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INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
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REPORT AND RECOMMENDATION OF THE PRESIDENT

TO THE EXECUTIVE BOARD ON A PROPOSED LOAN TO THE

REPUBLIC OF INDIA

FOR THE

BIHAR-MADHYA PRADESH TRIBAL DEVELOPMENT PROGRAMME

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CURRENCY EQUIVALENTS

Currency Unit	=	Indian Rupee (INR)
USD 1.00	=	INR 42
INR 1.00	=	USD 0.0238

WEIGHTS AND MEASURES

1 kilogram (kg)	=	2.204 pounds (lb)
1 000 kg	=	1 metric tonne (t)
1 kilometre (km)	=	0.62 miles (mi)
1 metre (m)	=	1.09 yards (yd)
1 square metre (m ²)	=	10.76 square feet (ft ²)
1 acre (ac)	=	0.405 ha
1 hectare (ha)	=	2.47 acres

ABBREVIATIONS AND ACRONYMS

DPIUs	District programme implementation units
ESS	Environmental Screening and Scoping
FFSs	Farmer field schools
GS	<i>Gram Sabha</i>
M&E	Monitoring and evaluation
MP	Madhya Pradesh
NGO	Non-governmental organization
ODA	Official development assistance
PMU	Programme management unit
PTGs	Primitive tribal groups
SCs	Scheduled castes
SHGs	Self-help groups
STs	Scheduled tribes
TDS	Tribal development society

GOVERNMENT OF THE REPUBLIC OF INDIA

Fiscal Year

1 April - 31 March



MAP OF THE PROGRAMME AREA

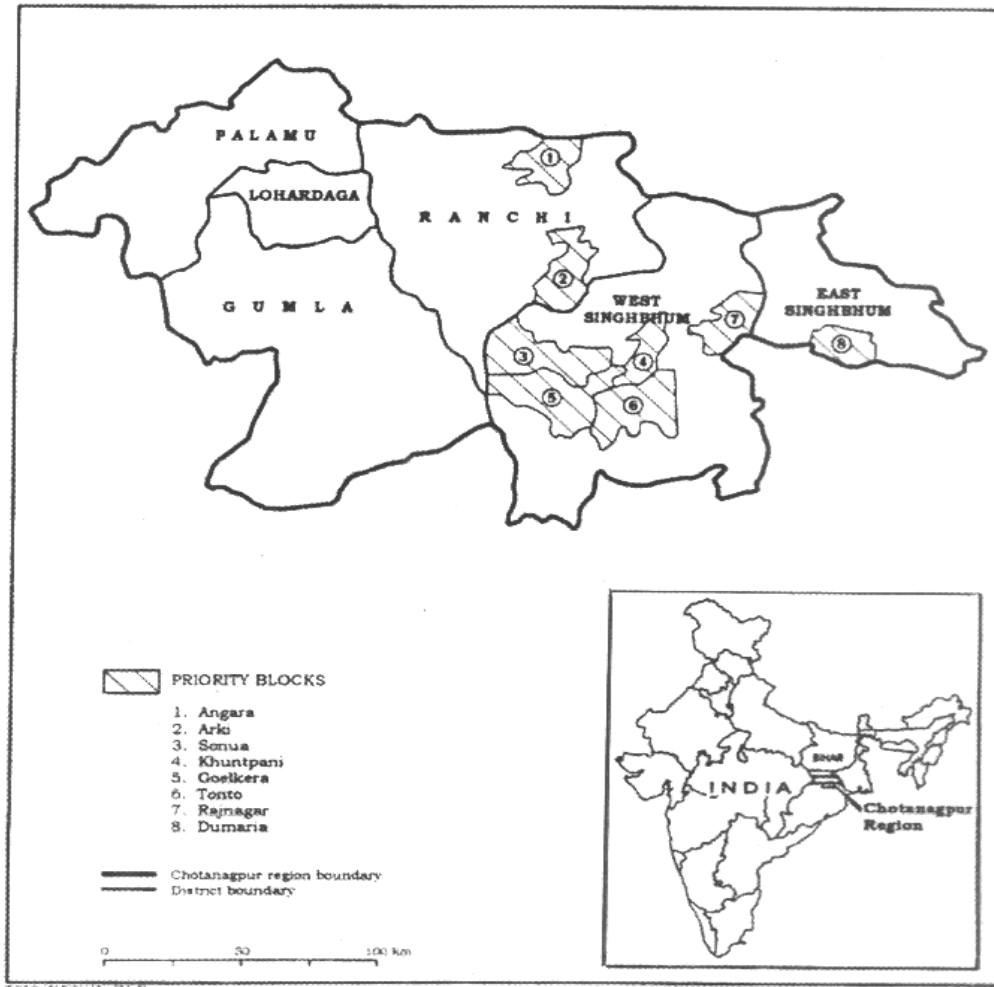


Source: IFAD's Appraisal Report

The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.



MAP OF THE PROGRAMME AREA



Source: IFAD's Appraisal Report

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REPUBLIC OF INDIA

BIHAR-MADHYA PRADESH TRIBAL DEVELOPMENT PROGRAMME

LOAN SUMMARY

INITIATING INSTITUTION:	IFAD
BORROWER:	Republic of India
EXECUTING AGENCY:	State Governments of Bihar and Madhya Pradesh through respective Tribal Development Societies (TDSs)
TOTAL PROGRAMME COST:	USD 41.7 million
AMOUNT OF IFAD LOAN:	SDR 16.95 million (equivalent to approximately USD 23.0 million)
TERMS OF IFAD LOAN:	40 years, including a grace period of ten years, with a service charge of three fourths of one per cent (0.75%) per annum
COFINANCIER:	Department for International Development (United Kingdom)
AMOUNT OF COFINANCING:	USD 10.5 million
TERMS OF COFINANCING:	Grant
CONTRIBUTION OF THE BORROWER:	USD 4.8 million
CONTRIBUTION OF THE BENEFICIARIES:	USD 3.4 million
APPRAISING INSTITUTION:	IFAD
SUPERVISING INSTITUTION:	IFAD



PROGRAMME BRIEF

The target group and the poverty situation. The proposed programme will cover two of the three states with the highest proportion of tribal population of India: Madhya Pradesh (MP) and Bihar. It proposes to use the opportunity created by the recent constitutional amendment concerning the extension of the *Panchayats* Act to the Scheduled Areas and to assist state governments in establishing and empowering collaborative relationships with the scheduled tribe communities. The target groups will comprise all households in the selected villages, i.e., villages, hamlets and habitations with tribal groups, primitive tribal groups (PTGs) and scheduled caste population of not less than 50% of the total population in which the majority of the households live below the poverty line. The programme will benefit an estimated 370 000 beneficiaries of 74 000 households located in 1 370 natural villages. Of these, almost 6 000 families will come from the PTGs. The scheduled tribes (STs) have been specifically selected as the target group because they bear a disproportionate share of the poverty in India. While they account for only 8% of the total population, they comprise 40% of the displaced population. Literacy rates among the STs are less than half of the general population. For rural tribal women it is about one fourth.

Programme activities to benefit the target group. The programme will develop and implement a replicable model that ensures household food security and improves livelihood opportunities and the overall quality of life of the tribal population, based on the sustainable and equitable use of natural resources. This will be achieved by empowering tribal grass-roots associations, increasing the productivity of land and water resources, and generating sources of income outside of agriculture, particularly for the landless. The proposed programme will have three main components. Under the beneficiary-empowerment and capacity-building component, the programme will finance a broad-based awareness-raising of tribal rights and of gender and equity issues, legal and managerial strengthening, and technical training. Similarly, under livelihood-systems enhancement, it will finance all production-related activities and enabling measures, namely land and water management and watershed development. Also included are community-based small infrastructures, production-system improvement, rural microfinance, and health and nutrition. Under the programme management component, the programme will finance the following: the relevant running costs for the tribal development societies (TDSs); a legal defence fund; specialized and baseline studies; training of staff and development of training material; exposure visits; study tours and technical assistance; and the costs associated with the capacity-building of facilitating non-governmental organizations (NGOs) and their contractual support services.

Beneficiary participation. The programme will be implemented mainly by institutions that belong to the beneficiaries. For this purpose, village assemblies (*Gram Sabha* (GS)) will be established to plan, coordinate and monitor programme activities. A programme executive committee will be established by the GS, which will be responsible for consolidating the various sub-plans proposed. These will then be submitted to the GS for approval. The programme will bring together partner-facilitating NGOs that will be responsible for assisting the GS in the programme's overall implementation. These NGOs will be supported by resource NGOs and/or other private-service providers and line departments for specific technical support and other areas, as per the needs expressed by the GS. Programme beneficiaries will be directly involved in establishing and using a participatory research and extension system using a farmer field schools (FFS) approach and a learning system through participatory monitoring systems. The project design itself benefited from intensive participatory rural appraisal (PRA) exercises, NGO and reality check workshops, and extensive consultations with the institutions implementing the poverty-alleviation programmes funded by the Government and other donors.



**REPORT AND RECOMMENDATION OF THE PRESIDENT OF IFAD
TO THE EXECUTIVE BOARD ON A PROPOSED LOAN TO
THE REPUBLIC OF INDIA
FOR
THE BIHAR-MADHYA PRADESH TRIBAL DEVELOPMENT PROGRAMME**

I submit the following Report and Recommendation on a proposed loan to the Republic of India for SDR 16.95 million (equivalent to approximately USD 23.0 million) on highly concessional terms to help finance the Bihar-Madhya Pradesh Tribal Development Programme. The loan will have a term of 40 years, including a grace period of ten years, with a service charge of three fourths of one per cent (0.75%) per annum. It is proposed that this IFAD-initiated project be directly supervised by the Fund since the proposed programme strongly focuses on beneficiary participation, empowerment and grass-roots institution-building, and emphasizes action learning.

PART I - THE ECONOMY, SECTORAL CONTEXT AND IFAD STRATEGY¹

A. The Economy and Agricultural Sector

1. With an area of 3.29 million km² and a population in 1997 of over 960 million, India is a vast and diverse country. After its independence in 1947, India adopted rapid industrialization as its principal strategy and under this policy regime both gross domestic savings and investment increased remarkably. The overall growth rate, which remained generally low until about 1980, has increased since 1991, when the process of liberalizing the formerly closed and highly regulated economy began. The rate dropped again, however, during 1997/98. Agriculture remains the single largest contributor to the poor's well-being, sustaining 75% of the rural labour force. Despite such dependence, two thirds of India's farmers continue to depend on erratic monsoons for irrigation.

2. The household consumer expenditure survey conducted during 1993/94 showed that slightly less than 40% of India's population was under the officially defined poverty line, or over 325 million people. Of these, over 280 million lived in rural areas. Of the estimated 1.3 billion poor in the world, about 27% are in India. Among the social groups, the scheduled tribes (STs) have the highest proportion of poor (54%). While the tribal population accounts for only about 8% of the total population, it constitutes 40% of the displaced population. In 1991, the literacy rate among STs was only 24% and only 13% among tribal women, compared to 52% in the total population.

3. India has about 532 STs that speak over 100 different languages, with each tribe having its own ethnic and cultural identity. In 1991, the ST population in the country was about 68 million, constituting about 8% of the total population. Madhya Pradesh (MP) accounts for 23% and Bihar for about 10% of the total tribal population in the country. Individual tribes and tribal populations have been accorded special rights and protection under Article 342 of the Constitution of India. Under Article 275, special financial assistance is provided by the central Government to the states for implementation of schemes for the development of STs.

¹ See Appendix I for additional information.



4. In spite of the large amount of allocated resources and the plethora of programmes, the impact of the Government's efforts to raise the standard of living of the tribal population has been limited. Among the Government's recent initiatives for the development of the tribal population, the extension of the *Panchayats* Act to Scheduled Areas' legislation in 1996 is a major landmark as it empowers tribal communities to gain greater control over their own development and to manage their natural resources. Every *Gram Sabha* (GS) also has the power to exercise control over institutions and functionaries of all social sectors and to have command over local plans and the resources for such plans, including tribal sub-plans.

