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## **President's report**

### **Proposed loan**

### **Republic of India**

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

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#### **FOR: APPROVAL**

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

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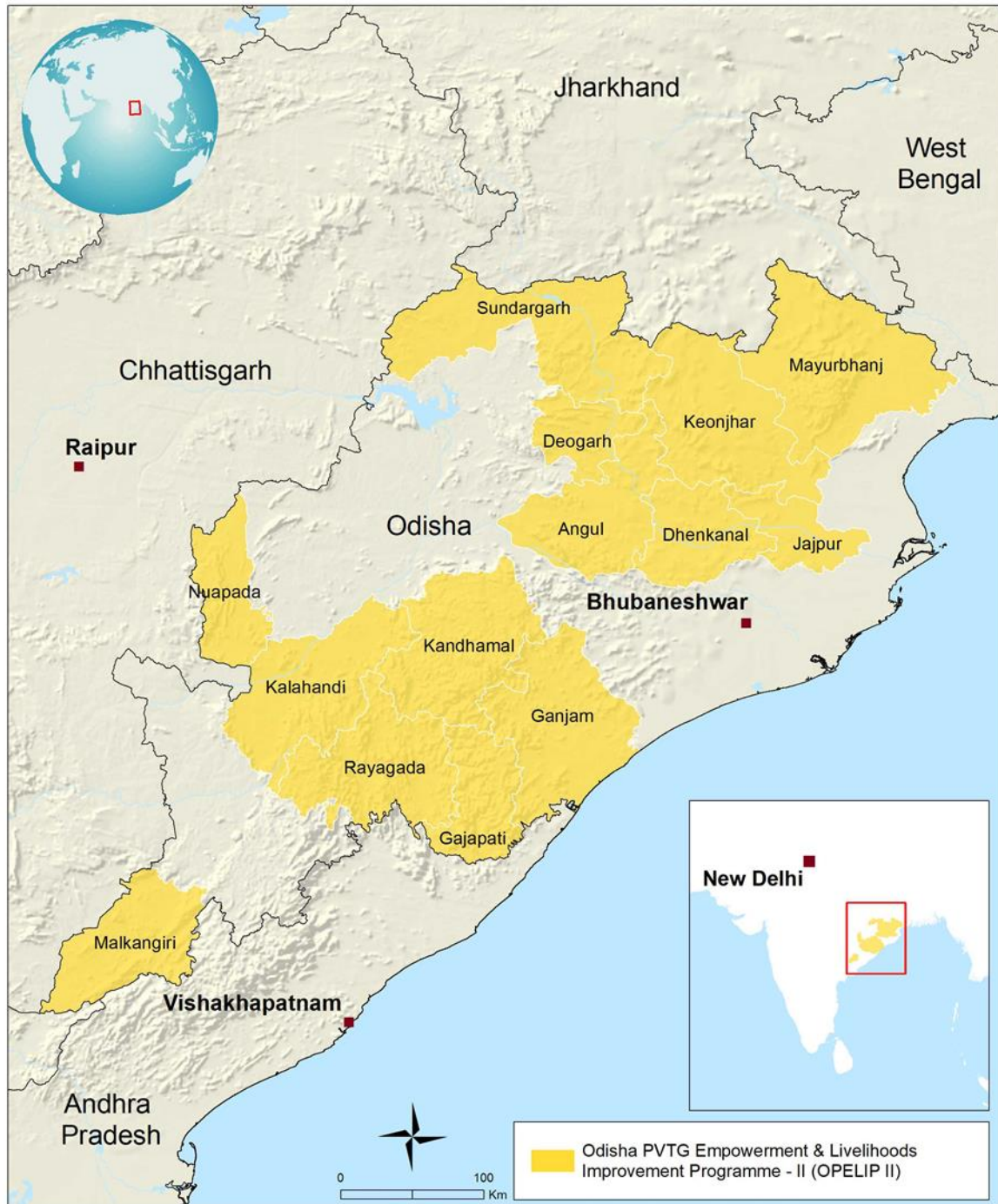
- I. Negotiated financing agreement
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| <b>Programme delivery team</b>      |                                |
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## Map of the programme area



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.  
Map compiled by IFAD | 24-10-2023

## Financing summary

|   |   |
|---|---|
| <b>Initiating institution:</b>  | IFAD  |
| <b>Borrower:</b>  | Government of Odisha, India   |
| <b>Executing agency:</b>  | Scheduled Tribes and Scheduled Castes<br>Development Department   |
| <b>Total programme cost:</b>  | US\$284.2 million   |
| <b>Amount of IFAD loan A (performance-based<br/>allocation system [PBAS])</b> | US\$61.33 million   |
| <b>Terms of IFAD loan A (PBAS):</b>   | Ordinary terms: 17.5 years, including a grace<br>period of 5.5 years, subject to interest at a rate<br>equal to the IFAD reference interest rate,<br>including a variable spread. |
| <b>Amount of IFAD loan B (Borrowed Resource<br/>Access Mechanism [BRAM])</b>  | US\$25.0 million  |
| <b>Terms of IFAD loan B (BRAM)</b>  | Ordinary terms: 17.5 years, including a grace<br>period of 5.5 years, subject to interest at a rate<br>equal to the IFAD reference interest rate,<br>including a variable spread. |
| <b>Cofinanciers:</b>  | Domestic formal financial institutions,<br>beneficiaries; convergence with government<br>programmes and the Government of Odisha  |
| <b>Amount of cofinancing:</b>   | Formal financial institutions: US\$25.0 million<br>Convergence: US\$68.3 million  |
| <b>Terms of cofinancing:</b>  | To be determined  |
| <b>Contribution of borrower:</b>  | US\$88.3 million  |
| <b>Contribution of beneficiaries:</b>   | US\$16.3 million  |
| <b>Amount of IFAD climate finance:</b>  | US\$41.3 million  |
| <b>Cooperating Institution:</b>   | IFAD  |

