



IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Executive Board – Seventy-Fifth Session
Rome, 22-23 April 2002

REPORT AND RECOMMENDATION OF THE PRESIDENT

TO THE EXECUTIVE BOARD ON A PROPOSED LOAN TO THE

REPUBLIC OF INDIA

FOR THE

ORISSA TRIBAL EMPOWERMENT AND LIVELIHOODS PROGRAMME



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CURRENCY EQUIVALENTS

Currency Unit	=	Indian rupee
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

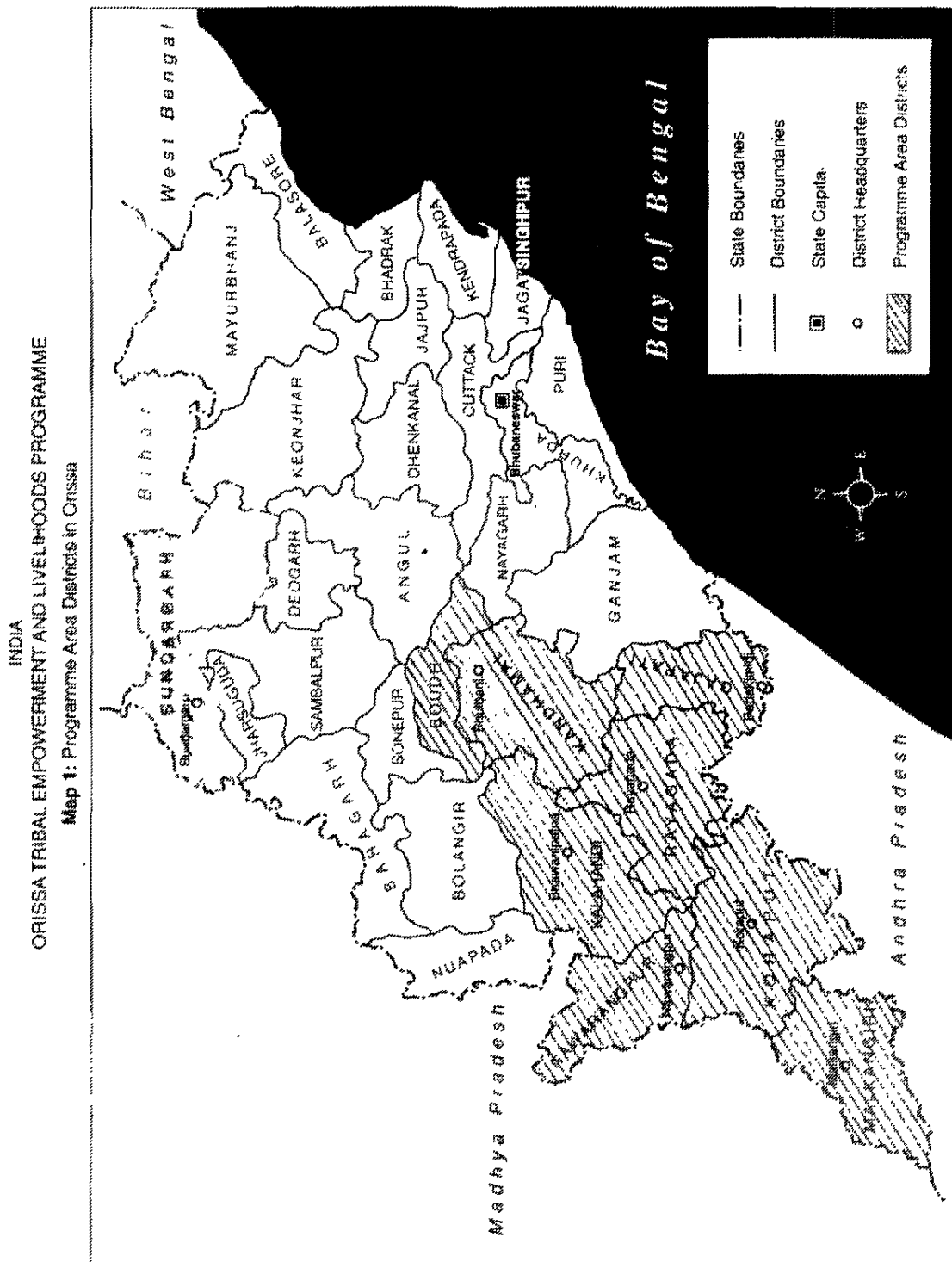
ABBREVIATIONS AND ACRONYMS

DFID	Department for International Development (United Kingdom)
ITDA	Integrated Tribal Development Agency
M&E	Monitoring and Evaluation
NGO	Non-Governmental Organization
NTFP	Non-Timber Forest Product
PRI	<i>Panchayat Raj</i> Institution
PSU	Programme Support Unit
SHG	Self-Help Group
ST/SCDD	Scheduled Tribes and Scheduled Castes Development Department
VDC	Village Development Committee
WFP	World Food Programme

GOVERNMENT OF THE REPUBLIC OF INDIA

Fiscal Year

1 April – 31 March

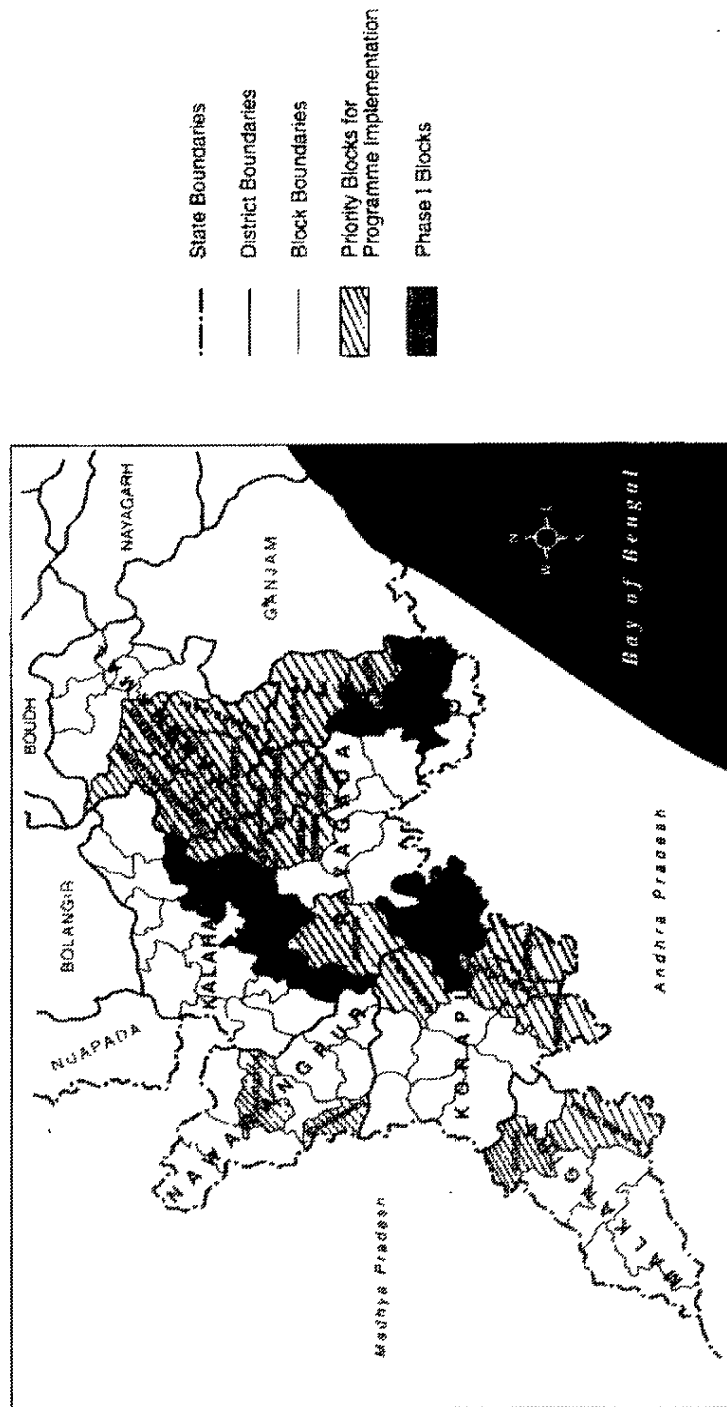


Source: IFAD

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
ORISSA TRIBAL EMPOWERMENT AND LIVELIHOODS PROGRAMME
Map 2: Location of Priority Blocks



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



REPUBLIC OF INDIA

ORISSA TRIBAL EMPOWERMENT AND LIVELIHOODS PROGRAMME

LOAN SUMMARY

INITIATING INSTITUTION:	IFAD
BORROWER:	Republic of India
EXECUTING AGENCY:	Ministry of Tribal Affairs (MTA) and Scheduled Tribes and Scheduled Castes Development Department (ST/SCDD), Government of Orissa
TOTAL PROGRAMME COST:	USD 91.2 million
AMOUNT OF IFAD LOAN:	SDR 16.05 million (equivalent to approximately USD 20.0 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:	Department for International Development (DFID) (United Kingdom) World Food Programme (WFP)
AMOUNT OF COFINANCING:	DFID: USD 40.0 million WFP: USD 12.3 million
TERMS OF COFINANCING:	DFID: Grant WFP: Grant
CONTRIBUTION OF BORROWER:	Government of Orissa: USD 9.6 million
CONTRIBUTION OF BENEFICIARIES:	USD 8.9 million
CONTRIBUTION OF FORMAL FINANCIAL INSTITUTIONS:	USD 376 000
APPRAISING INSTITUTION:	IFAD
COOPERATING INSTITUTION:	United Nations Office for Project Services (UNOPS)



PROGRAMME BRIEF

Target group and poverty situation. The Orissa Tribal Empowerment and Livelihoods Programme will cover 30 blocks in eight districts of western Orissa, one of the poorest and most deprived regions of India. With three fourths of the population living below poverty line, it has a total rural population of 1.4 million people belonging to over 390 000 households. Of these, the programme will directly benefit some 338 000 people belonging to 75 000 households living in over 1 000 villages. Some 61% of the total population are members of various tribal groups, and 12% are scheduled castes. Since the tribal population is the most disadvantaged among the social groups and their development has been accorded very high priority by the Government of India, the programme's choice of target group is well justified.

