



IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Executive Board – Seventy-Third Session
Rome, 12 September 2001

REPORT AND RECOMMENDATION OF THE PRESIDENT

TO THE EXECUTIVE BOARD ON A PROPOSED LOAN TO THE

REPUBLIC OF INDIA

FOR THE

**LIVELIHOOD SECURITY PROJECT FOR EARTHQUAKE-AFFECTED RURAL
HOUSEHOLDS IN GUJARAT**



TABLE OF CONTENTS

	Page No.
CURRENCY EQUIVALENTS	iii
WEIGHTS AND MEASURES	iii
ABBREVIATIONS AND ACRONYMS	iii
MAPS OF THE PROJECT AREA	iv
LOAN SUMMARY	vi
PROJECT BRIEF	vii
PART I THE ECONOMY, SECTORAL CONTEXT AND IFAD STRATEGY	1
A. The Economy and Agricultural Sector	1
B. Lessons Learned from Previous IFAD Experience	2
C. IFAD's Strategy for Collaboration with India	2
PART II THE PROJECT	3
A. Project Area and Target Group	3
B. Objectives and Strategy	4
C. Components	5
D. Costs and Financing	6
E. Procurement, Disbursement, Accounts and Audit	9
F. Organization and Management	9
G. Economic Justification	10
H. Risks	11
I. Environmental Impact	11
J. Innovative Features	11
PART III LEGAL INSTRUMENTS AND AUTHORITY	12
PART IV RECOMMENDATION	12
ANNEX	
SUMMARY OF IMPORTANT SUPPLEMENTARY ASSURANCES INCLUDED IN THE NEGOTIATED LOAN AGREEMENT	13



APPENDIXES

	Page No.
I. COUNTRY DATA	1
II. PREVIOUS IFAD LOANS TO INDIA	2
III. SUMMARY DESCRIPTION OF THE PROJECT	3
IV. DYNAMIC LOGICAL FRAMEWORK	7
V. COORDINATION, MANAGEMENT AND MONITORING AND EVALUATION	13



CURRENCY EQUIVALENTS

Currency Unit	=	Indian rupee (INR)
USD 1.00	=	INR 47.0
INR 1.00	=	USD 0.021

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

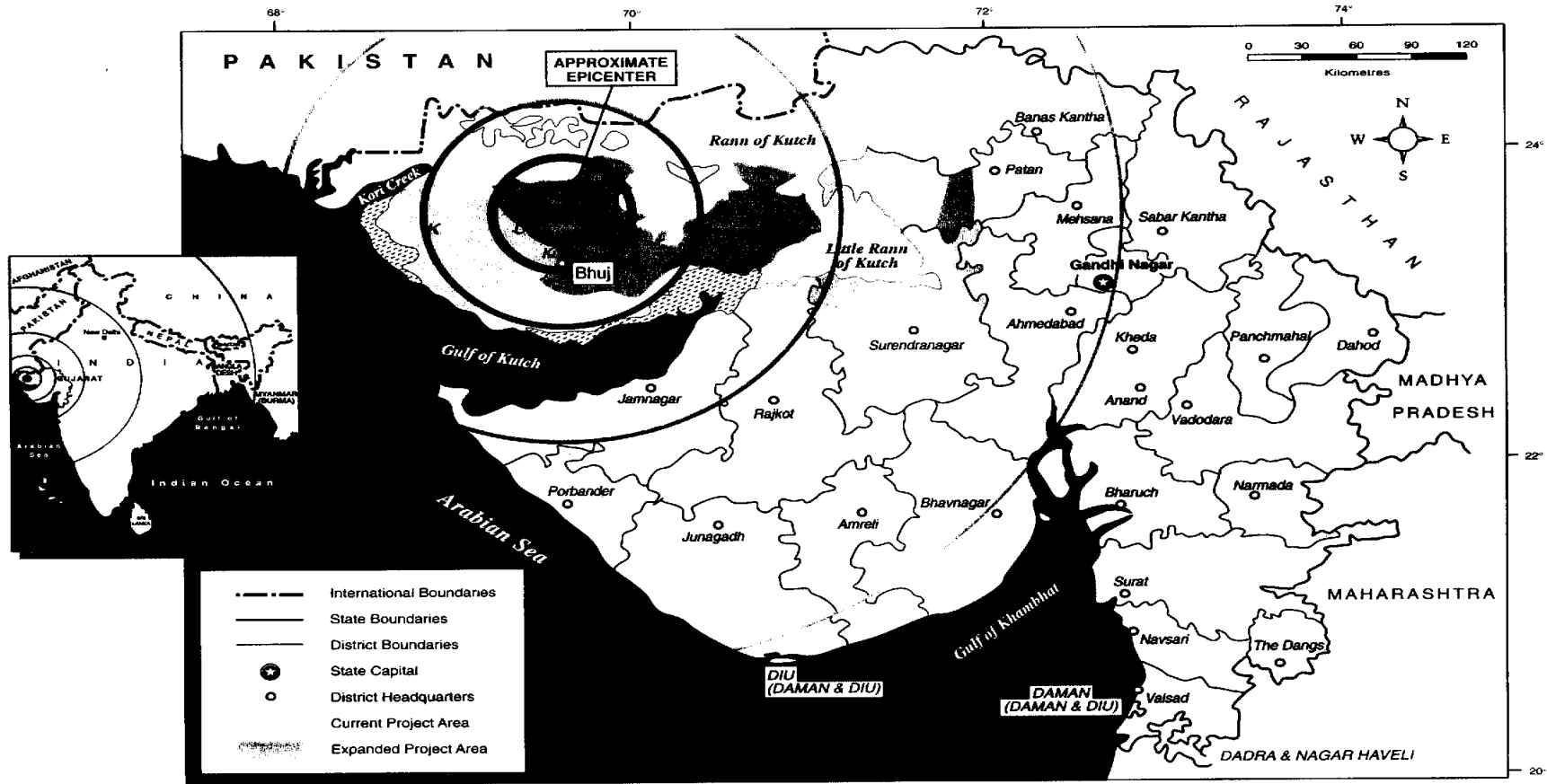
ODA	Official Development Assistance
PMU	Programme Management Unit
SEWA	Self-Employed Women's Association
SHG	Self-Help Group
VDC	Village Development Committee
WFP	World Food Programme

GOVERNMENT OF THE REPUBLIC OF INDIA

Fiscal Year

1 April - 31 March

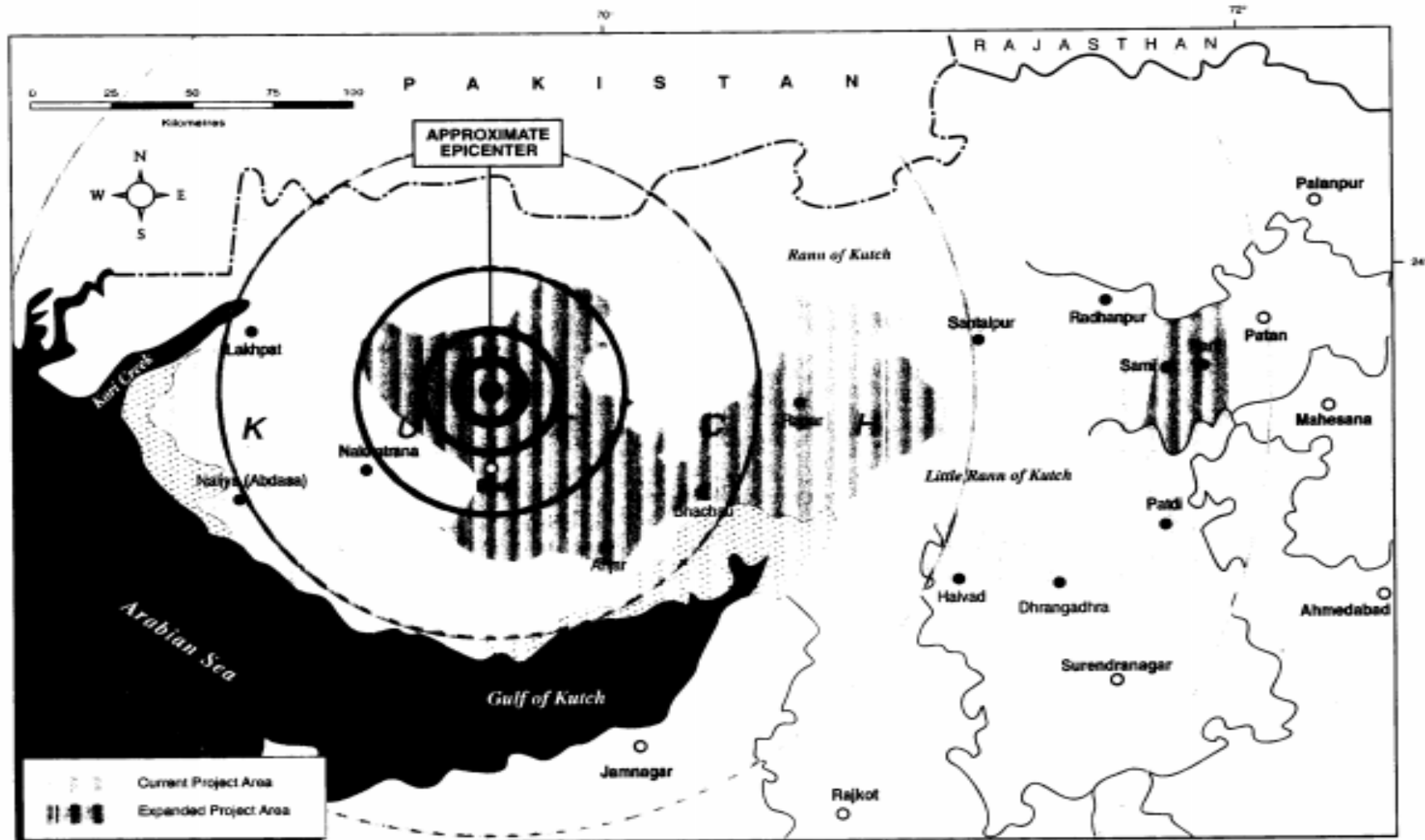
INDIA
LIVELIHOOD SECURITY PROJECT FOR EARTHQUAKE AFFECTED RURAL HOUSEHOLDS IN GUJARAT
Map 1: Project Area in Gujarat



Source: IFAD

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.

