COs to their members; food and nutrition safety in the project area; improved animal health (dairy, poultry, goat and sheep, and fisheries); and value chain development through improved market access, and development and expansion of rural businesses.

e. Exit Strategy and Sustainability

122. Sustainability of CBOs: REAP will ensure institutional sustainability and effectiveness through dedicated support to CBOs to establish them as independent economic entities and actors. Farmer/ producers will be supported with capacity building and technical assistance, to form more cohesive CBOs, eventually graduating to a more mature and evolved organization; based on regular maturity assessments, the eventual formation of sustainable producer companies is envisaged. The project will provide extensive capacity building in business management skill development, support to registration, and access to finance through financial institutions with a mandate to support small farmers.
123. Sustainability of service delivery (technologies and practices): The project will promote environmentally adaptive technologies suited to the local conditions aimed at reducing costs of production and enhancing productivity and profitability of the farming system. The previous ILSP project has successfully implemented technologies and practices for fruits/vegetables and animal husbandry which have proven to be profitable. It is expected that once market linkages are established and steady stream of revenue can be generated, farmers will be in the position to pay for goods and services on a cost recovery basis.
124. Sustainability of enterprise promotion: The project will support the creation of a conducive environment for market access and enterprise promotion which will require business, financial, technical and marketing support services. The exit strategy for enterprise development will be based on the financial and operational sustainability of private businesses.
125. Access to finance: The proposed PG/SHG-Bank Linkage programme is expected to be self-sustaining as the banks will provide basic loan products to all members through the LCs/CLFs. The process will not only meet the demand for small loans but will enable new loan products to be developed.
126. The model of extension and last mile service delivery will be through fee based system where thus enabling the CRPs and Bank Mitras etc to continue operating in the field after project completion. The engagement of Government Departments for various sub projects has also

been done with the intention to institutionalise capacity within the government. REAPs exit strategy will cover all key aspects of the project that ensure strengthening of LCs/ CLFs and FPOs, their use of funds and assets and their linkages with markets and financing institutions. In order to strengthen the higher level CBOs and enhance value chain interventions, service/ growth centres will be recognised as an important driver of sustainability. Efforts will be taken to attract private sector companies and enterprises to invest in the service/ growth centres and contribute to adding value to farmers' primary products and securing better returns and higher incomes.

127. Finally, the organization and management strategy for REAP is to be flexible in terms of staff recruitment at both field and PMU level by utilizing a Management Consulting Facility to place recruited specialised staff on a demand led basis. As part of the REAP exit strategy the flexibility proposed will ensure that a minimum of project staff will remain at the stage of project completion and the LCs and FPOs will be capacitated to provide support services of their cluster members independently.

3. Risks

H. Project Risks and mitigation measures

Various project risks have been analysed and mitigation measures have been planned (Annex 4). The main risks and mitigations are as follows:

Risks	Mitigations
<i>Health and safety of communities due to disease transmission particularly of COVID-19 is significant.</i>	The GoUK has put in place Standard Operating Procedures for the control and management of Covid-19 pandemic and has been among the better managed states in the country. Additionally, the project will develop Community Health and Safety guidelines, knowledge products and implement campaigns that build awareness and capacity among the project communities on safety and hygiene practices in the context of the ongoing pandemic and proposed project interventions and all project activities will strictly follow Government of Uttarakhand COVID-19 related policies and safeguards
<i>Value chain development is new for UGVS and may result in delayed start-up</i>	The UGVS project has senior professionals that are trained and experienced in management and marketing. Additional training has been planned for existing professionals on value chain analysis and value chain development. Provisions will also be made for engaging consultants and when required.
<i>Enterprise promotion is new for UGVS that may delay launching of this programme</i>	The project will engage experience project management consultants to manage activities related rural business incubation, start-up support and enterprise promotion.
<i>Environmental risks</i>	Cluster production bears environmental risks such as increased intensification and the use of chemical inputs. Awareness and technical training will be included as well as the introduction of Good Agricultural Practice (GAP) and biological/organic agriculture, which may add value. Site-specific Environmental and Social Management Plans (ESMP) will be prepared to include project activities that will promote environmentally friendly technologies such as bio-fertilizer, organic farming, use of renewable energy, soil and water conservation measures, agro-forestry, and erosion protection measures. Selection of value chains will take into consideration prolonged drought periods and erratic rainfall experienced in different geographical locations.

<i>Financial and procurement risks</i>	UGVS has established accounting and financial management systems. The next phase shall increase transparency by leveraging on fin-tech technologies viz paperless financial trails and related ERP. IFAD Procurement Guidelines and Procurement Handbook shall be used along with IFAD prescribed SBD and contract monitoring tools. Additional procurement support through accredited procurement consultants will be made available.
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128. The overall project risk probability is rated Medium and the impact of these risks is rated as Low. The risk probability from political and governance, macro-economic, sector strategies related issues are rated Low. The risk probability from technical design of the project, and stakeholder related issues are also rated Low as well as the risk probability from institutional capacity for implementation, sustainability, environment and stakeholders. The risks related to financial management and procurement are Low-Medium. Necessary mitigation measures have been built to address these risks.

Financial Management Risk Assessment

Summary Risk Assessment

129. A Financial Management (FM) risk assessment has been completed in accordance with Financial Management Division (FMD) guidelines. The assessment has been developed after virtually meeting with the project implementing unit of ILSP. Public expenditure and Financial Accountability assessment (PEFA) has not been conducted at Uttarakhand State level. As such the inherent risk assessment builds on the latest national PEFA conducted in 2010 and the audit reports of ILSP. REAP will be implemented by UGVS as the Lead Project Agency. An assessment has been conducted on UGVS the results of which along with the risk mitigation measures are provided in the annex to the PDR.

130. Based on the combination of inherent country risks with control risks which is Substantial before mitigation, the overall FM risk rating assigned to REAP after mitigation measures are implemented is MEDIUM.

Inherent risk at country level

131. The latest available PEFA is dated 2010 and is related to the central government only. No specific information is available for Uttarakhand, but the document gives useful information to understand PFM in the country context. The indicators would have changed substantially since 2010 considering that more than ten years have elapsed since the last PEFA and the country has undergone substantial reforms and measures to curb corruption.

Control risks

132. Overall, REAP will be operating in a substantial inherent risk environment due to the persistence of some weaknesses in the public sector financial management systems as outlined in the PEFA analysis. The proposed financial management arrangements for the programme incorporate numerous measures intended to reduce such risks to acceptable levels and ensure that (i) the programme funds are used for intended purposes in an efficient and effective way; (ii) reliable and timely financial reports are prepared; and (iii) programme assets and resources are safeguarded from unauthorized or wasteful use. After mitigation, the overall programme fiduciary risk will be Medium. The summary of FM risks and the actions for mitigating such risks are provided at the end of this section.

Summary of FM risks and mitigating actions				
Summary	Brief description of issues	Inherent (current) Risk H/S/M/L	Proposed Mitigation Measures	(Future) Residual Risk H/S/M/L
Country Risks				
1. TI Index (0-30 High; 31-40 Substantial; 41-50 Moderate; 51-100 Low)	40 Rank 86 out of 180 countries Government reforms aimed to remedy issues related to corruption have not yet fully materialized	Substantial	Effective implementation of reforms related to corruption at the ground level will mitigate the issue	Medium
2. RSP Score (0-30 High; 31-40 Substantial; 41-50 Moderate; 51-100 Low)		-		
Control Risks⁸⁴				
Organization and Staffing <i>Risk that the implementing entity does not have the necessary number of adequately qualified and experienced financial management staff in the national and regional centers, resulting in limited ability to meet the functional needs of the project</i>	S	Except the Director (Finance) at PMU and Manager (Finance) at the DPMUs, the other finance and accounting staff will be appointed on contract from the open market initially for a period of 3 years with performance review at the end of every year. The quality of staff will determine the quality of FM	Adequate and trained finance staff with clear job description and accountability lines. Customized, user-friendly software and PIM.	M
Budgeting <i>Risk that budgeted expenditures are not realistic, not prepared or revised on a timely basis, and not executed in an orderly and predictable manner, resulting in funds not being available when needed, ineligible costs and reallocation of project funds and slow implementation progress</i>	M	Preparation of timely budgets incorporating the proposed expenditure by components, categories and financiers	To ensure proper process of preparation of AWPB using the bottom-up approach and regular review of the physical and financial progress. Regularly track the achievement with the budget and report on quarterly basis	L
Funds flow and Disbursement Arrangements <i>Risk that funds from multiple financiers disburse with delay due to cumbersome treasury arrangements or</i>	M	The AWPB of the project is built into the State Budget and funds released from the Treasury in a timely manner to meet the	Ensure timely release of budget for project activities in accordance with the AWPB	M