B. Lessons Learned from Previous IFAD Experience

5. IFAD has financed thirteen projects in India since 1979, with funding amounting to some USD 345 million. Of these projects, four specifically target the tribal population. The major lessons drawn from the implementation experience of the tribal development projects are as follows: (i) for sustainable interventions, focus must increase on empowerment, grass-roots institutional development and local capacity-building; (ii) communities have shown an encouraging degree of responsiveness when the changes proposed are relevant to their needs; (iii) while the incidence of poverty is highest in rainfed areas where most tribals live, project management has not adequately emphasized research and extension in these areas; (iv) lack of access to formal credit and a very high level of indebtedness to the informal sector often constitute major obstacles to improving the tribal population's standard of living; (v) there is a high degree of rigidity in the systems and procedures of governmental organizations; often they find it difficult to respond to a participatory and demand-driven approach; and (vi) most of the tribal communities are unaware of their legal rights and thus legal literacy needs to be promoted.

C. IFAD's Strategy for Collaboration with India

6. **The country's policy for poverty alleviation.** In recent decades India has spent fairly large amounts on anti-poverty programmes. Of the total central plan budgetary expenditure, 5.5% was spent on anti-poverty programmes in 1990-91. The amount increased to 8% in 1993-94, and has more or less stabilized at this level. A large part of the total central allocation is for food subsidies, which account for almost 40% of the anti-poverty programmes. Apart from two states – Andhra Pradesh and Kerala – the impact of food subsidies upon the poor is limited. Rural employment programmes have grown quickly in recent years and, in terms of central government allocation, equal the food subsidy programme. The Integrated Rural Development Programme aims at creating self-employment through credit from banks and a one-time capital grant from the Government. This programme exclusively targets households below the poverty line and has assigned priority to scheduled castes (SCs), STs and women.

7. In almost all poverty-alleviation programmes, "encroachment" and "left-out" inaccuracy is visible when targeting. Studies show that "left-out" inaccuracy is much higher than the encroachment error. In addition, access of the poor to education and health in India continues to remain low. In fact, public spending on education offers very few benefits to the poor and, as a result, the enrolment and attainment levels of children from poorer households are much lower than those of richer children. The poor face a disproportionately higher risk of falling sick than the rich, particularly from infectious diseases; the poor members of SCs run a higher risk of premature death. As long as larger, non-targeted subsidies continue, allocation for critical social services is likely to remain low, and consequently with it, the quantity and quality of these services as well.

8. The Government's Approach Paper to the Ninth Five-Year Plan (1997/2002) recognizes the need for continued direct State intervention in poverty alleviation, emphasizes the empowerment of SCs, STs, other backward castes and minorities, encourages self-help groups (SHGs) to practice



savings and prevents the alienation of tribal lands. The paper identifies initiative and participation as the key elements in the process of development and recognizes that the Government's role should be to facilitate the process of people's involvement by creating appropriate institutional infrastructure. It prioritizes promoting such participatory institutions as the *Panchayats Raj* institutions and advocates a steady decline in the paternalistic role of the State.

9. **The poverty eradication activities of other major donors.** Official development assistance (ODA) contributes to about 18% of India's development budget. However, its emphasis on social-sector investments and innovative inputs has enabled ODA to perform a catalytic function. In recent years India's average annual gross receipt of ODA was about USD 3 billion. The World Bank group is largest in terms of ODA volume and on average has accounted for over 50%. The World Bank's assistance to India in recent years shows a clear tilt towards the social sector, especially towards education and health. Agriculture still accounts for a fairly large share, while efforts for anti-poverty programmes are being intensified. Among major bilateral agencies, the Overseas Economic Cooperation Fund (Japan) concentrates mostly on the power and transportation sectors. German development cooperation is shifting remarkably from large and high-tech projects to the social sector, and more specifically to poverty alleviation. The Department for International Development (United Kingdom) aid programme concentrates mainly on supporting the Government's efforts to alleviate poverty; it emphasizes the provision of basic services such as health, education, water and sanitation and urban services, including slum improvement. Most donor agencies have a strong poverty focus in their development cooperation with India. Many actively support microenterprises, microfinance, primary health and education, and management of rainfed areas.

10. **IFAD's strategy for collaboration with India.** Indian society is highly complex and stratified. This offers the opportunity to define a strategic niche and identify and select the target group. India's relatively more open political and social systems, its constitutional guarantee for the protection of minority and disadvantaged groups, and the relative abundance of non-governmental organizations (NGOs) and other civil-society partners provide a framework broad enough to elicit beneficiary participation, develop grass-roots institutions and ultimately empower the intended clientele.

11. Taking note of the above, IFAD's lending strategy in India focuses on: (i) concentrating on those niche investments that, if proven successful, can be taken up on a larger scale by the Government and larger international financing institutions and bilateral agencies; (ii) utilizing the opportunity created recently with the empowerment of local bodies, and in particular the devolution of authority to the GS to empower the poor; (iii) suitably integrating the SHGs with the GS in order to achieve synergy among economic advancement, institutional development, and empowerment; (iv) prioritizing rainfed agriculture using watershed development and overall natural resource management strategy, given the preponderance of poverty in the rainfed areas; and (v) targeting the rural population belonging to STs, SCs and women in view of the higher incidence of poverty, vulnerability and usually lower social status of these groups.

12. **Programme rationale.** In terms of poverty, illiteracy, poor nutritional and health status, and the lack of access to social and technical services, the tribal population remains the most disadvantaged section of Indian society. They face the dual problem of a limited resource base and a low agricultural productivity. Low productivity is aggravated by the absence of soil and water conservation measures. The low level of productivity and sharply fluctuating income levels force tribal households to borrow from traders and money lenders, trapping them in a vicious cycle of chronic indebtedness. Development initiatives in the tribal areas have so far been Government-led and have tended to promote dependency rather than build self-reliance. It is necessary to debureaucratize the development process and involve local communities more effectively in the planning and execution of development programmes at the local level.



13. The scope for development is positive. Traditional tribal values are still ingrained in the communities. These could be revived and strengthened and the concepts of community planning and action built up, given the right sensitivity of approach. In addition, the Government has shown its openness in providing the necessary enabling and supportive environment through its active support for decentralization and devolution of power to the GS. The NGOs are now making some encouraging attempts to introduce participatory processes.

PART II - THE PROGRAMME

A. Programme Area and Target Group

14. The programme will cover selected blocks in three districts in MP — Jashpur, Raigarh and Surguja — and an equal number of districts — Ranchi, East Singhbhum and West Singhbhum — in Bihar. In MP and Bihar, 17 and 12 blocks, respectively, have been identified for initiating programme activities in the first three years. The programme will benefit about 1 370 natural villages, including 170 primitive tribal groups (PTGs) villages and 390 forestry villages.

15. Poverty is both deep and widespread in the programme area. In the Bihar subprogramme area, over 63% of the total rural tribal population live below the absolute poverty line. In the MP section, the proportion of the total poor in 1991/92 was about 77% in Surguja and 56% in Raigarh. In broader terms, malnutrition, poor health, pauperization, marginalization and vulnerability have been on the rise in the programme area. In some areas, land alienation has been complete and the tribal households in these areas are among the poorest. In addition, increasing deforestation, the degradation of land and the rising population have increased the tribal population's vulnerability by affecting their resource base and means of livelihood. Seasonal migration in the programme area occurs extensively.

16. Male literacy ranges from 18 to 44%, while female literacy ranges from 6 to 16%. The literacy rate of the PTGs is even lower — among the Pahari Korwas, it is barely 5% and among the women, it is almost nil. Most of the tribes in the programme area also suffer from serious diseases, such as tuberculosis, leprosy and malaria. Around 68% of pregnant and lactating women suffer from anaemia. The deficiencies among pre-school children lead to underweight for 60% of them and to severe underweight for the worst affected (25%).

17. Agriculture in the programme area is predominantly rainfed and monocropped. Only about 8% of the cultivated land in the Bihar programme area and 4% in MP is under irrigation. Almost all those living in or near the forest belt depend upon collection of non-timber forest products for consumption and sale. Livestock raising is an important component of the production systems and is fully integrated with crop production. It also provides a cash reserve. Wage labour in or near the villages and through migration under precarious conditions provides additional cash resources. It is estimated that an average tribal household in the upland system is only able to meet 20 to 40% of its food requirements; those in the mixed system, 30 to 40%; and those in lowland systems, between 50 to 70%. The level of indebtedness among tribal households is very high and the dependence is overwhelmingly upon informal money lenders. About 58% of the tribal households in Bihar and 47% in MP were found to be indebted. As a result, the majority of tribals have fallen into the debt trap, sometimes leading to debt bondedness.

18. Learning from the experience of earlier tribal development projects and programmes in India, the proposed programme will focus on poverty alleviation through the process of empowerment and gender sensitivity. More specifically, the target group will consist of all households in the hamlets, habitations or villages in the selected microwatersheds in which the tribal,



PTGs and SC populations is at least 50% of the total population and in which most of the households live below the poverty line. Tribal and non-tribal populations will both be part of the target group, but the tribal population will represent the largest share. The programme will focus on the poorest and most vulnerable. These include: (i) tribal women, youth and children; (ii) the PTGs and hill cultivators; (iii) the SC; and (iv) landless, marginal and small farmers.

B. Objectives and Scope

19. The programme's objective will be to develop and implement a replicable model that ensures household food security and improves the livelihood opportunities and the overall quality of life of the tribal population, based on a sustainable and equitable use of natural resources. To achieve this, the programme will: (i) empower tribal grass-roots associations and users' groups, including women and other marginal groups, so that they will become more capable of planning, implementing and managing their own development and negotiating with the relevant authorities to harness the necessary resources; (ii) promote activities that generate sustainable increases in production and productivity of land and water resources; and (iii) generate alternate sources of income outside of agriculture, particularly for the landless.

C. Components

20. The programme will adopt a flexible, process-oriented and demand-driven approach whereby the beneficiaries determine their priority activities and, with some external assistance, establish the resources needed for effective implementation. In this light, the estimates of activities are purely indicative. The proposed programme interventions have been grouped into three main components: beneficiary-empowerment and capacity-building; livelihood-systems enhancement; and programme management.

21. **Beneficiary-empowerment and capacity-building.** In the context of the *Panchayats Raj* initiative, the programme will finance broad-based awareness-creation on tribal rights and gender and equity issues. It will also include managerial strengthening of GS members through training, exchange visits and study tours. Provision has also been made for the study of laws affecting the tribal population, setting up a legal defence fund for defending the rights of tribal households and financing the honorarium of grass-roots level volunteers. Funds have been set aside for the development of a gender and equity strategy and sensitization of all stakeholders. In addition, technical training will be provided to the beneficiary households in conjunction with the implementation of crops, animal husbandry, fisheries and soil and water conservation activities. Technical training will feature especially the development of farmer-based technology generation through the establishment of farmer field schools (FFSs). The programme will finance both national and international technical assistance.

22. **Livelihood-systems enhancement.** The programme will establish a land and water management fund that will be used to finance land and water conservation measures, irrigation management, rural potable water supply and the access tracks and rural roads. The programme will also support formal research institutions and state agricultural universities for adaptive research projects requested by beneficiaries during the FFS sessions. The search for crop technologies aims to provide a "basket of choice approach". Emphasis needs to be placed on the farmers' participatory, varietal selection and farmers' participatory plant breeding to meet the farmer-preferred characteristics. The programme will find the ways and means to ensure timely seed availability and will support community-based forest management. Within this, the programme will support the establishment of nurseries and on-site nursery research that will directly benefit the landless and disadvantaged groups (mainly women, headloaders) that would be negatively impacted by forest closure in the initial years. The programme also finances group farm and forestry activities.



23. The programme's livestock strategy begins with support to existing village livestock systems. For this purpose, it will finance both training of village animators and a small fund that will provide the working capital for buying vaccines and some first aid supplies for the animals. Under the aquaculture sub-component, the following activities are likely to be included: small-scale fish breeding using village-based breeding devices; the nursing of fish fry, including fingerling production; fry transportation systems with low-technology aeration; and developing opportunities for fish production in the rice paddies, seasonal water bodies and community perennial ponds. Facilitated access to aquaculture options for women, landless and marginal farmers will focus on fish breeding, fry transport and homestead fish culture.

24. The approach to developing a viable rural financial service in the programme area will consist of promoting SHGs. This will involve fund mobilization, mainly by generating members' savings, and complemented by seed capital assistance and the formation of SHG clusters. The programme will also develop an alternative, community-based financial services mechanism, make provision for health and nutrition services, and finance the recruitment and training of village health volunteers and traditional birth attendants. It will also provide a kit of basic medicines and establish mobile health clinics. The village health workers will also offer a nutritional education programme.