INDIA
LIVELIHOOD SECURITY PROJECT FOR EARTHQUAKE AFFECTED RURAL HOUSEHOLDS IN GUJARAT
Map 2: Project Blocks



Source: IFAD

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REPUBLIC OF INDIA
**LIVELIHOOD SECURITY PROJECT FOR EARTHQUAKE-AFFECTED RURAL
HOUSEHOLDS IN GUJARAT**
LOAN SUMMARY

INITIATING INSTITUTION:	IFAD
BORROWER:	Republic of India
EXECUTING AGENCY:	Self-Employed Women's Association (SEWA)
TOTAL PROJECT COST:	USD 24.0 million
AMOUNT OF IFAD LOAN:	SDR 11.65 million (equivalent to approximately USD 15.0 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
COFINANCIERS:	World Food Programme (WFP) SEWA
AMOUNT OF COFINANCING:	WFP: USD 4.9 million SEWA: USD 1.7 million
TERMS OF COFINANCING:	WFP: Food Assistance SEWA: Grant
CONTRIBUTION OF BORROWER:	USD 1.7 million
CONTRIBUTION OF BENEFICIARIES:	USD 0.7 million
APPRAISING INSTITUTION:	IFAD
COOPERATING INSTITUTION:	United Nations Office for Project Services (UNOPS)



PROJECT BRIEF

Target group and poverty situation. The project's target group will be households affected by the January 2001 earthquake. They live in about 400 selected villages in 12 blocks of three districts in Gujarat, comprising a rural population of about 1 million people or 200 000 households. Villages are characterized by a large mix of ethnic groups, many facing considerable social stratification. The project will give priority to salt workers, other landless households and woman-headed households. The area has an incidence of poverty of about 37% and lags significantly behind the rest of India in a number of other social and economic indicators. Representing a mix of arid and semi-arid lands that encompass salty marshes, sandy undulating plains, sand dunes and gravelly areas, the region is highly water-stressed and its natural resource base is declining over the long term. These phenomena are affecting agricultural production and making groundwater increasingly unusable. The result is a breakdown in the traditional economies of animal husbandry and dryland agriculture. Moreover, the area is highly vulnerable to earthquakes, drought and cyclones. The latest earthquake therefore only put further pressure on communities whose coping strategies were already overstretched. Its impact was greatest among the poorest, who are least able to cope with crises. While the earthquake focused attention on these communities, the project needs to respond comprehensively to securing the livelihood of the most vulnerable in these disaster-prone areas.

Project activities benefiting the target group. Given this context, the target group requires greater livelihood security and better preparations to meet future crises. To this end, the project will: (i) strengthen the capacities of existing membership-based community organizations to support their members in expanding livelihood opportunities and improving their abilities to resist crises; (ii) assist marginalized groups (the landless, marginal farmers, etc.) in identifying needs, accessing resources and negotiating improved entitlements with better-off groups within the community and with public and private delivery systems; (iii) improve the preparedness of communities and households to cope with disasters; (iv) better the livelihood initiatives of the poorest in both natural resource and non-land-based activities; (v) augment the productivity of the natural resource base sustainably and equitably; and (vi) spread risks by diversifying livelihood activities and helping beneficiaries to save, take out insurance and gain access to credit.

The project will support the target group in drought-proofing and increase availability of drinking water by constructing wells and rainwater-harvesting tanks on roofs, and by renovating and constructing village ponds. It will help beneficiaries to diversify their sources of livelihood through a variety of on- and off-farm activities (crafts, gum collection and salt production) and create access to microfinance services, including microinsurance. The project will also offer guidance and supervision on the incorporation of earthquake-resistant features in constructions and ensure that the poor have access to housing funds. It will build the capacity of communities to develop appropriate strategies and contingency plans for coping with disaster and increase women's productivity through the provision of health services.

Beneficiary participation. The project will be implemented by the Self-Employed Women's Association (SEWA), a highly successful membership-based organization that represents informal-sector labour, women and cooperatives. In addition to SEWA, district-level federations and a host of formal and informal institutions at the local level will be involved. They are member-based and so subject to the control of the target group exclusively. Such a participation arrangement is unique and promises to be highly satisfactory.

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HOUSEHOLDS IN GUJARAT**

I submit the following Report and Recommendation on a proposed loan to the Republic of India for SDR 11.65 million (equivalent to approximately USD 15.0 million) on highly concessional terms to help finance the Livelihood Security Project for Earthquake-Affected Rural Households in Gujarat. 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 will be administered by the United Nations Office for Project Services (UNOPS) as IFAD's cooperating institution.

PART I - THE ECONOMY, SECTORAL CONTEXT AND IFAD STRATEGY¹

A. The Economy and Agricultural Sector

1. With an area of 3.39 million km² and a population of over 1 billion people, India is the seventh-largest and the second most populous country in the world. About 75% of its population live in rural areas, eking out a meagre livelihood, chiefly from agriculture. Although fertility has been halved, population growth remains high at around 1.93% per annum. India has made substantial social and economic progress since its independence over half a century ago. Still, it began with little and has faced recurring natural disasters. A large share of India's population is still illiterate, uneducated, undernourished and lacks ingress to social infrastructure, productive assets and employment. Between 1951 and 1980, India's gross national income (GNI) increased little, at about 3.6%, and per capita income by about 1.2% per annum. In the 1990s, growth rates picked up, ranging from 5.3 to 7.2%. Economic growth across regions is uneven, however, and regional disparities have widened. Per capita GNI in 2000 was about USD 450, and India's human index ranking is 128th out of 174 countries.

2. While a structural shift is occurring in the economy, agriculture is still the single largest contributor to the poor's well-being, sustaining over 70% of the rural labour force. India, therefore, assigns great priority to agricultural development. Accordingly, the production of food grain increased by a factor of about 4.0 and milk by 4.6 over the last five decades. Yet the overall investment in and efficiency of the agricultural sector are declining. Farm size is small and growing smaller. A large proportion of cultivable land is rainfed; and in the uplands, land quality is deteriorating. In terms of poverty, the proportion of poor has generally declined in the last two decades, albeit slowly. In absolute terms, however, the number of poor has increased and is now estimated to be about 260 million. Of these, over 193 million are in rural areas. If the international figure of USD 1 per day is used to measure poverty, its incidence is 44% and the number of poor rises significantly. Overall, poverty has remained severe, and states vary dramatically in how they reduce it. Rising regional inequality is thus a matter of concern.

¹ See Appendix I for additional information.



B. Lessons Learned from Previous IFAD Experience

3. IFAD has financed 14 projects in India since 1979, with funding reaching USD 365 million. The initial projects supported large-scale irrigation development, but after 1987 IFAD adopted a new strategy that focused on the needs of vulnerable groups. Previous experience has provided a number of lessons relevant to the present design. Past projects, for instance, showed that in addition to economic development, the issue of empowerment (through a coalition of the poor) is crucial. Among deprived groups, women have shown a remarkable willingness and capacity to take responsibility for managing development: empowering women therefore builds social capital. The lack of access to financial resources to invest productively and to cope with crises has repeatedly been shown to be a major handicap to the development of the poor. The terms and conditions of the formal financial institutions (FFIs) and the high transaction costs throw the poor back onto high-cost informal credit. The result is a debt trap. Finally, experience shows that changes can be negotiated locally to ease the access of the poor, even when policies and institutions block the formal transfer of titles and usufruct rights.

C. IFAD's Strategy for Collaboration with India

4. **India's policy for poverty eradication.** Alleviation of poverty has remained the priority of successive governments in India. In recent decades, the country has spent large amounts on anti-poverty programmes: 5.5% of total central plan budgetary expenditures in 1990/91 were dedicated to rural anti-poverty programmes, a share that increased to 8% in 1993/94, and stabilized there until 1997/98. Allocations and actual expenditures have since declined, reaching about 6.5% during 1999/2000. The results, however, have not been commensurate with the expenditures, due largely to poor targeting. The Government of India recently revamped its anti-poverty programmes. It now places greater attention on channelling assistance through grass-roots self-help groups (SHGs), which assist the disadvantaged in gaining access to subsidized credit. It has also bettered its targeting of employment-creation schemes and the public system that distributes to them. The Government envisages a greater role for local government in implementation, selection of beneficiaries and monitoring. It also emphasizes greater transparency (e.g. making information on public programmes readily available in villages) and more accountability through physical, financial and social audits. In addition, the Government recognizes the critical role non-governmental organizations (NGOs) play. They facilitate genuinely participatory approaches to development that multiply the number of SHGs throughout the country.

5. **The poverty eradication activities of other major donors.** At about 18% of the development budget, official development assistance (ODA) contributes relatively less in India than elsewhere. Yet, the disproportionately high share of ODA in social-sector investments and its innovative inputs helps make ODA a catalyst for development. Gross pledges by bilateral and multilateral participants have been about USD 4.1 billion per annum since 1992/93, and average utilization is about USD 3.4 billion. The World Bank Group's volume is the largest; on average, it accounted for over 50% of total ODA. World Bank assistance to India in recent years has tilted towards the social sector, especially education and health. Agriculture still makes up a large share, and anti-poverty programmes are being intensified. The Asian Development Bank concentrates on infrastructural development and is also funding disaster mitigation in Gujarat. Among the bilaterals, the Governments of Germany and Japan played significant roles until recently. The role of the United Kingdom's Department for International Development (DFID) has increased significantly. Generally, donors have highlighted natural resource management that follows a watershed development approach while empowering women and the tribal population.

6. **IFAD's strategy in India.** India's fairly open political and social systems; its constitutional guarantee for the protection of minority and disadvantaged groups; and the abundance of NGOs and



other civil-society partners – all provide a framework that is broad enough to elicit beneficiary participation, develop grass-roots institutions and ultimately empower the rural poor. In addition, Indian society is stratified and thus offers IFAD the opportunity to define a strategic niche and to identify and select the target group. Thus IFAD's lending strategy in India concentrates on niche investments that, if proven successful, can be replicated on a larger scale by the Government and larger international financing institutions and bilateral agencies. A chief priority for IFAD, therefore, is supporting the Government's efforts to promote new initiatives for empowering the rural poor. It does so by initiating approaches that can catalyse the entire development process.

7. Accordingly, IFAD's major strategic thrusts are: (i) increasing popular participation in anti-poverty initiatives; (ii) empowering the poor and disadvantaged sections of society in ways that profit from the greater autonomy of local bodies and, in particular, the devolution of authority to the *gram sabha* (village assembly); (iii) fortifying grass-roots institutions that empower marginalized groups and integrate them within local self-government institutions; (iv) improving the ability of the poor to use resources such as water and land (including forest lands and common property resources), and supporting them through appropriate services (extension, research, marketing); (v) bettering access of the poor to financial services through support to microfinance initiatives; and (vi) generating significant and sustainable income for the poor from non-farm enterprises.

8. **Project rationale.** The project area has scarce natural resources and is highly vulnerable not only to earthquakes but also to other hazards such as drought and cyclones. In past years, a series of disasters have struck the area: a malaria epidemic in 1997 in Patan district; a cyclone in 1998; drought in 1999 and 2000; and the earthquake in January 2001. It is far behind the rest of India in a number of social and economic indicators. Moreover, its natural resources have eroded over the last three decades, severely affecting livelihood opportunities. As a result, traditional economies of animal husbandry and dryland agriculture have broken down, leading to migration, increased salinity and desertification. While natural hazards affect the whole society, the effects are disproportionately high and potentially debilitating for the poor since they have the fewest reserves and means to cope with a disaster's aftermath. Better preparations for natural calamities through contingency planning can mitigate the worst effects. While the earthquake's devastation focused attention on these communities, the project must respond more comprehensively to ensuring the livelihoods of the most vulnerable in these disaster-prone areas.

9. The project presents a unique opportunity to develop a partnership with a highly respected and successful voluntary organization, the Self-Employed Women's Association (SEWA). SEWA represents the informal-sector labour, cooperative and women's movements and embraces a holistic approach to development. It believes that multiple inputs and interventions are essential if women are to emerge from poverty, vulnerability and years of deprivation. Its remarkable strength lies in building the capacity of illiterate and barely literate women to manage their own activities. A large part of its staff of about 1 600 are women, recruited from within its own grass-roots membership. SEWA rightly prides itself on its ability to develop a cadre of 'barefoot managers'. These 'illiterate professionals' have become effective by virtue of the practical experience gained and the training that SEWA provides. In this way, sustainability and capacity for replication are built into the organization's structure.