Because poverty is broad-based in the region, the programme will adopt an 'inclusive approach', targeting all households living in the participating villages and hamlets. To be eligible, a watershed will have to have a population consisting of at least 60% tribals and scheduled castes. Within this, the programme will pay special attention to marginalized groups, namely women, un(der)employed youth and children, primitive tribal groups, hill cultivators, landless and marginal farmers and scheduled castes.

Programme activities to benefit the target group. The programme will seek to ensure sustainable improvements in the food security and livelihoods of poor tribal households by promoting a more efficient, equitable, self-managed and sustainable exploitation of natural resources. This will be achieved by building the capacity of marginal groups (both individuals and grass-roots institutions) so that they become more capable of planning, implementing and managing their own development and negotiating improved entitlements. The programme will emphasize enhancing poor tribal people's access to land, water, forests resources, financial services and markets, and it will also facilitate off-farm enterprise development. In addition, it proposes to strengthen the institutional capacity of government organizations, local self-government institutions and non-governmental organizations (NGOs) and to build programme interventions on indigenous knowledge and values blending these with technological innovations. The programme has made specific provisions for encouraging the development of an enabling, pro-tribal policy environment.

To cater to the heterogeneous groups of poor, the programme will offer a wide menu of options for all categories from the poorest to the relatively less poor, namely wage employment, microfinance services, and short- and medium-term investments in agriculture and related activities. The programme will support a number of activities related to capacity-building for empowerment and livelihood enhancement, analysing and implementing appropriate policies, programme management and food handling. It also has made provision for a flexible fund for creating community infrastructures relevant to the needs of the people.

Beneficiary participation. To achieve its objectives, the programme will adopt a flexible, non-prescriptive, process-oriented approach to enable the primary stakeholders to determine the scope of programme activities, and their timing, pace and sequencing. The programme design thus will be revised, adjusted and improved based on lessons learned. A system of participatory planning and ongoing process evaluation will facilitate this process. In addition, the communities will form village development committees and appropriate subcommittees and user groups for the implementation and management of the activities.

Since the programme aims at empowering the poor through grass-roots institution development as well as by bringing about policy changes and enhancing access of the poor to natural resources, technology, financial services and market, it is in full alignment with the strategic thrusts of IFAD.



**REPORT AND RECOMMENDATION OF THE PRESIDENT OF IFAD
TO THE EXECUTIVE BOARD ON A PROPOSED LOAN TO THE
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ORISSA TRIBAL EMPOWERMENT AND LIVELIHOODS PROGRAMME**

I submit the following Report and Recommendation on a proposed loan to the Republic of India for SDR 16.05 million (equivalent to approximately USD 20.0 million) on highly concessional terms to help finance the Orissa Tribal Empowerment and Livelihoods Programme. The loan will have a term of 40 years, including a grace period of ten years, with a service charge of three fourths of one per cent (0.75%) per annum. It 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 large, populous and extraordinarily diverse. 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 1.94% per annum. Since its independence over half a century ago, India has made substantial social and economic progress. However, a large share of its population are still illiterate, uneducated and undernourished, and lack access to social infrastructure, productive assets and employment. Between 1951 and 1980, gross national income (GNI) increased by an annual rate of 3.6%, and per capita income by 1.2%. 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. With a per capita GNI of about USD 450, India ranks 128th out of 174 countries in terms of human development.

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 has therefore historically assigned high priority to agricultural development. Accordingly, the production of food grain has 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 terms of their performance in reducing poverty and achieving economic growth. 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 16 projects in India since 1979, with funding reaching USD 381 million. The first five projects supported large-scale irrigation development, but after 1987 IFAD adopted a new strategy that focused on the needs of most vulnerable groups. Past projects have shown that in addition to economic development, the issue of empowerment, through a coalition of the poor, is crucial. In general, women have displayed a remarkable willingness and capacity to take responsibility for managing development. Similarly, the lack of access to financial resources is a major handicap to the development of the poor. It has been further realized that meaningful and sustainable participation and empowerment of communities requires extended training of both communities and facilitators. Likewise, self-reliance strategies have to be implemented from the outset; and listening to people, taking note of indigenous knowledge and adapting traditional techniques is important. Experience also shows that changes can be negotiated locally to facilitate the poor's access to resources, and that non-governmental organization (NGO) partners must be selected with utmost care.

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, and it has spent large amounts on anti-poverty programmes. For example, 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 expenditures, due largely to poor targeting. The Government therefore revamped its anti-poverty programmes and now places greater emphasis on channelling assistance through grass-roots self-help groups (SHGs). It also envisages a greater role for local government in implementation, selection of beneficiaries and monitoring. In addition, the Government recognizes the critical role that NGOs play.

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 and 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. 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. Accordingly 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.

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. **Programme rationale.** In the country as a whole, and within Orissa, the tribal communities invariably have a higher incidence and intensity of poverty than other population groups. Increasing deforestation, land degradation and a rising population have intensified the vulnerability of the tribal population, while growing indebtedness is fuelling a vicious circle of exploitation and alienation. In these circumstances, traditional mechanisms of resource management and sustainable use and protection of individual rights have weakened or disappeared. Though nominally protected under the Constitution, most tribals lack security of tenure to their land and to the forest resources that they have exploited for generations. Over half their land has passed into the hands of non-tribals, mainly through indebtedness. The plethora of government programmes has largely failed to reverse the situation. These factors have led to alienation, frustration and discontent, and sometimes to social unrest. More meaningful development of the tribal areas is increasingly seen as the way to combat these problems.

9. In the above context, development of the tribal population requires a change of approach that puts the tribals centre stage in the planning and implementation of their own development. Vital ingredients of that approach are a truly participatory process, flexibility in implementation and a perception of the programme as a learning process rather than a blueprint. If these characteristics are incorporated in a tribal development programme, the scope in Orissa is promising. Deeply ingrained traditional values of community and solidarity provide fertile ground for promoting equitable development. The Government has demonstrated its willingness to create the necessary enabling policy environment by addressing land issues, supporting community participation, and recognizing the role that NGOs can play. The growth of the SHG network is particularly encouraging. Soils and rainfall are sufficient to generate higher crop productivity, and the irrigable area can be expanded through simple water-harvesting techniques.

PART II - THE PROGRAMME

A. Programme Area and Target Group

10. Orissa is the second-poorest state in India, where the incidence of rural poverty is very high. Poverty is highest in the areas of tribal concentration, and especially in the south-west where it is reported at 74% (1993/94). Despite real progress, most of the poverty indicators remain worse than those of the most disadvantaged countries in sub-Saharan Africa. Access to land is the key defining factor in vulnerability to poverty. On average, agriculture provides households with sufficient food for a maximum of six months in a normal year. This is explained mainly by the poor productivity of agricultural land, relatively small landholdings (with 75% of land holdings less than 2 ha and 50% less than 1 ha) and the predominantly rainfed nature of agriculture (less than 10% of the net sown area is under irrigation). Total net food grain production in Orissa has declined dramatically from 228 kg per capita in 1991-92 to 137 kg per capita in 1998-99.

11. With the degradation of the forest, supplies of collected food that used to help households to bridge the lean-season gap have become grossly inadequate in many places, and households are increasingly shifting to other sources of income like wage labour. Incomes, however, are inadequate to buy food, leading tribal households increasingly into debt. Access by tribals to some form of safety net or food assistance is very limited. Around 70% of children in the programme area suffer some degree of malnutrition. While tribals account for 22% of the total population in Orissa, they represent 50% of the displaced persons.



12. The programme area consists of 30 blocks in eight districts and has a total rural population of 1.4 million belonging to over 390 000 households. Some 61% of the total population are tribals, and 12% are scheduled castes. In this light, the programme will adopt an 'inclusive approach', targeting all households living in the participating villages and hamlets in the selected micro-watersheds. To be eligible, a watershed will have to have a population comprising at least 60% tribals and scheduled castes. Within this framework, the programme will seek to develop mechanisms to ensure that special attention is paid to marginalized groups, namely women, children, un(der)employed youth, primitive tribal groups, hill cultivators, landless and marginal farmers and scheduled castes. Extensive participatory rural appraisal (PRA) exercises for poverty mapping, the identification of self-targeted activities and intensive sensitization programmes are some of the tools that will be used to achieve this goal.

13. A wide range of interventions and instruments will be conducive to implementing the inclusive approach by providing a broad menu of options for all categories from the poorest to the relatively less poor: e.g. wage employment, microcredit, and investments in agriculture and related activities. In addition, equal wages will be ensured for all women participants. While tribal communities are generally more equitable in gender relations than non-tribal communities, there are two crucial areas of gender inequality: access to property rights and participation in community-level (public) decision-making. A two-pronged approach will be adopted to ensure the active involvement of women: (i) providing targeted support to women's activities, particularly through the formation of savings and credit SHGs; and (ii) ensuring that women are fully integrated into mainstream activities.

B. Objectives and Scope

14. The purpose of the programme will be to ensure that the livelihoods and food security of poor tribal households are sustainably improved by promoting a more efficient, equitable, self-managed and sustainable exploitation of the natural resources at their disposal and by developing off-farm/non-farm enterprises.²

15. To achieve this, the programme will: (i) build the capacity of marginal groups (landless and marginal farmers, women), working either with individuals or their grass-roots institutions, so that they are better able to plan, implement and manage their own development and to negotiate improved entitlements; (ii) enhance poor tribal people's access to land, water and forests and increase the productivity of these resources in environmentally sustainable and socially equitable ways; (iii) encourage and facilitate off-farm enterprise development focused on the needs of poor tribal households; (iv) monitor the basic food entitlements of tribal households and ensure their access to public food supplies; (v) strengthen the institutional capacity of government organizations, *panchayat raj* institutions (PRIs – local self government institutions), NGOs, etc.; (vi) build on indigenous knowledge and values and blend these with technological innovations to speed up development; and (vii) encourage the development of an enabling, pro-tribal policy environment.

C. Components

16. To achieve the stated objectives, the programme will adopt a flexible, non-prescriptive, process-oriented approach to enable stakeholders to determine the scope of programme activities, their timing, pace and sequencing. Hence, the number and type of investments summarized below are only indicative.³

17. **Capacity-building for empowerment.** The main objectives of this component are to: (i) create effective mechanisms for fostering real community-level decision-making; (ii) strengthen the capabilities of communities and special interest groups so that they can handle the launching and

² See Appendix IV.

³ See Appendix III for details.



management of their own development and even assist other communities to do the same; and (iii) strengthen the capabilities of the support agencies, both government and non governmental, responsible for assisting the communities in their development efforts.