25. **Programme management.** Under the tribal development society (TDS) to be established in each state, the programme will finance a programme management unit (PMU) and two district programme implementation units (DPIUs). The programme will also finance NGOs in order for them to mobilize beneficiary communities in implementing the programme, while also strengthening, both in the managerial and technical areas, facilitating NGO staff. Funds have been set aside for annual beneficiary review workshops, inter-programme workshops on SHGs and the exchange of experience and building working linkages with donors, NGOs and government staff. The programme will support setting up a monitoring and evaluation system, including the development of a computerized programme management system, baseline studies, interim assessment studies and impact studies.

D. Programme Costs and Financing

26. The total programme cost over eight years, inclusive of contingencies, duties and taxes, is estimated at USD 41.7 million. Foreign currency price contingencies are based on an international yearly inflation in USD, following the latest World Bank forecasts for India. Of the total cost, MP is estimated at USD 25.7 million and USD 15.9 million for Bihar. The overall programme cost is summarized in Table 1. The largest component is livelihood-systems enhancement activities, which account for 61% of the total costs.

TABLE 1: SUMMARY OF PROGRAMME COSTS^a
(USD '000)

Components	Local	Foreign	Total	% of Foreign Exchange	% of Base Costs
Beneficiary-empowerment and capacity-building					
Planning and management strengthening	3 108	190	3 298	6	9
Technical capacity-building	1 512	1 366	2 878	47	8
Subtotal	4 619	1 566	6 175	25	17
Livelihood-systems enhancement					
Land and water management	10 390	1 063	11 454	9	32
Community-based forest management	2 357	152	2 509	6	7
Production-systems enhancement	4 585	382	4 967	8	14
Health and nutritional services	3 034	204	3 238	6	9
Subtotal	20 366	1 802	22 168	8	61
Programme management					
TDSs-PMU	1 597	169	1 766	10	5
TDS-DPIUs	1 851	195	2 046	10	6
NGO support	3 740	425	4 165	10	11
Subtotal	7 188	787	7 977	10	22
Total base costs	32 173	4 147	36 320	11	100
Physical contingencies	1 826	204	2 030	10	6
Price contingencies	2 915	399	3 314	12	9
Total programme costs	36 914	4 750	41 664	11	115

^a Discrepancies in totals are due to rounding.

27. Of the total programme cost, the IFAD loan will finance USD 23.0 million (55%), the Governments of Bihar and MP USD 4.8 million (12%), and the beneficiaries USD 3.4 million (8%). The remaining USD 10.5 million (25%) will be financed by the Department for International Development (United Kingdom). Of the amount proposed to be borne by the Government, about USD 2.5 million will be in the form of duties and taxes.

TABLE 2: FINANCING PLAN^a
(USD '000)

	IFAD		Government		Beneficiaries		Cofinancier		Total		Foreign	Local	Duties
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Exch.	(Excl. taxes)	and Taxes
					t				t				
Beneficiary-empowerment and capacity-building													
Planning and management strengthening	2 537	69.7	193	5.3	-	-	910	25.0	3 641	8.7	218	3 322	101
Technical capacity-building	1 786	58.4	648	21.2	-	-	624	20.4	3 059	7.3	1 439	1 552	68
Subtotal	4 324	64.5	841	12.6	-	-	1 535	22.9	6 700	16.1	1 657	4 874	169
Livelihood-systems enhancement													
Land and water management	7 091	52.0	1 800	13.2	1 252	9.2	3 494	25.6	13 638	32.7	1 293	11 135	1 210
Community-based forest management	1 032	34.3	261	8.7	1 224	40.7	488	16.3	3 005	7.2	186	2 643	175
Production-systems enhancement	3 019	51.2	672	11.4	872	14.8	1 333	22.6	5 897	14.2	468	5 012	417
Health and nutritional services	2 458	67.4	237	6.5	-	-	952	26.1	3 646	8.8	244	3 295	107
Subtotal	13 599	51.9	2 971	11.3	3 348	12.8	6 268	23.9	26 186	62.8	2 191	22 086	1 910
Programme management													
TDSs- PMU	1 173	60.3	151	7.8	-	-	620	31.9	1 944	4.7	194	1 665	85
TDS-DPIUs	1 576	69.1	143	6.3	-	-	560	24.6	2 280	5.5	231	1 954	95
NGO support	2 328	51.1	671	14.7	-	-	1 556	34.2	4 555	10.9	477	3 850	228
Subtotal	5 077	57.8	965	11.0	-	-	2 737	31.2	8 779	21.1	902	7 469	407
Total disbursement	23 000	55.2	4 777	11.5	3 348	8.0	10 539	25.3	41 664	100.0	4 750	34 429	2 486

^a Discrepancies in totals are due to rounding.





E. Procurement, Disbursement, Accounts and Audit

28. All procurement will be in accordance with procedures acceptable to IFAD. Programme activities will be mainly small scale and within both the management scope of tribal communities and the limits of local shopping procedures. Local competitive bidding will apply for the procurement of all items whose value is the equivalent of USD 25 000 or more. This will mainly apply for the procurement of vehicles and office equipment. Items valued at the equivalent of USD 10 000 or more and less than USD 25 000 will be subject to local shopping procedures, after obtaining at least three bids from local suppliers. For items costing less than USD 10 000 (with the exception of civil-engineering works), direct purchase can be made. Annual contracts, to be signed between the TDS and the NGOs, will specify procurement methods to be adopted by NGOs, acceptable to IFAD. Similarly, technical assistance will be procured in accordance with procedures acceptable to IFAD. Any contract with an estimated value of USD 100 000 will require the prior approval of IFAD.

29. Disbursements are projected over a period of eight years, beginning June 1999. Retroactive financing of programme-related activities beginning 1 December 1998 and up to an amount of USD 500 000 is provided for preparatory activities. Separate records and accounts related to programme expenditures will be maintained by each concerned institution, i.e., TDS, PMU, DPIU, the NGO, other service providers, village communities, etc. All requests for disbursements will be prepared by the DPIUs and aggregated by the TDSs. Withdrawals from the loan account in respect of contracts valued at less than USD 20 000 or equivalent may be made against a certified statement of expenditures. A Special Account with an authorized allocation of USD 2 million will be established in the Reserve Bank of India.

30. The TDS accounts and those of its constituent, the DPIUs, will be audited by professionally chartered accountants and by the Controller and Auditor General of India. One consolidated statement each will be prepared for Bihar and MP and will be submitted to IFAD through the Ministry of Social Justice and Empowerment. Certified copies of audit reports and financial statements, including a separate opinion on the statements of expenditure, will be submitted to IFAD within six months after the end of each fiscal year. The NGOs will submit their audited statements, in a form acceptable to the TDSs. These statements will separate the expenditures made under the programme from the overall NGO accounts. The sample audit of GS project executive committee accounts will be carried out by the TDSs, which will obtain the services of the registered auditors to this end. In the initial years, the NGOs will undertake the regular audit of SHG accounts and submit a summary statements to the DPIUs.

F. Organization and Management

31. At the village level, the GS will be the basic unit for planning, coordinating and monitoring programme activities. The GS will establish a programme executive committee, which will be responsible for consolidating the various sub-plans proposed. These will then be submitted to the GS for approval. Overall responsibility for programme implementation lies with a TDS in each state, which will be established as an autonomous agency. The TDS board of directors will comprise government representatives, facilitating NGOs, and will have progressively increasing representation from the beneficiaries. Under the TDS umbrella, a PMU and two DPIUs will be established, which will both have a professional management team to discharge its functions. At the Government level, a monitoring cell will be established in the Ministry of Social Justice and Empowerment to monitor the overall performance of the programme and facilitate the exchange of experience between the two states. The TDSs will bring together partner-facilitating NGO, which will be responsible for assisting the GS in the overall implementation of the programme at the block level. These NGOs will be



supported by resource NGOs and/or other private-service providers and line departments for specific technical support and other areas, as per the needs expressed by the GS.

32. Given the programme's innovative nature and the need to benefit from implementation experience, the programme will finance the establishment of a comprehensive monitoring and evaluation (M&E) framework. It will provide strong linkage to the programme learning system, which has been identified as a major programme output. An experienced M&E agency will be hired by the TDS to: develop the comprehensive framework to be used by all participating districts; train TDS/DPIU/NGO staff in its operations; and undertake the concurrent M&E and impact evaluation. A procedure for the participatory monitoring of activities will be established at the start of the programme for measuring its process, effect and impact. As part of the procedure, beneficiaries will assist in establishing realistic indicators and the means for measuring the effectiveness of the support they receive. A mid-term review will be undertaken towards Year Three that will review the progress made and recommend any reorientation. Concurrent thematic and interim impact assessment studies/surveys will assess the programme's overall impact in achieving programme objectives.

33. IFAD will directly supervise the programme. An essential element of the supervision strategy will be learning from implementation experience, particularly during the pilot phase and enabling modifications in the programme design and implementation approaches. In view of the dynamic nature of the programme's impact on distributional justice, it is suggested that the analyses of equity implications be expanded and updated during programme implementation as a guide for designing and implementing mitigating measures.

G. Economic Justification

34. The programme will benefit an estimated about 74 000 households in about 1 370 natural villages, including about 170 PTG villages and about 390 forestry villages. Of these, over 51 000 households are located in MP and over 22 600 in Bihar. With an estimated average household size of five, there will be almost 370 000 beneficiaries. About 5 950 households – 4 900 in MP and 1 050 in Bihar – will come from the PTGs.

35. Since the programme is demand-driven, any estimate of production impact is only notional. On the basis of the likely changes to crop production, potential grain production has been estimated at 6 430 t. This will result mainly from yield improvement and crop switching that will occur in response to better moisture and soil conditions. A large increase in vegetable production (5 140 t) is expected, especially in areas immediately downstream from rehabilitated village tanks. Similarly, goat and chicken meat production are expected to increase by 4 100 and 1 400 t, respectively.

36. In general, the activity models for fisheries, livestock and on-farm forestry suggest reasonably good returns, ranging from about 24 to over 100%. Similarly, returns to labour seem especially high, exceeding INR 100 per day in most activities. The proposed programme activities are expected to generate about 2.45 million workdays of employment annually during programme implementation. In addition, credit-financed activities will generate on a sustained basis about 300 working days of employment per village. Over a 20-year planning period, the economic rate of return is estimated at 14.2%. If the cost of health and empowerment-related activities are ignored, the rate rises to 15.2%. If the costs of economically productive activities alone are included, it rises to 26%.



H. Equity

37. The programme will have important distributional or equity impacts. Preliminary analyses show that the headloaders and the landless households who depend upon common grazing land for livestock rearing may be adversely affected through community-forestry and conservation-related activities. Similarly, women may become “losers” if the bunded land is converted into paddy fields. A shift to cash crops may reduce household food security, and women and children may be affected more severely. But interventions related to drinking water and fodder cultivation may also help women in reducing their workload. The programme consciously targets certain income-generating activities such as fisheries, poultry, tree nurseries, and off-farm activities to the “losers”. In addition, the SHG promotion programme will prioritize the involvement of the landless. The creation of wage-employment opportunities through the watershed development will act as a safety net, at least in the initial years.

I. Risks

38. The programme has a number of risks. First, failure to strengthen the community institutions and devolve responsibility for management of development activities to the communities will result in the degeneration of the programme into a conventional tribal development programme. This risk has been reduced by laying emphasis on enabling the implementation of the legislation and on the sensitization and training envisaged for various stakeholders including government staff. Second, identification and careful selection of competent NGOs, capable of building local leadership capacity, is a prerequisite for programme success. The regional NGOs, especially those in MP, are relatively inexperienced. Programme design recognizes this weakness and has provided for substantial NGO capacity-building: it has introduced some flexibility into the implementation mechanism. Third, there are risks associated with the provision of services required under the programme, such as the FFSs. The provision of a core group of professional staff in key disciplines in the DPIUs, supported by a national and international programme support team, is expected to overcome this risk. Fourth, the programme represents a challenge to the overall development ethos in the tribal areas, including overcoming the dependency attitudes of communities that have become an inherent part of all Government-supported development activities. This could be a risk for the programme. The inherent desire among the tribal population to become self-reliant, complemented by strong awareness-raising and capacity-building activities, is expected to mitigate it.