PART II – THE PROJECT

A. Project Area and Target Group

10. Within the area affected by the earthquake, the project will focus on selected villages in blocks in Kutch (Abdasa, Lakpat and Nakhatrana), Patan (Radanpur and Saltanpur) and Surendranagar (Dhrangadhra, Halvad and Patdi), in which SEWA has established operations. The number of villages in these blocks associated with SEWA increased by 50% as a result of the assistance that SEWA



provided after the earthquake. In addition, SEWA is committed to working in some 40 villages in Kutch in the four blocks most severely affected by the earthquake, namely Anjar, Bachau, Bhuj and Rapar. The project will cover around 400 villages; of these, 70 villages will be monitored intensively through an integrated approach. The remainder will benefit from a more limited range of activities.

11. The project area has a rural population of around 1 million people, or about 200 000 households. It is comprised of a large mix of ethnic groups as the area has accommodated and assimilated imposing numbers of migrant and refugee communities. Most villages are multi-ethnic, though one group is usually dominant. Considerable social stratification and social divisions within communities result. Neighbourhoods are strongly defined, and households that belong to different ethnic groups and castes are located in distinct clusters. While ethnic links are fostered by such a system, social exclusion is also reinforced. Ethnic and caste affiliations govern power dynamics within the village community, and better-off farmers and mainstream caste groups tend to dominate local governing bodies. The socio-economic situation of a particular household also determines whether it has access to community-owned resources.

12. Women engaged in arduous activities that pay little (such as salt workers and gum collectors) dominate SEWA's membership in the project districts. In agricultural communities, most members come from families with limited or extremely unproductive landholdings. Others are socially, if not economically, deprived; they originate in conservative communities such as the Rajputs where women are confined to the house. Here and elsewhere, woman-headed households among SEWA's members, both *de facto* and *de jure*, are some of the most hard-pressed. Thus, the criteria for including a village in the project will be: (i) that over two thirds of the households in the village are poor; and (ii) that SEWA has a high membership coverage.

13. The project will target vulnerable households affected by the earthquake in selected villages. SEWA will actively seek and ensure that both men and women participate in the following project activities and subcomponents: capacity-building, drought-proofing, agricultural development, livestock and fodder development, management of dairy cooperatives, the earthquake-resistant housing support programme, and disaster preparedness and capacity-building. Other activities and subcomponents (craft development, salt production development, gum development, grain banks, microfinance services, the drinking water programme and all social development subcomponents) will be channelled through grass-roots institutions that belong to SEWA members. As per its policy, these will be women.

14. Among target groups, the project will emphasize assistance to salt workers, other landless groups and woman-headed households: they cope least well with crises, are the most vulnerable, and risk being further marginalized.

B. Objectives and Strategy

15. The project's objective will be to secure the livelihoods of economically vulnerable households living in a harsh, disaster-prone and increasingly fragile natural environment, while enhancing their preparedness and capacity to contend with future crises. To achieve this, the project will: (i) build the capacity of existing membership-based community organizations and promote similar institutions; (ii) empower marginalized groups (landless, marginal farmers, etc.) by organizing them; (iii) better prepare communities and households for future disasters; (iv) improve livelihood initiatives for the poorest by including both natural resource and non-land-based activities; (v) augment sustainably and equitably the productivity of natural resources; and (vi) encourage the rural poor to diversify their livelihood activities and to adopt savings, insurance and access to credit so as to mitigate risks.

16. **Strategy.** Improved livelihood security in an environment with multiple hazards requires diverse activities and income sources that cover both farm and off-farm activities. Thus, project



interventions must be broad-based. Fortunately, the natural resource base offers considerable opportunities; developing it lies at the heart of the project's strategy. Drought-proofing through improved water management is the core activity, which will be closely linked to livestock support by ensuring fodder security. Water management interventions will emphasize meeting drinking water requirements and improving rainfed crop yields through *in situ* moisture conservation. Equity concerns will need to be addressed from the outset by inaugurating strong community-management regimes. The project's natural resource management interventions will be complemented by off-farm activities such as crafts development, especially for women confined to their homes. The project will give priority to improving the livelihoods of salt workers and gum collectors: they are among the most disadvantaged households. Rebuilding and sustaining livelihoods also requires giving communities a stake and sense of ownership in the process so they can become self-reliant. The microfinance subcomponent will reduce variability in both income and consumption. The issue of gender cuts across all components; dismantling gender roles and stereotypes will be emphasized.

C. Components

17. The project will adopt a flexible, process-oriented and demand-driven approach that allows members and communities to determine their priority activities through a participatory planning process. Hence, the number and types of investments described below are only indicative.

18. **Capacity-building and empowerment of stakeholders.** The principal objectives of this component are to: (i) devise effective mechanisms for involving communities in decision-making; (ii) reinforce the ability of the communities to launch and manage their own development; and (iii) fortify the support staff in SEWA responsible for assisting members and communities. Since capacity-building underpins all activities, the project will finance a comprehensive capacity and capability-building assessment prior to implementation. It will determine training needs, assess training strategies and ascertain the training resources required to fulfil those needs.

19. **Enhancement of livelihood systems and crises-coping capabilities.** The project will aim at guaranteeing livelihood security within the framework of multiple occupations and the strategy of risk reduction. It will do so by: (i) maximizing the utilization of limited rainfall through drought-proofing; (ii) rebuilding and diversifying sources of livelihood through on- and off-farm activities; (iii) elaborating microfinance services, including microinsurance services; and (iv) establishing a development initiatives fund (DIF).

20. Under this component, the project will give priority to protecting and augmenting income from livestock through better fodder security. In addition, it will strengthen management of dairy cooperatives. Improvements in moisture conservation will be complemented by more advanced technology for rainfed farming. Adopting improved varieties, expanding the use of organic and inorganic fertilizers, and improving agronomic practices and crop diversification are foreseen. The greater availability of irrigation facilities from farm ponds will expand winter cash crops, especially short-duration crops. Similarly, plantations will be established; to provide the required seedlings, the project will finance nurseries managed by individual women or SHGs. Crafts production will be the major ancillary off-farm livelihood activity supported. The project will finance the upgrading of skills and product and market development. For salt workers, the project will focus on freeing them from traders by securing alternative sources of working capital for them, ameliorating the quality of salt and creating independent access to markets. For gum production, the project will concentrate on better quality, heightened productivity and value addition.

21. Microfinance services will be key to protecting livelihoods by better preparing the poor to cope with recurrent crises. Greater awareness of savings as a strategy for smoothing consumption and production needs is required: putting aside some of the benefits of greater production during the good years can help meet needs in the drought years. The project will adopt the SHG approach, providing



resources to three district-level federations to strengthen their organization skills. A village-level cadre of spearhead teams and *agewans* (village heads) will be created. The SEWA Bank will act as mentor and the resource centre for training guidance and monitoring. The project will also provide funds to fortify the microinsurance services offered by SEWA. Similarly, grain banks will be established so as to improve food security. The project has arranged for a DIF that can move funds to areas of demand as expressed by communities (through participatory planning processes) and to components showing good results.

22. **Disaster preparedness and mitigation.** The project will implement the earthquake-resistant housing support programme since the house, for many poor, is not only a shelter but also a workplace. Therefore, the project will concentrate on providing crucial support services to ensure that funds for housing reconstruction reach the poor and are used effectively. In the wider context of disaster preparedness and mitigation, the project will help communities assess their exposure to different hazards and elaborate appropriate strategies and contingency plans.

23. **Social development.** The project will promote measures to increase the productivity and income of women. The two key areas are: (i) greater access to health services; and (ii) child care facilities. Project support for health care activities will include training community health workers and *dais* (traditional birth attendants), health-awareness campaigns and health education, and diagnostic and treatment health camps. The provision of child-care centres will help women to be more productive and further children's development through supplementary nutrition and pre-school education. Since nutrition standards for both women and children are generally low in the project area, the project will support nutrition education for mothers.

24. **Project management.** The project will finance the costs associated with a project management unit (PMU) and with elaborating a management information system and ongoing impact evaluation. It will also finance a community-managed, self-monitoring system.

25. **Food handling.** The project will assist in local handling of World Food Programme (WFP) food assistance, covering transportation, storage and distribution costs.

D. Costs and Financing

26. The total cost of the project over seven years (estimated at May 2001 prices and inclusive of contingencies, taxes and duties) is approximately USD 24.0 million. Enhancement of livelihood systems will represent 67% of project costs, of which land and water management will account for 23%, salt production 11%, savings credit and insurance 10%, and crafts development 9%. The proposed IFAD loan of USD 15.0 million will finance about 63% of total project costs; WFP food assistance accounts for 21%, SEWA 7%, and the Government of India and the Gujarat government 7%. Communities will contribute 3%. Provision has been made for retroactively financing eligible project expenditures incurred after 1 May 2001 for up to USD 500 000.



TABLE 1: SUMMARY OF PROJECT COSTS^a
(USD)

Components	Local	Foreign	Total	% of Foreign Exchange	% of Base Costs
A. Capacity-building and empowerment of stakeholders					
1. Capacity-building	944 343	78 189	1 022 532	8	5
B. Enhancement of livelihood systems and crises-coping capabilities					
1. Drought-proofing					
Integrated land and water management Programme	4 866 924	21 804	4 888 728	-	23
2. Livelihood security					
Agricultural development	1 106 018	23 712	1 129 730	2	5
Livestock and fodder development	317 780	29 532	347 312	9	2
Nursery and plantation development	343 948	18 213	362 162	5	2
Crafts development	1 784 646	92 666	1 877 313	5	9
Salt production development	2 418 356	9 957	2 428 314	-	11
Gum development	249 160	15 681	264 840	6	1
Subtotal	6 219 908	189 762	6 409 670	3	30
3. Microfinance services					
Savings, credit and insurance	1 979 874	79 681	2 059 555	4	10
4. Development initiatives fund	1 200 000	-	1 200 000	-	6
Subtotal	14 266 706	291 247	14 557 953	2	67
C. Disaster preparedness and mitigation					
1. Drinking water programme	955 819	6 485	962 303	1	4
2. Earthquake-resistant housing support programme	178 015	24 804	202 819	12	1
3. Disaster preparedness and capacity-building.	168 052	15 097	183 149	8	1
Subtotal	1 301 886	46 386	1 348 271	3	6
D. Social development					
1. Health care activities	358 002	33 667	391 699	9	2
2. Child care	1 743 828	22 925	1 766 753	1	8
Subtotal	2 101 830	56 592	2 158 422	3	10
E. Project management					
1. PMU	1 931 943	136 206	2 068 149	7	10
F. Food handling	424 979	-	424 979	-	2
Total base costs	20 971 685	608 621	21 580 306	3	100
Physical contingencies	899 358	23 130	922 488	3	4
Price contingencies	1 420 365	37 347	1 457 711	3	7
Total project costs	23 291 408	669 097	23 960 505	3	111

^a Discrepancies in totals are due to rounding.