18. **Livelihood enhancement.** This component will consist in the following sub-components: (i) land and water management; (ii) participatory forest management; (iii) production systems enhancement; and (iv) community infrastructure. The programme will establish a land and water management fund that will finance watershed development works selected by the communities with the guidance of technical experts. The programme will adopt a holistic approach to micro-watershed development, with both engineers and agricultural experts engaging with the community from the outset. Similarly, it will establish a flexible participatory forest management (PFM) fund to finance a mix of natural and artificial regeneration of non-timber forest products (NTFPs) and other species selected by the community. In addition, it will fund the establishment costs and training of PFM committees, formation of micro-plans, demarcation of areas, establishment of nurseries, action research and studies, the regeneration of NTFPs, and support to NTFP marketing and processing.

19. Agricultural/horticultural development will be promoted through training and demonstrations in improved cultural practices, improved varieties, changes in cropping sequences and rotation, and through conversion of shifting cultivation (*podu*) to settled cultivation on *podu* sites through mixed tree and annual crops. The programme also provides for the selection and training of village agricultural volunteers, adaptive on-farm research, value addition in agriculture through marketing and other support services, local technical assistance and enhanced mobility. The programme's livestock and agricultural development activities will include training livestock link workers to carry out vaccinations and simple diagnosis and treatment, enhancing the reliability of the existing cold chain and establishing a veterinary drugs fund. The focus will be mainly on small stock – poultry, pigs and goats – and on fish farming.

20. To enhance rural financial services, the programme will support the promotion and capacity-building of existing/new SHGs by complementing members' savings and facilitating linkages with formal financial institutions. It will create a small corpus of funds at the Integrated Tribal Development Agency (ITDA) level to provide loans to SHGs, provide entrepreneurial and skills training and support facilities for beneficiaries (particularly those engaged in non-farm activities) and promote awareness-raising of tribal communities among bankers. Since the programme will be linking SHGs with the existing system of credit, no on-lending from the programme fund is proposed. The programme will also establish a flexible community infrastructure fund, mainly to fill critical gaps in the provision of key infrastructure. Infrastructure eligible for financing will include, but not be limited to, drinking water supply, village road upgrading, storage facilities (food banks, public distribution system supplies, NTFP/agricultural products), worksheds for community/user groups undertaking non-farm activities, and economic infrastructure (e.g. mills and expellers managed by SHGs or the community, and community buildings).

21. **Support for policy initiatives.** Since the identification of the programme, the government of Orissa has taken some important steps to address a number of key policy issues. Through its support for policy initiatives component, therefore, the programme will support the operationalization of these initiatives by: (i) providing a legal defence fund to assist tribals and NGOs in pursuit of land alienation/restoration cases; (ii) establishing mobile squads for detection of cases and enforcement of land restoration; and (iii) funding land surveying. It will also provide funding for studies on key policy issues and engage in dialogue with the Orissa government on other unresolved policy areas in the context of an agreed timetable for action.⁴

⁴ A list of major policy issues and a timetable for action are presented in Appendix V.



22. **Development initiatives fund (DIF).** The programme makes provision for a DIF to provide the flexibility to move additional funds to areas of demand as expressed by communities through a participatory planning process. It will also permit the implementation of other relevant activities that may become feasible and attractive in the course of programme implementation.

23. **Programme management.** Under this component, the programme will finance (i) operating expenses for the programme support unit at the state level and the ITDAs; (ii) staff training costs; (iii) orientation and annual review workshops, including stakeholder workshops; (iv) setting-up of a monitoring and evaluation (M&E) system including process documentation; (v) development of appropriate communications methodologies taking account of local languages and folklore; and (vi) documentation of indigenous knowledge, focusing particularly on natural resource management.

24. **Food handling.** This component will cover the cost of transport, storage and distribution of the World Food Programme (WFP) food assistance and the monitoring of its use.

D. Costs and Financing

25. The total cost of the programme over ten years, estimated at December 2001 prices, inclusive of contingencies, taxes and duties, is estimated at INR 4 648 million (about USD 91.2 million). The largest component is livelihood enhancement, which accounts for 70% of the baseline costs. This component comprises the three flexible funds designed to finance the programme's production-oriented interventions. The programme will fall under the flexible lending mechanism (FLM) and will provide for two reviews.⁵

26. The proposed IFAD loan of approximately USD 20.0 million will finance 21.9% of total programme costs, and the Department for International Development (DFID) (United Kingdom) grant of USD 40.0 million will finance 43.9% of total programme costs. WFP has agreed to contribute USD 12.3 million (13.5%) in the form of food assistance; the government of Orissa USD 9.6 million (10.5%); the beneficiaries USD 8.9 million (9.7%); and formal financial institutions USD 376 000 (0.4%).

⁵ See Appendix V.



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

Components	Local	Foreign	Total	% of Foreign Exchange	% of Base Costs
A. Capacity-building for empowerment					
Community empowerment and management	5 513	332	5 846	6	8
Beneficiary skills development	1 284	131	1 415	9	2
Capacity-building of support agencies	746	73	819	9	1
Subtotal	7 543	536	8 079	7	10
B. Livelihood enhancement					
Land and water management	41 617	84	41 701	-	54
Participatory forest management	4 644	19	4 662	-	6
Production systems enhancement					
•Agricultural/horticultural development	645	84	729	11	1
•Livestock and aquaculture development	396	55	452	12	1
•Rural financial services	2 490	17	2 507	1	3
Subtotal production systems enhancement	3 532	155	3 687	4	5
Community infrastructure	4 071	-	4 071	-	5
Subtotal	53 863	258	54 121	-	70
C. Support for policy initiatives	1 632	59	1 691	4	2
D. Development initiatives fund	4 449	234	4 683	5	6
E. Programme management					
•At the district level	6 730	268	6 998	4	9
•At the state level	1 196	59	1 255	5	2
Subtotal	7 926	327	8 253	4	11
F. Food handling	729	-	729	-	1
Total base costs	76 142	1 414	77 557	2	100
Physical contingencies	2 547	42	2 589	2	3
Price contingencies	10 853	155	11 008	1	14
Total programme costs	89 543	1 611	91 154	2	118

^a Discrepancies in totals are due to rounding.

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

	IFAD		Government of Orissa		Beneficiaries		WFP		DFID		Formal Financial Institutions		Total		Foreign Exchange	Local (Excl. Taxes)	Duties and Taxes
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%			
A. Capacity-building for empowerment																	
Community empowerment and management	2 203	31.3	352	5.0	-	-	-	-	4 472	63.6	-	-	7 027	7.7	397	6 278	352
Beneficiary skills development	527	31.4	84	5.0	-	-	-	-	1 069	63.7	-	-	1 680	1.8	155	1 441	84
Capacity-building of support agencies	298	31.4	47	5.0	-	-	-	-	604	63.7	-	-	949	1.0	85	817	47
Subtotal	3 027	31.3	484	5.0	-	-	-	-	6 145	63.6	-	-	9 656	10.6	637	8 535	484
B. Livelihood enhancement																	
Land and water management	10 211	20.5	1 549	3.1	6 480	13.0	11 372	22.8	20 308	40.7	-	-	49 915	54.8	95	49 143	677
Participatory forest management	1 350	23.8	185	3.3	497	8.8	945	16.7	2 690	47.5	-	-	5 667	6.2	22	5 547	98
Production systems enhancement																	
• Agricultural/horticultural development	240	28.4	119	14.1	-	-	-	-	486	57.5	-	-	845	0.9	96	698	51
• Livestock and aquaculture development	133	25.9	111	21.6	-	-	-	-	269	52.5	-	-	512	0.6	64	416	32
• Rural financial services	222	8.8	4	0.2	1 469	58.5	-	-	441	17.6	376	15.0	2 513	2.8	18	2490	4
Subtotal production systems enhancement	594	15.4	234	6.0	1 469	38.0	-	-	1 196	30.9	376	9.7	3 870	4.2	178	3 604	88
Community infrastructure	1 442	28.4	330	6.5	437	8.6	-	-	2 866	56.5	-	-	5 075	5.6	-	4 974	102
Subtotal	13 598	21.1	2 298	3.6	8 884	13.8	12 317	19.1	27 055	41.9	376	0.6	64 528	70.8	295	63 268	965
C. Support for policy initiatives	608	31.6	91	4.7	-	-	-	-	1 226	63.7	-	-	1 924	2.1	68	1 778	79
D. Development initiatives fund	1 545	33.0	-	-	-	-	-	-	3 138	67.0	-	-	4 683	5.1	234	4 449	-
E. Programme management																	
• At the district level	932	11.5	5 268	65.3	-	-	-	-	1 872	23.2	-	-	8 072	8.9	310	7 603	159
• At the state level	286	19.9	573	39.8	-	-	-	-	579	40.3	-	-	1 437	1.6	67	1 322	48
Subtotal	1 218	12.8	5 840	61.4	-	-	-	-	2 451	25.8	-	-	9 509	10.4	377	8 925	207
F. Food handling	-	-	854	100.0	-	-	-	-	-	-	-	-	854	0.90	-	854	-
Total Disbursement	19 996	21.9	9 567	10.5	8 884	9.7	12 317	13.5	40 015	43.9	376	0.4	91 154	100.0	1 611	87 808	1 735

^a Discrepancies in totals are due to rounding.



E. Procurement, Disbursement, Accounts and Audit

27. Procurement of all goods and services will be in accordance with IFAD and DFID guidelines. Works will all be small scale and will be executed by village development committees (VDCs). If any procurement of contractors is required, the procedures will follow the guidelines of the Government's Watershed Mission. Few vehicles will be required and these will be procured at different times, hence their purchase is not suited to international competitive bidding procedures. Implementation support will be contracted to reputable NGOs and other implementing agencies. NGO services will be procured by applying a two-stage process (pre-qualification and bid submission). Annual contracts to be signed between the ITDAs and NGOs will specify procurement procedures to be adopted by the NGOs.

28. Direct procurement will be allowed, on terms and conditions approved by IFAD, for goods and services costing more than USD 10 000 but less than USD 25 000. Local competitive bidding procedures will apply for the procurement of goods and services costing USD 25 000 or more. The programme support unit (PSU), through the state government, will provide copies of terms of reference and all bidding documents relative to the procurement of consultant services to IFAD and DFID for prior review and approval. The proposed IFAD loan of USD 20.0 million will be disbursed over a ten-year period. In accordance with the principles of IFAD's flexible lending mechanism, only expenditures for Phase I have been assigned to loan categories. The remaining funds will be allocated after detailed reviews in the third programme year (PY) and PY 7.⁶ Disbursements by IFAD will be made against certified statements of expenditure (SOEs) except for contracts over USD 50 000, for which the applications will have to be fully documented.