J. Environmental Impact

39. An Environmental Screening and Scoping (ESS) was carried out during the reformulation process. Three of the programme’s key environmentally related aspects are its integrated watershed approach to agricultural development, its focus on community-based forest management and the encouragement of alternative income-generating opportunities for the poor and marginalized. All can yield substantial environmental benefits. Seen in this light, the ESS proposed to classify the proposed programme as an IFAD Category B project. However, since the programme’s activities will be demand-driven and specified during implementation, the ESS proposed setting up a screening procedure for all financing requests. The technical officers and the monitoring officer of the DPIUs will screen the proposed categorization and mitigation measures.

K. Innovative Features

40. The programme has many innovative features that link up well with IFAD’s corporate strategy. It proposes to strengthen the role of community-based organizations by formalizing them and by building their capacity to plan and execute development activities. The programme has adopted a highly process-oriented approach and greatly emphasizes the empowerment of beneficiary



groups and their active participation in self-development. Similarly, it proposes a highly flexible programmatic approach to facilitate the adoption of a demand-driven approach to planning and execution. This will ensure the relevance of programme activities to the needs and aspirations of the intended clientele. The introduction of the concept of autonomous TDSs will bring professionalism in terms of programme management. Furthermore, the programme will introduce for the first time watershed management as an intervention methodology. This approach will encourage a holistic and more sustainable approach to the natural resources management.

PART III - LEGAL INSTRUMENTS AND AUTHORITY

41. A loan agreement between the Republic of India and IFAD constitutes the legal instrument for extending the proposed loan to the borrower. A summary of the important supplementary assurances included in the negotiated loan agreement is attached as an annex.
42. The Republic of India is empowered under its laws to borrow from IFAD.
43. I am satisfied that the proposed loan will comply with the Agreement Establishing IFAD.

PART IV - RECOMMENDATION

44. I recommend that the Executive Board approve the proposed loan in terms of the following resolution:

RESOLVED: that the Fund shall make a loan to the Republic of India in various currencies in an amount equivalent to sixteen million nine hundred and fifty thousand Special Drawing Rights (SDR 16 950 000) to mature on and prior to 15 April 2039 and to bear a service charge of three fourths of one per cent (0.75%) per annum, and to be upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board in this Report and Recommendation of the President.

Fawzi H. Al-Sultan
President

SUMMARY OF IMPORTANT SUPPLEMENTARY ASSURANCES INCLUDED IN THE NEGOTIATED LOAN AGREEMENT

(Loan negotiations concluded on 23 April 1999)

1. The programme shall be carried out, in part, by the states of Bihar and Madhya, through the tribal development societies (lead programme agencies) to be formed, one in each state, pursuant to separate programme agreements between IFAD and each state. To this end, the Government of India shall make the proceeds of the loan available to the two states in accordance with the annual work plans and budgets (AWPBs) and customary national procedures for the transfer of external assistance to implement the programme.
2. The Government will ensure that the states make available the proceeds of the loan, together with counterpart funds from their own resources, to the respective lead programme agencies, in accordance with the AWPBs and the lead subsidiary agreements between each state and the respective lead programme agency.
3. The lead programme agencies will each open, and thereafter maintain, in a commercial bank acceptable to IFAD, a current account denominated in rupees for programme operations in their respective states (programme accounts). The programme director of each lead programme agency will be fully authorized to operate the respective programme account.
4. The lead programme agencies will transfer available funds and other resources for certain activities called for in the AWPBs to the respective DPIUs which, in turn, will transfer the funds:
 - (a) to the village credit committees (VCCs), in accordance with VCC subsidiary agreements to implement the revolving village credit funds sub-component; and
 - (b) to the programme executive committees (PECs), in accordance with the PEC memorandum of understanding, for financing the Land and Water Management Fund, the Community Forest Management Fund, expenditures related to the farmer field schools, and various other activities as spelled out in the PEC memorandum of understanding.
5. The responsibilities of the partner facilitating NGOs will be spelled out in a memorandum of understanding between the respective lead programme agency and partner facilitating NGO, in such form and substance as will be approved by IFAD.
6. The DPIUs will submit quarterly and annual reports recording progress in programme implementation to the responsible PMU. The PMU will use the reports to prepare the consolidated six-monthly and annual progress reports.
7. The Government will ensure that the lead programme agencies are furnished with any authorizations/authorities as may be necessary for the performance of their obligations under the programme.
8. The partner facilitating and resource NGOs contracted under the programme will be selected in accordance with selection criteria approved by IFAD.



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9. The Government will ensure that it passes all programme resources in the following manner: proceeds of the loan will be passed to the states in accordance with the loan agreement; and counterpart funds will be provided by the states. The states will, in turn, pass all programme resources to the respective lead programme agencies, in accordance with the loan agreement and the lead subsidiary agreements.
10. The Government will ensure that the PECs are fully authorized and able to receive programme resources directly from the DPIUs, in accordance with the loan agreement and the PEC memorandum of understanding.
11. The Government will ensure that in allocating vacant revenue land to grow trees and fodder, priority will be given to scheduled tribe and scheduled caste beneficiaries, as identified by the village assemblies (*gram sabhas*) and approved by the lead programme agencies, and that in such allotments, the beneficiaries will be given the right to harvest, cut and replant trees, and appropriate the benefits thereof.
12. The Government will ensure that the states continue to finance their normal (i.e., non-programme) schemes in the programme area.
13. The Government will ensure that the states issue any necessary orders/decrees for the transfer of revenue ponds and hand pumps under their jurisdiction to the *gram sabhas* under the programme.
14. A tripartite memorandum of understanding, acceptable to IFAD, between the chairman of each PEC, the relevant state's Forest Department and the relevant lead programme agency, will constitute the framework for implementation of community-based forest management activities for each state under the programme.
15. Although the target group will consist of all households in the programme area, the villages, hamlets and habitations selected under the programme will have no less than 50% of the population composed of tribal, primitive tribal group and scheduled caste peoples. Moreover, the Government will ensure that all villages selected by the lead programme agency for programme implementation conform to the selection criteria approved by IFAD.
16. Within 30 days of the date of effectiveness, the Government will open the special account.
17. The Government will ensure that the lead programme agencies open the programme accounts within 30 days of the date of effectiveness.
18. The Government will ensure that each state makes the initial deposit of counterpart funds into the respective programme accounts within 60 days of the date of effectiveness. Moreover, the Government will ensure that each state makes subsequent deposits of counterpart funds in a timely fashion.
19. The Government will ensure that the PMU programme director has been duly appointed by the lead programme agency and approved by IFAD within four months of the date of effectiveness.
20. The Government will ensure that the PMU and DPIUs have been duly established in each state within two months of the date of effectiveness.



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21. The Government will ensure that the programme coordinator and finance-cum-accounts officer, with qualifications and experience satisfactory to IFAD, has been recruited for each DPIU within four months of the date of effectiveness.

22. The following are additional events for suspension of the Government's right to make withdrawals from the loan account:

- (a) any competent authority has taken any action for the dissolution of one or both of the lead programme agencies or the suspension of its/their operations, or any action or proceeding has been commenced for the distribution of any assets of one or both of the lead programme agencies among its/their creditors;
- (b) either or both of the states and/or the lead programme agencies has failed to perform any of its/their respective obligations under the lead subsidiary agreement(s) and/or the programme agreement(s);
- (c) any or all of the PECs and/or VCCs has/have failed to perform any of its/their respective obligations under any/the agreements or memoranda of understanding called for in the loan agreement, which failure to perform, in the opinion of IFAD, may adversely affect implementation of all or part of the programme; and
- (d) either or both of the lead programme agencies has/have amended or abrogated any provision of its/their respective constitutional document(s) without the prior consent of IFAD.

23. (a) No withdrawals will be made in respect of any expenditures under the programme in any individual state until the following conditions have been met by the state and/or the relevant entity(ies) in that state:

- (i) the lead subsidiary agreement, approved by IFAD, has been signed between the state and respective lead programme agency, and the signature and performance thereof by the state and the lead programme agency have been duly authorized or ratified by all necessary corporate, administrative and Governmental action, and all conditions precedent to the effectiveness thereof (other than the effectiveness of the loan documents) have been fulfilled; and
- (ii) the board of directors of the lead programme agency has approved the finance and personnel rules of the respective lead programme agency, to the satisfaction of IFAD.

(b) No withdrawals will be made in respect of expenditures to any village under the revolving village credit fund until the VCC for the village has been duly established in accordance with the relevant laws of the Government, and the VCC has entered into a subsidiary agreement with the relevant DPIU, of such form and substance as is satisfactory to IFAD.

(c) No withdrawals will be made in respect of expenditures to any village under the land and water management fund, community forest management fund, farmer field schools, and any other activity for which the PEC will disburse funds until the PEC for that village has been duly formed in accordance with the relevant laws of the Government and has signed a memorandum of understanding with the relevant DPIU, in such form and substance as is satisfactory to IFAD.



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(d) No withdrawals will be made in respect of expenditures to any NGO until the NGO has been duly selected in accordance with selection criteria acceptable to IFAD, and the NGO has signed a memorandum of understanding with the relevant DPIU, in such form and substance as is satisfactory to IFAD.

24. The following are additional conditions precedent to the effectiveness of the loan agreement:

- (a) the two lead programme agencies have been duly established and registered in accordance with applicable law and pursuant to constitutional documents, acceptable in form and substance to IFAD;
- (b) the programme agreements have been duly signed, and the signature and performance thereof by the lead programme agencies have been duly authorized or ratified by all necessary corporate, administrative and Governmental action, and the states have provided a legal opinion with reference to the legally-binding nature on the states of the programme agreements;
- (c) the state programme coordination committees and district programme coordination committees have been established;
- (d) the loan agreement has been duly signed, and the signature and performance thereof by the Government have been duly authorized and ratified by all necessary administrative and Governmental action; and
- (e) a favourable legal opinion, issued by the Solicitor-General of the Government, in form and substance acceptable to IFAD, has been delivered by the Government to IFAD.

COUNTRY DATA

INDIA

Land area (km² thousand) 1995 1/	2 973	GNP per capita (USD) 1996 2/	380
Total population (million) 1996 1/	945	Average annual real rate of growth of GNP per capita, 1990-96 2/	3.8
Population density (people per km²) 1996 1/	320	Average annual rate of inflation, 1990-96 2/	9.2
Local currency	Indian Rupee (INR)	Exchange rate: USD 1 =	INR 42
Social Indicators		Economic Indicators	
Population (average annual population growth rate) 1980-96 1/	2.0	GDP (USD million) 1996 1/	356 027
Crude birth rate (per thousand people) 1996 1/	25	Average annual rate of growth of GDP 1/ 1980-90	5.8
Crude death rate (per thousand people) 1996 1/	9	1990-96	5.8
Infant mortality rate (per thousand live births) 1996 1/	65	Sectoral distribution of GDP, 1996 1/	
Life expectancy at birth (years) 1996 1/	63	% agriculture	27.8
Number of rural poor (million) 1/	253	% industry	29.2
Poor as % of total rural population 1/	36.7	% manufacturing	20.1
Total labour force (million) 1996 1/	408	% services	43.0
Female labour force as % of total, 1996 1/	31.8	Consumption, 1996 1/	
Education		General government consumption (as % of GDP)	10.5
Primary school gross enrolment (% of relevant age group) 1995 1/	100.0	Private consumption (as % of GDP)	65.6
Adult literacy rate (% of total population) 1995 3/	52.0	Gross domestic savings (as % of GDP)	23.9
Nutrition		Balance of Payments (USD million)	
Daily calorie supply per capita, 1995 3/	2 382	Merchandise exports, 1996 1/	32 325
Index of daily calorie supply per capita (industrial countries=100) 1995 3/	75	Merchandise imports, 1996 1/	36 055
Prevalence of child malnutrition (% of children under 5) 1990-96 1/	66.0	Balance of merchandise trade	-3 730
Health		Current account balances (USD million)	
Health expenditure, total (as % of GDP) 1990-95 1/	5.6	before official transfers, 1996 1/	-13 661
Physicians (per thousand people) 1994 1/	0.4	after official transfers, 1996 1/	-3 881
Percentage population without access to safe water 1990-96 3/	19	Foreign direct investment, 1996 1/	2 587
Percentage population without access to health services 1990-95 3/	15	Government Finance	
Percentage population without access to sanitation 1990-96 3/	71	Overall budget surplus/deficit (including grants) (as % of GDP) 1995 1/	-6.0
Agriculture and Food		Total expenditure (% of GDP) 1995 1/	16.4
Food imports as percentage of total merchandise imports 1996 1/	4.3	Total external debt (USD million) 1996 1/	89 827
Fertilizer consumption (hundreds of grams per ha of arable land) 1994-96 1/	826	Present value of debt (as % of GNP) 1996 1/	21.8
Food production index (1989-91=100) 1994-96 1/	115	Total debt service (% of exports of goods and services) 1996 1/	24.1
Land Use		Nominal lending rate of banks, 1996 1/	16.0
Agricultural land as % of total land area, 1994 4/	60.9	Nominal deposit rate of banks, 1996 1/	n.a.
Forest area (km ² thousand) 1995 1/	650		
Forest area as % of total land area, 1995 1/	21.9		
Irrigated land as % of cropland, 1994-96 1/	29.5		

n.a. not available.