<i>inability of project cost centers and service providers to justify prior advances, resulting in delayed implementation</i>		implementation needs of the project		
Internal Controls <i>Risk that appropriate controls over Project funds are not in place, leading to the inefficient or inappropriate use of project resources.</i>	S	Effective internal control systems which are currently lacking as reported by the auditor of ILSP. Having an effective internal audit system with quarterly reports and compliances	Segregation of fiduciary - sensitive duties; Periodic reconciliations Restricting access to accounting files and documents; Periodic count of inventories and fixed assets. Having an effective system of internal audit to be conducted quarterly.	M
Accounting and Financial Reporting <i>Risk that accounting systems – including policies and standards – are not integrated and reliable, leading to inaccuracies in financial records and that reasonable records are not prepared, issued and stored, leading to lack of informed decision-making.</i>	S	Use of accounting software (customized) to record transactions to generate reports by components, categories and financiers, comparison with the budgets and preparation of the quarterly IFR for submission along with the WA	Accountant will need to be proficient in the use of the accounting software; Generation of IFR through the software; Back-up of accounting records; Use of register of fixed assets; Project Implementation Manual (PIM) to detail reporting and monitoring requirements and rules; Use of financial statements templates consistent with IFAD reporting requirements.	M
External Audit <i>Risk that independent and competent oversight of the Project financial statements is not in place or performed timely leading to possible misrepresentation of the financial results and/or suspension or other remedies due to compliance breaches.</i>	M	Timely appointment of an independent auditor and submission of audit report (complete- as per IFADs requirements) within the stipulated time of six months from the end of the fiscal year	The auditor will be a CAG empanelled firm of Chartered Accountants Ensure reporting as required by IFAD Guidelines Prompt implementation of auditor's recommendations.	L
Overall Rating	S			M

130. The proposed lead implementing agency for REAP is UGVS, the same LPA as for currently active project ILSP, which is approaching Project Closing Date on 30 September 2021. The UGVS under RDD would be in charge of project management, including financial management and reporting. The GoUK will pre-finance the project and on submission of WA, IFAD will reimburse the borrower. UGVS will implement the project in accordance with the PDR and project implementation manual (PIM). The project will be implemented in association with CLFs/LCs and in partnership with other government and non-government institutions, and private sector businesses as per needs of specific business sector. Although ILSP has submitted its audited financial statements on time and of satisfactory quality, certain deficiencies in FM capacity has been observed, in particular relating to internal control weaknesses. For the FY 2019-20, the auditor has specified issues pertaining to i) insufficient supporting documentation for release of payments, ii) non-compliance with procurement requirements and iii) errors in the Tally data

reporting. To ensure these issues are properly addressed and resolved, remedial measures will be applied and reflected in the project design. Some areas which need to be attended to include introduction of an effective internal audit system, customization of the software, having a updated financial manual and timely release of funds by the Government to the project. Considering the findings of the assessment, the risk is assessed as Medium currently. It will be further assessed during the implementation of the project.

I. Environment and Social category

131. The Project is classified as environmental and social '**Category B**' as it will generate positive environmental and social benefits. Potential environmental and social risks and impacts are site specific and limited to production (land development and use of agro-chemicals), agro-processing facilities (solid waste and effluent management, and environmental, health and safety of workers), and possible impacts from construction of small-scale storage facilities, and warehouses. Potential adverse risks and impacts will be readily mitigated and/or considerably reduced with known and cost-effective site-specific mitigation measures. The Project will not have irreversible adverse impacts on the livelihoods of people or social groups such as involuntary possession or restriction on the use of land resulting in physical or economic displacement. The Project will not have impacts on Indigenous Peoples or sites of historic, religious or cultural significance, will not support land use changes that will affect forests, protected areas, important bird areas, and will not clear contiguous area of above 100ha in a single location. Site-specific mitigation measures that will be proposed for environmental concerns will provide opportunities to integrate environmentally friendly and climate-resilient production and processing systems, including promoting climate smart agriculture practices and natural resources-based livelihood options that have positive impact on the environment.

J. Climate Risk Classification

132. The potential climate risk classification of the Project is "**High**". Climate trends that may have a potential impact in the State include:
133. **Temperature increase:** Highest increase in projected temperature is likely to occur in the mountainous areas of the State. Heat waves are likely to increase resulting in additional stress on humans, livestock and natural resources such as water availability. Duration of out-door farm activities like agriculture labour are likely to be affected due to increase in projected heat stress. Forest fires are the secondary effect of climate change as they result from increased temperature and drought. These fires get aggravated with late or failure of pre-monsoon rainfall.
134. **Change in rainfall quantity and intensity:** Increase in intensity of rainfall leading to isolated heavy rainfall events is likely occur in the future. This would result in higher surface runoff leading to flash flood, soil erosion, soil nutrient loss, decreased aquifer recharge and landslide particularly in the mountainous hilly areas. Extreme rainfall (1 day and 5 day maximum) is projected to increase, which is likely to exacerbate flood threat. Wet weather may affect crops, cause floods and soil erosion, and emergence of pests and diseases. Change in onset of monsoon would affect the planting season of agricultural crops. Changes in temperature and rainfall are likely to affect the crop productivity and quality.
135. **Climate change and variability:** Warm spell duration indicator (temperature) and consecutive dry days (rainfall) are projected to increase. Increase in temperature combined with rainfall variability may have impact on water availability, increase in crop-water demand (due to increased evapotranspiration), emergence of new pests and reduced availability of feed and fodder.

4. Implementation

K. Organizational Framework

a. Project management and coordination

136. Organizational structure: The organizational structure covers four levels – State, UGVS, District and Block. The overriding strategy is for the organizational structure to be flexible in terms of providing both field level and subject matter specialists on a demand led basis. Moreover, as part of the REAP exit strategy the flexibility proposed will ensure that a minimum of project staff will remain at the stage of project completion and the LCs and FPOs will be capacitated to provide support services of their cluster members independently.

- *Executing agency:* The Rural Development Department is the executing agency to which UGVS reports.
- *Oversight:* There will be two oversight entities: (i) High Powered Committee, Chaired by the Hon. Chief Secretary Uttarakhand; and (ii) the Project Management Committee, Chaired by the Additional Chief Secretary, Rural Development Department. A Technical Advisory Panel comprising senior experts of public and private agencies will be appointed to provide technical advice and guidance to the Project Management Committee.
- *Implementing agency:* The loan funds from IFAD will be transferred via the state government to UGVS which will be responsible for implementing the project as per project design report and project implementation manual (PIM). The project will be implemented in association with USRLM and in partnership with UPASaC, and private sector businesses as per needs of specific business sector. UGVS has management autonomy and receives resources annually from GoUK for staff salary and other management costs.
- *Outsourcing:* A large portion of the project staffing will be out sourced to service providers: a Management Consulting Facility for professional staff hire; a Human Resources Agency for hiring the services of office assistants and drivers, and the selection of Technical Agencies for professional support at all levels.

137. Project Management Unit: The project will be implemented through the Project Management Unit headed by a Project Director reporting to the Chief project Director and assisted by five technical teams under a cadre of directors responsible for convergence, operations, enterprise development, human resources and training and finance. CEO USRLM will be *ex officio* Director Convergence. Please refer to Annexe 4 for Detailed Organisational Structure.