# I. Context

## A. National context and rationale for IFAD involvement

### National context

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

### Special aspects relating to IFAD's corporate mainstreaming priorities

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

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

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

<sup>3</sup> [https://repository.tribal.gov.in/bitstream/123456789/73865/1/SCST\\_2019\\_research\\_0069.pdf](https://repository.tribal.gov.in/bitstream/123456789/73865/1/SCST_2019_research_0069.pdf).

<sup>4</sup> Mitra, Aparna, The status of women among the Scheduled Tribes in India (2008),

<https://www.sciencedirect.com/science/article/pii/S1053535707001254>.

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

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

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

#### **Rationale for IFAD involvement**

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

<sup>6</sup> According to the National Youth Policy 2014 and the updated policy draft 2021, youth are defined as individuals aged 15–29.

<sup>7</sup> United Nations Development Programme, *Human Development Report 2021/22: Uncertain Times, Unsettled Lives; Shaping our Future in an Uncertain World* (2022), [hdr2021-22pdf\\_1.pdf \(undp.org\)](#).

## B. Lessons learned

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

## II. Programme description

### A. Objectives, geographical area of intervention and target groups

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

### B. Components, outcomes and activities

18. The OPELIP-II logical framework organizes its activities into three main technical components, while component 4 is cross-cutting and covers programme management, monitoring and evaluation (M&E) and learning.

19. **Component 1. Community empowerment and institutional strengthening:** The objective is to foster self-reliant development within PVTGs by empowering these communities to plan and lead development initiatives and strengthen community institutions. The component will be implemented through two subcomponents: 1.1. strengthen community driven development planning; and 1.2. improve community service delivery mechanisms.
20. **Component 2. Household food and nutrition security:** This component addresses malnutrition by promoting behavioural change communication and nutrition education; facilitating access to nutrition entitlements; and increasing the availability and consumption of diverse foods through kitchen gardens. The component will be implemented through two subcomponents: 2.1. behavioural change and nutrition education; and subcomponent 2.2. promotion of homestead food production.
21. **Component 3. Improving agricultural productivity, market linkages and incomes:** This component seeks to help households in PVTG villages sustainably intensify and scale up crop and livestock production, while simultaneously helping them access more profitable markets. It will be implemented through three subcomponents 3.1. sustainable intensification of climate-resilient crop and livestock production; 3.2. marketing and value addition; and 3.3. microenterprise development and access to finance.

### C. Theory of change

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

### D. Alignment, ownership, and partnerships

23. OPELIP-II will contribute to the achievement of Sustainable Development Goal (SDG) 1 (no poverty), SDG 2 (zero hunger), SDG 5 (gender equality), SDG 8 (decent work and economic growth), SDG 10 (reduced inequalities) and SDG 13 (climate action). In addition, the Government of Odisha and IFAD will be contributing to the four priority pillars (people, prosperity, planet and participation) of the United Nations Sustainable Development Cooperation Framework 2023–2027, developed in close collaboration with Niti Aayog.
24. OPELIP-II is aligned with the Government of India's multipronged approach to tackling poverty and IFAD's policies and action plans for mainstreaming gender, rural youth, nutrition, environment and climate change and complements the recently announced India Pradhan Mantri PVTG Development Mission. In addition, three of IFAD'S strategic framework objectives are at the core of the proposed programme: (i) increasing the productive capacity of poor rural people; (ii) increasing their benefits from market participation; and (iii) strengthening environmental sustainability and climate resilience. OPELIP-II is aligned with IFAD's Nutrition Action Plan 2019–2025.



25. The strategic focus of the Government of Odisha remains tribal communities and specifically, the PVTGs. The decision to extend OPELIP to the left-out villages identified midterm in the programme's current phase reflects the commitment to empowering PVTGs. In addition, the focus on the target group is well-aligned with strategic priorities and was endorsed by the Government of India during the recently concluded COSOP results review validation exercise.

#### **E. Costs, benefits and financing**

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

Table 1

**Programme costs by component and subcomponent and financier**

(Thousands of United States dollars)