TABLE 2: FINANCING PLAN^a
(USD)

	IFAD		Government		Beneficiaries		WFP		SEWA		Total		Foreign Exch.	Local (excl taxes)	Duties and Taxes
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%			
A.Capacity-building and empowerment of stakeholders															
1. Capacity-building	918 249	80.9	20 275	1.8	-	-	101 359	8.9	94 737	8.3	1 134 621	4.7	85 744	1 028 601	20 275
B.Enhancement of livelihood systems and crisis-coping capabilities															
1. Drought-proofing Integrated land and water management programme	2 281 471	41.1	1 068 054	19.2	586 292	10.6	1 413 754	25.4	206 303	3.7	5 555 874	23.2	24 140	5 510 615	21 119
2. Livelihood security															
Agricultural development	501 493	39.2	17 210	1.3	-	-	666 553	52.1	95 265	7.4	1 280 522	5.3	26 564	1 236 748	17 210
Livestock and fodder development	304 615	80.2	7 896	2.1	-	-	-	-	67 389	17.7	379 900	1.6	31 552	340 452	7 896
Nursery and plantation development	354 759	86.8	16 238	4.0	-	-	-	-	37 911	9.3	408 907	1.7	20 554	372 116	16 238
Crafts development	1 577 140	77.5	31 283	1.5	-	-	316 103	15.5	111 741	5.5	2 036 267	8.5	100 998	1 903 985	31 283
Salt production development	1 211 531	44.6	5 744	0.2	-	-	1 442 152	53.1	57 449	2.1	2 716 876	11.3	11 364	2 699 768	5 744
Gum development	236 327	80.0	14 625	4.9	21 200	7.2	-	-	23 355	7.9	295 508	1.2	17 398	263 484	14 625
Subtotal	4 185 865	58.8	92 996	1.3	21 200	0.3	2 424 808	34.1	393 111	5.5	7 117 980	29.7	208.431	6 816 554	92 996
3. Microfinance services															
Savings, credit and insurance	1 858 087	83.0	47 170	2.1	-	-	-	-	333 926	14.9	2 239 183	9.3	90 402	2 101 611	47 170
4. Development initiatives fund	1 176 000	98.0	24 000	2.0	-	-	-	-	-	-	1 200 000	5.0	-	1 176 000	24 000
Subtotal	9 501 424	59.0	1 232 221	7.6	607 492	3.8	3 838 562	23.8	933 340	5.8	16 113 037	67.2	322 973	15 604 779	185 285
C.Disaster preparedness and mitigation															
1. Drinking water programme	564 603	51.9	278 033	25.6	93 827	8.6	116 495	10.7	33 891	3.1	1 086 848	4.5	7 174	1 073 642	6 032
2. Earthquake-resistant housing support programme	175 179	82.0	13 805	6.5	-	-	-	-	24 750	11.6	213 734	0.9	25 877	174 052	13 805
3. Disaster preparedness and capacity-building	194 983	96.7	4 350	2.2	-	-	-	-	2 273	1.1	201 608	0.8	16 653	180 603	4 350
Subtotal	934 765	62.2	296 188	19.7	93 827	6.2	116 495	7.8	60 914	4.1	1 502 189	6.3	49 704	1 428 298	24 186
D. Social development															
1. Health care activities	394 936	90.5	14 917	3.4	-	-	-	-	26 320	6.1	434 173	1.8	36 902	382 354	14 917
2. Child care	1 024 114	50.4	4 590	0.2	-	-	866 882	42.7	134 453	6.6	2 030 039	8.5	25 525	1 999 924	4 590
Subtotal	1 417 050	57.5	19 507	0.8	-	-	866 882	35.2	160 773	6.5	2 464 211	10.3	62 427	2 382 277	19 507
E. Project management															
1. PMU	1 736 987	76.3	82 602	3.6	-	-	-	-	456 175	20.0	2 275 764	9.5	148 249	2 044 914	82 602
F. Food handling	470 683	100.0	-	-	-	-	-	-	-	-	470 683	2.0	-	470 683	-
Total Disbursement	14 979 158	62.5	1 650 792	6.9	701 319	2.9	4 923 297	20.5	1 705 939	7.1	23 960 505	100.0	669 097	22 959 552	331 856

^a Discrepancies in totals are due to rounding.





E. Procurement, Disbursement, Accounts and Audit

27. All procurement of items financed from the IFAD loan will follow IFAD's procurement guidelines. Project activities will be mostly small scale and within the limits of local shopping procedures. According to cost estimates, the largest single investment consists of road upgrades: the cost of 3 km of road will be about USD 25 000. The PMU in SEWA will apply either local competitive bidding or local shopping procedures to procure vehicles and office equipment for project management. Direct procurement will be allowed on terms and conditions approved by IFAD for goods and services estimated at USD 10 000 or equivalent, but less than USD 25 000. Local competitive bidding procedures will apply for securing goods and services costing the equivalent of USD 25 000 or more. SEWA will provide copies of the terms of reference and all bidding documents relative to the procurement of consultant services/studies to IFAD for its prior review and approval. The proposed IFAD loan of USD 15.0 million will be disbursed over a seven-year period. Disbursements by IFAD will be made against certified statements of expenditure (SOEs) except for contracts over USD 50 000. These will require fully documented applications.

28. IFAD loan funds will pass as a grant from the Government of India and the Gujarat government to SEWA. The Gujarat government's contribution to meeting project costs will also devolve to SEWA as an advance on a quarterly basis in accordance with the annual workplan and budget. The Government of India will establish a special account in New Delhi to receive funds from IFAD. Its authorized allocation will be USD 1.0 million.

29. Separate records and accounts related to project expenditures will be maintained by relevant institutions. The accounts will be consolidated at the district level by the district association and forwarded to the PMU. The PMU will submit, in a format acceptable to IFAD, six-monthly and annual financial reports to the Government of India, the Gujarat government and to IFAD no later than three months after the end of the reporting period. Similarly, a reputable firm of chartered accountants will audit the project accounts of SEWA and the district associations annually. Certified copies of the audit reports and financial statements, including a separate opinion on SOEs, will be submitted to IFAD within six months from the end of the reporting period. In these statements, the expenditures made under the project will be separated from overall accounts. The village development committees (VDCs) will establish a social audit subcommittee within the community to audit the accounts; the district association will employ registered auditors to audit the VDC accounts.

F. Organization and Management

30. Overall responsibility for the project will rest with Gujarat government, while SEWA will have responsibility for project implementation. At the grass-roots level, district-level associations will directly implement the project, with the support of the SEWA secretariat. SEWA's sister organizations (including SEWA Bank, Mahila Housing Trust, SEWA Academy and Trade Facilitation Centre) will provide technical support in key areas. In addition, technical and implementation services will be outsourced to a number of agencies in the public, private and voluntary sectors. Since SEWA already has a well-defined organizational structure and a distinct institutional culture, project management will be integrated into its existing structure. SEWA's professional, managerial, technical and financial management skills will be reinforced in preparation of project implementation. The project will establish coordination links with the Government of India and the Gujarat government, which will be responsible for channelling IFAD loan funds to SEWA and monitoring project performance. While SEWA will retain overall responsibility for implementing the project, it will do so in partnership with technical and marketing agencies. SEWA will outsource required services using the resources made available under the project.



31. At the community level, a range of community institutions formed by SEWA members will implement project activities. In villages where integrated land and water management activities are most important, the VDCs will manage project activities identified by the community through a participatory microplanning exercise. The VDC will be composed of 11 members, of whom eight will be women. Moreover, an array of other community institutions will meet specific needs. These include self-managed SHGs that concentrate on savings and credit, dairy cooperatives, craft groups, salt cooperatives and water users groups.

32. At the district level, responsibility for project implementation will rest with member-based district associations, namely the Banaskantha Development of Women and Children in Rural Areas (DWCRA) Association (covering Patan), Kutch Craft Association and Surendranagar Mahila and Balvikas Mandal. Within the district associations, management will be fortified by adding experienced professional staff in planning, management and monitoring, and natural resource management.

33. The SEWA head office will be responsible for ensuring ongoing technical and managerial support to the district associations. Project responsibility will rest with the director of rural development, who will be designated as project director. For more effective support, the SEWA head office will be reinforced in both its technical and planning and managerial capacity through the recruitment of more suitably qualified and experienced professional staff. The project will establish a small PMU under the director of rural development, which will be headed by a project coordinator. The key staff at the centre and in the district associations will be secured through open competition based on professional competence and experience. A project steering committee will coordinate activities within SEWA, guiding the project's overall conception. A project implementation committee will direct the day-to-day planning and management of project activities. A joint Government of India/Gujarat government/SEWA project review committee will be instituted to steer and review project implementation. Appropriate senior government officials, SEWA senior management and distinguished outside development experts will comprise the committee. In addition, the government of Gujarat will establish a cell within the Rural Development Department, to liaise with IFAD, WFP and SEWA; review project performance; and process reimbursement claims.

G. Economic Justification

34. The project will directly assist 53 280 households. A larger number of households will benefit from education and participation. Health activities will reach over 280 000 women through camps and mobile health services. In financial terms, land and water interventions (supplemented by associated agricultural and silvi-pastoral development) will yield a rate of return of 25% for Patan and Surendranagar and 17% for Kutch. The return assumes a cycle of one good rainfall followed by two successive drought years. Overall returns to labour will increase by up to 40%. Similarly, the economic internal rate of return (EIRR) is estimated at 22%. Sensitivity analysis shows that the EIRR falls to 20% if benefits fall by 10% or costs increase by 10%. If benefits are delayed by one year, the EIRR drops to 18%.

35. Land and water management activities will significantly improve household food security by trebling the contribution of home production to the household's basic food grain requirements (although not fulfilling all requirements). Still, increases in fodder production and increased income from milk sales will help cover the gap. Similarly, the large expansion in child-care centres will provide more children with access to supplementary nutrition, reducing chronic and acute malnutrition among pre-school-age children in the project area. As women will principally control the land and water management activities, progress in gender relations will occur.



H. Risks

36. The ambitious challenge presented to SEWA to scale up its rural development activities is the major risk the project faces. SEWA, however, has the advantage of a strong base in all districts, which can be called upon to assist in this exercise. In addition, the outsourcing option will reduce the pressure for overreaching. Furthermore, implementation will occur over a long time frame of seven years. SEWA's ability to manage resources on the scale required by the project forms the second risk. Yet, SEWA has long experience and well-established operating procedures. With the project helping to enhance its manpower and capacity, SEWA should not have difficulty in implementing the project. The danger of disturbing the unique institutional culture of the organization by incorporating more professional management systems constitutes the third risk. Awareness of the risk and a slow transition towards greater professional and technical expertise will counteract it. Finally, risks associated in the transition from a labour union to a broad-based rural development agency will be mitigated by building capacity within district associations and not by reorienting SEWA, which will remain essentially an informal-sector labour union.

I. Environmental Impact

37. The project will have positive environmental impacts and benefits, since the largest subcomponent, integrated land and water management, seeks to rehabilitate degraded environments and foster better resource conservation and management. More specifically, water conservation will be improved and more environmentally sound and sustainable agriculture elaborated through the control of run-off, enhanced soil moisture-holding capacity, better vegetative cover on wasteland, and the harvesting of rainwater for drinking water so as to reduce pressure on depleting groundwater. To the extent that there are marginal potential negative effects, these include the conflict between salt production and wildlife (e.g. flamingos). As the project will work with existing salt producers, no expansion in the area under salt production is contemplated. The increase in the productivity of salt from a salt pan via project interventions could facilitate an overall reduction in the salt pan area. The environmental screening and scoping note prepared for the project classified it as category B (i.e. with limited environmental impacts). Still, ensuring that serious environmental problems on common lands are not neglected in project implementation is crucial. The desilting of ponds must be undertaken carefully to guard against seepage through the exposure of the sandy layer; and farmers need to be made aware that over-irrigating crops may increase soil salinity to unacceptable levels.