138. District Project Management Units: District level implementation teams will be housed with the District Project Management Units (DPMU) to be established in each of the 13 project districts. At the Block level the project team will be integrated with the USRLM set up.

b. Financial Management, Procurement and Governance

Financial Management

139. **Finance unit organization of UGVS at central and district level.** UGVS has adequate qualified and experienced finance and accounting staff to implement the proposed project. Additional staff will need to be recruited at the PMU and also in the newer districts. The finance and accounts department at the PMU will comprise of Director (Finance), Accounts Manager (AM) and an Assistant Manager Accounts (AMA). The Director (Finance) will be on deputation from the GoUK and will be in charge of the overall accounting and reporting. He will be supported by an Accounts Manager and an Assistant Manager Accounts (AMA) at the PMU. The Director Finance will be responsible for the overall functioning of the section, for coordination with the

Government for disbursement of counterpart funds, taxation issues, preparation of the project's consolidated financial statements, review of financial reports and getting audit completed within the stipulated time. The AM will be responsible for controlling the accounting and finance function, reviewing of accounts, preparation of AWPB, preparation of the Withdrawal Application (WA) and for coordinating with the district accounts officers, disbursement of funds to the district offices (DPMUs), checking vouchers, synchronization of accounts, submission and follow up of IFAD claims and attending to the auditors and providing guidance to the district teams. The AMA will be responsible for accounting, payment of TDS, preparation of cheques, payroll and providing assistance to the AM/DF. The DPMUs will have a Manager Finance and an AMA who will be responsible for all accounting function, preparation of vouchers, issue of cheques and recording all transactions in the software, preparation of monthly bank reconciliation statements. The MF at the DPMUs will be responsible for reviewing the accounts of the LCs/ CLFs and guiding their AMA in the respective districts on a regular basis. Accounting and reporting will be in accordance with International Public Sector Accounting Standards (IPSAS-Accrual).

140. **Accounting systems, policies, procedures and financial reporting.** REAP will follow a double entry computerized accounting system. UGVS uses Tally software for its accounting. The system works well with a uniform chart of accounts and consolidation of accounts at the PMU using the synchronization feature of the software. The software be used more efficiently by using groupings and cost centres function to record transactions by components, categories and financiers. The budget will also be inserted into the system to generate comparative reports. Customization of the software should be undertaken to generate reports from the system itself in the format required for preparation of the PFS. The accounts of the DPMUs will be synchronized every month at the PMU which will be used for consolidated quarterly financial reports and for preparation of the WA. The AWPB, six-monthly reports prepared by the project and the audited accounts shall be submitted to the Project Management Committee (PMC) for approval and then forwarded to IFAD.
141. **Budgeting.** The budget will be finalized at PMU after obtaining data from the DPMUs which in turn will be based on the annual plans of the CLFs/LCs and other activities to be undertaken by the DPMUs. The budget shall be prepared linking the planned activities at all levels and all implementing partners to the cost categories outlined in the schedule II of the Financing Agreement as also with the components, sub-components and financiers. The annual budget of the project will be included into the budget of the Rural Development Department (RDD) of the Government of Uttarakhand (GoUK) in the state government's budget. The GoUK shall ensure timely release the funds to the project in accordance with the approved budget.
142. **Submission of withdrawal applications (WAs).** The project will prepare and submit to IFAD WAs once every quarter through DEA. All financing and loan service payments shall be exempt from taxes. The current accounting and reporting system of UGVS, with some customization, will be able to generate report-based withdrawal applications and the WA should be by way of quarterly Interim Unaudited Financial Report (IUFR). For Report Based disbursement (RBD), REAP needs to have integrated computerized accounting system and all reports are automated and generated from the software itself. This will be a condition precedent to withdrawal.
143. **Internal controls:** Procedures and record maintenance at all levels will be based on GoUK procedures and those documented in the PIM. The PIM shall include provisions in respect of internal controls, PFS preparation, financial reporting arrangements between the DPMUs and the PMU, contract management and audit requirements. The Director Finance shall be responsible for the effective implementation of the overall internal control system. To the extent possible all payments will be made through bank transfers. Cash transactions will be permitted only in exceptional cases and for reasons to be recorded in writing or for petty cash payments.
144. **Internal Audit.** A firm of Chartered Accountants will be engaged for conducting the internal audit of the PMU/ DPMUs every quarter. The report of the PMU and the DPMUs will be placed before the PMC for its review. A copy of the report along with the Management replies to the

observations will also be submitted to IFAD. The internal auditors, in addition to the financial audit, will review the systems of internal control and suggest improvements, if required. The internal audit will also include statutory compliances. The TOR for internal audit is included in the PIM. The TOR will include key aspects of financial management and procurement. Corrective follow up action shall be taken by the PMU and the DPMUs. The action taken report (ATR) shall be submitted to the PD and the internal auditors. The internal auditors will evaluate action on previous internal audit reports, and report on the compliances in the subsequent report. The PD will place the reports and its ATR before the PMC every six months.

145. **External Financial Audit.** The external audit of UGVS is conducted by a firm of Chartered Accountants empanelled by the Office of the Comptroller and Auditor General (C&AG). The project accounts will be audited in accordance with the IFAD Handbook for Financial Reporting and Auditing for IFAD financed projects. The appointment of the auditor shall be through a fair, transparent and competitive process. The TOR of the auditor shall follow IFAD approved Audit Terms of Reference. The auditor is required to deliver an audit package that includes: (i) the audited financial statements including additional disclosures as required by IFAD Handbook (ii) an audit opinion on the financial statements (iii) a report on factual findings and any ineligible expenditure identified should be reported (iv) a Management Letter. Through the management letter, the auditor will identify deficiencies in the project accounting records, procedures, systems and internal controls and make appropriate recommendations for improvement. It will also include any significant matters that come to the auditor's attention and might have a material impact on project implementation. The audit of the Designated Account will be done by the Office of the C&AG.
146. The audited statement of accounts along with the audit report and the Management Letter shall be furnished by the project to IFAD within six months of the end of each Fiscal Year. The project shall submit the reply to the management letter of the auditors within one month of receipt thereof. The Project shall maintain an Audit Log in respect of the audit observations and get it validated by the auditor during the subsequent audit or earlier.
147. **Governance and transparency framework:** IFAD applies a zero-tolerance approach in cases where fraudulent, corrupt, collusive, or coercive actions have occurred in projects financed through its loans and grants. The policy defines irregular practices and scope, provides for whistle blower protection and maintains confidentiality. The project staff should be familiarized with the IFAD Anti-Corruption policy and in case any fraud or corruption is noticed during implementation of the project it should be reported to the Investigating Section of the IFAD Office of Audit and Oversight (AUO).

Procurement:

148. Procurement Risk Matrix assessment was carried out for UGVS, the Lead Project Agency for the REAP. Using the procurement risk assessment tool, the inherent risk rating is 1.88 (Substantial risk) and if the risk mitigation measures recommended are fully adopted, the Net Risk Rating becomes 2.44 (moderate risk). The implementing agency does not have sound processes, procedures, systems and personnel in place for the administration, supervision and management of contracts resulting in adverse impacts to the development outcomes of the project. The risk is moderate as the REAP Implementing agency is familiar with the IFAD procurement procedures and norms, but not conversant with the revised risk based approach.
149. In the predecessor project (ILSP), the LPA was following Uttarakhand Procurement Rules (as amended) consistent with IFAD Procurement Guidelines. Recently IFAD Procurement Guidelines have undergone a major change adopting risk framework and compliances related to it. Upon assessment of the legal framework available in the State, it is recommended that REAP will follow IFAD Procurement Guidelines and IFAD Procurement Handbook (December 2020) and amended time to time, for procurement of goods, works, services. For all procurement actions, REAP PMU will follow IFAD Standard Bidding Documents templates.