| Component/subcomponent  | IFAD loan A   |             | IFAD loan B   |             | Other cofinanciers |             | Beneficiaries |             | Borrower      |             | Total          |             |
|---|---------------|-------------|---------------|-------------|--------------------|-------------|---------------|-------------|---------------|-------------|----------------|-------------|
|   | Amount        | %           | Amount        | %           | Amount             | %           | Amount        | %           | Amount        | %           | Amount         | %           |
| 1. Community empowerment and institutional strengthening                            |               |             |               |             |                    |             |               |             |               |             |                |             |
| 1.1. Strengthen community driven development planning                               | 1 791         | 50          |               |             | -                  | -           | -             | -           | 1 791         | 50          | 3 581          | 1.3         |
| 1.2. Improve community service delivery mechanisms                                  | 16 414        | 20.9        |               |             | 45 647             | 58.1        | -             | -           | 16 414        | 20.9        | 78 476         | 27.6        |
| <b>Subtotal</b>   | <b>18 205</b> | <b>22.2</b> |               |             | <b>45 647</b>      | <b>55.6</b> | -             | -           | <b>18 205</b> | <b>22.2</b> | <b>82 057</b>  | <b>28.9</b> |
| 2. Household food and nutrition security  |               |             |               |             |                    |             |               |             |               |             |                |             |
| 2.1. Behavioural change and nutrition education                                     | 16 940        | 46.6        |               |             | 2 470              | 6.8         | -             | -           | 16 940        | 46.6        | 36 349         | 12.8        |
| 2.2. Promotion of homestead food production   | 3 213         | 50          |               |             | -                  | -           | -             | -           | 3 213         | 50          | 64 25          | 2.3         |
| <b>Subtotal</b>   | <b>20 152</b> | <b>47.1</b> |               |             | <b>2 470</b>       | <b>5.8</b>  | -             | -           | <b>20 152</b> | <b>47.1</b> | <b>42 775</b>  | <b>15</b>   |
| 3. Improving agricultural productivity, market linkages and incomes                 |               |             |               |             |                    |             |               |             |               |             |                |             |
| 3.1. Sustainable intensification of climate-resilient crop and livestock production | 7 288         | 7.8         | 25 000        | 26.6        | 20 204             | 21.5        | 9 057         | 9.7         | 32 288        | 34.4        | 93 837         | 33          |
| 3.2. Marketing and value addition   | 980           | 3.6         |               |             | 25 038             | 92.7        | -             | -           | 980           | 3.6         | 26 998         | 9.5         |
| 3.3. Microenterprise development and access to finance                              | 5 610         | 30.4        |               |             | -                  | -           | 7 212         | 39.1        | 5 610         | 30.4        | 18 432         | 6.5         |
| <b>Subtotal</b>   | <b>13 877</b> | <b>10</b>   | <b>25 000</b> | <b>18.0</b> | <b>45 242</b>      | <b>32.5</b> | <b>16 269</b> | <b>11.7</b> | <b>38 877</b> | <b>27.9</b> | <b>139 267</b> | <b>49</b>   |
| 4. Programme management, M&E and KM   | 9 095         | 45.2        | -             | -           | -                  | -           | -             | -           | 11 046        | 54.8        | 20 141         | 7.1         |
| <b>Subtotal</b>   | <b>9 095</b>  | <b>45.2</b> | <b>-</b>      | <b>-</b>    | <b>-</b>           | <b>-</b>    | <b>-</b>      | <b>-</b>    | <b>11 046</b> | <b>54.8</b> | <b>20 141</b>  | <b>7.1</b>  |
| <b>Total</b>  | <b>61 330</b> | <b>21.6</b> | <b>25 000</b> | <b>8.8</b>  | <b>93 360</b>      | <b>32.8</b> | <b>16 269</b> | <b>5.7</b>  | <b>88 281</b> | <b>31.1</b> | <b>284 240</b> | <b>100</b>  |

Table 2

**Programme costs by expenditure category and financier**

(Thousands of United States dollars)

| <i>Expenditure category</i>              | <i>IFAD loan A</i> |             | <i>IFAD loan B</i> |            | <i>Other cofinanciers</i> |             | <i>Beneficiaries</i> |            | <i>Borrower</i> |             | <i>Total</i>   |             |
|--|--------------------|-------------|--------------------|------------|---------------------------|-------------|----------------------|------------|-----------------|-------------|----------------|-------------|
|  | <i>Amount</i>      | <i>%</i>    | <i>Amount</i>      | <i>%</i>   | <i>Amount</i>             | <i>%</i>    | <i>Amount</i>        | <i>%</i>   | <i>Amount</i>   | <i>%</i>    | <i>Amount</i>  | <i>%</i>    |
| <b>Investment costs</b>                  |                    |             |                    |            |                           |             |                      |            |                 |             |                |             |
| 1. Civil works                           | 17 501             | 19.1        |                    |            | 56 723                    | 61.8        | -                    | -          | 17 501          | 19.1        | 91 725         | 32.3        |
| 2. Goods, services and inputs            | 7 768              | 11.7        | 25 000             | 37.6       | 944                       | 1.4         | -                    | -          | 32 768          | 49.3        | 66 481         | 23.4        |
| 3. Training and workshops                | 11 294             | 50          |                    |            | -                         | -           | -                    | -          | 11 294          | 50          | 22 588         | 7.9         |
| 4. Grants and subsidies                  | 16 896             | 19.7        |                    |            | 35 692                    | 41.6        | 16 269               | 19         | 16 896          | 19.7        | 85 753         | 30.2        |
| <b>Total investment costs</b>            | <b>53 459</b>      | <b>20.0</b> | <b>25 000</b>      | <b>9.4</b> | <b>93 360</b>             | <b>35</b>   | <b>16 269</b>        | <b>6.1</b> | <b>78 459</b>   | <b>29.4</b> | <b>266 547</b> | <b>93.8</b> |
| <b>Recurrent costs</b>                   |                    |             |                    |            |                           |             |                      |            |                 |             |                |             |
| Salaries and incremental operating costs | 7 871              | 44.5        |                    |            | -                         | -           | -                    | -          | 9 822           | 55.5        | 17 693         | 6.2         |
| <b>Total recurrent costs</b>             | <b>7 871</b>       | <b>44.5</b> |                    |            | <b>-</b>                  | <b>-</b>    | <b>-</b>             | <b>-</b>   | <b>9 822</b>    | <b>55.5</b> | <b>17 693</b>  | <b>6.2</b>  |
| <b>Total</b>                             | <b>61 330</b>      | <b>21.6</b> | <b>25 000</b>      | <b>8.8</b> | <b>93 360</b>             | <b>32.8</b> | <b>16 269</b>        | <b>5.7</b> | <b>88 281</b>   | <b>31.1</b> | <b>284 240</b> | <b>100</b>  |