29. Separate records and accounts related to programme expenditures will be maintained by all concerned institutions, including the PSU, ITDAs, NGOs and other service providers, VDCs and SHGs. The accounts will be consolidated at the district level by the concerned ITDA and forwarded to the PSU at the state level. PSU and ITDA accounts will be audited annually by a chartered accountant and will also be subject to audit by the Auditor General of India as per government regulations. Certified copies of the audit reports and financial statements, including a separate opinion on the SOEs, will be submitted to IFAD/DFID within six months of the end of the reporting period. Contracted NGOs will submit six-monthly audited statements in a form and substance acceptable to the PSU. If felt necessary, the PSU will undertake detailed financial reviews of NGO accounts with respect to the resources provided by the programme. In the case of the VDCs, a social audit subcommittee will be established within the community to audit the accounts, and the concerned ITDA will employ chartered accountants to audit the VDC accounts. The accounts of the SHGs will be audited by the facilitating NGOs.

F. Organization and Management and M&E

30. The Ministry of Tribal Affairs (MTA) at the *central level* and the Scheduled Tribes and Scheduled Castes Development Department (ST/SCDD) at the *state level* will be nodal agencies for the programme.⁷ At the state level, the programme will have a three-tier management structure as follows: (i) the SHGs and VDCs as the main implementing agencies at the grass-roots level; (ii) the ITDAs at the district level; and (iii) a PSU within the ST/SCDD at the state level. Each block will generally be assigned to a facilitating NGO charged with providing support to SHGs and VDCs for capacity-building, micro-planning and supervision.

31. At the community level, the *palli sabha* (village assembly) at the natural village level will generally be the basic unit for planning, implementing and monitoring programme activities. Two thirds of the members of the VDC will be drawn from the office bearers of the SHGs/user

⁶ Triggers for subsequent phases are outlined in Appendix VI.

⁷ See Appendix VII.



groups/committees, with the remainder selected by the *palli sabha* to include two members of PRIs. In some watersheds, there may be a need for cross-community committees to manage shared resources or collective activities. A team of village volunteers will provide technical services to community members and will interface with the support agencies.

32. At the district level, existing ITDAs, one per programme district, will be strengthened to coordinate implementation of the programme. Their operational flexibility and autonomy as registered societies will be restored and their management broadened by including non-governmental members on the managing body. The restoration of ITDA autonomy will include empowering the ITDAs to operate bank accounts, establish their own financial and personnel rules, and enter into contracts with NGOs and other service providers. ITDAs will contract NGOs to assist the programme villages in social mobilization, capacity-building and participatory planning. NGOs will engage village animators. The responsibilities of the facilitating NGO will be spelled out in a memorandum of understanding (MOU) to be entered into between the ITDA and NGO, in a form and substance approved by IFAD/DFID. In the event that ITDA and the PSU determine that competent facilitating NGOs are not available to act as programme partners for social mobilization, the PSU will submit a proposal to IFAD/DFID for approval to allow the ITDA to be directly involved in initiating community empowerment and capacity-building activities. The facilitating NGOs will be supported by resource NGOs, other private-sector providers and/or the line departments for training and technical and other support.

33. At the state level, a programme steering committee (PSC) will be established, chaired by the chief secretary (or alternate) with representation of the KBK administrator,⁸ key line departments, the Watershed Mission, independent development experts, the National Bank for Agriculture and Rural Development, the Small Industries Development Bank of India, NGOs and research institutes, with the commissioner (ST/SC), as member secretary, to provide overall policy guidance to the programme. Similarly, the PSU within ST/SCDD will be headed by a full-time programme director, responsible to the commissioner/secretary, ST/SC. The PSU will have a small team of full-time professional staff.

34. The programme will be monitored and evaluated from the perspective of input, output and impact. A specialist M&E agency will be contracted to design the management information system. Emphasis will be placed on participatory M&E to assist the communities in monitoring their own progress, evaluating performance and identifying implementation issues. Similarly, qualified service providers will be recruited to carry out periodic impact assessments, thematic and diagnostic studies, nutrition surveys and environmental monitoring.

G. Economic Justification

35. The programme will directly benefit around 338 000 persons belonging to 75 000 households. Programme support for adaptive research and for agricultural and agro-forestry demonstrations and training will have a wider and longer-term impact on the development of the whole region. Beneficiary communities at large will benefit from stronger local institutions, including over 1 000 VDCs and 3 200 SHGs.

36. Since the programme will be demand-driven, estimates of production impacts are notional. However, financial models indicate incremental food outputs of 20 592 tonnes (t) for paddy, 2 268 t for ragi, 83 916 t for maize, 1 512 t for pulses, 5 940 t of pigeon peas and 5 616 t for niger. Introduction of moisture-conservation technologies on upland and *padara* (lowland) land will boost their incomes by over 100%. The *podu* conversion is also attractive. Consequently, the programme will impact positively on household food security. Access to financial services on better terms through

⁸ Special programme for Koraput, Bolangir and Kalahandi area funded by the Government of India.



the SHGs and community-managed grain banks will ensure that less of the household's resources is spent to pay off debt. Homestead gardens will directly address known nutritional deficiencies.

37. By ensuring that women take an active part in all activities and by placing strong emphasis on building the capacity of women for leadership and management, the programme will have significant impact on women's empowerment. In contrast, the programme's interventions in natural resource management will raise some issues of redistribution and equity. Strategies to mitigate the adverse effects on disadvantaged categories will have to be worked out at the village level, e.g. through targeting these groups specifically for other income-generating activities.

H. Risks

38. The possibility of failure to strengthen the community institutions and devolve responsibility for management of development activities to the communities may pose a major risk. To counteract this risk, the programme will stress intensive capacity-building of communities. Second, overcoming a dependency attitude among the communities and the paternalism of the Government may prove difficult. This risk will be mitigated by the inherent desire of tribals to be self-reliant, supported by strong awareness-raising and capacity-building activities. Third, attracting competent NGOs and achieving harmonious working relationship within a government programme may also prove to be difficult. From the outset, the programme needs to emphasize a clear understanding of the roles and responsibilities of the respective partners. Fourth, the emphasis on restructuring of the ITDAs carries an inherent risk. This has been mitigated by proposing serious institutional reforms. Fifth, strengthening of the *palli sabhas* and allocation of substantial financial resources to them could accentuate conflict within the *gram panchayat* (executive body of the village assembly). This risk will be mitigated by establishing linkages with the PRI. Sixth, policy initiatives may not be enthusiastically pursued due to a lack of political will. This risk will be mitigated by adopting a structured framework of constant reviews against established milestones and a timetable for action.⁹

I. Environmental Impact

39. Overall, the programme is expected to have positive environmental impacts and benefits since the largest component, land and water management, seeks to rehabilitate degraded environments and foster better resource conservation and management. Positive impacts will include improved water conservation and more environmentally sound and sustainable agriculture, through, among others, the control of run-off, enhanced soil moisture-holding capacity and better vegetative cover on degraded forestlands and hill slopes. In this light, the programme has been classified as an IFAD category-B project with the recommendation that attention be given to avoiding or mitigating a number of risks. In compliance with environmental screening and scoping, the programme recognizes the importance of ensuring that environmental awareness be an integral part of community training. Provisions have also been made for environmental monitoring.

J. Innovative Features and Links with IFAD's Strategic Framework

40. The programme has many innovative features that fit well with IFAD's corporate strategy. Empowerment of the tribal population will be a specific objective, viewed as the key factor in enabling tribals to pursue forms of socio-economic development that are compatible with their identity and to make their own decisions on the continued relevance of tribal values. The programme facilitates assured access of the tribals to natural resources by operationalizing the policy changes enacted to provide them with secure entitlement to the land and by fostering dialogue on equity issues at the community level, through a participatory planning process, in order to ensure equitable access of the marginalized groups to common property resources. The programme also contributes to

⁹ See Appendix V.



increasing access of the tribal population to financial services and markets. It promotes income diversification to spread risk by supporting value addition in NTFPs, agro-processing and other non-farm activities.

PART III - LEGAL INSTRUMENTS AND AUTHORITY

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

PART IV - RECOMMENDATION

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

RESOLVED: that the Fund shall make a loan to the Republic of India in various currencies in an amount equivalent to sixteen million and fifty thousand Special Drawing Rights (SDR 16 050 000) to mature on and prior to 15 April 2042 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 19 April 2002)

1. The programme's activities will be carried out in the state of Orissa (the State) using the services of NGOs and other competent service providers. The programme will be implemented in three phases. Programme phase reviews will analyse the specific indicators, detailed in the programme loan agreement, that will be used as triggers for the confirmation, by IFAD, of funding for and subsequent detailed design of the following phases of the programme.
2. The State will ensure that the villages selected under the programme will have no less than 60% tribal and scheduled caste population, and will otherwise conform to selection criteria to be agreed upon by IFAD and the Government.
3. ST/SCDD, in its capacity as lead programme agency, will have overall responsibility for the implementation of the programme.
4. (a) The Government of the Republic of India (the Government) expects to obtain from the United Kingdom of Great Britain and Northern Ireland, through DFID, a grant (the DFID grant) in the amount of approximately forty million United States dollars (USD 40 000 000) to partially finance the programme, on terms and conditions to be set forth in a grant agreement (the DFID grant agreement).

(b) The Government expects to obtain from the WFP food assistance equivalent to twelve million three hundred thousand United States dollars (USD 12 300 000) (WFP food assistance), to support the land and water management, participatory forestry management, and agricultural and horticultural development sub-components, on terms and conditions to be agreed between the borrower and WFP.
5. IFAD agrees to extend a loan to the Government in the principal amount of sixteen million fifty thousand Special Drawing Rights (SDR 16 050 000) for the purpose of financing the programme.
6. The Government and each programme party will use the proceeds of the loan exclusively to finance eligible expenditures in accordance with the loan agreement and the General Conditions. Without limiting the generality of the foregoing, it is agreed and understood that it is the policy of IFAD that loan proceeds not be used to pay taxes, including (but not limited to) any taxes levied on the importation, procurement or supply of any goods, civil works or services financed by the loan.
7. (a) The PSU will open and thereafter maintain in a bank proposed by the lead programme agency and accepted by IFAD, a current account denominated in INR for programme operations (the PSU programme account). The PSU will endeavour to ensure that the PSU programme account is protected against set-off, seizure or attachment on terms and conditions proposed by the PSU and accepted by IFAD. The programme director and the financial and administration officer will be fully authorized to operate the PSU programme account.