Figures in italics indicate data that are for years or periods other than those specified.

1/ World Bank, *World Development Report*, 19982/ World Bank, *Atlas*, 19983/ UNDP, *Human Development Report*, 19984/ World Bank, *The World Development Indicators CD-ROM*, 1998



PREVIOUS IFAD LOANS TO INDIA

Project Name	Initiating Institution	Cooperating Institution	Lending Terms	Board Approval	Loan Effectiveness	Current Closing Date	Loan/Grant Acronym	Currency	Approved Loan/Grant Amount	Disbursement (as % of approved amount)
Bhima Command Area Development Project	IFAD	World Bank: IDA	HC	18 Sep 79	14 Dec 79	31 Dec 85	L - I - 23 - IN	SDR	38,500	100
Rajasthan Command Area Development and Settlement Project	IFAD	World Bank: IBRD	HC	19 Dec 79	03 Mar 80	31 Dec 88	L - I - 32 - IN	SDR	42,700	100
Sundarban Development Project	IFAD	World Bank: IDA	HC	03 Dec 80	04 Feb 81	30 Jun 89	L - I - 49 - IN	SDR	13,350	100
Madhya Pradesh Medium Irrigation Project	World Bank: IDA	World Bank: IDA	HC	17 Dec 81	17 Sep 82	31 Mar 88	G - I - 36 - IN	USD	35,000	
Madhya Pradesh Medium Irrigation Project	World Bank: IDA	World Bank: IDA	HC	17 Dec 81	17 Sep 82	31 Mar 88	L - I - 81 - IN	SDR	21,900	100
Second Uttar Pradesh Public Tubewells Project	World Bank: IDA	World Bank: IDA	HC	21 Apr 83	06 Oct 83	31 Mar 91	L - I - 124 - IN	SDR	32,000	85.2
Orissa Tribal Development Project	IFAD	UNOPS	HC	03 Dec 87	27 May 88	31 Dec 97	L - I - 214 - IN	SDR	9,250	99.9
Tamil Nadu Women's Development Project	IFAD	UNOPS	HC	26 Apr 89	26 Jan 90	31 Dec 98	L - I - 240 - IN	SDR	13,150	78.5
Andhra Pradesh Tribal Development Project	IFAD	UNOPS	HC	04 Apr 91	27 Aug 91	31 Mar 99	L - I - 282 - IN	SDR	14,050	68.1
Maharashtra Rural Credit Project	IFAD	UNOPS	HC	06 Apr 93	06 Jan 94	30 Sep 00	L - I - 325 - IN	SDR	21,250	30.1
Andhra Pradesh Participatory Tribal Development Project	IFAD	UNOPS	HC	19 Apr 94	18 Aug 94	31 Mar 02	L - I - 349 - IN	SDR	18,950	29.4
Mewat Area Development Project	IFAD	UNOPS	HC	12 Apr 95	07 Jul 95	31 Dec 03	L - I - 379 - IN	SDR	9,650	21.9
Rural Women's Development and Empowerment Project	IFAD	World Bank: IDA	HC	05 Dec 96		30 Jun 02	G - I - 33 - IN	USD	60,000	20.7
Rural Women's Development and Empowerment Project	IFAD	World Bank: IDA	HC	05 Dec 96		30 Jun 02	L - I - 439 - IN	SDR	13,300	
North Eastern Region Community Resource Management Project for Upland Areas	IFAD	UNOPS	HC	29 Apr 97		31 Dec 04	G - I - 38 - IN	USD	60,000	00.7
North Eastern Region Community Resource Management Project for Upland Areas	IFAD	UNOPS	HC	29 Apr 97		31 Dec 04	L - I - 444 - IN	SDR	16,550	



SUMMARY DESCRIPTION OF THE PROGRAMME

A. Beneficiary-empowerment and Capacity-Building

(Base Cost INR 268 million - USD 6.2 million)

- 1. Grass-roots empowerment.** Broad-based awareness-generation will begin as a preparatory activity and will cover all villages in the priority pilot blocks in both states. It will be undertaken by an NGO, or a group/alliance of NGOs, already involved with promoting the GS in conformity with the *Panchayats Act* extension to scheduled areas. Activities proposed will include information dissemination and awareness-generation concerning the new legislation (including women's rights), GS mobilization and training village youth for pursuing community mobilization. The programme will also finance a legal defence fund.
- 2. Beneficiary resource management training.** The following will be provided to villages in the selected micro-watersheds (MWS) and PTG villages: (i) orientation training for traditional leaders, youth and children; (ii) legal literacy for selected (GS) members; (iii) training in programme planning, implementation and management for executive committee members and user group leaders, as well as exchange visits and study tours; (iv) training in the management of SHGs, credit management training and study tours and exchange visits for the leaders of these groups; and (v) training of village animators (social organizers) and supervisors.
- 3. Land and water management and community-based small rural infrastructures.** Training entails: (i) training and technical support to grass-roots organizations to implement activities and address constraints identified by them; (ii) use of guidelines to locate traditional experts and train them as master trainers; (iii) training of community members by master trainers in land and water management; (iv) study tours and exchange visits for members of the watershed committees; and (v) training of selected community members in operation and maintenance of the assets being created under the programme.
- 4. Forestry development.** Training consists of: (i) community-based forest management (CFM) awareness-building and motivation for CFM through audio-visual material and exchange visits; (ii) GS and CFM Executive Committee (CFM-EC) members in needs assessment and formulation and implementation of microplans; (iii) forest management training; (iv) seed and nursery technology establishment for the landless and other disadvantaged families; and (v) the promotion and management of NTFPs as well as their grading, processing and packaging for representatives of forest-dependent communities, including PTGs.
- 5. Development of farmer-based technology generation.** Technology generation will be achieved through the establishment of FFSs. A crucial part of this intervention will consist of an intensive schedule of well-designed and focused learning sessions, carried out during four successive growing seasons. Initially, facilitators and trainers will undergo training for a full growing season, prior to the establishment of FFSs. The core principles of this approach are set out below: (i) training is participatory and carried out in the field using experiential learning techniques; (ii) agro-ecosystem analysis is the key tool. Each FFS, consisting of a self-selected small farmer group (20-25), has a small study plot used as a "research laboratory", based on the group's needs; (iii) dialogue between facilitators and trainees guides the learning process. The FFS meets once a week to observe, analyse, monitor the results of their experiments and share their findings; (iv) evaluation builds up the confidence of farmers and facilitators alike; (v) facilitators design curricula and materials to meet local needs; and (vi) every learner is a potential trainer.



6. **Technical assistance preparatory activities.** In addition to those detailed under capacity-building and the land and water management sub-component, other preparatory activities include: participatory assessment of facilitating and resource NGOs; preliminary shortlisting of NGOs and an inventory of training needs of their staff; preparation of environmental guidelines; the preparation and translation into Hindi of a training manual; the study of beneficiary and facilitating NGO staff needs concerning the legal rights of the GS and women; preparation of a legal training manual on GS and women's rights; the preparation of guidelines to ensure that programme interventions are gender and equity sensitive; and the establishment of TDS statutes.

B. Livelihood-Systems Enhancement (Base cost INR 949 million - USD 22.1 million)

Land and Water Management and Community-based Small Rural Infrastructure

7. Under the programme, improved land husbandry will be the key element in land and water conservation. In addition to the technical training detailed above, the sub-component will finance preparatory activities, investment in land and water management, and adaptive research. The preparatory activities will consist of an analysis of the organizational system related to tanks so as to provide the following: guidelines for programme start-up; preparation of rural engineering guidelines in the form of two practical implementation manuals; and the preparation of training guidelines for NGO and line department staff. These tasks will be accomplished by national consultants supported by an international consultant. The approach for supporting land and water management activities will be to allocate a flexible fund per MWS and, through this, per natural village. Communities will select their components, following the established programme procedures and draw down the cost against the land and water management fund.

8. **Land and water conservation.** Activities will include: (i) repair and improvements to existing tanks; (ii) water harvesting through the construction of new tanks for a diversity of uses and fishery production; (iii) gully control structures and measures; (iv) check dams and small storage dams; (v) field-contour bund improvement and erosion control; (vi) *nala* protection and flood-flow control through the paddy field; (vii) small diversion weirs across *nalas*; (viii) channels for spreading of monsoon streamflow for supplementing *Kharif* and *Rabi* rainfall; and (ix) new hand dug wells for irrigation. **Rural potable water supplies will include:** (i) repairs and maintenance of existing hand pumps; (ii) washing facilities and drainage improvements to standard hand pump installations; (iii) establishment of preventive maintenance programme for hand pumps; (iv) protection of existing wells; and (v) new tubewells for drinking water. Similarly, **access tracks and rural roads** will include: (i) improvement to access tracks; (ii) provision of *nala* crossings; and (iii) establishment of maintenance procedures.

9. **Crop research programme.** The search for crop technologies that meets the diverse needs of the poor farmers in the area aims to provide a "basket of choice approach". Emphasis needs to be placed on farmers' participatory varietal selection (PVS) and farmers' participatory plant breeding (PPB) to meet the most farmer-preferred characteristics, e.g., duration, harvesting quality and storage, in addition to the yield patterns. The programme will ensure timely availability and multiplication of seeds identified through the processes. The programme will also finance support to formal research institutions for adaptive research projects requested by the beneficiaries in the FFSs and agreed upon by the TDS.



Forestry Development

10. Five main initiatives will be supported under this sub-component: (i) community-based forest management; (ii) promotion of private nurseries; (iii) group farm forestry; (iv) processing and marketing of non-timber forest products (NTFP); and (v) studies and action research. Since most of the forests to be managed by the communities are likely to be government forests and may not coincide with watershed boundaries, a separate CFM development fund, similar in scope to the land and water management fund, will be established to finance these activities. Apart from community awareness and training (described under technical capacity-building), CFM promotion will involve the establishment of the CFM Executive Committees (CFM-EC), needs assessment of GS members and the formulation of microplans for forest management. Implementation of microplans will involve a range of activities that will depend upon site specific needs and priorities. An indicative list of activities may consist of the following: rehabilitation and plantation through natural and artificial regeneration of forests; support for entry point activities, including promotion and management of NTFPs; rehabilitation of highly degraded clumps of bamboo in forests and private land; and value addition through processing by artisan and primitive tribes.

11. **Promotion of private nurseries.** Material, technical and financial support will be provided for the establishment of private nurseries and on-site nursery research. Landless and disadvantaged groups, negatively impacted by forest closure in the initial years of CFM (women and headloaders), will be the main beneficiaries. Under **group farm forestry**, field and farm bunds and homestead lands will be the prime targets. A group approach will be adopted for this activity. The programme will finance, when required, technical and material support for establishment of trees, bamboo, medicinal plants and sisal planting by GS members. In addition, SHGs from among GS members will receive credit under the programme for processing, storage and marketing of selected NTFPs.

Production Systems Enhancement

12. **Livestock production improvement.** The programme's strategy for livestock begins with support to existing village livestock systems by systematically addressing and overcoming the most important factors that limit the contribution of livestock to livelihoods. The animal health programme will empower people to reliably keep their animals alive in the face of epidemic diseases. The fodder programme aims to increase the nutritional status of their animals, exploiting niches as they emerge through watershed development. The programme will finance training of village animators on animal husbandry, action research in fodder and breeding and a small fund to pay for the vaccination of the animals, e.g., through veterinary camps. The programme will make an effort to link these to existing line department activities. Funds have been set aside for providing kits for first-aid.