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

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

### **Financing and cofinancing strategy and plan**

28. IFAD will finance US\$86.33 million (30.4 per cent) of the total programme costs. This amount includes US\$25 million from BRAM, US\$42.73 million from PBAS 12 and US\$18.6 million from the cancelled resources of PBAS 11. The counterpart funding from the Government of Odisha is US\$88.3 million (31.1 per cent), and the beneficiary contribution, US\$16.3 million (5.7 per cent). The key schemes that will be leveraged through convergence include the Mahatma Gandhi National Rural Employment Guarantee Scheme, District Mineral Funds, the Conservation-cum-Development Fund and a contribution from the Odisha State Fisheries and Animal Resources Department and other schemes of the State Government. The total convergence leveraged will be US\$68.3 million (24.0 per cent), with an additional US\$25.0 million (8.8 per cent) through formal financial institutions.

### **Disbursement**

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

### **Summary of benefits and economic analysis**

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

### **Exit strategy and sustainability**

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

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

### III. Risk management

#### A. Risks and mitigation measures

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

Table 4

#### Overall risk summary

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

#### B. Environment and social category

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

#### C. Climate risk classification

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

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

## **D. Debt sustainability**

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

## **IV. Implementation**

### **A. Organizational framework**

#### **Programme management and coordination**

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

#### **Financial management, procurement and governance**

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

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

**Target group engagement and feedback and grievance redress**

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

**Grievance redress**

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

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

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

**Innovation and scaling up**

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

**Implementation readiness and start-up plans**

50. The design includes a programme readiness action plan to ensure smooth transition. OPELIP-II start-up needs to take place before OPELIP completion to



avoid any disruption in the organizational set-up due to the attrition of human resources.

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

#### **Supervision, midterm review and completion plans**

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

## **V. Legal instruments and authority**

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

## **VI. Recommendation**

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

RESOLVED: that the Fund shall provide a loan on ordinary terms to the Republic of India in an amount of twenty-five million United States dollars (US\$25,000,000), and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

RESOLVED FURTHER: that the Fund shall provide a loan on ordinary terms to the Republic of India in an amount of sixty-one million three hundred and thirty thousand United States dollars (US\$61,330,000), and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Alvaro Lario  
President

## Negotiated financing agreement

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

(Negotiations concluded on 28 April 2025)

Loan No: \_\_\_\_\_

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

Republic of India (the "Borrower")

and

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

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

**WHEREAS** the Borrower has requested a loan from the Fund for the purpose of financing the Programme described in Schedule 1 to this Agreement;

**WHEREAS**, the Fund has agreed to provide financing for the Programme;

**WHEREAS**, the Programme shall be carried out through the State of Odisha (the "State") pursuant to a separate agreement of even date herewith between the Fund and the State (the "Programme Agreement");

**WHEREAS**, the Parties entered into an agreement with effective date 18 March 2016 to finance the Odisha Particularly Vulnerable Tribal Groups Empowerment and Livelihoods Improvement Programme (OPELIP);

**NOW THEREFORE**, the Parties hereby agree as follows:

#### Section A

1. The following documents collectively form this Agreement: this document, the Programme Description and Implementation Arrangements (Schedule 1) and the Allocation Table (Schedule 2).

2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, amended as of December 2022, and as may be amended hereafter from time to time (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein, unless the Parties shall otherwise agree in this Agreement.

3. The Fund shall provide two Loans (the "Financing") to the Borrower, one financed through the Performance Based Allocation System (Loan A) and one financed through the Borrowed Resource Access Mechanism (Loan B), which the Borrower shall cause the State

to use to implement the Programme in accordance with the terms and conditions of this Agreement.

## **Section B**

1. The amount of the Loan A is sixty-one million three hundred and thirty thousand (USD 61,330,000), and the amount of the Loan B is twenty-five million United States Dollars (USD 25,000,000).
2. The Financing is granted on ordinary lending terms and shall be subject to Interest on the principal amount outstanding of the Loan rate equal to the IFAD Reference Interest Rate including variable spread, payable semi-annually in the Loan Service Payment Currency, and have a maturity period of 11 years, including a grace period of 1 year, starting from the date as of which the Fund has determined that all general conditions precedent to withdrawal have been fulfilled.
3. The Loan Service Payment Currency shall be in United States Dollars.
4. The first day of the applicable Fiscal Year shall be 1<sup>st</sup> April.
5. Payments of principal and interest shall be payable on each 1<sup>st</sup> June and 1<sup>st</sup> December.
6. There shall be a Designated Account in United States Dollar for both Loans A and B, for the exclusive use of the Programme opened by the Borrower in the Reserve Bank of India to which funds will flow from IFAD. The Borrower shall inform the Fund of the officials authorized to operate the Designated Account.
7. There will be a Programme Account in local currency for the benefit of the OPELIP-II opened in a commercial bank in Odisha State of India. This Programme Account is maintained by the Lead Programme Agency as defined in Section C, 1 below.
8. The Borrower shall cause the State to provide counterpart financing for the Programme in the ratio of 50-50 between the IFAD financing and the counterpart contribution respectively.