(b) Each ITDA will open and thereafter maintain, in a bank proposed by the ITDA and accepted by IFAD, a current account denominated in INR for programme operations (each an "ITDA programme account"). The programme administrator of each ITDA will be fully authorized to operate the relevant ITDA programme account.

(c) Each VDC will open and thereafter maintain, in the local branch of a commercial bank, a current account denominated in INR for programme operations (each an “VDC programme account”). The chairperson of each VDC will be fully authorized to operate the relevant VDC programme account.

8. (a) In addition to the proceeds of the loan, the Government will make available to the lead programme agency and each other programme party, promptly as needed, such funds, facilities, services and other resources as may be required from time to time to carry out the programme in accordance with the loan agreement.

(b) Without limiting the generality of paragraph (a) above, the Government will ensure that the State makes available to the lead programme agency counterpart funds from its own resources, in an aggregate amount of approximately USD 9 567 000 in accordance with the programme agreement.

(c) Without limiting the generality of paragraph (a) above, the Government will make the DFID grant and WFP food assistance available to the lead programme agency and each other programme party in accordance with the annual work plans and budgets (AWP/Bs) upon their availability.

9. (a) Within 90 days after the effective date, the Government will designate or appoint, with the prior approval of IFAD, the controller and auditor-general of the Government or any independent auditors selected in accordance with the procedures and criteria agreed upon by IFAD to audit the accounts relating to the programme for each fiscal year until the closing date.

(b) The Government will have the accounts and financial statements relating to the programme audited each fiscal year by such auditors in accordance with the international standards on auditing. In accordance with Section 9.03 of the General Conditions, in addition to the audit report on the financial statements, the controller and auditor-general or such other auditors will provide: (i) a separate opinion on the certified statements of expenditure and the operation of the special account; and (ii) a separate management letter, addressing the adequacy of the accounting and internal control systems. The lead programme agency will deliver the above-mentioned items to the State, IFAD and the cooperating institution within six months after the end of such fiscal year. The reply to the management letter of the auditors will be submitted by the lead programme agency to IFAD within one month of receipt thereof.

10. Within three months of the effective date, the State will appoint a qualified and experienced programme director (PD), accepted by IFAD. The PD will serve at least until the end of the first phase, subject to satisfactory performance as determined by the State in agreement with IFAD, and any successor thereto will have similar qualifications, serve under similar terms and conditions and be accepted by IFAD.

11. For the purpose of the programme, each ITDA will endeavour to strengthen its autonomy as a registered society expanded to permit it to operate bank accounts, hire staff from the government or the open market, including the programme administrator and the financial and administration officer, and establish independent financial and personnel policies. The project level committee will establish a management committee, chaired by the district collector, to provide regular management support, including the review and monitoring of programme implementation. All staff will be hired on renewable one-year contracts. Within 150 days of the effective date, the key officers of each ITDA will have been recruited including the programme administrator and the financial and administration officer for each phase-one ITDA. The State will not permit the transfer of government officers on secondment to the ITDA, unless requested by the project level committee of the ITDA in writing to, and approved by, the State.

12. Within 120 days of the effective date, the financial and personnel regulations of the first-phase ITDAs will have been approved.



13. Within 180 days of the effective date, each first-phase ITDA will have prepared the shortlist of facilitating and resource NGOs.

14. Each ITDA will enter into an agreement with each VDC in its district for programme implementation and transfer of loan proceeds (each an ITDA memorandum of understanding). Each ITDA memorandum of understanding will provide, among other things, that:

- (a) the VDC declares its commitment to the goals and purposes of the programme and, to that end, will carry out the planning and implementation of programme activities as set forth in the loan agreement and the programme implementation manual;
- (b) the ITDA will transfer funds for programme activities to the VDC programme account as a grant, from time to time, in accordance with the AWP/Bs;
- (c) the VDC will establish a social and financial audit subcommittee and technical subcommittees as required;
- (d) the VDC will open the VDC programme account;
- (e) the VDC programme account and statements of expenditure will be subject to audit by the ITDA; and
- (f) the VDC will finance the maintenance of all works constructed under the community infrastructure sub-component, and will enter into an agreement with any relevant authority as may be necessary to carry out such maintenance.

15. The PSU will prepare a draft programme implementation manual as soon as practicable but in no event later than six months after the effective date. The programme implementation manual will include, among other things:

- (a) terms of reference and implementation responsibilities of all programme staff and consultants;
- (b) programme operating manuals and procedures;
- (c) the monitoring and evaluation system and procedures;
- (d) a detailed description of implementation arrangements for each programme component; and
- (e) a model of a memorandum of understanding to be entered by the VDCs for the implementation of the programme.

16. The PSU will submit the draft programme implementation manual to the programme steering committee (PSC) for approval. When so approved, the lead programme agency will forward the draft programme implementation manual to the Fund and the cooperating institution for their comments and approval no later than eight months after the effective date.

17. The PSU will contract an agency specialized in monitoring and evaluation to design the programme's monitoring and evaluation system. The team will collectively have expertise in participatory methods, computer and information technology, statistical methods and rural development practices. The monitoring and evaluation system will include the following:

ANNEX

- (a) the organization, staffing, location and status of the entity or entities that will be responsible for carrying out monitoring and evaluation under the programme;
- (b) the work programme and proposed budget allocation for programme monitoring and evaluation;
- (c) the schedule of reporting by the State to IFAD;
- (d) a computerized management information system; and
- (e) any other matter that IFAD may reasonably request.

The PSU will finalize the monitoring and evaluation system no later than 180 days after the effective date, after taking into account the recommendations, if any, of IFAD, and will implement the system in consultation with IFAD throughout the programme implementation period.

18. The State will endeavour to take any actions required to:

- (a) provide each ITDA with the financial, administrative and personnel autonomy necessary to permit it to carry out its responsibilities set forth in Schedule 3 and the programme implementation manual;
- (b) ensure interdepartmental cooperation; and
- (c) otherwise facilitate programme implementation.

19. The Government will endeavour to ensure that the expertise and experience gained during the programme in developing more appropriate and effective approaches to tribal development will continue throughout the programme implementation period.

20. The following are specified as additional events of suspension of the right of the Government to request withdrawals from the loan account:

- (a) in consultation with the Government, IFAD has determined that a repeal, invalidation suspension, amendment or other change to any existing action, or a failure to take any new action necessary to programme implementation has had, or is likely to have, a material adverse effect on the programme or the obligations of any programme party under the loan documents; or
- (b) the recommendations and action plan and design resulting from any phase review have not been implemented to the satisfaction of the Fund within the time specified therefor.

21. The following are specified as additional events of cancellation of the right of the Government to request withdrawals from the loan account:

- (a) any phase review has recommended that the programme be terminated; or
- (b) IFAD has determined that the trigger indicators necessary for continuing to the next phase have not been met.



22. The following are specified as conditions precedent to withdrawal:
- (a) No disbursement will be made to any VDC under the land and water management fund, participatory forest management fund or community infrastructure fund until such VDC has been duly formed and its social and financial audit subcommittee has been established; the VDC has entered into the ITDA memorandum of understanding, approved by IFAD, and has opened its VDC programme account.
 - (b) No disbursement will be made to any NGO until such NGO has been duly selected in accordance with selection criteria approved by IFAD, and the NGO has entered into a memorandum of understanding with the relevant ITDA, in form and substance accepted by IFAD.
23. The following are specified as conditions precedent to the effectiveness of the loan agreement:
- (a) the PSC will have been duly established;
 - (b) the PSU will have been duly established and all necessary delegations of authority will have been issued;
 - (c) the programme director and the financial and administration officer will have been duly appointed and a delegation of authority will have been issued;
 - (d) all necessary measures toward restructuring each ITDA will have been taken, including any action taken pursuant to schedule 3A;
 - (e) the Government will have duly opened the special account;
 - (f) the PSU will have opened the PSU programme account;
 - (g) the loan agreement will have been duly signed, and the signature and performance thereof by the Government will have been duly authorized and ratified by all necessary corporate, administrative and governmental action;
 - (h) the programme agreement will have been duly signed and a favourable legal opinion will have been issued by the advocate general of the State in respect of the programme agreement's legally binding nature upon the State;
 - (i) a favourable legal opinion, issued by the solicitor general of the Government, in form and substance acceptable to IFAD, will have been delivered by the Government to IFAD.

COUNTRY DATA

INDIA

Land area (km² thousand) 2000 1/	2 973	GNI per capita (USD) 2000 1/	460
Total population (million) 2000 1/	1 015.9	GNP per capita growth (annual %) 2000 1/	4.2
Population density (people per km²) 2000 1/	342	Inflation, consumer prices (annual %) 2000 1/	4.0
Local currency	Indian Rupee (INR)	Exchange rate: USD 1 =	INR 47.0
Social Indicators		Economic Indicators	
Population (average annual population growth rate) 1980-99 2/	2.0	GDP (USD million) 2000 1/	479 404
Crude birth rate (per thousand people) 2000 1/	26 a/	Average annual rate of growth of GDP 2/ 1980-90	5.8
Crude death rate (per thousand people) 2000 1/	9 a/	1990-99	6.0
Infant mortality rate (per thousand live births) 2000 1/	70 a/	Sectoral distribution of GDP 2000 1/	
Life expectancy at birth (years) 2000 1/	63 a/	% agriculture	27
Number of rural poor (million) (approximate) 1/	267.0	% industry	27
Poor as % of total rural population 2/	37	% manufacturing	16
Total labour force (million) 2000 1/	451.1	% services	46
Female labour force as % of total 2000 1/	32	Consumption 2000 1/	
Education		General government final consumption expenditure (as % of GDP)	11
School enrolment, primary (% gross) 2000 1/	100 a/	Household final consumption expenditure, etc. (as % of GDP)	68
Adult illiteracy rate (% age 15 and above) 2000 1/	43	Gross domestic savings (as % of GDP)	21
Nutrition		Balance of Payments (USD million)	
Daily calorie supply per capita, 1997 3/	2 496	Merchandise exports 2000 1/	42 358
Malnutrition prevalence, height for age (% of children under 5) 2000 1/	46 a/	Merchandise imports 2000 1/	49 830
Malnutrition prevalence, weight for age (% of children under 5) 2000 1/	47 a/	Balance of merchandise trade	-7 472
Health		Current account balances (USD million)	
Health expenditure, total (as % of GDP) 2000 1/	5.4 a/	before official transfers 1999 1/	-16 337
Physicians (per thousand people) 1999 1/	n.a.	after official transfers 1999 1/	-3 699
Population without access to safe water (%) 1990-98 3/	19	Foreign direct investment, net 1999 1/	2 155
Population without access to health services (%) 1981-93 3/	25	Government Finance	
Population without access to sanitation (%) 1990-98 3/	71	Overall budget deficit (including grants) (as % of GDP) 1999 1/	-4.2
Agriculture and Food		Total expenditure (% of GDP) 1999 1/	15.2
Food imports (% of merchandise imports) 1999 1/	9 a/	Total external debt (USD million) 1999 1/	94 393
Fertilizer consumption (hundreds of grams per ha of arable land) 1998 1/	1 040	Present value of debt (as % of GNI) 1999 1/	16
Food production index (1989-91=100) 2000 1/	126.2	Total debt service (% of exports of goods and services) 1999 1/	15.0
Cereal yield (kg per ha) 2000 1/	2 339	Lending interest rate (%) 2000 1/	12.3
Land Use		Deposit interest rate (%) 2000 1/	n.a.
Arable land as % of land area 1998 1/	54.3		
Forest area (km ² thousand) 2000 2/	641		
Forest area as % of total land area 2000 2/	21.6		
Irrigated land as % of cropland 1998 1/	34.8		