J. Innovative Features

38. The project has many innovative features that suit IFAD's corporate strategy well. First, entrusting the entire project implementation to a voluntary organization is a landmark achievement. Second, a partnership with SEWA promises a genuine two-way flow of benefits, deepening IFAD's experience in participatory development and women's empowerment. Third, a women-led approach to community-based natural resource management brings gender issues to the foreground in the negotiation of women's entitlements, which helps resolve gender-based conflicts in resource use and ensure equitable access to resources. By involving SEWA, the project will provide greater experience to IFAD on how marginalized groups, in this case women, can be empowered to manage their own development activities in order to become truly self-reliant. Fourth, the project adds a new dimension to rural development interventions through disaster preparedness and mitigation. Finally, since the project will be implemented by a member-based organization, it will necessarily embody a highly process-oriented and flexible demand-driven approach to planning and execution in order to respond to the needs and aspirations of members.



PART III - LEGAL INSTRUMENTS AND AUTHORITY

39. 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.
40. The Republic of India is empowered under its laws to borrow from IFAD.
41. I am satisfied that the proposed loan will comply with the Agreement Establishing IFAD.

PART IV – RECOMMENDATION

42. 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 eleven million six hundred and fifty thousand Special Drawing Rights (SDR 11 650 000) to mature on and prior to 1 September 2041 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.

Lennart Båge
President

SUMMARY OF IMPORTANT SUPPLEMENTARY ASSURANCES INCLUDED IN THE NEGOTIATED LOAN AGREEMENT

(Loan negotiations concluded on 4 September 2001)

1. **Project account.** SEWA will open and thereafter maintain, in a bank proposed by SEWA and accepted by IFAD, a current account denominated in INR for project operations. The project director will be fully authorized to operate the project account.
2. **Counterpart contribution.** During the project implementation period, the State of Gujarat of the Republic of India (the State) will make counterpart funds available to SEWA from its own resources for each fiscal year, equal to the counterpart funds called for in the annual work plan and budget (AWPB) for the first three months of project implementation, and on the basis of statements of expenditure thereafter.
3. **Gender focus.** SEWA will actively seek and ensure the participation of men, along with women, in implementing the following components/sub-components: capacity building, drought proofing, agricultural development, fodder cultivation, management of dairy cooperatives, earthquake-resistant housing, and capacity-building under the disaster preparedness and mitigation component.
4. **Project coordinator.** SEWA will appoint a project coordinator (PC) subject to prior approval by IFAD. SEWA will ensure that there will be no more than two turnovers of the PC during the project implementation period, and that each successor will have qualifications and experience satisfactory to IFAD. Any such new appointment will be subject to the prior approval of IFAD.
5. **Staff recruitment.** Within 90 days of effectiveness, SEWA will appoint the PC and the finance and procurement manager to the PMU, and a deputy district coordinator (planning and monitoring) to each district association. All project professional and technical staff will be recruited on a renewable contract through an open, competitive process selecting from professionally qualified candidates.
6. **Mobile health vans.** No later than 30 days after effectiveness, SEWA will submit a proposal on the operation of mobile health vans focusing on the cost-recovery strategy.
7. **Pest management practices.** As part of maintaining sound environmental practices as required by the General Conditions, the project parties will maintain appropriate pest management practices under the project and, to that end, the Republic of India will ensure that pesticides procured under the project do not include any pesticide either proscribed by the International Code of Conduct on the Distribution and Use of Pesticides of the Food and Agriculture Organization of the United Nations (FAO), as amended from time to time, or listed in Tables 1 (Extremely Hazardous) and 2 (Highly Hazardous) of the Recommended Classification of Pesticides by Hazard and Classification 1996-1997 of the World Health Organization (WHO), as amended from time to time.
8. **Insurance of project personnel.** SEWA will insure key project personnel against health and accident risks, consistent with sound commercial practice.
9. **Conditions of effectiveness.** Conditions precedent to effectiveness of the loan agreement are as follows:



ANNEX

- (a) the project steering committee shall have been duly established;
- (b) the project review committee shall have been duly established;
- (c) the PMU shall have been duly established;
- (d) the Republic of India shall have duly opened the special account;
- (e) SEWA shall have duly opened the project account;
- (f) the State shall have made an initial budgetary allocation of counterpart funds to SEWA;
- (g) the AWP/B for the first project year shall have been submitted and will be satisfactory to the cooperating institution and IFAD;
- (h) the project loan agreement shall have been duly signed, and the signature and performance thereof by the Republic of India shall have been duly authorized and ratified by all necessary administrative and governmental action;
- (i) a project agreement among IFAD, the State and SEWA, in respect of the implementation of the project, shall have been duly signed and favourable legal opinions shall have been issued by competent legal counsel for the State and for SEWA in respect of the project agreement's legally binding nature upon the State and upon SEWA, respectively;
- (j) a copy of a financing agreement, between the State and SEWA, in respect of, *inter alia*, the channelling of loan proceeds and SEWA's responsibilities for project implementation, in form and substance acceptable to IFAD, shall have been delivered to IFAD; the signature and performance thereof by the State and SEWA shall have been duly authorized or ratified by all necessary administrative, corporate and/or governmental action; and a favourable legal opinion shall have been issued by the competent legal counsel in the State in respect of said financing agreement's legally binding nature upon the State and SEWA;
- (k) copies of signed district association financing agreements, between SEWA and each of the district associations, in respect of the channelling of loan proceeds and each district association's responsibilities under the project, in form and substance acceptable to IFAD, shall have been delivered to IFAD; and the signature and performance thereof by SEWA shall have been duly authorized or ratified by all necessary administrative and corporate action; and
- (l) a favourable legal opinion, issued by the Solicitor General of the Republic of India, in form and substance acceptable to IFAD, shall have been delivered by the Republic of India to IFAD.

APPENDIX I

COUNTRY DATA

INDIA

Land area (km² thousand) 1997 1/	2 973	GNP per capita (USD) 1999 4/	440
Total population (million) 1999 4/	997.5	Average annual real rate of growth of GNI per capita, 1990-98 2/	4.3
Population density (people per km²) 1998 1/	330	Average annual rate of inflation, 1990-98 2/	9
Local currency	Indian Rupee (INR)	Exchange rate: USD 1 =	INR 47.0
Social Indicators		Economic Indicators	
Population (average annual population growth rate) 1980-98 1/	2.0	GDP (USD million) 1999 4/	447 292
Crude birth rate (per thousand people) 1998 1/	27	Average annual rate of growth of GDP 1/	
Crude death rate (per thousand people) 1998 1/	9	1980-90	5.8
Infant mortality rate (per thousand live births) 1998 1/	70	1990-98	6.1
Life expectancy at birth (years) 1998 1/	63	Sectoral distribution of GDP, 1998 1/	
Number of rural poor (million) (approximate) 1/	259.7	% agriculture	29
Poor as % of total rural population 1/	37	% industry	25
Total labour force (million) 1998 1/	431.1	% manufacturing	16
Female labour force as % of total, 1998 1/	32	% services	46
Education		Consumption, 1998 1/	
Primary school gross enrolment (% of relevant age group) 1997 1/	100 a/	General government consumption (as % of GDP)	11
Adult literacy rate (% age 15 and above) 1998 3/	58	Private consumption (as % of GDP)	69
Nutrition		Gross domestic savings (as % of GDP)	
Daily calorie supply per capita, 1997 3/	2 496	Balance of Payments (USD million)	
Prevalence of child malnutrition (height for age % of children under 5) 1992-98 1/	52	Merchandise exports, 1998 1/	34 076
Prevalence of child malnutrition (weight for age % of children under 5) 1992-98 1/	53	Merchandise imports, 1998 1/	44 828
Health		Balance of merchandise trade	
Health expenditure, total (as % of GDP) 1990-98 1/	5.2	Current account balances (USD million)	
Physicians (per thousand people) 1990-98 1/	0.41	before official transfers, 1998 1/	-15 264
Percentage population without access to safe water 1990-98 3/	19	after official transfers, 1998 1/	-4 984
Percentage population without access to health services 1981-93 3/	25	Foreign direct investment, 1998 1/	2 635
Percentage population without access to sanitation 1990-98 3/	71	Government Finance	
Agriculture and Food		Overall budget surplus/deficit (including grants) (as % of GDP) 1997 1/	
Food imports as percentage of total merchandise imports 1998 1/	5.6 a/	Total expenditure (% of GDP) 1997 1/	15
Fertilizer consumption (hundreds of grams per ha of arable land) 1995-97 1/	912	Total external debt (USD million) 1998 1/	98 232
Food production index (1989-91=100) 1996-98 1/	120	Present value of debt (as % of GNP) 1998 1/	20
Land Use		Total debt service (% of exports of goods and services) 1998 1/	
Arable land as % of land area, 1997 1/	54	Nominal lending rate of banks, 1998 1/	14
Forest area (km ² thousand) 1995 1/	650	Nominal deposit rate of banks, 1998 1/	n.a.
Forest area as % of total land area, 1995 1/	22		
Irrigated land as % of cropland, 1995-97 1/	32		

n.a. not available.

a/ Data are for years or periods other than those specified.

1/ World Bank, *World Development Report*, 2000.2/ World Bank, *Atlas*, 2000.3/ UNDP, *Human Development Report*, 2000.4/ World Bank, *World Development Indicators Database*, 2001.

PREVIOUS IFAD LOANS TO INDIA

Project/Programme Name	Initiating Institution	Cooperating Institution	Lending Terms	Board Approval	Loan Effectiveness	Current Closing Date	Loan Acronym	Currency	Approved Loan 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	38 500 000	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	42 700 000	100%
Sundarban Development Project	IFAD	World Bank: IDA	HC	03 Dec 80	04 Feb 81	30 Jun 89	L - I - 49 - IN	SDR	13 350 000	100%
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	21 900 000	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	32 000 000	85.2%
Orissa Tribal Development Project	IFAD	UNOPS	HC	03 Dec 87	27 May 88	31 Dec 97	L - I - 214 - IN	SDR	9 250 000	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	13 150 000	98.3%
Andhra Pradesh Tribal Development Project	IFAD	UNOPS	HC	04 Apr 91	27 Aug 91	31 Mar 99	L - I - 282 - IN	SDR	14 050 000	92.2%
Maharashtra Rural Credit Project	IFAD	UNOPS	HC	06 Apr 93	06 Jan 94	30 Sep 02	L - I - 325 - IN	SDR	21 250 000	72.4%
Andhra Pradesh Participatory Tribal Development Project	IFAD	UNOPS	HC	19 Apr 94	18 Aug 94	31 Mar 03	L - I - 349 - IN	SDR	18 950 000	56.1%
Mewat Area Development Project	IFAD	UNOPS	HC	12 Apr 95	07 Jul 95	31 Dec 03	L - I - 379 - IN	SDR	9 650 000	45.9%
Rural Women's Development and Empowerment Project	IFAD	World Bank: IDA	HC	05 Dec 96	19 May 99	30 Jun 02	L - I - 439 - IN	SDR	13 300 000	
North Eastern Region Community Resource Management Project for Upland Areas	IFAD	UNOPS	HC	29 Apr 97	23 Feb 99	31 Dec 04	L - I - 444 - IN	SDR	16 550 000	05.9%
Jharkhand-Chattisgarh Tribal Development Programme	IFAD	IFAD	HC	29 Apr 99	21 Jun 01	31 Dec 09	L - I - 506 - IN	SDR	16 950 000	
National Microfinance Support Programme	IFAD	UNOPS	HC	04 May 00			L - I - 538 - IN	SDR	16 350 000	



SUMMARY DESCRIPTION OF THE PROJECT

1. The project will adopt a flexible, process-oriented and demand-driven approach in which members and communities determine their priority activities in a participatory planning process. Hence the number and types of investments described are only indicative and should in no way be considered a blueprint. The investment programme will be defined each year through an annual work plan and budget (AWPB) process. It will be the key tool for reflecting community investment priorities. With this caveat, the project proposes a number of broad components: capacity-building and empowerment of stakeholders; enhancement of livelihood systems and crisis-coping capabilities; disaster preparedness and mitigation; social development; project management; and food handling.