150. The primary responsibility for procurement and its management under REAP will be with UGVS (LPA), the Lead Department under GoUK. While discharging this primary responsibility, LPA is to mandatorily observe the provisions of the revised IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations, IFAD Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse, IFAD Anti-Money Laundering and Countering the Financing of Terrorism Policy, IFAD's Social, Environmental and Climate Assessment Procedures (SECAP). In case, some of the procurement actions have to be delegated to other entities/organizations as part of a contract, the capacity of the entity to be assessed and the procurement so done shall be consistent with IFAD Procurement Guidelines and mandatory compliance to IFAD Policies, listed above.
151. *Procurement Team: Procurement Team:* One of the major mitigation measures proposed in the Integrated Project Risk Matrix is the establishment of a separate Procurement Unit/Team, sufficiently staffed with qualified and experienced staff members to handle the processes and procedures and supervision and management of contracts. The design proposes engagement of multiple service providers, technical assistance providers, private sector engagement and implementation partners. Currently the organogram proposed by the LPA, indicates one position of Senior Procurement Specialist to be recruited by UGVS and one position of Assistant Manager Procurement deputed on full time basis from Government department. The good practice is to segregate the financial management and procurement functions. As the procurement of the project is proposed to be centralized the Government may consider further strengthening the Procurement team with additional staff, if necessary through short term consultancy support. Also the LPA may consider decentralising the procurement up to a threshold level to the districts with sufficient procurement powers. The Procurement Manager/Specialist will be categorised as Key Personnel and completion of engagement should be indicated as conditions precedent to withdrawal.
152. *Procurement under retroactive financing:* In case, the retroactive financing to accelerate the readiness for implementation is requested and agreed to, LPA may proceed with the initial procurement steps prior to entry into force. The procurement processes including advertising will be in accordance with IFAD Project Procurement Guidelines and will be prior reviewed by IFAD, irrespective of the value of the procurement.
153. *IFAD Prior Review of Procurement:* All procurement requiring IFAD prior review will be uploaded in IFAD No Objection Tracking and Utilities System (NOTUS) portal. The prior review thresholds for different categories will be indicated in the Letter to the Borrower. On nomination of users by LPA, IFAD will provide access credentials to these users.
154. *Contract Management:* All contracts, irrespective of the value, will be uploaded in IFAD ICP and LPA will ensure that the Reports generated from the portal (including exception reporting) are presented to the Project Oversight Committees for review and directions. All contracts not covered under prior review by IFAD will be subject to post review during the implementation support missions and/or special post-review missions along with a sample of prior reviewed procurement actions. It is also recommended to adopt and prescribe KPIs for monitoring framework to identify the weak areas and strengthening it. Dispute resolution and arbitration procedures to be introduced and explained to the bidders prior to signing of the contract. GCC should include clear provisions for escalating and handling of disputes. Independent arbitration and conciliation measures to be deployed to reduce legal litigation.
155. *Consultancy Services engagement:* Engagement of Management Consultancy firms and other TA service providers entail a strong inter-organizational collaboration. So, the contract templates in addition to the standard provisions, should include an Accountability Matrix using RACI method. During contract negotiations, the accountability framework will be discussed and agreed both by the Client and the Consultants.

156. *Investment Grants to organizations*: Prior to release of any investment grant to a community organization or others, the PMU has to prepare guidelines for approving these grants (including assessment criteria, etc) and a template for the Grant agreement, and submit to IFAD for review and approval. The guidelines and the grant template will be uploaded into NOTUS and any revisions/modifications to them, will require IFAD approval. This is suggested to avoid submitting each grant proposal to IFAD for approval. IFAD Supervision Missions/ISM will review the executed agreements and performance based on the guidelines and the grant template provisions, on sample basis.
157. *Investigative Authority*: Under IFAD's Policy on Preventing Fraud and Corruption, the independent and competent authority responsible for receiving, reviewing and investigating allegations of fraud and corruption should be nominated by the Government of Uttarakhand and confirm to IFAD in writing (prior to loan negotiations) initially and all further changes/revisions to the nominated authority.

Table: Summary of Procurement Risk Matrix

Pillar	Description of assessment	Inherent risk	Recommended mitigation measures	Net risk
Legal and Regulatory Framework	The State Framework, Uttarakhand Procurement Rules (UPR) is not fully consistent with IFAD Procurement Guidelines. Procurement related complaints redressal are addressed through existing legal provisions and General Financial Rules, which are lengthy and layered. No Standard Bid Documents prescribed under UPR. Compliance with IFAD Procurement norms will be needed.	Substantial	The project procurement will be managed by the provisions of IFAD Procurement Guidelines, Handbook and other policies. IFAD Procurement Guidelines/Handbook and IFAD Standard Bidding Documents and templates will be applicable for the project.	Moderate
Accountability and Transparency	The risk that accountability, transparency and oversight arrangements (including the handling of complaints regarding, for example, SH/SEA and fraud and corruption) are inadequate to safeguard the integrity of project procurement and contract execution, leading to the unintended use of funds, misprocurement, SH/SEA, and/or execution of project procurements outside of the required time, cost and quality requirements. The project will have centralized procurement and decentralised implementation. There is risk of noncompliance with agreed procurement arrangements.	Substantial	A robust two-tiered complaint handling mechanism will be put in place at the LPA. The complaint handling authority, the form of complaint register, response time, decision-making mechanism, and other features to be prepared by the project. IFAD Debarment provisions (entity level and individual level) will be enforced, after investigation.	Moderate

Capacity in public procurement	The risk that the implementing agency does not have sound processes, procedures, systems and personnel in place for the administration, supervision and management of contracts resulting in adverse impacts to the development outcomes of the project. The REAP Implementing agency is familiar with the IFAD procurement procedures and norms, but not conversant with the revised risk based approach.	Substantial	A Separate Procurement Unit to be established with adequate qualified and experienced staff. Procurement Manager and Assistants qualifications, experience and detailed job descriptions will be included in the PIM. Engaged procurement staff training needs assessment will be carried out and oriented towards IFAD revised approaches and procedures.	Moderate
Public Procurement Processes	The risk that procurement processes and market structures (methods, planning, bidding, contract award and contract management) are inefficient and/or anti-competitive, resulting in the misuse of project funds or sub-optimal implementation of the project and achievement of its objectives. It is assessed that highly decentralized project implementation and absence of qualified procurement staff may result in delays in procurement and contract management processes	Substantial	IFAD will recommend procurement methods and thresholds for adoption in LtB. IFAD Procurement Plan tool will be adopted for the new project. A quarterly review of procurement plan and execution will also be introduced to reduce the delays in procurement. The PIM will indicate the documents to be maintained as part of Public Accountability Principle and also Legal requirements. IFAD Missions and audit will test the existence and compliance on a sample test check basis. All contracts will be reported and monitored through ICP-CM.	Moderate

L. Planning, M&E, Learning, Knowledge Management and Communication

a. Planning, M&E, Learning, Knowledge Management and Communication

158. **Planning:** The main planning tools for REAP will comprise the Logical Framework / M&E Framework including its indicators and targets, and the Results Based Annual Work Plan and Budget (AWPB). The PMU/REAP will be responsible for preparing the annual work plan and budget for the project, and for obtaining approval from IFAD. The AWPB preparation will be conducted initially at local led by the District Project Managers in collaboration with district level line department staff. The local work plans will be discussed and validated in a national stakeholder meeting/workshop and compiled into a consolidated AWPB. The consolidated AWPB will be submitted in advance of the GoU annual budgeting process to ensure that sufficient counterpart and convergence funds are made available. Preparation of the AWPB will be grounded on the principles of results-based planning. Indicators for planning and monitoring will be based on those given in this report.
159. **Monitoring and evaluation:** The REAP M&E system will be built on a very strong and robust system instituted by ILSP which is seen as a good practice model within the India programme. It will be designed to offer comprehensive and reliable information to improve planning and decision-making for results-based management and for supporting the project in capturing good lessons from the field and produce knowledge products. The M&E system will also serve to highlight areas where immediate intervention and remedial action is needed. The system will be participatory and decentralized involving key target groups so that the target groups will participate in identification of project activities and monitoring implementation of project. The logframe will constitute the basis for the 3 tier M&E system: (i) output monitoring with focus on physical and financial inputs, activities and outputs; (ii) outcome monitoring for the measurement of benefits at household and community levels; and (iii) impact assessment evaluating project impact for the target groups in comparison with objectives. The system will be compliant with IFAD requirements, and relevant data, analysis and reporting will be disaggregated by gender and age. The data will inform the preparation of above mentioned AWPBs and annual progress reports compatible with ORMS.
160. A baseline survey will be commissioned by the PMU at the start to assess the socio-economic status of households and define the benchmark against which project performance will be assessed. The baseline study will need to include a control group as part of a randomized design. The Multidimensional Poverty Assessment Tool (MPAT) will be used to determine attribution of results to programme interventions. Outcome assessments will be conducted in line with IFAD's Core Outcome Indicator (COI) measurement guidelines, at project baseline, mid-term and at project completion.
161. The ILSP geo-referenced ICT-based M&E system will be used and developed further. Annual outcome surveys and an Impact evaluation will be conducted periodically in the course of implementation. The impact evaluation study will be designed to run concurrently with project implementation to provide evidence for adaptive management during project execution.
162. REAP will also have bi-annual and annual review meetings / workshops. Workshops will report on programme progress, lessons learned, challenges and solutions to implementation constraints. In complement, an SMS communication and broadcasting system will be developed to reduce the communication gap between field-level farmers and the project. The M&E framework and MIS system has been elaborated in the Annex 8 PIM.
163. **Learning and knowledge management:** The project's KM activities will support the