## **Section C**

1. The Lead Programme Agency (LPA) at the state level is the Scheduled Tribes and Scheduled Castes Development, Minorities and Backward Classes Welfare Department of the Government of Odisha ("the Lead Programme Agency" or "Executing Agency"). The LPA has overall responsibility for implementation of the Programme.
2. The Department of Economic Affairs, Ministry of Finance, will be the nodal agency for the Programme at the central level and the Ministry of Tribal Affairs will be involved for overall guidance.
3. The following are designated as additional Programme Parties:
  - (a) Micro Project Agencies (MPA's);
  - (b) Village Development Association/Committees in the Programme Area; and
  - (c) Any other stakeholder identified by the PMU in agreement with the Fund.

4. A Mid-Term Review will be conducted halfway through implementation (beginning of year 4) as specified in Section 8.03 (b) and (c) of the General Conditions; however, the Parties may agree on a different date for the Mid-Term Review of the implementation of the Programme.
5. The Programme Completion Date shall be seventh anniversary of the entry into force of the Agreement, and the Financing Closing Date shall be six months thereafter, or such other date as the Fund may designate by notice to the Borrower.
6. Procurement of goods, works and services financed or administered by the Fund shall be carried out in accordance with the provisions of the IFAD Procurement Guidelines and IFAD Procurement Handbook, as amended from time to time.

## **Section D**

1. The Fund will administer the Financing and supervise the Programme.

## **Section E**

1. The following are designated as additional grounds for suspension of this Agreement:
  - (a) The Programme Implementation Manual (PIM) and/or any provision thereof, has been waived, suspended, terminated, amended or modified without the prior agreement of the Fund and the Fund, after consultation with the Borrower, has determined that it has had, or is likely to have, a material adverse effect on the Programme.
2. The following are designated as additional grounds for cancellation of this Agreement:
  - (a) In the event that the Borrower did not request a disbursement of the Financing for a period of at least 12 consecutive months without justification subsequent to the first eighteen (18) months from the Effective Date.
3. The following are designated as additional general conditions precedent to withdrawal of the Financing:
  - (a) The IFAD no-objection to the Programme Implementation Manual (PIM) has been obtained.
  - (b) The Key Programme staff has been duly engaged and concurred by the Fund.
  - (c) Cloud-based Tally accounting software has been installed and customized for the needs of the OPELIP II.
4. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Borrower:

Additional Secretary,  
Department of Economic Affairs, Ministry of Finance, Government of India, North  
Block, New Delhi- 110001

For the Fund:

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

If applicable, the Parties accept the validity of any qualified electronic signature used for the signature of this Agreement and recognise the latter as equivalent to a hand-written signature.

This Agreement, [dated \_\_\_\_\_], has been prepared in the English language in two (2) original copies, one (1) for the Fund and one (1) for the Borrower.

REPUBLIC OF INDIA

\_\_\_\_\_  
"[Authorised Representative Name]"  
"[Authorised Representative title]"

Date: \_\_\_\_\_

INTERNATIONAL FUND FOR  
AGRICULTURAL DEVELOPMENT

\_\_\_\_\_

Date: \_\_\_\_\_

## Schedule 1

### *Programme Description and Implementation Arrangements*

#### **I. Programme Description**

1. *Target Population.* The primary target population of OPELIP-II are the 13 Particularly Vulnerable Tribal Groups (PVTGs) residing in the state of Odisha. It is approximately a total population of 185,000 households, with an estimated population around 833,500. The Programme will work exclusively with tribal groups. The Programme shall target tribal women to represent at least 50 per cent and youth to represent at least 20 per cent of the programme clients for both, capacity development and livelihood activities.

2. *Programme area.* The Programme will be implemented in 20 Micro Programme Agencies' areas that cover assigned administrative units for PVTG habitations. OPELIP-II will target about 1,679 PVTG villages (541 OPELIP villages and 1,138 new villages), 287 Gram Panchayats, 46 blocks, and 14 districts (Angul, Dhenkanal, Gajapati, Ganjam, Jajpur, Kalahandi, Kandamal, Keonjhar, Malkanagiri, Mayurbhanj, Nuapada, Rayagada, Sundargarh, Deogarh) ("the Programme Area"). In the event of further identification of PVTGs in new areas (villages/habitations) by the Government of Odisha and declared as PVTG villages/habitations, these newly declared villages/habitations would eventually be added to the list of OPELIP-II target villages, should the Programme have the resources to benefit them.

3. *Goal.* The goal of the Programme is to contribute to the reduction of rural poverty and improve nutrition security in PVTG villages in Odisha. The Programme development objective (PDO) is to **enable households to improve incomes, nutrition practices, and resilience in target PVTG areas.**

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

##### 4.1 *Component 1: Community empowerment and institutional strengthening*

4.1.1 *Sub-Component 1.1: Strengthen community-driven development planning.* this aims to bolster community involvement in planning and development, as well as in the formation of Village Development Association (VDAs) and preparation of VDPs. The Programme will create new VDAs in about 1,138 villages and will facilitate the preparation of Village Development Plan (VDPs) in the 1,138 new villages and in the 541 villages that have been covered under OPELIP. Community engagement will be supported through creation of VDAs and the formulation of VDPs using participatory tools, aiming at enhancing community engagement, forming VDAs and VDPs with active community participation, and leveraging existing social groups to strengthen cultural identity. Activities under this sub-component include: i) community mobilization before VDA formation; ii) election of Village Development Committee (VDC) members; iii) provision of start-up funds; iv) engagement of a service provider for VDP facilitation and preparation; and iv) organization of an awareness campaign on Free Prior and Informed Consent procedures.