A. Capacity-Building and Empowerment of Stakeholders

2. The main objectives of the component are to: (i) create effective mechanisms to involve communities in decision-making as a means of enhancing their ownership and hence the sustainability of development initiatives; (ii) strengthen the capabilities of communities to launch and manage their own development while assisting other communities in doing the same; and (iii) strengthen the capabilities of the supporting staff in SEWA charged with assisting members/communities in their development efforts.

3. The project focuses on capacity-building at the individual/household level and the community/business entity levels. This will include building personal skills through functional literacy and basic awareness training for members and increasing the capacity of communities to plan and manage the available resources and to implement their selected development interventions. For land and water management, the project will focus on training key community members in the participatory rural appraisal (PRA) and village planning procedures so that they are able to lead the community through the participatory planning exercise. Thereafter, the focus will be on leadership and management training for village committee members and office bearers. The project will finance a comprehensive capacity and capability-building assessment prior to project implementation. It will determine training needs, assess training strategies and determine the training resources required to fulfil those needs.

B. Enhancement of Livelihood Systems and Crisis-Coping Capabilities

4. The key activities for ensuring livelihood security within the frame of the multiple livelihoods, risk-reduction and mitigation strategy laid out above will be: (i) drought-proofing to maximize the utilization of limited rainfall; (ii) rebuilding and diversifying sources of livelihood through on- and off-farm activities; and (iii) building microfinance services, including microinsurance services.

5. **Drought-proofing.** This will be taken up through an integrated land and water management programme in selected villages. While the specific requirements of each village will be assessed during the village planning exercise to produce location-specific recommendations, the major emphasis will be on rainwater harvesting. Priority will be given to interventions such as farm bunds to improve *in situ* moisture conservation and the recharging of wells. This approach will address equity issues as it will spread benefits widely and enable most families to improve water retention on at least two thirds of their cultivated land area. The project will also support the construction of some farm ponds to expand irrigation opportunities; care, however, must be exercised to ensure that it is not only the rich who benefit. Cost-sharing arrangements will be introduced, with beneficiaries contributing a minimum of 15% in voluntary labour contributions for farm bunds on private land, 10% for those on public land and 40% for farm ponds on private land. About 70 villages will be assisted in developing and implementing their natural resource management plans. These will be elaborated through participatory microplanning processes that involve the entire community.



6. **Rebuilding and diversifying sources of livelihood.** Priority in using benefits from land and water interventions will be given to protecting and enhancing the income from livestock by improving fodder security. Emphasis will be given to fodder development by encouraging on-farm fodder crop production (mainly sorghum), and through silvi-pastoral development on private land and/or wasteland. This will include plantation development, which in turn will encompass a significant proportion of fodder trees. Fodder banks will be set up to meet needs in subsequent drought years. Improved feed availability and productivity of livestock will be complemented by project support for the establishment or strengthening of dairy cooperatives.

7. Advances in moisture conservation will be accompanied by improvements in crop technology for rainfed farming, including the adoption of improved varieties, increased use of organic and inorganic fertilizers, enhancements in agronomic practices and crop diversification. Increased availability of irrigation facilities from farm ponds expand rabi cash crops, with the emphasis on short-duration crops (such as cumin) that require less irrigation. Project interventions will include establishing seed banks of improved varieties, demonstrations of improved crop varieties and agronomic practices and training of farmers. Farmers will visit peers who have achieved technical successes so as to spread successful innovations. Plantations will be established on wasteland both to preserve the environment and to meet household needs for fodder, fuelwood and more nutritious food by planting fruit trees. In addition, households will be encouraged to plant trees on their own land. The project will finance nurseries managed by individual women or SHGs and provide the required seedlings.

8. The major ancillary off-farm livelihood activity supported will be crafts production. The project will finance skills upgrading and product and market development. To promote international marketing opportunities, it will fund market testing through linkages with experienced intermediary organizations in potential markets, e.g. Europe and the United States. Design and product development inputs will be included to meet market requirements, as will be skills training to meet quality requirements and new product needs. The project will improve the efficiency of crafts production by providing equity contributions to Kutch Craft and Banascraft Association. This will enable them to: leverage their further working capital requirements for expansion through borrowed capital; provide collection vans in each district; and establish a craft resource centre for each association and one subcentre in each district to serve the outlying areas (together with investment in systems improvements to enhance efficiency and cost-effectiveness).

9. **Salt production.** The main intervention for salt workers emphasizes freeing them from traders by ensuring their access to alternative sources of working capital, improving the quality of the salt and assuring independent access to markets. This will be achieved through an equity contribution to enable salt workers to leverage borrowed capital from banks to meet their remaining working capital requirements. In addition, the project will provide subsidized food assistance for a period of three years to assist salt workers during the transition period. The project will also finance the operations of a laboratory in order to better the quality, and hence the price, of the salt, and train salt workers in improved production systems and quality-control measures. Given the production constraints in the Rann and the volatility of the salt market, these interventions will initially be pilot-tested during the first two to three years. Five hundred salt workers will be involved. The interventions will only be replicated on a wider scale if the pilot phase is successful. If so, the project will assist a total of about 5 000 salt workers.

10. **Gum collection.** The project will focus on improving the quality of gum production, increasing productivity and value addition as the means to augmenting the incomes of gum collectors. The project will introduce improved technology based on injecting trees to increase both yield and gum quality. It will finance the initial cost of the equipment and chemicals, with a small contribution from women. In addition, the project will support the development of value addition by financing the establishment of a gum processing plant and a collection van to facilitate regular collection of the gum. This will help safeguard higher quality and market development. These interventions will also



be tested on a pilot scale during the first two years to monitor the technology's effectiveness before scaling up the technique and investing in processing capacity and transport facilities.

11. **Grain banks** will be established to improve food security. Using food provided by WFP, the project will provide 90 tonnes of grain per village. In order to simplify management, it is proposed that five grain banks per village be established, to be managed by SHGs. Grain borrowed will be returned with interest so that the reserves in the grain bank will constantly increase. The project will fund the construction of a simple storage container for each grain bank.

12. **Microfinance services.** Financial management, including savings, is seen as a key ingredient of livelihood protection by heightening the capacity to cope with recurrent crises. This requires awareness of the need to develop savings as a strategy for regulating consumption and production, saving some of the benefits of enhanced production during good years to cover the drought years.

13. The project will adopt the SHG approach to the provision of financial services. During the seven-year implementation period, it will promote and strengthen some 2 960 SHGs across all 400 villages. Resources will be provided for building the capacity of three district-level federations to fortify their capacity as group organizers, creating a village-level cadre of spearhead teams and *agewans* and in turn strengthening their capacity. In line with developing decentralized financial services, all three district-level federations will be provided with limited equity funds to configure themselves as autonomous microfinance institutions. This fund will augment their capital base and enable them to leverage borrowed capital during early years of establishment. SEWA Bank will act as mentor and resource centre for training, guidance and overall monitoring of the microfinance component, including the building of the three microfinance institutions in each district. Adequate resources have been allocated for this purpose. In view of the sufficient liquidity in the banking system in the project districts and the willingness of FFIs to support SHGs, the project envisages generating funds for on-lending through group savings as well as from existing FFIs. The project will also provide funds to strengthen the microinsurance services provided by SEWA, principally in terms of the inputs required in integrating them with savings and credit services.

14. **Development initiatives fund.** The project makes provision for a DIF to provide the flexibility to move funds to areas of demand as expressed by communities through the participatory planning processes, and to those components where good results have been achieved. It will also permit the implementation of other relevant activities that may become feasible and attractive in the course of project implementation. These funds will be allocated on an annual basis to the various components and activities following review of the programme by the mid-term review mission.

C. Disaster Preparedness and Mitigation

15. **Earthquake-resistant housing support programme.** For many poor households in the project area, the house is more than a shelter. It is also the workplace. This reinforces the urgent need to assist households in reconstructing their houses to incorporate disaster-resistant design features that can withstand monsoons, cyclones and earthquakes. In response to the immediate post-earthquake reconstruction needs, the project will focus on making crucial support services available to ensure that funds for housing reconstruction are used effectively. To this end, the project will establish three information centres, one in each district located in a severely earthquake-affected area, to be staffed by junior engineers who will service surrounding villages. They will offer information on earthquake-resistant construction techniques and materials and regularly supervise households during the construction process to assure their compliance with design and quality criteria.

16. **Drinking water programme.** Given the frequent problems faced in the project area, the project will finance a drinking water campaign in 155 villages. In addition to the land and water programme, drinking water will be included for half the villages. The main emphasis will be on the construction of roof water-harvesting tanks on an individual or community basis, using public buildings such as schools and *panchayati raj* buildings.



17. **Disaster preparedness capacity-building.** In the wider context of disaster preparedness and mitigation, the project will assist in building the capacity of communities to assess their exposure to different hazards and to develop appropriate strategies and contingency plans for coping with disaster situations.

D. Social Development

18. Social development interventions are directed towards increasing the productivity and income of women. Improved access to health services and to child-care facilities are the crucial areas in this regard. Project support for health care activities will include the training of community health workers and *dais* (traditional birth attendants), health-awareness campaigns and health education, and diagnostic and treatment health camps. Subject to a pre-project review of cost-effectiveness, the operation of mobile health vans in all three districts to service remote communities is also foreseen, particularly the salt workers in Surendranagar. The project will support the establishment of additional child-care centres that provide pre-school education and supplementary nutrition for children, pregnant women and lactating mothers, largely through food assistance from WFP. Since nutrition standards for both women and children are generally low in the project area, nutrition education will be provided to mothers.

E. Project Management

19. The project will finance the costs associated with the PMU, the development of the management information system, and ongoing impact evaluation. It will also finance a community-managed self-monitoring system.

F. Food Handling

20. The project will include a food handling component, covering the cost of transport, storage and distribution of food assistance from WFP and the monitoring of its use.