effective flow of relevant information between project staff, beneficiaries and other stakeholders. A comprehensive KM action plan will be developed in the early stage of implementation. The objective of knowledge management is to ensure the project units are able to generate and document the knowledge that is useful to build practical know-how that helps to improve project performance and results. Output, outcome and impact data generated by the M&E system will inform high-quality case studies, briefs and reports.

164. PMU will document the emerging experiences, lessons and best practices and share them widely. Additional technical assistance will be sourced by PMU for producing knowledge products as needed. The knowledge management activities will include: (i) publishing a quarterly digital/print magazine "In conversation", covering dialogue with the stakeholders on project's best practices and lessons;⁸⁵ (ii) publishing a half yearly "Report to the Citizens" detailing progress of the project, (iii) engaging with various local and national media outlets to bring greater visibility of project activities; (iv) creating a project twitter account, (v) using Whatsapp as a platform to disseminate knowledge and for coordination, (vi) developing posters, information videos on pertinent topics; (vii) preparing traditional knowledge related documentation (viii) the organization of knowledge sharing events such as review meetings and workshops at block, division and state levels and (ix) policy consultative initiatives. The knowledge management activities will be shared with a broader range of stakeholders through a series of knowledge sharing events.⁸⁶ ⁸⁷Research papers/Studies/ Strategy papers will be prepared on different thematic areas and peer reviewed by experts/ practitioners.
165. Knowledge Management (KM) will ensure that Project implementation is a continuous learning process in which quantitative and qualitative data will be compiled, analysed and disseminated as lessons learned, together with thematic studies and stories from the field that explain challenges encountered and results achieved. Knowledge will be generated through the M&E system as well as workshops and policy studies. The knowledge generated within the project should be used to: (i) improve project performance and delivery; (ii) allow flexibility to changing circumstances; (iii) document and share innovations, best practices, including project's successes and failures to improve project intervention (iv) support innovations and up-scaling; and (v) support country level policy engagement, in particular with the key Line Ministries/ Programmes at the Federal level including NRLM. Particular attention will be given to documenting innovative models that are being tested through the project to inform policy makers and promote crowd-in of private investment.

b. Innovation and scaling up

166. Innovation is a key activity that has been described under Sub-component 2.1. As mentioned an Innovation Fund with over USD 5 million for innovative start-ups has been demarcated. REAP will support innovation by inviting international and domestic companies interested in investing in start-up promotion. Priority will be given to start-ups and innovative businesses that touch the lives of large number of rural households. Additionally, the project will introduce and pilot some innovative features that include: a) digital education, development of start-ups; b) new sustainable land management measures; e) youth incubation pilot testing through the Rural Business Incubator model and/ or alternative localised entrepreneurship initiatives propped for testing under REAP (See paragraph 37)

⁸⁵ Innovation of Megha-LAMP project being implemented by Meghalaya Basin Management Agency in Meghalaya

⁸⁶ Roundtables / Thematic Workshops; Block/District level Knowledge sharing events; theme based discussions; and knowledge mela. Periodically there will be theme based discussions at various levels i.e. group level, LC/ federation level and also at the district and state level as per the need of the project.

⁸⁷ Theme based Roundtables or thematic workshops are organized to discuss various issues related to rural livelihood and marketing in collaboration with facilitating agency or any other relevant institution. These roundtables are demand based and having specific purposes.

M. Project Target Group Engagement and Feedback, and Grievance Redress⁸⁸

a. Project Target Group Engagement and Feedback

167. REAP will engage a range of stakeholders including government line agencies, implementation partners, technical agencies for services, bank and financial institutions and private sector partners for market linkages. REAP will establish robust mechanisms and forums to ensure the target group engagement and feedback. Rural Development Department (RDD) has established independent agency for social audit to check whether the State reported expenditures reflect that resource are spent in the targeted areas, transparency in decision making process is maintained, public rights and entitlements are adhered and effectively implemented with participation of targeted beneficiaries and stakeholders at Gram Panchayat level. This mechanism will be followed ensuring the participation of beneficiaries of marginal, vulnerable and ultra-poor sections.
168. Additionally, REAP will establish Multi-stakeholders Platforms (MSP) with participation of PGs, SHGs, LCs and FPOs along with stakeholders for forward and backward linkages at block levels. MSP will facilitate to prepare production plan based on market demand ensuring the participation and concerns of women, poor, youth, returnee migrants and women headed households including other vulnerable groups in MSPs. Moreover, REAP will regularly monitor the governance and accountability mechanisms FPOs, LCs and PGs/SHGs and facilitate to adhere compliance and improve governance, transparency and accountability. Other participatory monitoring tools like annual outcome survey, environmental and social safeguard monitoring, and regular tracking of ultra-poor women and vulnerable groups with their problems and progress will ensure the target group engagement and feedback.

a. Grievance redress

169. The Government of Uttarakhand has a portal for registration of public grievances (<http://samadhan.uk.gov.in>). Each district has a phone number and a local helpline number too. The project will make communities aware of this portal and the systems for registering their grievances. Also the RDD conducts Social Audit of various schemes from time to time. Additionally, the project will establish a grievance redress mechanism specifically to address project related concerns and grievances from project related persons. The grievance procedure and disciplinary procedure will be put in place in consultation with implementing agency, project management unit and related government departments. Access to a grievance redress mechanism will be provided to all concerned with the project. In addition, the community will be oriented and trained in access and use of grievance redressal mechanisms. This mechanism will also address the beneficiaries concerns and grievances related to social and environmental compliance and grievances as mentioned in the SECAP."
170. IFAD has a Complaints Procedure to receive and facilitate resolution of concerns and complaints with respect to alleged non-compliance of its environmental and social policies and the mandatory aspects of its Social, Environmental and Climate Assessment Procedures. For more information, visit the IFAD webpage: <https://www.ifad.org/web/guest/accountability-and-complaints-procedure>."

N. Implementation plans

171. This project will be implemented over seven years. All capacity building efforts will be front loaded. The project will start regular implementation during the financial year 2022-23. RDD

⁸⁸ See Framework for Operational Feedback from Stakeholders <https://webapps.ifad.org/members/eb/128/docs/EB-2019-128-R-13.pdf?attach=1>.

has shown its keenness for Retroactive Financing to ensure a rapid start-up and has set up a core team to be part of the detailed design mission and the Government's request is provided as Annex 5. Detailed project implementation modalities and roles and responsibilities will be delineated in the detailed design.