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

1/ World Bank, *World Development Indicators* database

2/ World Bank, *World Development Indicators*, 2001

3/ UNDP, *Human Development Report*, 2000

PREVIOUS IFAD FINANCING

Project 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	3 8500000	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	4 2700000	100%
Sundarban Development Project	IFAD	World Bank: IDA	HC	03 Dec 80	04 Feb 81	30 Jun 89	L - I - 49 - IN	SDR	1 3350000	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	2 1900000	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	3 2000000	85.2%
Orissa Tribal Development Project	IFAD	UNOPS	HC	03 Dec 87	27 May 88	31 Dec 97	L - I - 214 - IN	SDR	9 250000	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	1 3150000	98.3%
Andhra Pradesh Tribal Development Project	IFAD	UNOPS	HC	04 Apr 91	27 Aug 91	31 Mar 99	L - I - 282 - IN	SDR	1 4050000	92.2%
Maharashtra Rural Credit Project	IFAD	UNOPS	HC	06 Apr 93	06 Jan 94	30 Sep 02	L - I - 325 - IN	SDR	2 1250000	80.9%
Andhra Pradesh Participatory Tribal Development Project	IFAD	UNOPS	HC	19 Apr 94	18 Aug 94	31 Mar 03	L - I - 349 - IN	SDR	1 8950000	63.4%
Mewat Area Development Project	IFAD	UNOPS	HC	12 Apr 95	07 Jul 95	31 Dec 03	L - I - 379 - IN	SDR	9 650000	47.5%
Rural Women's Development and Empowerment Project	IFAD	World Bank: IDA	HC	05 Dec 96	19 May 99	31 Dec 04	L - I - 439 - IN	SDR	1 3300000	12.5%
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	1 6550000	07.4%
Jharkhand-Chattisgarh Tribal Development Programme	IFAD	IFAD	HC	29 Apr 99	21 Jun 01	31 Dec 09	L - I - 506 - IN	SDR	1 6950000	04.6%
National Microfinance Support Programme	IFAD	UNOPS	HC	04 May 00			L - I - 538 - IN	SDR	1 6350000	
Livelihood Security Project for Earthquake-Affected Rural Households in Gujarat	IFAD	UNOPS	HC	12 Sep 01			L - I - 568 - IN	SDR	1 1650000	

Note: HC = highly concessional





SUMMARY DESCRIPTION OF THE PROGRAMME

1. The programme will aim at empowering the tribal people and enabling them to enhance their food security, increase their incomes and improve the overall quality of their lives. It will seek to achieve these objectives through more efficient natural resource management, based on the principles of improved watershed management and more productive and environmentally sound agricultural practices, and through off-farm/non-farm enterprise development. Towards this end, the programme will adopt a flexible, non-prescriptive, process-oriented approach to enable stakeholders to determine the scope of programme activities, their timing, pace and sequencing. Within this framework, it will support activities related to: capacity-building for empowerment; livelihood enhancement; support for policy initiatives; development initiatives fund; programme management; and food handling.

A. Capacity-Building for Empowerment

2. The main objectives of this component are to: (i) create effective mechanisms for fostering real community-level decision-making as a means of enhancing community ownership and hence the sustainability of development initiatives; (ii) strengthen the capabilities of communities and special interest groups so that they can handle the launching and management of their own development and even assist other communities in doing the same; and (iii) strengthen the capabilities of the support agencies, both government and non governmental, responsible for assisting the communities in their development efforts.

3. At the **community level**, capacity-building activities will focus on: (i) awareness-raising on tribal rights, gender and equity issues, improved natural resource management, identification and planning of local development actions, and so forth, through sensitization, training and exposure visits; (ii) effective community/group involvement in participatory micro-planning exercises, through which they can identify and analyse their own opportunities and resource constraints, determine their own priorities and formulate their own development proposals for actions, at both household and community levels, as inputs to the *Palli Sabha* resource management plan (RMP); (iii) development of the management capacity of existing and new community-based institutions; and (iv) development of the technical skills of village volunteers to act as village-level resource persons.

4. The above thrust will be supported by a number of facilitating non-governmental organizations (NGOs) working in close collaboration with the relevant government staff and responsible for mobilizing the populations in the selected micro-watersheds and providing assistance for strengthening appropriate local institutions (e.g. self-help groups (SHGs) of women and other disadvantaged categories), other groups created for specific purposes, and village-wide committees and sub-committees. Locally recruited village animators, engaged and supervised by the facilitating NGOs, and working in close collaboration with the locally posted government staff, will assist the communities and groups during the participatory micro-planning and implementation processes. Communities and groups will receive awareness-building and managerial training through orientation training in legal literacy, action planning and implementation, and leadership and management through participatory training programmes supplemented by exchange visits and study tours. Training in the technical skills will be provided to community members willing to work as village volunteers.

5. **Capacity-building of support agencies** will involve upgrading the skills of both government and NGO staff to enable them to work more effectively with the communities in the context of a genuinely participatory and demand-driven approach. Their training will focus on participatory processes and on upgrading of the technical skills related to the various aspects of natural resource management. It will include exposure visits to other government and NGO projects offering insights into best practices. Gender sensitization will be an integral part of all training courses. An initial training needs and strengths assessment (TNSA) will be undertaken for all programme partners to identify their strengths



and weaknesses. In addition, training will be provided to all programme partners in the principles and tools of conflict management, and a resource NGO/institute will be trained to provide this training to facilitating NGO and other implementing agencies.

B. Livelihood Enhancement

6. This component will comprise: (i) land and water management; (ii) participatory forest management; (iii) production systems enhancement; and (iv) community infrastructure sub-components. The programme will establish a land and water management fund, which will finance watershed development works selected by the communities with the guidance of technical experts. The programme will adopt a holistic approach to micro-watershed development with both engineering and agricultural experts engaging with the community at the outset. Similarly, it will establish a flexible participatory forest management fund to finance the micro-plans comprising a mix of natural and artificial regeneration, with NTFPs and other species selected by the community. The work will include coppicing and cleaning for natural regeneration and soil and moisture conservation works and gap-filling/enrichment planting according to local needs. The programme will also fund the establishment costs and training of participatory forest management (PFM) committees, formation of micro-plans, demarcation of areas, establishment of nurseries, action research and studies, the regeneration of NTFPs, and support to NTFP marketing and processing.

7. The production systems enhancement sub-component comprises three main activities: (i) agricultural and horticultural development; (ii) livestock and aquaculture development; and (iii) rural financial services. Under *agricultural/horticultural development* activities, improvements in agricultural productivity will be promoted through training and demonstrations in improved cultural practices, improved varieties, changes in cropping sequences and rotation, and through conversion of shifting cultivation (*podu*) to settled cultivation on podu sites through mixed tree and annual crops. The demonstrations will be the focus of farmer training and for dissemination of information through field days and farmers' meetings. Village agricultural volunteers (VAVs) will be trained as village-level resource persons and will assist in supervising demonstrations. The programme will provide funds for adaptive on-farm research in response to farmers' needs and for value addition in agriculture, marketing and other support services. Provision has also been made for local technical assistance and enhanced mobility. The programme's *livestock production* activity will address mainly animal health constraints. Community members will be trained as livestock link workers (LLWs) responsible for vaccinations, and simple diagnosis and treatment. Reliability of the existing cold chain will be improved and a veterinary drugs fund created to finance starter kits of vaccines and medicines. The focus will mainly be on small stock and fish farming.

8. For enhancing the *rural financial services*, the programme will support the promotion and capacity-building of existing/new self-help groups (SHGs). Members' own savings will be supplemented by an equity capital contribution to augment their capital base and increase their leverage for obtaining additional capital through establishing linkages with the formal financial institutions or with NGOs. To cover any possible gaps, the programme will create a small corpus of funds at the ITDA level to provide loans to the facilitating NGOs, who will in turn on-lend to SHGs. The programme will also provide entrepreneurial and skills training and support facilities for beneficiaries, particularly those engaged in non-farm activities. It will also promote awareness-raising among bankers of issues affecting tribal communities.

9. The programme will establish a flexible *community infrastructure fund* (CIF), mainly to fill the critical gaps in the provision of key infrastructure for small and remote communities, which may still not be covered in the near future under other rural infrastructure programmes. Access to the CIF will be through a demand-driven approach. Infrastructure eligible for financing will include drinking water supply, village road upgrading, storage facilities (food banks, PDS supplies, NTFP/agricultural



products), worksheds for community/user groups of non-farm activities, economic infrastructure (e.g. mills and expellers managed by SHGs or the community, and community buildings).