DYNAMIC LOGICAL FRAMEWORK

Narrative Summary	Key Performance Indicators	Means of Verification	Critical Assumptions
Goal			
<p>1. Sustainable improvement in livelihood security and enhanced capacity to withstand future disasters for vulnerable groups exposed to multiple hazards.</p>	<ul style="list-style-type: none"> • Reduction in distress sale of livestock in drought years • Reduction in indebtedness to the informal sector • Diversification of the livelihood sources and increased reliability of these systems • Prevalence of chronic malnutrition among children under five in the project area • Accumulation of physical/financial reserves and savings at household and community level to cope with crises • Increases in household incomes and assets and the diversification of portfolio of assets • Enhancement in the overall crises-coping and disaster management abilities of the households and communities • Reduction in migration 	<ul style="list-style-type: none"> • Impact evaluation surveys • Project completion/evaluation reports 	
<p>Purpose</p> <p>2. Sustainable and equitable approach to managing physical and financial resources and diversifying income sources to cope with multihazard environment.</p>	<ul style="list-style-type: none"> • At least 70% of the households report improvement in their livelihood systems • At least 90% of the two VDCs in villages with land and water management are functioning (report regular attendance >75% in the meetings and decisions are taken through these meetings) • and at least two SHGs are functioning in all the villages (at least 90% member deposit savings with over 85% regularity) • A village development fund (VDF) is created and made available for land and water management activities (at least 85% of the required number of households contribute to VDF and agree to its use). • Fodder and grain banks are functional (>60% members participate) • Yield increases (>15% in treated areas over a cycle of three years) • At least 75% of the women participating in the literacy classes become literate • Over 50% of children attending child-care centre show improvement in nutritional status and growth performance • At least 80% of affected households receive full compensation and advisory assistance for house reconstruction • Increase in per capita consumption of water by about 20% 	<ul style="list-style-type: none"> • Cumulative findings of regular impact assessment studies and internal monitoring systems 	<ul style="list-style-type: none"> • Technologies and approaches of the project effectively adopted by communities • Wider context of agricultural policies and service provision become more appropriate or at least do not change negatively for complex and risk-prone project area • SEWA is able to introduce additional professional and technical capacity without reducing the dedication of the grass-roots workers and negatively affecting their morale



APPENDIX IV

Narrative Summary	Key Performance Indicators	Means of Verification	Critical Assumptions
	<ul style="list-style-type: none"> Over 30% of women report improved access to health care SEWA/district level federation's (DLF) ability to identify the needs of its members and respond to those needs on timely basis improved significantly 		
Outputs			
<p>3. Participatory community institutions established/ strengthened and made operational and meeting the needs of the poor households.</p>	<ul style="list-style-type: none"> VDCs established in all villages with land and water management VDFs created with community contributions SHGs, grain banks and seed banks established/ strengthened User groups established for managing community structures, e.g. common pasture land, village ponds, etc. Capacity needs assessment carried out regularly and corrective actions taken Training of trainers accomplished Training provided to all members At least 80% of women starting functional literacy classes 	<ul style="list-style-type: none"> Records kept by the VDCs, SHGs, grain banks and seed banks Regular monitoring reports of project management Participatory self-assessment reports kept by the grass-roots institutions Meeting registers and records at various levels in the project Studies and assessment reports within and outside the project Accounts and audit and monitoring reports IFAD/cooperating institution's review reports 	<ul style="list-style-type: none"> Committed people in community come forward to manage development efforts Serious natural disasters do not severely disrupt existing livelihood systems for elongated period Adequate capacity can be built in community members and leaders for them to become independent and manage their own affairs Conflicts can be avoided or resolved to provide environment for achieving equity Recruit, train and retain staff for sufficiently long period
<p>4. Participatory planning system for natural resource management evolved and implemented.</p>	<ul style="list-style-type: none"> Village natural resource management plans developed in all villages with land and water management within one year of village entry 	<ul style="list-style-type: none"> VDC records Regular monitoring reports 	<ul style="list-style-type: none"> SEWA maintains/ strengthens its capacity to deal with the larger community beyond its members
<p>5. Appropriate farming system technologies identified, tested and widely adopted to improve productivity of the land.</p>	<ul style="list-style-type: none"> Over 30% of cultivable area treated for land and water management and with improved moisture status in kharif season and 5% in rabi season within three years of village entry Over 20% of gross cropped area of participating villages (PVs) under improved cropping systems within five years of village entry At least 20% of treated cultivable area used for on-farm fodder production by households owning cattle 50 ha of wasteland converted to improved pasture within five years of village entry Over 30% of households report improved productivity of livestock within three years of village entry 	<ul style="list-style-type: none"> Regular progress reports Interim impact assessment reports Supervision reports 	<ul style="list-style-type: none"> Serious natural disasters do not severely disrupt local farming system Market trends and fluctuations do not adversely affect economic viability of farm activities
<p>6. Diversified, non-farm, income-generating activities tested and made available to enhance livelihood security through multiple livelihood opportunities.</p>	<ul style="list-style-type: none"> Crafts production established as sustainable, viable activity providing regular employment (> 90 days a year to > 75% of the participants) Women's employment and income from 	<ul style="list-style-type: none"> Regular monitoring reports Interim impact assessment reports 	<ul style="list-style-type: none"> Able to penetrate international market within the framework of the inputs provided under the project



APPENDIX IV

Narrative Summary	Key Performance Indicators	Means of Verification	Critical Assumptions
	<ul style="list-style-type: none"> crafts production increased • Salt producers established as independent producers and able to sell salt at remunerative price • Production and income from gum collection enhanced to make it a more attractive livelihood activity 		<ul style="list-style-type: none"> • Able to establish viable marketing arrangements for gum • Trading cartel does not become excessively powerful to stop SEWA's initiative in developing a competitive market for salt
<p>7. Household food security increased.</p>	<ul style="list-style-type: none"> • Supplementary feeding programme reaches at least 90% of the project target by EOP. • Food assistance becomes available to at least 85% of the targeted households. 	<ul style="list-style-type: none"> • Periodic nutrition monitoring surveys • Growth performance records of child care centres 	
<p>8. Savings, credit and insurance services made available and accessed as strategies to cope with crises, reduce vulnerability and finance microenterprises.</p>	<ul style="list-style-type: none"> • At least two SHGs formed in each PV within two years of village entry • Savings deposited on time by at least 85% of the members within one year of establishment • Internal lending services becomes available in 85% of the SHGs by the first project year (PY) and accessed at least by 75% of the members within two years of establishment • At least 80% of members take out insurance policy within two years of village entry • At least 50% of the SHGs are linked with microfinance institutions (MFIs) with bulk borrowing facilities within two years of their establishment and 75% within three years of establishment. • Insurance claims are settled and advances made available within reasonable time. • District-level MFIs established and made operationally viable within five years • At least 40% of the SHGs establish and operate grain banks • At least 20% of the SHGs establish and operate seed banks 	<ul style="list-style-type: none"> • SHG group records • Regular monitoring reports of MFIs, SEWA Bank and SEWA Insurance • Interim impact assessment reports • Supervision reports etc. 	<ul style="list-style-type: none"> • Rural finance policies reforms continue or at least maintained at what they are now
<p>9. Housing reconstruction with earthquake-resistant houses satisfactorily accomplished.</p>	<ul style="list-style-type: none"> • At least 80% of house-owners are assisted to receive housing funds supervised by project engineers • At least 70% of the earthquake victims have access the information related to earthquake-resistant housing construction 	<ul style="list-style-type: none"> • Regular monitoring reports • Interim impact assessment reports 	<ul style="list-style-type: none"> • Government funding of compensation goes smoothly
<p>10. Ability to meet drinking water requirements from sustainable sources enhanced.</p>	<ul style="list-style-type: none"> • No. of roof rainwater-harvesting tanks constructed – individual/community • No. of wells and village ponds constructed • Reduction in dependence on tankers for water supply • Reduction in time taken to collect water among beneficiary households (> 25%) 	<ul style="list-style-type: none"> • Regular progress reports • Interim impact assessment reports 	<ul style="list-style-type: none"> • Consecutive drought years do not occur too frequently (more than three out of five years)
<p>11. Communities and</p>	<ul style="list-style-type: none"> • At least 50% of targeted villages have 	<ul style="list-style-type: none"> • Regular monitoring 	<ul style="list-style-type: none"> • Adequate capacity and

APPENDIX IV

Narrative Summary	Key Performance Indicators	Means of Verification	Critical Assumptions
business entities are more prepared for coping with natural disasters.	drawn up disaster contingency plans	reports • Interim impact assessment reports	motivation exists within communities
12. Women's productivity and incomes increased due to greater access to health care and child care services.	<ul style="list-style-type: none"> • At least 50% of PVs have active village health workers implementing health education programmes by EOP • Over 30% of community health workers are providing sustained services on full cost recovery basis after five years of PV entry 	<ul style="list-style-type: none"> • Regular progress reports • Interim impact assessment reports • Findings of participatory assessment exercises 	
13. Effective programme management system established and operational.	<ul style="list-style-type: none"> • Improved project planning system established and made operational by SEWA and DLFs • Improved management systems including human resource, finance and overall organizational control systems are improved and made operational by SEWA and DLFs • Quarterly progress of activities and processes reviewed and documented at various levels • Systematic monitoring and course correction system introduced and operational 	<ul style="list-style-type: none"> • Regular documents/reports available for verification at various levels of programme management 	
Activities			
1.1 Undertake capacity and capability needs assessment for all levels of SEWA and communities 1.2 SEWA Academy trains trainers in-house and district training teams 1.3 Basic membership and leadership training provided to all members 1.4 Review participatory processes (PPs) of other projects through field visits and workshops 1.5 Design and test system for microplanning based on PRA and other techniques; implement, evaluate and revise, as necessary 1.6 Train villagers, staff and other stakeholders in use of PPs 1.7 Train SHG/VDC members in programme planning, management, accounts 1.8 Implement system in all project villages 1.9 Review system and revise as necessary 1.10 Establish SHGs and train members and leaders 1.11 Establish grain banks and seed banks and train SHG members or others in management of these banks 1.12 Orient communities to equity issues and entitlements in use of common property resources 1.13 Train leaders of user groups in equitable management of common property resources			
2.1 Training and exposure visits for land and water management in participatory community development planned and implemented 2.2 Participating villages (PVs) selected in accordance with criteria 2.3 Village briefings held to explain village planning and key leaders showing interest and initiative identified as village planners 2.4 Training provided to village planners in participatory planning mechanisms 2.5 PRA exercises undertaken to establish village profile, needs and opportunities 2.6 Village plans prepared 2.7 The VDC and office bearers, subcommittees and village volunteers selected to oversee implementation of the village plans 2.8 The VDF established as mechanism for financing project interventions at village level 2.9 Community institutions are encouraged to identify and cope with development constraints without outside assistance 2.10 Communities are encouraged to make voluntary contributions to sustain the VDF for future development of the village 2.11 Strategies for sustainability of community institutions evolved and implemented			
3.1 Issue-focused PRAs on overall relevant aspects of farming systems conducted (land and water management, crops, livestock, fodder development, plantations) 3.2 Appropriate technologies identified, procured, tested and evaluated with poor farmers 3.3 Farmer-preferred technologies promoted widely			