172. The GoUK will initiate a number of preparatory actions. This will include the following activities: (i) Recruitment of core staff; (ii) Establishment of Management Consultant Facility; (iii) Mapping and capacity appraisal of Technical Agency Support - partner implementation organizations; (iv) Conducting a baseline survey of the project area combined with a livelihoods analysis; (v) Review and evaluation of the performance of LCs and FPOs; (vi) Assessment of the demand and supply on local service providers; (vii) Conducting detailed value chain analyses of priority value chains at block level; and (viii) Preparing financial analyses of target enterprises.
173. To facilitate start up and expedite early implementation, the Project Management Committee will recruit a project expeditor – a person who was previously involved in the project design - to support establishing the project management structure and system. The project expeditor will support the PMU to ensure the timely implementation of start-up activities. Immediately after the signing of the Financing Agreement on the behest of the Project Management Committee the expeditor will facilitate the selection and establishment of the Project Management Consultancy Facility. The Facility will be responsible for recruiting core technical specialists to support the PMU and Divisional Staff. The PMU will provide critical, and time sensitive start up activities, procurement of essential goods and services required during the first year of implementation and formation of the High Powered Committee (HPC) and Project Management Committee (PMC). Once key staff members are hired IFAD will organise a training to orient the staff in the technicalities of the project, to review the project design and the Project Implementation Manual (PIM). The core project team will be expected to refine the PIM with the objective of taking full ownership over its use and implementation.
174. In the first year, a Start-up Workshop will be organized to sensitize all project stakeholders, including HPC, PMC, PMU staff and District Offices about the approach of the project and its key components and implementation arrangements. The Start-up workshop will aim at developing a common understanding of the project's underlying design principles, processes and development objectives. The workshop will also allow partners to understand their role in REAP, reflect on logframe/ ToC, including verification of indicators, baselines and target values. The tools and procedures for financial management, procurement, selection of beneficiaries for different components, strategies for M&E and KM will also be introduced to key staff undertaking these key functions. Inception workshops would subsequently be organized in every participating district to sensitize local partners about the project.
175. The PMU will commission a baseline study to establish the status of outcome indicators for each target beneficiary group located in the selected project districts/ cascades and tanks. Terms of reference will be prepared with the help of IFAD to ensure that all key indicators included in the log-frame are included in the baseline and completion surveys. The baseline survey will provide the foundation for subsequent evaluations.
- a. Supervision, Mid-term Review and Completion plans.
176. IFAD will conduct periodic implementation support as needed and at least one supervision mission per year. Supervision would encompass four discrete processes: i) loan and grant administration; ii) procurement review; iii) audit review; and iv) supervision and implementation support, which will be a continuous process of engagement with GoU and the PMU.
177. The first implementation support mission will take place soon after effectiveness and first disbursement. At least one supervision mission will be undertaken each year with additional

implementation support missions mobilized as required. IFAD will provide continuous supervision and implementation support as required. The composition of the supervision missions will be based on the need for technical support of the different project components and the performance areas that require attention..

178. A mid-term review will be organized by IFAD together with GoUk in year 3 to: (i) assess achievements and interim impact, the efficiency and effectiveness of management arrangements, and the continued validity of project design; (ii) identify key lessons learnt and good practices; and (iii) provide recommendations for improved performance including need for restructuring, if required. The mid-term evaluation will review implementation progress of programme components, document performances on key implementation aspects such as approaches, strategies and processes and make recommendations for adjustments or restructuring as needed. The evaluation shall be conducted by an independent consultant identified in consultation with IFAD.
179. Thematic studies will be conducted on a needs basis to support programme activities, policy dialogue and scaling up. The project will conduct an annual outcome survey to show progress. Project staff would be briefed on IFAD's results management systems and requirements.
180. At the end of the project, REAP will conduct an end of project evaluation to assess the extent to which the project has had an impact on the targeted beneficiaries as reflected in the logframe. The final evaluation will also provide valuable information in preparing the Project Completion report and lessons for future programming.
181. To finalise the REAP, the following next steps are envisaged:
 1. Invitation Letter from the GoUk to IFAD for negotiation, Oct 2021
 2. IFAD EB presentation: December 2021
 3. Signing of Financing Agreement January 2022

APPENDICES

Appendix 1: Gender checklist for REAP

CHECKLIST	DESIGN
<p>1. The project design report contains – and project implementation is based on – gender-disaggregated poverty data and an analysis of gender differences in the activities or sectors concerned, as well as an analysis of each project activity from the gender perspective to address any unintentional barriers to women’s participation.</p>	<p>Sex-disaggregated on characteristics and opportunities has been analysed in a gender sensitive manner and value chain commodities are also analysed from nutrition sensitivity, gender sensitivity and climate vulnerability perspective and capacity building activities are included in the project. Women are targeted as 60 % and strategy to assure the participation and representation in project related institutions for their decision making positions.</p>
<p>2. The project design report articulates – or the project implements – actions with aim to:</p> <ul style="list-style-type: none"> Expand women’s economic empowerment through access to and control over productive and household assets; 	<p>REAP promotes economic empowerment through direct targeted interventions like on-farm and off-farm enterprises for production and sale to local markets through capacity building of women and facilitate access to credits required for input and other investment costs required for product enhancement. Women of vulnerable section who are not involved in value chain will be facilitated for livelihood interventions. The selection criteria gives preference to women for livelihood interventions and micro and nano scale on and off farm enterprises - mushroom cultivation, dairy and goatry backyard chicken, poultry, homestead garden, <i>Prasad</i> making and <i>Puja</i> kits; and capacitate women for marketing empowers women economically. Women are considered as change agents and active actors for value chain development.</p>
<ul style="list-style-type: none"> Strengthen women’s decision-making role in the household and community, and their representation in membership and leadership of local institutions; 	<p>REAP facilitates to builds capacities of women both at household and institutions where they represent for decision making. Economic empowerment and decision making role mutually re-enforce each other for empowerment. Exposure to market led value chain development, interaction with private sector and production planning, credit management and LCs strengthening promotes equal voices of women and meaningful participation in their institutions. REAP targeted 60 % women as target and assure their equitable representation in decision making positions and leadership in PGs, LCs and FPOs. The project also adopts strategy to enhance leadership in other NRM related and local socio-political institutions.</p>
<ul style="list-style-type: none"> Achieve a reduced workload and an equitable workload balance between women and men. 	<p>REAP adopts gender sensitive VCs selection and interventions to maximise returns to women’s labour and productivity, reduce drudgery with targeted intervention. Labour saving tools, equipment along with labour saving technologies will be adopted and gender sensitive implementation and women economic empowerment promotes balancing the workload between men and women.</p>

<p>3. The project design report includes one paragraph in the targeting section that explains what the project will deliver from a gender perspective.</p>	<p>REAP targets 60 % women along with single, women headed and vulnerable and ultra-poor women. Women's economic empowerment is main focus of the project and appropriate pathways for livelihood improvement and resilience building. Women will be supported primarily for; a) economic empowerment, enhance their agency and voices and decision making roles both at households and community level institutions. Representation of women in every activity and institutions will be more than 50%. Membership of women in PGs, VPGs, SHGs and LCs and CLFs will be more than 60 % and their representation in leadership positions and board of directors in LCs, CLFs and PFPs will be at least 50 %. Participation of women in MSPs will also be not less than 50%. For details, refer to Appendix on Targeting and Mainstreaming Priorities.</p>
<p>4. The project design report describes the key elements for operationalizing the gender strategy, with respect to the relevant project components.</p>	<p>Elaborated under each project components. Refer to PIM.</p>
<p>5. The design document describes - and the project implements - operational measures to ensure gender- equitable participation in, and benefit from, project activities. These will generally include:</p>	
<p><i>5.1 Allocating adequate human and financial resources to implement the gender strategy</i></p>	<p>REAP manages human resources with responsibility to implement the gender strategy. There will be Institution, Inclusion and Outreach Sr. Manager at in PMU and Managers position in the District PMU. The project will build the staff capacity of project, partners stakeholders. Stakeholders will be sensitized on gender, targeting and inclusion to deliver the gender responsive and socially inclusive programme implementation is budgeted in the project. Women in the PGs, VPGs and SHGs will be facilitated through peer sharing methods of extension and mobilization through CRPs facilitates to build resilience capacity of women.</p>
<p><i>5.2 Ensuring and supporting women's active participation in project-related activities, decision-making bodies and committees, including setting specific targets for participation</i></p>	<p>The project's targeting and gender and community mobilization strategy would ensure women's active and meaningful participation in project related activities and institutions to promote their economic empowerment, representation in decision making positions, and leadership development. Gender strategy assures at least 50% participation in project activities. Capacity building interventions of REAP includes technical training to manage the market led production of VC commodities with financial linkages and grant support to enhance livelihoods. The most vulnerable and ultra-poor households, women will be provided access to grant along with capacity building packages. Women-focused extension approach enables women to build the relevant skills and increase production;</p>