C. Support for Policy Initiatives

10. The government of Orissa has already taken important steps to address some of the key policy issues, particularly in relation to access to land and forest products. The programme will support the operationalization of these initiatives by: (i) providing a legal defence fund to assist tribals and NGOs in pursuit of land alienation/restoration cases; (ii) supporting operational costs involved in establishing mobile squads for detection of cases and enforcement of land restoration and to facilitate adequate capacity for court proceedings; and (iii) funding the survey of land between 10° and 30° slope and addressing the issue of permanent titles to tribal households. The programme will also provide funding for studies on key policy issues in order to facilitate the formulation of improved strategies (Appendix V). In addition, it will establish a flexible policy support fund to fill critical gaps in such areas as improving access to existing schemes for ensuring food security.

D. Development Initiatives Fund

11. The programme makes provision for a development initiatives fund (DIF) to provide the flexibility to move additional funds to areas of demand as expressed by communities through a participatory planning process 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 programme implementation.

E. Programme Management

12. Support for programme management will include provision for staff salaries, office equipment and furniture, vehicles and motorcycles, and administrative expenses for the programme support unit at the state level and the ITDAs. All staff involved in programme implementation will receive training, as appropriate, including national and international study tours. Orientation and annual review workshops will be held at the state and district level and stakeholder workshops will be held at the district level on a periodic basis. The programme will also finance the setting-up of a monitoring and evaluation (M&E) system designed by a specialist agency. In addition, it will contract a specialist agency for impact assessment including design and implementation of the baseline data collection and ongoing evaluation of delivery performance. It will also involve process documentation, application of other knowledge management processes (including development of appropriate communications methodologies) taking account of local languages and folklore. Moreover, the programme will support documentation of indigenous knowledge. Provision is made for local technical assistance for development and monitoring of the programme's gender strategy, review of the policy initiatives and for the monitoring of watershed development activities.

F. Food Handling

13. This component will cover the cost of transport, storage and distribution of WFP food assistance and the monitoring of its use.

LOGICAL FRAMEWORK

Objective	Indicator	Means of Verification	Assumptions about Risks
Goal			
Quality of life of poor tribal households in remote areas sustainably improved	<ul style="list-style-type: none"> Increased employment opportunities and incomes, and reduced outmigration for work resulting from a diversified economy. Health and educational indicators – infant mortality rate (IMR), maternal mortality rate (MMR), literacy, school completion rates – on par with state averages. Tribal women, men and children enjoy civil and political rights and access to justice on a par with other communities in the State. 		Goal to super-goal assumptions: <ul style="list-style-type: none"> Not needed.
Purpose			
Livelihoods and food security of 75 000 poor tribal households sustainably improved	<ul style="list-style-type: none"> Equitable increase of at least 50% in incomes of poor tribal households. At least 50% of participating below-poverty-level households move above the poverty line. Decrease from 8 to 4% in levels of severe malnutrition by end of programme (EOP) among children (0-36 months) in programme villages All tribal households enjoy access to safe drinking water. 	<ul style="list-style-type: none"> EOP impact assessment study by independent consultants. EOP impact assessment study by independent consultants. EOP impact assessment study by independent consultants. EOP impact assessment study by independent consultants. 	Purpose to Goal assumptions: <ul style="list-style-type: none"> No major adverse events that impact on tribal households' quality of life (e.g. no major natural disasters, no significant economic downturns, no serious deterioration in law and order situation). Government agencies, NGOs and private sector willing and able to implement other programmes that improve the quality of life of poor tribal communities.
Outputs			
1. Capacity of poor tribal women and men to manage their own development sustainably enhanced.	<ul style="list-style-type: none"> 80 SHGs formed/strengthened by end of programme month (PM) 18 and another 700 by end PY 4, of which 75% are well managed, self-reliant and autonomous based on the active participation of all members, within five years. 80 user groups/subcommittees formed by end PM 18 and 800 by end PY 4, 60% of which effectively use and maintain assets. 30 village development committees (VDCs) formed by end PM 18, and 250 by end PY 4, all of which hold regular meetings and formulate participatory micro-plans for watershed development. Women participate effectively in the management of community institutions (SHGs, user groups, VDCs) Technical skills and capacity of individual tribal women and men enhanced. 	<ul style="list-style-type: none"> Records kept by the groups Regular documents/reports available for verification at PSU, ITDAs, NGOs, VDCs Meeting registers and records at various levels in the programme Annual assessments of PSU monitoring unit based on surveys conducted by specialist agency Studies and assessment reports within and outside of the programme 	Output to purpose assumptions: <ul style="list-style-type: none"> No major adverse events that impact on tribal households' food security or livelihoods (e.g. no major natural disasters, no significant economic downturns, no serious deterioration in law and order situation). Vested interests insufficiently powerful or organized to derail the programme. Other government agencies and officials willing and able to cooperate with the programme. Low turnover of key government staff working on the programme. Continued political will to address the needs of poor tribal communities.
2. Access of poor tribal people to land, water and forests enhanced and productivity increased in environmentally sustainable and socially	<ul style="list-style-type: none"> Ownership of agricultural land by poor tribal households increases from X ha to Y ha by EOP (to be determined based on village profiles) Agricultural productivity/ha sustainably increased at least 50% by EOP. Net incomes from NTFP sustainably increased by at least 50% by EOP New technologies build on tribal peoples' indigenous technical knowledge. 	<ul style="list-style-type: none"> Regular progress reports Impact assessment reports 	<ul style="list-style-type: none"> Other government programmes implement necessary complementary programmes (e.g. drinking water, sanitation, rural roads, rural electrification).





Objective	Indicator	Means of Verification	Assumptions about Risks
equitable ways.	<ul style="list-style-type: none"> Increases in incomes from natural resources shared equitably among all socio-economic groups. 		
3. Off-farm enterprise development, focused on the needs of poor tribal households, encouraged and facilitated.	<ul style="list-style-type: none"> Off-farm employment and incomes of poor tribal households, including the vulnerable (landless, woman-headed households) increased by 50% by EOP. 20% of SHGs access institutional credit for off-farm enterprise development by end PY 3 and 40% by EOP. 	<ul style="list-style-type: none"> Regular progress reports Interim impact assessment reports 	
4. Basic food entitlements of tribal households monitored and access to public food supplies ensured, as required.	<ul style="list-style-type: none"> All tribal households enjoy year-round food security (especially during the lean period from May to August) from PY 1. 	<ul style="list-style-type: none"> Regular progress reports 	
5. Capacity of government agencies, PRIs and NGOs to work effectively for participatory poverty reduction with tribal communities sustainably enhanced.	<ul style="list-style-type: none"> Staff of involved agencies trained to work in a coordinated, participatory, gender-sensitive and technically sound way with communities. Staff of government agencies and NGOs participate in regular, well-attended and focused meetings of PRIs. Communities report improved access to and transparency in the management of government services 	<ul style="list-style-type: none"> Ongoing evaluation reports Interim impact assessment reports 	
6. Laws and regulations governing control of and access to development resources by poor tribal households and communities effectively implemented	<ul style="list-style-type: none"> Tribals report significant reduction in the incidence of new land alienation Tribals report increase in actual ownership and management of their land At least 80% of land-alienation cases detected are being processed through the courts within one year by the end of PY 3 Land ultimately restored to the poor tribal households in over 10% of land-alienation cases processed. Over 15 000 ha of forest area under community management by EOP Indebtedness to moneylenders as a percentage of overall indebtedness declines Regulations to ensure enhanced incomes from NTFP effectively implemented by Government. 	<ul style="list-style-type: none"> Regular progress reports Interim impact assessments Special impact studies 	
7. The legal and policy environment for tribal development reviewed and improvements recommended, as appropriate.	<ul style="list-style-type: none"> Improved legal and policy environment for pro-poor tribal development in Orissa state by PY 5 with further improvements by EOP. 	<ul style="list-style-type: none"> Regular progress reports Special consultancy reports 	
8. Effective programme management systems in place.	<ul style="list-style-type: none"> Programme implemented on schedule, within budget and with full participation of communities. Quality progress reports produced on schedule and shared with key stakeholders, Detailed design of programme revised as necessary in light of participatory monitoring results. 	<ul style="list-style-type: none"> Regular documents/reports available for verification at various levels of programme management 	

Activities				
Output 1 Capacity to manage own development		Output 2 Access to and productivity of natural resources	Output 3 Enterprise development facilitated	Output 4 Basic food entitlements ensured
8	<p>1.1 SHGs formed with assistance of NGOs, <i>anganwadi</i> workers and rural volunteers; capacity of SHGs enhanced through training and exposure visits; SHGs monitored and links facilitated between SHGs and banks and other financial institutions.</p> <p>1.2 User groups organized by NGOs, government organizations and villagers; groups facilitated in obtaining finance; technical support facilitated; groups monitored and further support facilitated, as required.</p> <p>1.3 VDCs organized by villagers, with support of NGOs; microplanning facilitated by NGOs; links facilitated with ITDA and blocks; and financial audits undertaken by ITDAs.</p> <p>1.4 Gender-awareness training undertaken in SHGs, users' groups and VDCs, and active participation of women in decision-making of these organizations encouraged.</p> <p>1.5 Tribal women and men trained in appropriate technical skills.</p>	<p>2.1 Participatory planning activities undertaken by VDCs (see Activity 1.3) with support of NGOs to document existing natural resource management (NRM) practices (including indigenous technical knowledge (ITK)), identify land and forest resources and identify natural resource management options and priorities.</p> <p>2.2 Land and water management improvements implemented through engineering and agronomic solutions to improve moisture availability.</p> <p>2.3 Search undertaken with regional and national research institutions and proven improved technologies (e.g. crop and fodder varieties, animal husbandry practices) evaluated through participatory trials; farmer-preferred appropriate technologies promoted widely to poor tribal farmers throughout the programme area through demonstrations; adaptive/action research undertaken to address problems raised by farmers through on-farm participatory trials and successful technologies made available to poor tribal farmers.</p> <p>2.4 Degraded forest areas regenerated under community management.</p> <p>2.5 Selected women and men farmers trained in the use of new technologies so as to act as volunteer extension workers in disseminating the technologies to other poor tribal farmers.</p> <p>2.6 Access of poor tribal farmers to land, forest and other resources enhanced (see Output 6).</p> <p>2.7 Credit to facilitate the uptake of improved technology accessed through SHG linkage with banks or with NGOs acting as microfinance intermediaries.</p> <p>2.8 Community infrastructure improvements enhance market access and release women's time for greater participation in economic activities.</p>	<p>3.1 Participatory planning activities undertaken by VDCs (see Activity 1.3) to document existing enterprises; identify vulnerable households for priority enterprise development support; and identify potential activities that these households and other potential tribal entrepreneurs could pursue.</p> <p>3.2 Feasibility and marketing studies for potential activities undertaken, as required and used in the design of specific enterprise development schemes.</p> <p>3.3 Individuals and SHGs supported in starting enterprises (e.g. access to institutional finance facilitated; workshops and storage facilities financed through community infrastructure; training provided; market access and links to government and private-sector organizations facilitated).</p>	<p>4.1 Food banks established and made operational in all programme villages.</p> <p>4.2 Food aid provided to vulnerable households and groups, especially in lean months, as part-payment for labour participating in land/water/forest management works.</p> <p>4.3 Access of vulnerable households to government food programmes (e.g. public distribution systems (PDSs) – different schemes; integrated child development scheme (ICDS); food for work (FFW); mid-day meal programme) encouraged and facilitated.</p> <p>4.4 Nutritional awareness programme run for poor tribal communities focusing, in part, on the value of forest foods (e.g. tubers and fruits) and food crops.</p>