13. **Aquaculture.** Under the aquaculture sub-component, the programme will finance production systems enhancement via a process of participatory technology development. The process will involve: issue-focused PRA among tribal communities, regarding the context, needs and desires of groups interested in aquaculture; formation of common interest groups interested in aquaculture; and group requests for supporting the facilitated preparation of livelihood enhancement proposals involving aquaculture activities. The programme will facilitate visits by farmers to other active groups within and outside of the programme area, where appropriate. Activities are likely to include: small-scale fish breeding using village-based breeding devices; nursing of fish fry including fingerling production prior to the onset of rains as a resource for stocking in seasonal water bodies; fry transportation systems with low-technology aeration to improve fish survival and facilitate distribution networks; and developing opportunities for fish production and wild fish enhancement in rice paddies, in seasonal water bodies and in community perennial ponds. Facilitated access to aquaculture options for women and landless and marginal farmers will focus on fish breeding, fry transport and homestead fish culture.



APPENDIX III

14. **Rural financial services.** The programme will promote the establishment of SHGs of a maximum of 20 members, and support them in savings and credit procedures. Key elements of the initiative will be the following: the establishment of groups of self-selected members, using savings as the entry point, to be followed by the internal lending out of the group funds; lending to cater for both emergency consumption needs and small-scale income-generating activities; eventual linkage of the SHGs with the formal financial system; and promotion of networking or federation of groups for social actions and, where required, for bulk borrowing. In addition to capacity-building, SHG promotion will involve the mobilization of funds mainly through the generation of members' savings, complemented by seed capital assistance from the programme to the groups to increase their capital base. In addition, the programme will facilitate, on a pilot basis, the formation of SHG clusters. The programme will also develop community based financial services that will consist of a revolving credit fund managed by a village credit committee (VCC) to support mainly productive activities.

Health and Nutrition

15. The programme will complement the Government's efforts in this area by providing support for the provision of health and nutrition services to remote villages not served by the current health system. This sub-component will be implemented on a block basis and will cover all blocks in the proposed programme area. The programme will finance: (i) recruitment and training of village health volunteers; (ii) training of village health workers; (iii) training of traditional birth attendants; (iv) recruitment and training of health supervisors (one per 12-15 villages according to the distance to be covered), their mobility (mopeds) and allowances; (v) establishment of a mobile health clinic; and (vi) health and nutrition awareness and motivation campaigns.

C. Programme Management

(Base cost INR 339 million, USD 7.9 million)

16. **TDS, DPIUs and NGOs.** Under the TDS, the programme will finance a PMU and two DPIUs in each state. The programme will finance staff salary costs, office equipment and furniture, vehicles, motorcycles, the rental of small private office buildings and operating costs. In addition, PMU and DPIU staff will receive training in computer, programme management and ESS.

17. **M&E and action learning and knowledge management.** The programme will support a participatory M&E system, including the development of a computerized programme management system and management information system along with the staff training in programme monitoring and the new system operation. A specialized M&E agency will be contracted to undertake baseline surveys, an interim evaluation at the end of the pilot phase (PY3) and an impact evaluation in the middle of the scaling-up phase (PY6). In support of programme implementation, a number of studies will be undertaken. Funds have been set aside for annual beneficiary review workshops, inter-programme workshops on SHGs and exchange of experience and building working linkages with donors, NGOs and Government staff. The programme will also finance video productions on proposed approaches, technical subjects and success stories, and the process approach, along with the production and reproduction of other audio-visual material.

LOGICAL FRAMEWORK

Narrative Summary	Key Performance Indicators	Means of Verification	Critical Assumptions
Objective Sustainable improvement in food and livelihood security and general quality of life of several million poor people in Southern Bihar and north-eastern MP.	1.1 At least 70% of the beneficiaries report HFS ensured and at least 50% report livelihood systems improved by 2010. 1.2 People outside the programme area report confidence and ability to access resources from outside agencies. 1.3 At least about half of the NGOs/CBOs report improved access to development funds and services by 2010. 1.4 IFAD and other donors have promoted similar initiatives in India and outside by 2010.	Ex-post impact assessment of programmes by the Government and external donors. Analyses and comparison of data on similar rainfed areas.	Not applicable.
Purpose Sustainable and equitable approach to ensure household food security and to improve the livelihood systems and overall quality of life of 356 000 poor people in tribal areas in the programme area of Bihar and MP. Developed, implemented and ready for replication.	1.1 HFS ensured for at least 70% of the programme area HHs and livelihood systems improved for at least 50 % of population in programme villages on sustainable basis by EOP. 1.2 At least 70% of the people report confidence and ability to access resources from outside agencies. 1.3 At least two partner organizations have developed and resourced replication plans. 1.4 Over 80% of the poorest HHs report improvement in their HFS situation and improved livelihood systems. 1.5 Over 50% of women report practical benefits and enhanced role in HFS and livelihood decision making by EOP.	Output to purpose review in PY 3 and at the end of the programme, based on external impact assessment studies using baseline (before and after) and comparative (with/without) data. Cumulative findings of regular impact assessment studies and internal monitoring systems.	Technologies and approaches of the programme effectively adopted by GOs, NGOs, and other donors. Wider context of agricultural policies and service provision become more appropriate for complex, risk-prone and diverse rainfed areas.
Outputs			
1. Empowerment of the tribal population, especially women and other marginal groups, through awareness-raising on tribals' and women's rights.	1.1 At least 70 % of the overall tribal population and 80% of the women population understand and begin asserting their rights. 1.2 At least 20% of grouped court cases concerning legal rights of individuals/communities successfully completed by PY5.	◦ Findings of the PRA-based surveys.	The Government of MP and the Government of Bihar eager to comply with the spirit of the <i>Panchayats</i> Act and willing to put it into practice.
2. Participatory community institutions established, operational and meeting the needs of poor households.	2.1 At least one SHG established and operational in all NVs by PY 1 and at least two by PY 2. 2.2 75 % of SHGs have functioning savings and credit scheme within one year of establishment. 2.2 At least 50% of GSs and GSPECs formed and recognized by PY 1 and 95% by PY 2. 2.3 All NVs have at least one trained animators in key programme areas (at least 50% women) within one year of joining programme and two by the end of PY 2. 2.4 At least 50% of all Executive Committees' members and 60% of Users' Groups and SHGs consist of women, marginal and landless farmers and PTGs. 2.5 At least six strong users' groups, with at least 60% membership of women/landless/marginal farmers, work in MWS continuously for a minimum of two years after four years of village phasing. 2.6 At least 25% of SHG avail themselves of formal financial services after four years' of entry. 2.7 Dependence of target group on informal lending sector reduced by 20% after two years and by 40% in the next two years. 2.8 At least 15% of concerned GS Executive Committees and 20% of beneficiary groups have established independent linkages with government schemes.	◦ Records kept by the groups. ◦ Regular documents/reports available for verification at PMUs, DPIUs, NGOs, WSAs, GSs. ◦ Donors consultants missions, the Government, state governments visit reports/ documents. ◦ Meeting registers and records at various levels in the programme. ◦ Studies and assessment reports within and outside the programme. ◦ Accounts and audit reports.	Serious droughts and/or other natural disasters do not severely disrupt or change local farming, food security and livelihood systems. Market trends and fluctuations do not adversely affect economic viability of on and off-farm activities. Recruit, train and retain staff for sufficiently long period.
3. Participatory planning system for natural resource management evolved and implemented.	3.1 Participatory planning manual in place and stakeholders trained by the end of PM 6. 3.2 Microplans for 25% of the natural villages completed by PM 12 and 95% of natural villages (NVs) by the end of PM 24.	◦ GSPEC records. ◦ Regular reports available for verification at PMUs, DPIUs, NGOs, WSAs, GSs.	



Narrative Summary	Key Performance Indicators	Means of Verification	Critical Assumptions
4. Appropriate farming system technologies identified, developed and adapted, tested with poor farmers, and made widely available.	4.1 Over 30% of treatable areas of watershed treated for L&WM and the same amount of cultivable area with improved moisture status in <i>Kharif</i> season and 10% in <i>Rabi</i> season within three years of village entry. 4.2 Over 20% of the gross cropped area of programme villages under improved cropping systems within four years of entry. 4.3 Over 55% of programme villages have functional CFM Executive Committees successfully implementing a microplan after two and a half years from establishment of the Committee. 4.4 Over 30% of households report improved productivity of livestock and fish rearing within three years of village entry. 4.5 Over 30% of CFM villages and 45% of PTG villages have other NTFP related income-generating activities. 4.6 All programme staff and staff of facilitating NGOs have received appropriate technical training within one year of programme entry and all technical manuals and guidelines are completed during by PY 1. 4.7 Specific indicators for specific farming system activities developed in all NVs by the end of Year One of village entry.	<ul style="list-style-type: none"> ◦ Regular progress report; ◦ Interim impact assessment reports; and ◦ Supervision reports, etc. 	
5. Tribal rights on natural resources such as land, forest, water, minor minerals, recognized and promoted.	5.1 Tribals report increase in actual ownership and management of their land. 5.2 Improved access to natural resources including NTFPs by the end of the programme period.	<ul style="list-style-type: none"> ◦ PRA-based findings. ◦ Interim impact assessment reports. 	
6. Complementary income-generating, expenditure saving and viable microenterprise, benefiting especially the “losers”, PTGs and women, in forest, farm and off-farm sectors, promoted and implemented in programme villages.	6.1 At least half of the “loser” households in programme villages establish MEs with assistance from the programme by PY3. 6.2 At least 60 % of the new entrepreneurs are women or from PTGs. 6.3 Overall employment opportunities increased by 20% by Year Three and 30% by Year Five. 6.4 Conspicuous consumption reduced by at least 20% by Year Three and 40% by Year Five.	<ul style="list-style-type: none"> ◦ Regular progress reports with separate aggregation by gender, PTGs, and target group (such as losers). ◦ Interim impact assessment reports. 	Government policies and legal environment continue to remain supportive. Outside stakeholders such as banks, GOs and NGOs willing and able to work with the programme.
7. Improved access to drinking water, health care and nutrition education services ensured.	7.1 Provision of rural water supply through repair of existing systems and/or construction of new facilities in about 30% of programme villages and establishment of O&M committee. 7.2 60% of concerned villages served by mobile health care facilities three years after block entry. 7.3 Improvement of about 60 km of access tracks and 110 causeways.	<ul style="list-style-type: none"> ◦ Regular progress reports. ◦ Interim impact assessment reports. 	Working relationships among SHGs, GSS, WSAs, NGOs, DPIUs, PMUs/TDSs.
8. Programme learning system developed and operational.	8.1 M & E and learning systems documented and established. 8.2 Meaningful lessons learned disseminated to at least 50% of the communities. 8.3 Learning incorporated in programme strategies and activities.	<ul style="list-style-type: none"> ◦ Regular reports available for verification at various levels of programme management. 	
9. Effective programme management system established and operational	9.1 Organograms, manuals, and delegation of authority, financial powers and policies and procedures prepared and implemented. 9.2 Annual reviews of above (e.g., recruitment, pay and service conditions, training, etc.) take place regularly, and necessary changes incorporated. 9.3 Quarterly progress of activities and processes reviewed at various levels.	<ul style="list-style-type: none"> ◦ Regular documents/reports available for verification at various levels of programme management. 	
Activities			
1.1 Study on the tribal and gender rights completed and packaged into appropriate communication materials. 1.2 Legal awareness programme conducted in all villages. 1.3 Legal defence fund established and made use of for defending the rights of tribal population.			
2.1 Review PPs of other projects through field visits and workshops. 2.2 Design and test system for microplanning based on PRA and other techniques; implement, evaluate and revise, as necessary. 2.3 Train villagers, staff and other stakeholders in use of PPs. 2.4 Implement system in all project villages. 2.5 Review system and revise as necessary.			
3.1 Training and exposure visits for NGOs in participatory community development planned and implemented. 3.2 Criteria for selection of NVs agreed and NVs selected. 3.3 Rapport with communities established by NGO field workers and entry point activities, including savings negotiated and implemented.			