4.1.2 *Sub-Component 1.2: Improving delivery mechanisms of community services.* This subcomponent will address the weak delivery of public goods and social services to PVTGs by enhancing the delivery mechanisms and improving awareness amongst PVTGs. Through coaching and mentoring support, guidance, and culturally sensitive approaches, OPELIP-II will bridge the gap between development programmes and the unique socio-cultural needs of PVTGs, ensuring that services are contextually relevant and effective.

##### 4.2 *Component 2: Household food and nutrition security.*

4.2.1 *Sub-component 2.1: Behaviour change and nutrition education.* Based on OPELIP's experience, this component intends to intensify the village level activities using the Participatory Learning and Action (PLA) approach, to better understand the tribal food systems and promote optimum nutrition behaviors to improve the diets of

adolescent girls, women and children. The platform of women Self Help Groups (SHGs) will be leveraged to deliver focused modules on women empowerment, nutrition and WASH using a ICT4D approach, facilitated by a trained village level *nutri sathis*.

4.2.2 *Sub-component 2.2: Promotion of homestead food production.* This aims to improve household food and nutrition security by promoting the establishment of homestead kitchen gardens in 80,000 households in target PVTG villages. To achieve this, there will be intensive mapping of PVTG food systems and understanding the current knowledge and practices with respect to diets, WASH, and other traditions. A customized kitchen garden design will be developed focusing on foods that are lacking in the diets of the PVTG communities and will value local knowledge and practices.

#### 4.3 *Component 3: Improving agricultural productivity, market linkages, and incomes.*

4.3.1 *Sub-component 3.1: Sustainable intensification of climate-resilient crop and livestock production.* This subcomponent seeks to sustainably intensify the livelihoods and increasing the efficiency and scale of crop and livestock productive activities, while fostering the diversity of production systems and adoption of climate-friendly and resilient approaches to production. This is expected to result in increased productivity of crop and livestock products but also increased production to enable households to reach more rewarding and profitable markets.

4.3.2 *Sub-component 3.2: Marketing and value addition.* The subcomponent aims to enhance market access and access to finance for PVTGs via Agricultural Intensification Clusters (AIC), Steep Slope Agriculture Groups (SSAG), and livestock interventions. The approach goes beyond mere productivity improvements by addressing systemic challenges, including crop diversification, storage facilities, processing, and access to finance and markets. The capacity building and market linkage activities will cover 600 AICs, 600 SSAGs, and 280 Livestock Aggregators.

4.3.3. *Sub-component 3.3: Microenterprise development and access to finance.* This will bolster microenterprises within PVTGs using an approach that offers targeted support, access to finance, and capacity-building opportunities. The Programme will extend support to nearly 1,435 non-livestock and 1,400 livestock entrepreneurs, alongside 3,120 SHG. These aim to enable the creation of viable microenterprises, enhance entrepreneurial skills and improved financial access, and ultimately improve incomes and the livelihoods of benefited households.

#### 4.4 *Component 4: Elements related to Programme management, M&E, and learning.*

- (a) Institutional anchoring and coordination: Implementation arrangements at State and MPA levels have the capacities for planning, procurement, financial management, monitoring and evaluation, interdepartmental coordination, managing basic implementation structures in decentralized locations, designing participatory local community operations manual etc. The institutional anchoring and coordination will have two main pillars: (1) *Governance*, through three Committees at State, PMU and MPA levels, chaired by Government officials; and (2) *Management*, through PMU, MPAs and VDA for a decentralized community-driven approach.
- (b) Administrative and financial management (FM): OPELIP-II ensures the engagement of qualified FM staff for the PMU and MPAs.
- (c) Planning, monitoring and evaluation, knowledge management and communication: OPELIP has developed a Management Information System (MIS) that consists of several modules such as the SHG module, agriculture module, livestock module, etc. The entire MIS has been designed, developed and is being maintained in-house by the OPELIP team. Additional upgrades, as necessary, will also be implemented.

## II. Implementation Arrangements

5. *Lead Programme Agency.* The Lead Programme Agency at the state level is the Scheduled Tribes and Scheduled Castes Development, Minorities and Backward Classes Welfare Department of the Government of Odisha ("the Lead Programme Agency" or "(ST & SC Dev., M & BCW Department)").

6. *Programme Oversight Committee.* At the State level, a high level Programme Steering Committee (SLPSC) chaired by the Chief Secretary /Development Commissioner with Principal Secretary/Commissioner-cum-Secretary Scheduled Tribes and Scheduled Castes Development, Minorities and Backward Classes Welfare Department of the Government of Odisha as the member secretary and other members from key line departments like Agriculture & Farmers' Empowerment Department, Fisheries & Animal Resources Development Department, Finance Department, Revenue & Disaster Management Department, etc. A will provide overall oversight and governance to the Programme.