	access markets and sell at competitive prices; enhance nutrition; collaborate with each other; and engage in beneficial and efficient decision-making.
<i>5.3 Ensuring that project/programme management arrangements (composition of the project management unit/programme coordination unit, project terms of reference for staff and implementing partners, etc.) reflect attention to gender equality and women's empowerment concerns</i>	Gender equality and women's empowerment (GEWE) is the main strategy of the project and build on the targeting deliverables and integrated in the ToRs of PUM staff. PMU considers gender balance on recruiting staff. PMU based Institution, Inclusion and Outreach Sr. Manager and managers based in District PMU along with M&E team regularly monitor the GEWE performance and sensitizes the project management team and concerned staff to ensure the targeted performance.
<i>5.4 Ensuring direct project/programme outreach to women (for example through appropriate numbers and qualification of field staff), especially where women's mobility is limited</i>	The gender responsive community mobilization, extension and peer based capacity development ensures the reach out and capacity building of women. Besides, REAP focuses on equal participation, representations and leadership of women in every events, producer organization- PGS/VPGs/SHGs and institutions – LCS, CLF and FPOs.
<i>5.5 Identifying opportunities to support strategic partnerships with government and others development organizations for networking and policy dialogue</i>	Partnering with USRLM will be a greater opportunities scaling to reach out to the most vulnerable and ultra-poor women of in the production clusters. REAP facilitates for financial linkages bank financial institutions through UPASaC and explores ample opportunities for convergence with existing government's initiatives to achieve the results through leveraging policy changes, mobilizing additional resources and learning to bring the results to scale.
6. The project's logical framework, M&E, MIS and learning systems specify in design – and project M&E unit collects, analyses and interprets sex- and age-disaggregated performance and impact data, including specific indicators on gender equality and women's empowerment.	REAP's M&E framework is going beyond mere monitoring participation of women and vulnerable groups in programme activities to measuring the impact of programme interventions on smallholder farmers. M&E will maintain disaggregated data by sex, age, ethnicity, and vulnerability and poverty indicators and maintain in MIS system. Besides, indicators in log-frame and M&E will specifically measure changes in gender equality measures and women empowerment especially on economic empowerment, voices and leadership, balanced workload and resilience.

Appendix 2: Targeting Checklist for REAP

CHECKLIST	DESIGN
1. Does the main target group - those expected to benefit most- correspond to IFAD's target group as defined by the Targeting Policy (poorer households and food insecure)?	REAP will target three categories of smallholders like; i) extreme poor, ii) poor (0.5-1 acre) potential to sell in local market and gradually engage with ii) commercially oriented smallholders farmers (more than 1 acre). These includes landowners and landless, and labourers involved in agriculture, livestock, micro enterprises, non-farm and service sectors; and those who are engaged in other income generating activities in selected value chains. REAP will have a strong focus on women and youth – at least 60 percent beneficiaries including single women, women headed households and 40 percent youth (both women and men) of 15-35 years age group. Among all, 80 percent beneficiaries will be of poor and food insecure category (extreme poor-40% and poor -40%), and non-poor (20%). The project will target the migrants returned to their origin of destination due to COVID-19 pandemic. Inclusion of smallholder producers, poor and vulnerable rural populations will be ensured by selecting value chains that have evidences to deliver the biggest benefits to the largest number of poor and through extension of climate smart and good agriculture practices technologies that benefit the intended target group effectively.
2. Have target sub-groups been identified and described according to their different socio-economic characteristics, assets and livelihoods - with attention to gender and youth differences? (matrix on target group characteristics completed?)	Yes, for details, refer to PDR and PIM. The detailed analysis is given there.
3. Is evidence provided of interest in and likely uptake of the proposed activities by the identified target sub-groups? What is the evidence? (matrix on analysis of project components and activities by principal beneficiary groups completed?)	Yes, for detail refer to PDR and PIM. The detailed matrix of analysis by target beneficiary is provided.
4. Does the design document describe a feasible and operational targeting strategy in line with the Targeting Policy, involving some or all of the following measures and methods:	
4.1 Geographic targeting – based on poverty data or proxy indicators to identify, for area-	REAP will be implemented in all the 13 districts and in all 95 Community Development Blocks (CDBs) of Uttarakhand. Ten of the 13 are hill districts ⁸⁹ and three are plain districts. The project will build on the

⁸⁹ Hill Districts (10) - Almora Bageshwar, Chamoli, Champawat Pauri Garhwal, Nainital, Pithoragarh, Rudrapur, Tehri Garhwal, Uttarakashi and Plain Districts (3) - Dehradun, Haridwar and Udham Singh Nagar.

based projects or programmes, geographic areas (and within these, communities) with high concentrations of poor people	work done through ILSP in 44 CDBs (233 production clusters) in 11 districts as well as the USRLM which is being implemented in all 95 CBDs across all 13 districts. More number of households will be engaged in the project and facilitated for market led production. Geographical targeting will be driven by REAP's cluster development approach. Clusters (an average of 5-6 clusters in 1 CDB) for specific commodities will be promoted in locations where smallholders have a comparative advantage and are motivated to expand production, there are credible market opportunities, and concentration of individual and households who are poor or vulnerable to poverty and food and nutrition insecure. REAP will work across the State based on opportunities for better impact. Based on analysis of road corridors and specific production clusters at CDBs level geographical targeting will be finalized. Within the selected clusters, high priority will be given to the highly vulnerable and poverty pockets where very poor section of the targeted groups are living.
4.2 Direct targeting - when services or resources are to be channelled to specific individuals or households	REAP will follow the specific criteria to reach out to the targeted household basically two types; a) Resource poor and socio-economically marginalized households, landless, single women, women headed households, people with disability and agriculture labourer, and; b) marginalized farmers who own with less than 0.5 acre land and annual income is less than INR 50,000, and households who have Antyodaya and below poverty line (BPL) card holders ⁹⁰ will be another criteria for identify the marginalized households. The project will review and further analyse these criteria during implementation of the project, develop further criteria based on the context of the production cluster and form primarily separate producer groups and SHGs as Vulnerable producer groups (VPGs). REAP will have separate packages of livelihood and incentives for these different targeted groups and will be canalized adhering the project targeting strategies. Livelihoods development pathways and capacity building for their resilience building will also be different. Beside technical training and incentive packages for their economic empowerment, they will be facilitated for social mentoring and hand holding support to build their resilience capacity through peer sharing basis. Women will be supported primarily for; a) economic empowerment, enhance their agency and voices and decision making roles both at households and community level institutions. Representation of women in every activity and institutions will not be less than 50%. Membership of women in PGs, VPGs, SHGs and LCs and CLFs will be more than 60 % and their representation in leadership positions and board of directors in LCs, CLFs and PFPs will be at least 50 %. Participation of women in MSPs will also not less than 50%.
4.3 Self targeting – when goods and services respond to the priority needs, resource endowments and livelihood strategies of target groups	REAP will offer a range of livelihood option with low entry costs pathways which are appropriate for poor, landless, vulnerable and marginalized sections like, backyard chicken, goatry, poultry, wage employment, technology and planting materials to increase the production of traditional crops along with nutrition reach diversified homestead garden. A comprehensive starter package- bled of grant and credit, technical training and coaching/mentoring support for empowerment and resilience building for ultra-poor and most vulnerable women and disables will be implemented. Other target groups will get soft loan, capacity

⁹⁰ Based on Uttarakhand Human Development Report 2018, Antyodaya and below poverty line card holders are 4 % and 45 % in Uttarakhand.