<p>3.4 Women and men animators identified, selected and trained.</p> <p>3.5 Frequent meetings with communities held, including men and women separately, SHGs formed, training needs of the villagers identified and training programmes on group management implemented.</p> <p>3.6 Awareness-building programme in NVs implemented and resulting in GSs formed and recognized and large cluster associations for WS management formed and operational.</p> <p>3.7 Complex WS schemes planned and implemented through GS associations.</p> <p>3.8 Support to community institutions in training and capacity-building including finance and audit continued.</p> <p>3.9 Community institutions are encouraged; identify and cope with development constraints without outside assistance.</p> <p>3.10 Linked to external institutions, including banks, facilitated.</p> <p>3.11 Strategies for sustainability of community institutions evolved and implemented.</p>		
<p>4.1 Issue-focused PRAs on overall relevant aspects of farming systems (crops, livestock, fish, forests, watershed development, irrigation) conducted.</p> <p>4.2 Appropriate technologies identified, procured, tested and evaluated with poor farmers.</p> <p>4.3 Farmer-preferred technologies promoted widely.</p> <p>4.4 Exposure visits and training on key technologies provided for selected farmers.</p>		
<p>5.1 Develop an understanding of current tribal practices and interpretation of customary laws and document them with tribal participation with support of an anthropologist.</p> <p>5.2 Develop understanding of national and state level legal situation with regard to tribal rights over natural resources.</p> <p>5.3 Develop an appropriate strategy for tribal communities to assert and realise their rights over natural resources.</p>		
<p>6.1 Participative review of opportunities and constraints of existing situation in the area (e.g., village markets).</p> <p>6.2 Identify, recognize and prioritize microenterprises by the villagers, especially for the landless and women.</p> <p>6.3 Provide training, exposure visits, consultancy, financial services and market and other linkages.</p>		
<p>7.1 Review of current level of access to sanitation, health and drinking water.</p> <p>7.2 Identification and prioritization of community needs, especially of poor and women.</p> <p>7.3 Plan, negotiate and implement relevant schemes, including training of village health workers and traditional birth attendants (<i>daits</i>).</p> <p>7.4 Holding of periodic health camps and awareness building on health related issues through the service providers.</p>		
<p>8.1 Study and analyse areas for learning and identify people who could be involved in learning processes.</p> <p>8.2 Evolve participatory systems and practices for each area (e.g., FFS and similar methods), to include exercises at the SHG, GS, NGOs, DPIUs/PMUs level.</p> <p>8.3 Establish upward, downward and lateral feedback mechanisms to disseminate learning among communities, NGOs, DPIUs, PMUs, consultants, research agencies and other institutions.</p> <p>8.4 Establish independent observations, M&E systems, including documentation and recording of processes as they occur.</p>		
<p>9.1 Offices established, staff recruited, trained, working; financial powers/purchase procedures established, MIS, HRD and accounting system in place; staff planning and review meetings between PMUs, DPIUs, NGOs, GSs.</p> <p>9.2 Regular board meetings of both TDSs for the programme to review, plan and approve budgets, annual plans, expenditures, etc. held.</p> <p>9.3 Regular and periodic workshops between PMUs, DPIUs, consultants, the Government, donor agencies, NGOs and communities held.</p> <p>9.4 Activities and process monitoring on designed approach, staff training, monthly, quarterly and annual data collation and reporting done.</p> <p>9.5 Impact assessment approach designed and developed from learning of other institutes and agencies.</p> <p>9.6 Special studies on watershed, food security, livelihoods identified, commissioned and executed.</p> <p>9.7 Strategic alliances with external agencies developed/maintained.</p>		

QUANTITATIVE INPUTS, TARGETS AND KEY PROGRAMME FACTORS

Objective: To develop and implement a replicable model that ensures household food security and improves livelihood opportunities and overall quality of life of the tribal population based on the sustainable and equitable use of natural resources.											Target Group: Mostly the tribal population, with a focus on the poorest and most vulnerable, including: (i) tribal women, youth and children; (ii) PTGs; (iii) hill cultivators; (iv) SCs; and (v) landless, marginal and small farmers.										
INDICATIVE DEVELOPMENTS											STRATEGY		INCREMENTAL YIELD								
Unit	Yr-1	Yr-2	Yr-3	Yr-4	Yr-5	Yr-6	Yr-7	Yr-8	Total	(in M. Ton)											
Blocks initiated	No.	4	5	6	14	-	-	-	-	29	1. Providing the communities with the means for local decision-making and planning. 2. Making the communities more responsible for the management of their development. 3. Undertaking future dev't efforts on the basis of indigenous wisdom, knowledge, and capability of the communities.	Paddy	7 574								
Watershed development initiated	No	8	22	27	46	42	-	-	-	145		Wheat	158								
GS established	No	8	67	143	246	324	192	-	-	980		Gram/pulses	495								
SHGs established	No	8	83	268	516	741	770	384	-	2770		Goat meat	4 089								
Animators trained	No	16	134	286	492	648	384	-	-	1960		Hatchings	108								
Village health workers trained	No	8	67	143	246	324	192	-	-	980		Chicken meat	1 390								
Water supply schemes completed	No	-	17	47	58	98	90	-	-	310		Vegetables	5 140								
New wells for irrigation	No	-	-	49	134	165	281	256	-	885		HOUSEHOLD INCOME									
Tracks improved	Km.	-	4.4	12.2	15.0	25.5	23.3	-	-	80.5		(INR/year/hh)									
Mobile clinics operational	No.	-	5	10	15	29	29	29	29	-		Goat	12 438								
Land and water mgm't fund	INR. Mill	1.8	16.3	43.7	66.4	96.7	97.2	34.9	1.2	358.2	Pig	7 671									
Community forestry fund	INR. Mill	0.6	2.4	5.2	9.8	13.4	12.1	8.3	4.1	55.9	Fish breeding	4 205									
Seed capital released	INR. Mill	-	0.2	0.8	2.0	3.3	4.1	3.2	11.5	14.9	Seedling Nursery	3 050									
Credit fund released	INR. Mill	0.6	2.0	5.3	13.2	19.3	28.3	21.6	52.5	95.5	ECONOMIC ANALYSIS										
Special intervention for PTGs	INR. Mill	-	.2	.4	1.2	1.5	.8	.9	.6	5.6	<u>ERR %</u>										
PROGRAMME COSTS	<u>USD</u>	<u>%</u>	FINANCING			<u>USD</u>	<u>%</u>	BENEFICIARIES			for planning and execution of development activities.										
Capacity-building	6.2	17	IFAD Cofinancier Beneficiaries GOI/B/MP Total			23.0	55	Total households	73 750	2. The SHGs as a vehicle for savings, credit and empowerment											
Land and water management	11.5	32				10.5	25	Primitive tribal group HHs	5 950	3. Watershed management for more holistic and sustainable development.											
Community forestry	2.5	7				3.4	8	Forest resident households	22 200	4. A flexible and demand driven approach to resource allocation.											
Production systems enhancement	5.0	14				4.8	12	<i>Of the total:</i>		Base Case		14.2									
Health and nutrition	3.2	9				41.7	100	Bihar	22 650	W/o timber value		13.5									
Programme management	3.8	11				MP	51 100	Excluding health/ & empowerment		15.2											
NGO support	4.2	11						Delays in benefit by 2 years		12.5											
Contingencies	5.3	15						Costs increase by 10%		13.4											
Total	41.7	115																			

COSTS AND FINANCING

Programme Components by Year – Totals Including Contingencies (USD '000)

	1999	2000	2001	2002	2003	2004	2005	2006	Total
A. Beneficiary-empowerment & capacity-bldg.									
Planning and management strengthening	13	106	259	503	794	851	636	479	3 641
Technical capacity-building	562	499	401	609	330	293	213	151	3 059
Subtotal	576	605	660	1 112	1 124	1 144	849	629	6 700
B. Livelihood-systems enhancement									
Land and water management	75	613	1 520	2 796	3 778	3 216	1 310	330	13 638
Community-based forest management	28	121	261	514	737	659	434	251	3,005
Production systems enhancement	109	192	425	877	1 267	1 520	1 079	428	5 897
Health and nutrition services	4	121	257	415	811	767	710	562	3 646
Subtotal	215	1 047	2 463	4 603	6 593	6 162	3 532	1 571	26 186
C. Programme management									
TDSs - PMU	267	255	181	271	286	336	205	145	1 944
TDS - DPIUs	330	249	223	344	250	359	259	265	2 280
NGO support	52	185	374	705	1 025	967	737	509	4,555
Subtotal	649	688	778	1 319	1 561	1 662	1 202	919	8 779
Total PROGRAMME COSTS	1 440	2 341	3 902	7 034	9 278	8 968	5 583	3 119	41 664



**Expenditures Accounts by Components
(USD '000)**

							<u>Programme Management</u>			Total
	Planning & Management Strengthenin	Technical Capacity Building	Land & Water Manageme	Comm'ty-Forest Management	Production System Enhancement	Health & Nutrition Services	TDSs - PMU	TDSs- PIUs	NGO Support	
I. Investment Costs										
A. Vehicles	65	-	-	-	-	305	89	144	-	603
B. Equipment	-	-	-	-	-	-	73	156	-	228
C. Training	1 214	1 204	-	-	255	435	410	116	235	3 869
D. Technical assistance	-	1 622	-	-	-	-	10	-	-	1 633
E. Materials and supplies	-	-	-	-	462	252	4	-	-	718
F. Research and studies	80	7	480	55	-	48	184	-	-	855
G. Investment funds	-	-	9 915	1 432	2 987	-	-	-	-	14 334
H. Community labour	-	-	1 049	1 021	730	-	-	-	-	2 800
I. NGOs and service providers	101	43	-	-	-	-	147	-	3 931	4 222
Total Investment Costs	1 460	2 878	11 444	2 509	4 434	1 040	917	416	4 165	29 262
II. Recurrent Costs										
A. Salaries and allowances	1 700	-	-	-	398	1 957	633	1 181	-	5 869
B. Operating and maintenance	137	-	10	-	135	242	216	449	-	1 188
Total Recurrent Costs	1 838	-	10	-	533	2 198	849	1 630	-	7 058
Total BASELINE COSTS	3 298	2 878	11 454	2 509	4 967	3 238	1 766	2 046	4 165	36 320
Physical contingencies	24	0	1 121	248	431	82	47	75	-	2 030
Inflation	1 344	559	4 268	1 035	2 048	1 368	539	652	1 557	13 370
Devaluation	-1 025	-379	-3 205	-787	-1 549	-1 043	-408	-493	-1 167	-10 056
Subtotal price contingencies	319	181	1 063	248	499	326	131	159	390	3 314
Total PROGRAMME COSTS	3 641	3 059	13 638	3 005	5 897	3 646	1 944	2 280	4 555	41 664
Taxes	101	68	1,210	175	417	107	85	95	228	2 486
Foreign Exchange	218	1 439	1,293	186	468	244	194	231	477	4 750





ORGANIZATION AND MANAGEMENT

A. Programme Organization, Executing Agencies and Coordination

1. The programme will be managed by involving community-based organizations, TDSs, PMUs, DPIUs, NGOs, and relevant line agencies belonging to the Government of both states. At the government level, a monitoring cell will be established in the Ministry of Social Justice and Empowerment that will monitor the overall performance of the programme and facilitate exchange of experience between the two states. At the state level, the Department of Scheduled Tribe and Scheduled Caste Welfare will be the nodal agency for the proposed programme.

2. At the village level, the GS will be the basic unit for planning, coordinating and monitoring programme activities. The GS will decide the priorities, specify criteria for providing support to individual households and various interest groups, and approve the perspective and annual plans for the development of the village. A programme executive committee (PEC) will be established by the GS, which will be responsible for consolidating the various schemes proposed, scrutinizing them, working out the financial details of the schemes/programmes proposed, consolidating and integrating all activities and devising a draft, village-wide plan for all developmental activities. Once the plan is prepared, it will be submitted to the GS. They will approve it, or make changes or ask its PEC to redraw the plans. The GS may establish technical committees — such as a watershed subcommittee, a CFM-EC, a village credit committee, etc. — as the need arises. These will include elected members and representatives of various users' groups; the volunteer animators may be invited also along with NGO field workers and other specialists from resource NGOs/line departments. Above the GS will be clusters of GSs established on a functional basis, (management of common watershed, management of a common forest, NTFP marketing, etc.). The GS, the various committees and the SHGs will be supported by village level animators and health workers.