APPENDIX IV

Narrative Summary	Key Performance Indicators	Means of Verification	Critical Assumptions
3.4 Demonstrations undertaken on farmers' fields to disseminate information about improved technology 3.5 Exposure visits and training on key technologies provided for selected farmers			
4.1 Market development for domestic and international markets for craft products 4.2 Product design and development to mould goods produced to market demand 4.3 Skill upgradation for craft skills 4.4 Equity capital to enable KCA and BDMSA to leverage working capital from banks 4.5 Construction of craft resource centres and establishment of sample banks to assist in product development 4.6 Management review to improve operational efficiency and cost-effectiveness of craft operations 4.7 Salt sector study to define possibilities and strategies for improvement in livelihoods of salt workers 4.8 Training, laboratory operations to improve salt quality and its marketability 4.9 Independent marketing arrangements established 4.10 Equity grant from project provided as leverage to borrow remainder of working capital required from banks 4.11 Support for salt producers from spearhead teams, salt technician and salt coordinator at head office 4.12 Study of gum production and marketing to identify appropriate intervention strategy, including viability of processing plant 4.13 Independent marketing arrangements 4.14 Pilot testing of injection of trees (which will be intensively monitored) 4.15 Provision of tools and protective clothing for gum collectors, and injection equipment 4.16 Improved operational efficiency, collection, storage and marketing of gum 4.17 Training to improve quality of gum 4.18 Establishment of processing plant for stationery gum			
5.1 Land and water management interventions to increase productivity of rainfed agriculture 5.2 Improved agronomic practices adopted to increase productivity of crops 5.3 Increased on-farm fodder production and pasture development on wasteland/non-cultivated areas to increase livestock productivity 5.4 Improvements in non-farm income activities – craft, gum and salt production to increase incomes			
6.1 Training of spearhead team members and organizers by SEWA Bank for promotion and capacity-building of SHGs 6.2 SEWA bank designs training modules, operating and monitoring systems for SHGs and for district microfinance institutions 6.3 Establishment of SHGs and training of SHG members in savings and credit management 6.4 SHGs provided with equity grant to assist in leveraging additional loan funds to augment their resources for on-lending 6.5 District-level MFIs provided with equity contribution to assist in leveraging funds for on-lending to SHGs 6.6 SEWA Insurance develops training modules and monitoring systems for insurance and develops innovative insurance products			
7.1 Technical manuals and information leaflets prepared and distributed to homeowners engaged in reconstruction 7.2 Technical information centres constructed as models of earthquake-resistant designs and to provide information to homeowners 7.3 Team of engineers contracted to visit villages to provide advice and supervision to homeowners to ensure proper implementation of earthquake-resistant construction techniques			
8.1 Spearhead teams trained in construction of roof rainwater-harvesting tanks to assist community 8.2 Homeowners assisted in constructing individual roof rainwater-harvesting tanks 8.3 Community constructs community roof rainwater-harvesting tanks, wells and village ponds 8.4 Awareness training provided to communities in clean water and water quality testing			
9.1 Development of training modules and training materials for disaster preparedness 9.2 Training imparted to communities and business entities, e.g. cooperatives, in hazard analysis and preparation of contingency plans			
10.1 Review of current level of access to sanitation, health and nutrition 10.2 Identification and prioritization of health needs of poor women 10.3 Plan, negotiate and implement relevant activities, including training of community health workers and traditional birth attendants (<i>dais</i>) and of village health committees 10.4 Holding of periodic health camps and awareness-building on health-related issues through the service providers 10.5 Provide mobile support health teams to reach remote areas with preventive and curative health care 10.6 Provide full-day child care centres to enable women's time to be used more productively			
11.1 Offices established; staff recruited, trained, working; financial powers/purchase procedures established; management information system, human resources development, and accounting system in place 11.2 Planning and management review of SEWA undertaken and consultants recruited to introduce improved management systems, including human resource, financial and overall organizational control systems 11.3 Regular and periodic workshops involving staff and communities held to review progress and develop future plans 11.4 Activities and process monitoring systems designed and implemented; staff trained; monthly, quarterly and annual data collation and			



INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

APPENDIX IV

Narrative Summary	Key Performance Indicators	Means of Verification	Critical Assumptions
reporting done	11.5 Impact assessment approach designed and developed	11.6 Special baseline nutrition survey commissioned and executed, and periodically repeated	11.7 Other thematic studies identified, designed and executed during project implementation as required

COORDINATION, MANAGEMENT, AND MONITORING AND EVALUATION

A. Coordination

1. **SEWA.** The coordination of activities within SEWA will occur through the establishment of a project steering committee (PSC) that will guide the project conceptually; and a project implementation committee to direct the day-to-day planning and management of project activities. The framework will be of a cohesive development strategy that emphasizes and ensures synergies and complementarities among project activities to address the needs of communities in an integrated and holistic manner.
2. **Gujarat government/SEWA.** A joint Gujarat government/SEWA project review committee (PRC) will be established to guide and review project implementation. This will be composed of appropriate senior Gujarat government officials, SEWA senior management and distinguished outside development experts. The PMU will act the secretariat to the PRC, with the project coordinator acting as its member-secretary. The PRC will be the final approving authority for the AWPB, providing a forum for mutual learning and dialogue on policy issues. It will also be instrumental in channelling public-sector resources on technology, extension, and research to the project beneficiaries. PRC establishment will be a condition for loan effectiveness.
3. **Gujarat Government project cell.** In addition, the Gujarat Government will establish a cell within a designated department whose responsibility it will be to liaise with IFAD/WFP and SEWA. It will review project performance and process reimbursement claims. The designated officer will monitor activities at the field level on a quarterly basis.

B. Management Systems

Annual Work Plan and Budget

4. The key document for project implementation will be the AWPB. It will detail annual objectives (outputs), the inputs required, financial requirements, implementation modalities and procurement methods for each project activity and for each district. Although annual in scope, the AWPB will be disaggregated into quarterly segments for monitoring purposes. The activities to be implemented will be determined through village development plans for the land and water management component, and through member-based demands for other activities. Activity coordinators will prepare these village and activity-level plans at the district level, guided by the Deputy Coordinator of Planning and Monitoring for submission to PMU. At the head office, the Coordinator of Planning and Monitoring will be responsible for compiling the consolidated AWPB. The SEWA Steering Committee will sanction the AWPB prior to its submission to PRC. The latter is the final authority in approving it. To ensure that the project remains responsive to the needs of the communities, the AWPB will be reviewed and revised every six months.

Review Process

5. The **annual review and planning meeting** will be organized by each district association prior to the formulation of the AWPB for the next year. This will provide an opportunity for members and support staff to review interactively project performance and newly emerging needs, and to incorporate improvements into project implementation.



6. **Learning from implementation experience – interdistrict workshops.** A separate review and planning meeting will be held at the centre level for member representatives from each district association and its user groups to share and learn from each other's experiences. In this way, learning processes will be internalized by building on success stories and transferring proven approaches from one district to another. The number of representatives should be limited to allow those attending to be actively involved. The project will also form part of SEWA's overall process for reviewing activity performance.

Implementation Arrangements and Responsibilities

7. The overall objective will be to empower and build the capacity of the grass-roots associations to implement project activities in the three districts. They will be assisted by umbrella district associations. As the different grass-roots and district associations vary in their development, the process will be gradual, with a progressive transfer of more responsibility as the capacity can be built at the grass-roots and district levels with the assistance of the head office professional and technical staff. However, the aim should be that by the project's end the district associations themselves are fully equipped to guide the member grass-roots associations in independently planning and implementing activities in all sectors. Financial management is similar: the financing of activities should be undertaken by district associations, buying back services from the centre where required. But this may also need to move ahead gradually as the capacity of the finance and accounts staff is enhanced through the project. Where specialist skills are required, these will be outsourced from competent technical agencies to the private, voluntary and public sectors. This will particularly apply to building the capacity of land and water management teams and implementing the disaster preparedness subcomponent.

8. **Village-level planning procedures.** For the land and water management component, the village will be the basic unit for the physical planning of interventions. The identification of appropriate land and water conservation interventions will emerge from a participatory planning process. Also included will be participatory poverty diagnosis at the village level. During the initial village briefing meetings, interested villagers will be provided with training in PRA and village planning techniques so that they can act as facilitators, supported by the SEWA staff during the participatory planning process. This will generate a sense of ownership in the village. PRA exercises will be used to help the village compile the basic data concerning social composition, physical resource base, farming system, etc., of the village and to identify constraints and opportunities. A detailed planning exercise for individual household and community-level activities will follow, to be carried out in neighbourhood/caste/occupation groups. Later it will be shared with the whole village so as to compile total village natural resource management and village development plans covering other sectors. Once the plan has been prepared, the community will be asked to elect a VDC and subject-specific subcommittees as required. They will be responsible for organizing the implementation of the plan.

C. Monitoring and Evaluation

9. The district associations will be responsible for monitoring the physical and financial progress of the project and for ongoing evaluation. The aim of the latter will be to validate continually the appropriateness of project design and enable modifications to be made in line with changing needs and opportunities. The project will be monitored and evaluated from the perspective of input, output and impact. A set of key output and impact monitoring indicators will be developed for various project activities. To the extent it is relevant and possible, monitoring data against these indicators will be disaggregated by gender. In addition, monitoring of IFAD and WFP-assisted activities and reporting requirements will be harmonized.



10. A monitoring team will be established in each district association and in the PMU at the centre, staffed with monitoring and evaluation (M&E) assistants for compiling statistics and preparing monitoring and progress reports. However, all activity and senior coordinators will be involved in monitoring project progress and performance in the course of their field visits. Monitoring of inputs and outputs will be undertaken at six-monthly intervals and comparison made with objectives laid out in the AWPB. Activity team leaders in the districts will be responsible for collecting monitoring data from the communities and activity groups as per the formats provided by the monitoring staff. The monitoring assistants in each district will be responsible for collating and analysing the data and compiling comprehensive monitoring and progress reports for use by the district association management teams and PMU.

11. A mid-term evaluation/review (MTER) of the project will be carried out in the last quarter of PY3. Its objective will be to evaluate the progress made during the initial years of the project and to review and modify project design in light of the experience gained. This will ensure that project design responds to changing situations and remains relevant to members' needs and to achieving overall objectives. In the light of SEWA's overall performance, it will also assess the need to introduce additional implementing agencies, including institutions from the voluntary sector for implementing the project. It will also make appropriate recommendations.

12. SEWA will engage an independent specialist M&E agency to design the project's M&E system. It will also define the monitoring indicators, construct the management information system (MIS) and train project staff in its application; impact and ongoing evaluation exercises will be laid out. The external M&E agency will undertake impact and process evaluation. Impact evaluation will comprise a baseline survey in a sample of project villages prior to project implementation, followed by impact surveys at the end of the project period. Process evaluation will assist project management in evaluating project effectiveness and delivery performance to highlight areas of project implementation performance that require improvement.

13. **Participatory monitoring and evaluation.** Participatory monitoring will be assured through VDCs and other activity groups. They will maintain records of their activities, conduct regular meetings in villages to assess progress in implementing project activities, and plan annual review and planning workshops for reviewing overall project design and implementation performance. The outcome of these reviews will be incorporated into the agenda of the planning process for next year's AWPB. Participatory methods of self-assessment will also be devised for SHGs. In addition, participatory M&E will cover issues related to the conflict at the community level, generated directly or indirectly by project-supported intervention. The objective will be to adjust targeting and community mobilization approaches.

14. **Interim evaluation/thematic studies.** The SEWA Academy research staff, in collaboration with outside agencies, will undertake ad hoc studies as required on topics to be decided by the project management. These will assist in improving the quality of project interventions. Of the total allocation made for this purpose, a small portion will be earmarked for process documentation so that SEWA Academy, in association with an external agency, can take on this activity.



PROJECT ORGANIZATIONAL STRUCTURE