7. *Programme Management Unit.* The PMU set-up within ST & SC Dev., M & BCW Department will provide platform for the Programme. The implementation structure of the Programme will be strengthened to manage the increased scope of the Programme. The Programme Director, reporting to Principal Secretary/Commissioner-cum-Secretary ST & SC Dev., M & BCW Department who will be ex-officio Member Secretary of Programme Steering Committee, will head the PMU. The Principal Secretary/Commissioner-cum-Secretary, ST & SC Dev., M & BCW Department will support the linkages with other Government Departments, achieving high-level coordination efforts on Government priorities, and providing strategic and fiduciary oversight. The PMU will be strengthened with more thematic area experts, including: (i) a SECAP specialist, (ii) a Programme Officer (Capacity Building, Gender and Nutrition) to oversee the work of a technical agency responsible for the nutrition-related work, in line with best practices in OPELIP; (iii) support staff to deliver the key management and technical functions to MPAs and VDAs and overseeing implementation, coordinating financial management, policy support, M&E and KM and (iv) other experts as required

8. *Implementing partners.* OPELIP-II will ensure qualified Financial Management (FM) resources (i.e. staff and consultants) are employed to maintain accounting records for more than 1000 implementing partners. Also, a digital file management system will be used to collect, file and archive supporting documents.

9. *Monitoring and Evaluation.* The M&E system will be built on the current system already in place within OPELIP. The system will be participatory and decentralized, involving collection of data at the village level through Community Resource Persons (CRPs) and the dissemination of key results at the VDA level. The Logical Framework 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 programme 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 the Annual Work Plan and Budget (AWPB) and annual progress reports compatible with IFAD's Operational Results Management System (ORMS).

10. *Knowledge Management.*

The knowledge management activities will include: (i) publishing an annual report that highlights the Programme's best practices and lessons learned; (ii) engaging with various local and national media outlets to bring greater visibility of Programme activities; (iv) creating awareness about the Programme activities through social media; (v) developing posters and information videos on pertinent topics; (vi) preparing traditional knowledge related documentation (viii) the organization of knowledge sharing events such as review meetings and workshops at state and district levels; and (ix) policy consultative initiatives.



11. *Programme Implementation Manual (PIM).*

The PMU shall finalise the draft PIM prepared during the design to be approved by the State Level PMC and subject to prior review of the Fund. The PIM shall include procedures and processes for Programme implementation, financial administration and reporting and procurement. The PMU shall adopt the PIM substantially in the form approved by the State level PMC and subject to prior review of the Fund and may make amendments thereto from time to time with the prior review of the Fund, under intimation to the Department of Economic Affairs (DEA).

The State shall cause the Programme to be carried out in accordance with the PIM. In case of any discrepancies between the provisions of the PIM and those of this Agreement, the provisions of this Agreement shall prevail.

## Schedule 2

### *Allocation Table*

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

| <b>Category</b>            | <b>PBAS Loan<br/>Amount Allocated<br/>(Loan A)<br/>(expressed in US<br/>Dollars)</b> | <b>BRAM Loan<br/>Amount<br/>Allocated<br/>(Loan B)<br/>(expressed<br/>in US<br/>Dollars)</b> | <b>Percentage<br/>eligible for<br/>IFAD<br/>financing*</b> |
|----------------------------|--|--|--|
| Works                      | 17 500 000   |  | 100  |
| Grants and Subsidies       | 16 900 000   |  | 100  |
| Goods, Services and Input  | 7 770 000  | 25 000 000   | 100  |
| Training and Workshops     | 11 290 000   |  | 100  |
| Salary and Operating costs | 7 870 000  |  | 100  |
| <b>TOTAL</b>               | <b>61 330 000</b>  | <b>25 000 000</b>  |  |

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

- (i) "Works" shall mean eligible expenditures for infrastructure and works as described in Schedule 1.
- (ii) "Grants and Subsidies" shall mean eligible expenditures for grants and subsidies.
- (iii) "Goods, Services and Inputs" shall mean eligible expenditures incurred for Goods, Equipment and tools, non-consulting and consulting services, studies and materials and other inputs.
- (iv) "Salaries and Operating Cost" shall mean eligible expenditures related to operating costs, including salaries and allowances.

\*The Percentage is applied to Programme expenditures, excluding taxes and shares of other financiers.

## 2. *Disbursement arrangements*

- (a) The withdrawal and use of IFAD funds for OPELIP-II will be governed by the IFAD's Programme Financial Management and Financial Control Arrangements Letter (FMFCL) and Financing Agreement between IFAD and the Borrower.
- (b) *Retroactive financing.* As an exception to section 4.07(a) (ii) of the General Conditions, specific eligible expenditures incurred from April 1<sup>st</sup>, 2025, until the date of entry into force of this Agreement shall be considered eligible up to an amount equivalent to one million US dollars (USD 1 000 000) for activities

relating to project implementation commencement preparation. Activities to be financed by retroactive financing and their respective category of expenditures and source of financing will require prior no objection from IFAD to be considered eligible. Pre-financed eligible expenditures shall be reimbursed to the Borrower once additional conditions precedent to the first disbursement of funds specified in Section E.1 are fulfilled.

- (c) Audit arrangements. The office of the Comptroller and Auditor General (CAG) will audit, in accordance with acceptable to IFAD audit standards, Programme financial statements each year. It will send audit reports to IFAD within six months of the end of the financial year, or a later date as may be approved by IFAD on an exceptional basis, and a copy shall be submitted to DEA.