	<p>building and marketing services. These specially designed self-targeted ultra-poor packages will not be the interest of better off and other interest groups. The project will facilitate more than one participating beneficiary in each household – a young women may start a small fish farm while her mother expands her goat rearing. This is to be encouraged and the MIS system will enable the linking of different lead producers to any given household.</p>
<p>4.4 Empowering measures - including information and communication, focused capacity- and confidence-building measures, organisational support, in order to empower and encourage the more active participation and inclusion in planning and decision making of people who traditionally have less voice and power</p>	<p>Appropriate empowering strategies and interventions for resilience capacity with livelihood improvement for ultra-poor and extreme poor segment will be implemented. Those who can produce some excess product will have opportunity to sell these product in the local market. Basically the members of VPG and SHGs where most of the poor and risk averse women will be involved and will get training on technical matter in the groups and will facilitated through community resource persons (CRPs) their life skills and positive motivation towards changing their life, production focused social mobilization and sensitization on existing social issues and identified problems. These groups will be facilitated for pro-poor convergence existing government subsidized schemes. These who are producing and encouraged to participate in market led production will have opportunity to participate in LCs/CLF through their PGs/VPGs/SHGs and informal forums like multi stakeholders’ platforms (MSPs) which enhance their exposure to understand the market dynamics. Appropriate targeting strategy will be developed for business incubation for the very poor and vulnerable sections of the targeted groups.</p>
<p>4.5 Enabling measures –to strengthen stakeholders’ and partners’ attitude and commitment to poverty targeting, gender equality and women’s empowerment, including policy dialogue, awareness-raising and capacity-building</p>	<p>Producer organizations (PGs/VPGs/SHGs) and institutions (LCs/CLF/FPOs), other stakeholders, partners and staff will be sensitized on socio-economic context, gender and targeting strategy and challenges of these target groups to improve the institutional environment favourable to poverty targeting. Producer organization will be mobilized following the poverty characteristics and capacity building will basically be followed on peer sharing, social mentoring and handholding support mechanism for vulnerable, poor and ultra-poor category. Drudgery reduction interventions will be implemented to increase the productive capacity of women, reduce their time poverty, and balancing the workload. Development of market led production system in the cluster will provide opportunities for poorer and vulnerable organized under VPGs and SHGs to work with and learn from their neighbour PGs and LCs to engage in the business. Working with market oriented commercial PGs and LCs and actors enables more risk averse producers to start their market-oriented production on a small scale and get the benefits with competitiveness created by the group. Cluster development for different VC commodities and MSPs will be conducted to create an environment to listen the voices, opportunities and challenges faced by marginal producers for REAP priorities and other government programmes. Compliance of targeting responsibilities will be the principle responsibility of project management and will be included in the ToR of all technical leads. Analysis of the issues and real performance will the responsibility of Institution and Inclusion managers who look at targeting, gender, and inclusion in coordination with Program Monitoring and evaluation team.</p>

4.6 Attention to procedural measures - that could militate against participation by the intended target groups	Procedural measures are addressed in PIM to prevent the elite capture while selection of beneficiaries and project areas. For detail, refer to PIM.
4.7 Operational measures - appropriate project/programme management arrangements, staffing, selection of implementation partners and service providers	Targeting responsibilities are explicitly mentioned in TORs for all PMU staff. For detail, refer to PIM.
5. Monitoring targeting performance. Does the design document specify that targeting performance will be monitored using participatory M&E, and also be assessed at mid-term review? Does the M&E framework allow for the collection/analysis of sex-disaggregated data and are there gender-sensitive indicators against which to monitor/evaluate outputs, outcomes and impacts?	REAP will establish M&E system for disaggregated data collection by age, sex, poverty status, land holding status, returnee migrants, single women, women headed households and people with disabilities as defined in the target group. Appropriate templates and data collection mechanism will be developed and staff will be trained on collection of disaggregated data. Collected data will be maintained in the project MIS system. Institution and Inclusion/targeting manager in coordination with M &E expert will analyse the data on periodic basis with validation in the field, put to the management if any issues related to targeting are emerged from findings of analysis and evidences. This process will facilitate to take timely decision by the project management and adopt corrective actions to adhere the targeting strategy. Other participatory monitoring tools like annual outcome survey, environmental and social safeguard monitoring, and regular tracking of ultra-poor households and vulnerable groups with their problems and progress will adopted to ensure that target groups are effectively participating and getting progress on their livelihood improvement pathways (will be further elaborated in PIM). Monitoring system for social risks in SECAP will be developed to ensure that these risks are addressing and the very poor and vulnerable sections are benefitted from the project interventions.

Appendix 3

REAP Uttarakhand - Climate Change Adaptation/Mitigation

Climate Vulnerability Context

Uttarakhand is home to forests, glaciers and important rivers. The mountainous region of the State have shown “above average warming” in the 20th century⁹¹. Uttarakhand is most vulnerable to climate-induced risks. Forest and agriculture-dependent livelihoods, as well as development factors such as the rapid expansion of tourism and other infrastructure have exacerbated that vulnerability.

Uttarakhand Himalayas continue to experience climate induced changes including: receding glaciers and upwardly moving snowline, depleting natural resources, erratic rainfall, irregular winter rains, advancing cropping seasons, shifting of cultivation zones of apple and other crops, reduction in snow in winter, rise in temperature, increasing intensity and frequency of flash floods, drying up of perennial streams, etc.

The State has formulated the Uttarakhand Action Plan for Climate Change (UAPCC) with underlying principle to holistically converge existing initiatives and make additional efforts to integrate climate concerns and response measures into all aspects of the development process. District level programs such as watershed management, production and distribution of improved seed varieties and activities of Disaster Mitigation and Management Centre, Dehradun are some of the initiatives and programmes launched by the government to address the impact of climate change.

Adaptation approaches have been mainstreamed into the REAP project design to increase resilience against climate risks. Project design was informed by a social and climate analysis.

Statement of Purpose:

The REAP aims to build resilience of rural households by diversifying their sources of income through intensified cluster based climate resilient production systems, promotion of farm and off-farm enterprises and creating a supportive ecosystem.

Link to Project Activities:

Table indicating climate adaptation and mitigation for each component and sub-component

Components/sub components/activities	Interventions	Climate Adaptation
Component 1: Inclusive cluster development		
Sub Component 1.1: Livelihoods diversification and enterprise development		
Starter-pack for ultra-poor	Grant and credit, technical training and coaching/mentoring support would empower and build resilience.	<ul style="list-style-type: none">• Poorer communities are most vulnerable to climate change• This activity as an adaptation strategy ensures high-vulnerability populations have access to the financial, technical, and other resources they need to adapt.
Rural micro and small scale enterprise	Small landholders are offered combinations of	<ul style="list-style-type: none">• MSMEs are one of the important drivers for societal adaptation to build resilience to climate change. Female

⁹¹ Source: State Action Plan on Climate Change, Government of Uttarakhand , 2012

development (on and off farm)	<p>matching grant financing and bank loan.</p> <p>To maximize engagement of youth and women the project will support both on and off-farm nano, micro and small enterprises"</p>	<p>owned MSMEs are recognized as key in promoting resilience at micro and macro scales.</p> <ul style="list-style-type: none"> • This activity is thus strategically placed to build resilient foundation with inclusive growth though capacity building and other technical support.
<p>Adaptive farm technologies</p> <p>Small scale livestock</p>	<p>Climate Smart Agriculture training and extension , adoption and dissemination of on-farm and off-farm labour reducing technologies (no tillage/organic mulches, crop diversification, mixed cropping, green manure, conservation agriculture, breed improvement, etc..)</p> <p>Introduction of small livestock activities;</p>	<ul style="list-style-type: none"> • Agriculture sector is sensitive to climate change. Climate-resilient agriculture (CRA) practices can sustain agricultural production. • Taking advantage of diverse cropping pattern (traditional crops) in Uttarakhand, promotion of appropriate nutritional crops which are climate resilient/low on resources would also meet nutritional requirement. • Selection of VCs and interventions aims to maximise returns to women's labour and productivity, reduction of drudgery through labour saving tools, equipment along with labour saving technologies promotes balancing the workload between men and women. • Tailor made training in CSA to line departments which in turn through their extension services to stakeholders will bring long lasting sustainable use of resource to adopt to climate risks. • Over all the range of climate change adaptation related activities under the proposed activities would help to improve the livelihoods and general well-being of communities thereby make them climate resilient
Sub Component 1.2: Institutional strengthening of CBOs and partnerships		
Capacity building of CBOs	To strengthen CBOs to increase their outreach to target households and to develop into viable inclusive institutions	Enhanced outreach, capacity building and assistance to build partnerships would increase the adaptive capacity.
Multi-stakeholder platforms		
B2B partnerships		
Establishment of Farmer Producer Companies		