3. Overall responsibility for programme implementation will lie with a TDS in each state, registered under the Societies Registration Act of 1860. It will act as an autonomous agency with its own financial rules and the required authorities to procure goods and services, enter into contracts with NGOs and provide grants and other rules and regulations required. The TDS board of directors comprises government representatives, beneficiaries and facilitating NGOs, with the proviso that the board will eventually have the majority of its members from among the beneficiaries. Under the society's umbrella, a PMU will be established that will have a professional management team discharging its functions. Below the PMU, two DPIUs will be established in each state.

4. The programme will bring together NGOs as partners for assisting grass-roots institutions in implementing their programmes. The TDS will select partner-facilitating NGOs that assist the GS in the overall implementation of the programme at the block level. One facilitating NGO will be contracted to work with communities in at least one MWS. These NGOs will be supported by resource NGOs and/or other private-service providers and line departments for specific technical support and other areas as per the needs expressed by the GS.

5. At the district level, the district project coordination committee (DPCC) will be established under the chairmanship of the district collector, which will meet at least once in a quarter. In each state, a state level programme coordination committee will be formed. This committee will be chaired by the principal secretary for the tribal welfare and will have representatives from finance, women's development, watershed mission, veterinary, aquaculture, public health and other relevant line departments.



B. Implementation Arrangements and Flow of Funds

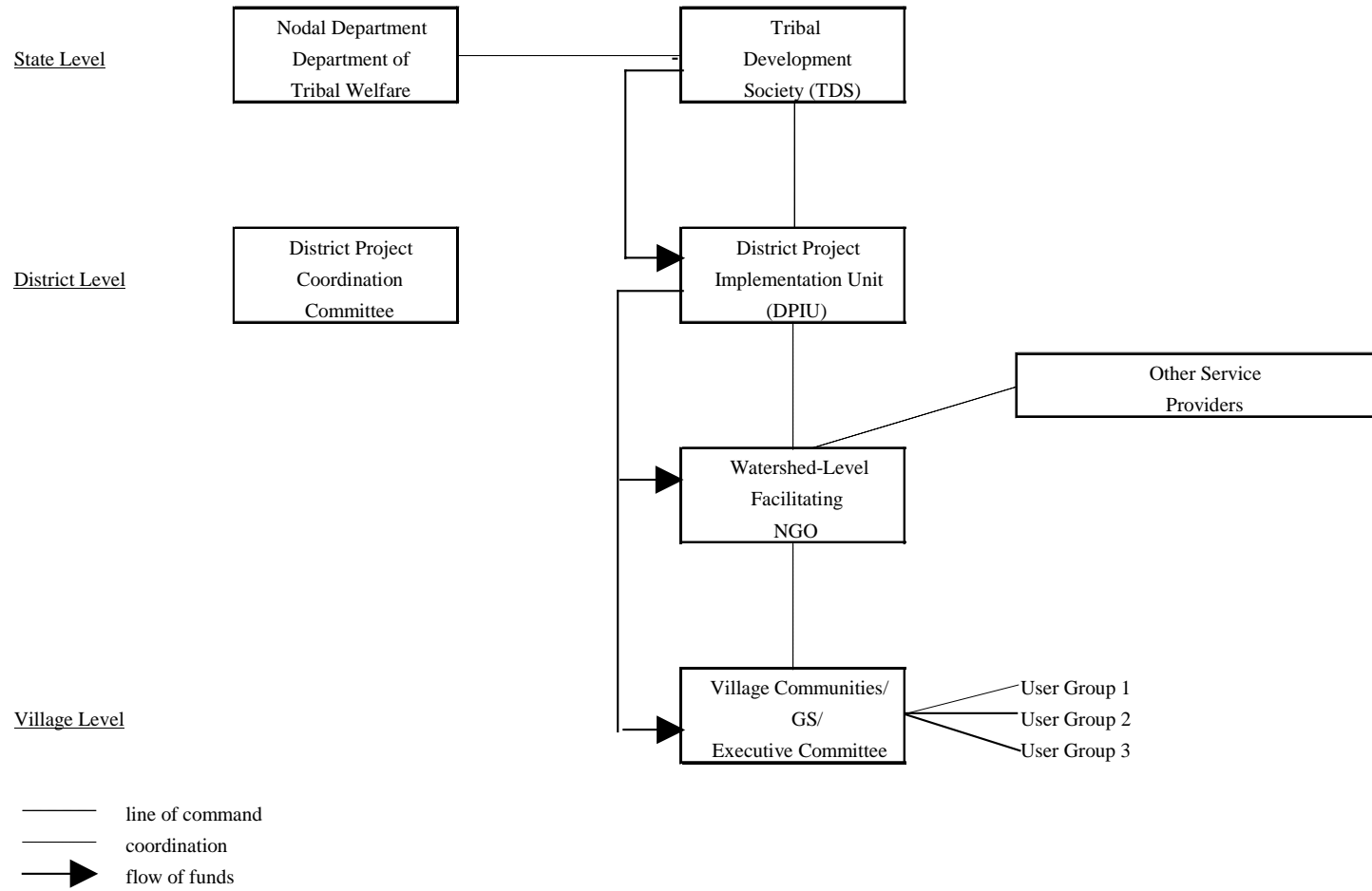
6. The MWS will be the basic unit for the physical planning of overall interventions. In order to address the programme's equity and gender concerns, local level physical planning will not be the first task undertaken; rather, after the awareness-building and the training on legal rights of the tribals and women, village animators, supported by the NGO supervisors, will, through intensive PRA exercises, begin identifying the poor, marginal farmers and women, in order to ensure that these groups begin gaining self-confidence. In this way, they will be better equipped to participate more effectively in the GS forum.

7. The planning process will be iterative, following a sequence of activities with the aim of drawing up a GS resources management plan (GSRMP), once overall consensus has been reached. Appropriate negotiations will take place concerning the use of natural resources and funds to be requested under the programme. The GSRMP will be considered a flexible framework that can be modified as needed in light of experience and periodic reviews. All infrastructure works will be undertaken by the members of the community living within the watershed. Local resource persons will be sought and trained, and where necessary, supported by outside skills. Under this arrangement, the PEC will enter into a contract with the DPIU to implement the works. The NGO(s) will act as a resource base, providing the training and technical expertise that may be lacking within the target watershed by either tapping local expertise or, when not available, facilitating the temporary import of external support.

8. After appropriate awareness-raising and community motivation, the FFS will be implemented by self-selecting groups of farmers, the "Technology Groups". They will be assisted by partner NGOs and DPIUs that will act as facilitators. They will bring in additional resources the groups require, organizing and providing training to the groups, providing logistical support and assisting them in accessing inputs and linking the groups with research institutions. The community-based forestry management initiative will also be implemented by user groups of forest resources, identified through the PRA exercise and assembled into a CFM committee (CFMC). Members of the CFMC will thus undertake microplanning and forest treatment works themselves under the supervision of the CFMC-EC. Beneficiary groups supported by resource NGOs and line departments will implement the livestock and fishery sub-components. The health and nutrition sub-component will be implemented by specialized NGOs already working in the field of health and nutrition and contracted by TDSs specifically for this purpose.

9. Once having passed through the Government of India, the programme funds that form part of IFAD's loan, will be received by each TDS. State governments, in turn, will channel their share in funds directly to the TDS. The TDS will then release the funds to the DPIUs as per the proposed AWPB. The DPIU will release the funds related to the NGO capacity-building and overhead costs directly to the NGOs. The funds earmarked for the activities to be undertaken by the communities will be released to the PEC. The communities will directly operate three such funds: the land and water management fund the community-based forest management fund; and the village credit fund.

PROGRAMME MANAGEMENT FRAMEWORK





ECONOMIC AND FINANCIAL ANALYSIS

A. Beneficiaries

1. The programme will benefit an estimated 74 000 households in about 1 370 natural villages, including about 170 PTG villages and about 390 forestry villages. Of these, nearly 51 000 households are located in MP and over 22 600 in Bihar. With an estimated average household size of five, there will be about 370 000 beneficiaries. About 5 950 households — 4 900 in MP and 1 050 in Bihar — will come from the PTGs.

B. Production

2. Since the programme is demand-driven, any estimate of production impacts is only notional. On the basis of the likely changes in crop production, however, potential food production impact, as a result of the indicative programme activities, has been estimated. The potential increase in grain production is substantial (6 430 t), since yields improve and crop switching occurs in response to better moisture and soil conditions. A large anticipated increment in vegetable production (5 140 t) is expected to result from better soil moisture. Similarly, goat and chicken meat production are expected to increase by 4 100 and 1 400 t, respectively.

C. Financial Analyses

3. The impact of the programme at the watershed and household levels is illustrated by a number of models. In general, the activity models for fisheries, livestock and on-farm forestry suggest reasonably good returns from the beneficiary point of view. Returns to labour seem especially high but this reflects the absence of investment and start-up costs in the calculation. Rates of return that integrate investment and labour costs suggest a range from 24 to over 100%.

4. The rural engineering and forestry activities proposed under the programme are expected to generate temporary employment equivalent to about 6.9 million and 12.2 million workdays during the eight-year implementation period. In other words, when combined they generate about 2.4 million workdays annually. Taken together, these generate an average of about 33 workdays per year, per household during the programme implementation phase. In addition, over 280 000 workdays will be added by the self-employment opportunities created under the credit-financed activities. Thus, there are approximately 1 930 workdays per watershed or about 350 workdays per village per year.

5. Programme benefits may also arise in numerous, intangible ways as well. The programme will inculcate a strong savings habit among the tribal populations and develop easily accessible community-based financial services. This will significantly reduce the dependence of tribal populations on local moneylenders. Women SHGs are expected to become the centre of credit activities highlighting the management capability of women and enhancing the credibility of women as partners in the development process. Furthermore, the participatory planning process and the inclusion of women in community institutions will draw more women into the village's public life, giving them a voice in community affairs. It will also emphasize the emergence of effective village institutions that are capable of sustaining the development process. Benefits may also arise from reduced damages to cropped land during heavy rainfall or, as embankments erode, wider and wider gullies will be created. The retention of water within the useful soil horizon and over much longer periods will increase opportunities for wet and dry season cropping. By having a substantive effect on food production, the programme will reduce incentives to overexploit NTFPs.



D. Economic Analyses

6. The economic viability of the programme has been evaluated over a 20-year period to reflect the economic life of the major programme investments. A standard conversion factor (SCF) of 0.9 has been used. In addition, all price contingencies have been ignored and taxes have been netted out of the cost total through the use of the SCF. Physical contingencies have been included over a 20-year planning period and the economic rate of return is estimated to be 14.2%. While this rate is not especially high, it represents a reasonably good return for a situation in which capacity-building is a primary focus.

7. To gain some understanding of how sensitive the results are, a set of sensitivity cases were analysed. For example, the base case analysis considers the full 50-year rotation period assumed in the financial model for the harvesting of timber from community forests. This was addressed by including a "salvage value" at the end of the programme's 20-year life, calculated as the present value of the net benefit stream after this period using a 12% discount rate. When not included, the ERR falls to 13.5%. The analyses also shows that if adoption or take-up rates for the programme's production activities are lower than expected (by 10%), then the ERR will not be greatly affected (13.5%). Similarly, if all benefits are delayed by two years, the ERR does not decline dramatically. Finally, ignoring the costs of the capacity-building and health sub-components, the ERR rises to 15.2 %.

E. Equity

8. In addition to "economic efficiency" considerations, as captured in the economic rate of return analysis, the programme will also have important distributional impacts. Preliminary analyses shows that the headloaders and the landless households that depend upon common grazing land for livestock rearing may be adversely affected through community forestry and conservation-related activities. Similarly, women may become losers if the bunded land is converted into paddy fields. A shift to cash crops may reduce the household food security and may affect women and children more severely. But interventions related to drinking water and fodder cultivation may help women to reduce their workload. The rural finance component will mostly help women to improve their income-earning potential and enhance their status within the household and community.

9. Considering the potential adverse effect upon the poorest and other disadvantaged, the programme will consciously target certain income-generating activities, such as fisheries, poultry, tree nurseries, and off-farm activities to them. In addition, the SHG promotion programme will prioritize the involvement of the landless. The creation of wage employment opportunities through the development of watersheds will act as a safety net, at least in the initial years, for the headloaders and those depending solely on forest produce for their livelihood. In view of the dynamic nature of the impact of the programme on distributional justice, it is suggested that the analyses of equity implications be expanded and updated during programme implementation as a guide for designing and implementing mitigative measures.