## Logical framework

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

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

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

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

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

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|  |   |    |         |         |                   |  |                     |  |
|--|---|----|---------|---------|-------------------|--|---------------------|--|
|  | Villages (number)   | -  | 500     | 1,138   | Programme MIS     | Quarterly                                | PMU                 |  |
|  | Tribal residential schools where kitchen gardens are established  |    |         |         |                   |  |                     |  |
|  | Tribal residential schools (number)   | -  | 20      | 50      | Programme MIS     | Quarterly                                | PMU                 |  |
| Outcome 3.1 Increased agriculture incomes of households from sustainable intensification and commercialization of crop, livestock, NTFP products | Target households increase their annual agriculture household incomes (agriculture, livestock and NTFP activities only, real) by at least 30% |    |         |         |                   |  |                     |  |
|  | Households (%)  | 0% | 20%     | 60%     | Impact Assessment | Baseline, Mid, and End-line Surveys      | PMU/External Agency |  |
|  | Households (number)   | -  | 30,000  | 90,000  |                   |  |                     |  |
|  | Target households report an increase in crop productivity of selected crops by at least 30% (compared to baseline)                            |    |         |         |                   |  |                     |  |
|  | Households (number)   | -  | 15,000  | 60,000  | Impact Assessment | Baseline, Mid, and End-line Surveys; AOS | PMU/External Agency |  |
|  | Households (%)  | 0% | 10%     | 40%     |                   |  |                     |  |
|  | 3.2.2 Households reporting adoption of environmentally sustainable and climate- resilient technologies and practices                          |    |         |         |                   |  |                     |  |
|  | Households (%)  | 0% | 30%     | 60%     | Impact Assessment | Baseline, Mid, and End-line Surveys; AOS | PMU/External Agency |  |
|  | Households (number)   | -  | 45,000  | 90,000  |                   |  |                     |  |
|  | Household members (number)  | -  | 180,000 | 360,000 |                   |  |                     |  |
| Output 3.1.1 Sustainable intensification of climate-resilient agricultural production and increased crop productivity                            | 3.1.4 Land brought under climate-resilient management   |    |         |         |                   |  |                     |  |
|  | Total area (ha)   | -  | 4,400   | 10,800  | Programme MIS     | Quarterly                                | PMU                 |  |
|  | Area under Agriculture Intensive Clusters (acre)  | -  | 6,000   | 15,000  |                   |  |                     |  |
|  | Number of AIC groups set up   | -  | 400     | 900     |                   |  |                     |  |
|  | Number of households covered under AIC  | -  | 10,000  | 22,500  |                   |  |                     |  |
|  | Area of slopy lands that has stabilized for agriculture (acre)  | -  | 5,000   | 12,000  |                   |  |                     |  |
|  | Number of SSAG set up   | -  | 250     | 600     |                   |  |                     |  |
|  | Number of households covered under land development   | -  | 25,000  | 40,000  |                   |  |                     |  |
| Output 3.1.2 Increased livestock production, productivity and share of livestock in overall household incomes                                    | Households practice sustainable livestock intensification   |    |         |         |                   |  |                     |  |
|  | Households practicing goat rearing  | -  | 30,000  | 77,000  | Programme MIS     | Quarterly                                | PMU                 |  |
|  | Households practicing backyard poultry  | -  | 35,000  | 80,000  |                   |  |                     |  |

Adequate capacity is built among programme households to adopt sustainable and climate resilient practices and extreme climatic events do not disrupt agriculture and livestock production

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

Agriculture produce by the farmers are of good quality that can good prices in the markets and farmers are able to access proper marketing channels for their produce

Sustainable and qualified business service providers are available to provide business development and entrepreneurship services to targeted enterprises



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

## Integrated programme risk matrix

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

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

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

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

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

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

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| <b>Risk:</b><br>The risk that the Borrower's regulatory and institutional capacity and practices (including compliance with the laws) are inadequate to conduct the procurement in a manner that optimizes value for money with integrity  | Substantial | Substantial |
| <b>Mitigations:</b><br>1) Review periodically the application procurement in accordance with the Programme Procurement Manual.<br>2) Review and clear programme procurement plan (consolidated) encouraging the use of competitive procurement methods<br>3) Provide consolidated procurement information on programme website (opportunities and awards)  |             |             |
| Accountability and Transparency  | Substantial | Substantial |
| <b>Risk:</b><br>The risk that accountability, transparency and oversight arrangements (including the handling of complaints regarding, for example, SH/SEA and fraud and corruption) are inadequate to safeguard the integrity of programme procurement and contract execution, leading to the unintended use of funds, mis-procurement, SH/SEA, and/or execution of programme procurements outside of the required time, cost and quality requirements.                       | Substantial | Substantial |
| <b>Mitigations:</b><br>1) Provide confidential report of complains received, under investigation and resolved.<br>2) Establish appropriate level of procurement reviews post and prior based on risk<br>3) Identify and report on risk flags during procurement supervision<br>4) Use IFAD standard bidding documents which include provisions for prohibitive practices and safeguards  |             |             |
| Capability in Public Procurement   | Substantial | Substantial |
| <b>Risk:</b><br>The risk that the implementing agency does not have sound processes, procedures, systems and personnel in place for the administration, supervision and management of contracts resulting in adverse impacts to the development outcomes of the programme.   | Substantial | Substantial |
| <b>Mitigations:</b><br>1) Strengthen procurement arrangements by engaging skilled procurement professionals to manage and support programme procurement at all levels.<br>2) Periodic training and support to be provided to various implementing agencies teams.<br>3) Nominations to BUILDPROC training and other trainings at national level institutions for procurement staff.<br>3) Ad-hoc offsite coaching by IFAD accredited procurement consultant and/or IFAD Staff. |             |             |
| Public Procurement Processes   | Substantial | Substantial |
| <b>Risk:</b><br>The risk that procurement processes and market structures (methods, planning, bidding, contract award and contract management) are inefficient and/or anti-competitive, resulting in the misuse of programme funds or sub-optimal implementation of the programme and achievement of its objectives  | Substantial | Substantial |



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

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

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

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