Output 5 Govt-PRI-NGO coordination	Output 6 Laws and regulations implemented	Output 7 Legal and policy environment reviewed	Output 8 Effective management systems
<p>5.1 Government staff with aptitude for work in tribal areas appointed, trained in participatory development in tribal communities, given appropriate incentives and posted.</p> <p>5.2 Partner NGOs with a proven track record of working in tribal areas identified and involved in the detailed planning and implementation of the programme.</p> <p>5.3 Team-building workshops and other activities (e.g. joint exposure visits and training) of governmental and NGO staff and PRI representatives organized to encourage effective joint working.</p> <p>5.4 Government and NGO staff participate in all key PRI meetings and work together to facilitate PRI needs and priorities.</p>	<p>6.1 Tribal women and men made aware of their rights and of existing laws and programmes using traditional and other media.</p> <p>6.2 Operation of current laws and regulations reviewed with active participation of tribal communities, and priority targets for implementation agreed.</p> <p>6.3 Special land restoration cells set up at district level and special revenue courts established.</p> <p>6.4 Survey of hill slopes <30° implemented in programme villages and permanent land titles issued to tribal households.</p> <p>6.5 Campaigns to ensure effective implementation of key laws and regulations planned and implemented.</p> <p>6.6 Effectiveness of campaigns evaluated with tribal communities and further campaigns planned and implemented.</p>	<p>7.1 Overview of the effectiveness of laws and policies influencing tribal development undertaken.</p> <p>7.2 Policy studies undertaken to guide elaboration of improved policies.</p> <p>7.3 Recommendations made on key changes in laws and policies and/or ways of effectively implementing laws and policies, as required throughout the programme.</p> <p>7.4 Government supported in amending or framing new laws, policies and regulations, as appropriate.</p> <p>7.5 Operation of new laws and regulations reviewed and further changes recommended and facilitated, as appropriate.</p>	<p>8.1 PSU at the state level established, staffed and equipped, and operational by end PM 6</p> <p>8.2 ITDAs restructured, strengthened and empowered and authorized as nodal agencies for the programme, and staffed and equipped, by end PM 6.</p> <p>8.3 Monitoring unit in PSU and ITDAs established and operational by end PM 6 and produces quality six-monthly progress reports on time, based on active participation of communities.</p> <p>8.4 PSU and ITDAs are vested with adequate sanctioning powers and operational flexibility to ensure smooth flow of funds to the programme.</p> <p>8.5 IFAD/DFID/WFP/government of Orissa review missions facilitated.</p> <p>8.6 Consultancy studies, including an EOP Impact Assessment, commissioned and supervised.</p>

NOTE : Activity indicators, means of verification and activity-to-output assumptions will be agreed at the programme inception workshop

MAJOR POLICY ISSUES AND TIMETABLE FOR ACTION

Policy Issues	Required Action by Government of Orissa	Milestones		
		By End of Inception (PY 2)	By End of Phase I (PY 3)	By End of Phase II (PY 7)
A. LAND ISSUES Land alienation and restoration	<ul style="list-style-type: none"> • Mobilizing of mobile squads for detection of cases and enforcement of land restoration • Establishment of additional courts for processing land-alienation cases • Establishment of legal fund for aid to tribals and NGOs 	<ul style="list-style-type: none"> • Enactment of Amendment to Orissa (Scheduled Areas) Transfer of Immovable Property (by Scheduled Tribes) Regulation • Campaigns for detection of land-alienation cases underway in programme blocks and cases presented to courts for settlement • Formal establishment of legal aid fund and development of administrative rules 	<ul style="list-style-type: none"> • Review of procedures undertaken by government of Orissa and formulation of strategy to facilitate quick disposal of cases • Further detection and presentation of cases for programme blocks • Review of nature and extent of use and adequacy of operational modalities 	<ul style="list-style-type: none"> • Further detection and presentation of cases for programme blocks
Conferment of ownership rights to hill slopes (<30°)	<ul style="list-style-type: none"> • Survey of land between 10° and 30° and issue of permanent titles to tribals 	<ul style="list-style-type: none"> • Survey underway in identified programme villages 	<ul style="list-style-type: none"> • Survey completed and permanent <i>pattas</i> (usufruct rights) issued in programme villages 	<ul style="list-style-type: none"> • Survey completed and permanent <i>pattas</i> issued in remaining programme villages
Transparency and access to land records	<ul style="list-style-type: none"> • Computerization of land records • Publicity on public access to land records 	<ul style="list-style-type: none"> • Review of progress made by government of Orissa in enacting Government of India instructions to publicize and make land records available to public 		
Tenancy reform	<ul style="list-style-type: none"> • Studies on tenancy issues • Enactment of tenancy legislation 		<ul style="list-style-type: none"> • Study completed and strategy formulated concerning tenancy reform 	



Policy Issues	Required Action by Government of Orissa	Milestones		
		By End of Inception (PY 2)	By End of Phase I (PY 3)	By End of Phase II (PY 7)
Displacement of tribals	<ul style="list-style-type: none"> Government of Orissa to develop comprehensive rehabilitation and resettlement policy providing adequate compensation to displaced tribals and to amend legislation accordingly 		<ul style="list-style-type: none"> Government of Orissa reviewed policy and issued updated guidelines on rehabilitation norms for displaced tribals and amended the Land Acquisition Act 	
B. FOREST ISSUES Non-timber forest products (NTFPs)	<ul style="list-style-type: none"> Amend acts and regulations relating to liberalizing trade in NTFPs 		<ul style="list-style-type: none"> Review of amendments and their impact and set possible timetable for enactment of legislation 	
Access to green bamboo	<ul style="list-style-type: none"> Amend regulations to liberalize access to green bamboo for tribal artisans 		<ul style="list-style-type: none"> Study of all bamboo-related issues completed and formulation of future strategy 	
Kendu leaf	<ul style="list-style-type: none"> Increase collection prices, give collectors' cooperatives greater role in trading and improve welfare of collectors 	<ul style="list-style-type: none"> Government of Orissa to establish a committee to study welfare aspects of KL trade and develop measures to maximize benefits to collectors 		
Participatory forest management	<ul style="list-style-type: none"> Amend joint forest management (JFM) regulations to provide for greater involvement of community in decision-making and coverage of all types of forests 	<ul style="list-style-type: none"> Issue of modifications to JFM legislation 	<ul style="list-style-type: none"> Review of issues involved 	
Regularization of forest habitations	<ul style="list-style-type: none"> Joint survey of villages to record cases of forest habitations prior to 1980 and submission of cases to the Government for regularization 	<ul style="list-style-type: none"> Investigation completed and submission of proposals to the Government for all programme area blocks (districts) 		



TRIGGERS FOR FURTHER RELEASE OF FUNDS UNDER IFAD'S FLEXIBLE LENDING MECHANISM (FLM)

1. The programme will fall under IFAD's flexible lending mechanism (FLM) and provides for two reviews of progress in PY 3 and PY 7, which will trigger authorization of further draw-downs from IFAD loan funds.

Phase II (PY 4-7)

2. The triggers for Phase II will relate to the following indicators:

- the PSU and the ITDAs have adequate and capable staff in place and have developed efficient and effective management systems including a rigorous management information system (MIS) and concurrent evaluation systems; they have demonstrated stability in staffing and adequate managerial capacity;
- the VDCs have representatives from the marginalized groups within the communities and these representatives are actively involved in decision-making; the VDCs have demonstrated their ability to manage the planning and implementation of the development activities, including sound financial management of village funds allocated for development activities;
- the SHGs/VDCs/technical sub-committees are meeting regularly to conduct their business;
- the VDCs are able to mobilize the voluntary labour contributions as required for the watershed development works; they are willing and able to commit themselves to shouldering responsibility for maintaining all assets created or rehabilitated with programme assistance;
- the facilitating NGOs have demonstrated their ability to establish and manage effective multidisciplinary watershed development teams and are able to provide adequate technical support to the communities;
- good working relationships have been established among NGOs, relevant line departments, programme management and community institutions;
- significant progress has been made with respect to the milestones for addressing policy issues.

Phase III (PY 8-10)

3. The triggers for Phase III will relate to the following indicators of emerging sustainability in the initial villages:

- VDCs and other community institutions in Phase I villages remain active and have independently taken up new development initiatives;
- communities have mobilized their own resources to support new development initiatives;
- Village volunteers are continuing to provide services to the communities in Phase I villages;
- Phase I villages have developed effective linkages with service providers (extension, research, etc.) and are accessing resources from other government programmes and/or financial institutions for the furtherance of their development;
- rural infrastructure established under Phase I is being effectively maintained;
- policy initiatives taken are delivering dividends to the tribal communities.



COORDINATION, MANAGEMENT AND MONITORING AND EVALUATION

A. Programme Management at the Village Level

1. At the community level, the *palli sabha* at the natural village level will generally be the basic unit for planning, implementing and monitoring programme activities, but villages wishing to work together at the micro-watershed level to form a single watershed development committee may do so provided that the facilitating NGO feels that adequate social cohesion exists among the villages. Community mobilization will focus initially on the establishment/strengthening of SHGs/user groups, particularly among the marginalized groups and smaller specialized committees, in order to raise awareness, build confidence and develop leadership and managerial capacity prior to the formation of a village development committee (VDC) to plan and manage implementation of a *palli sabha* resource management plan (RMPs). The VDC will be required to sign a memorandum of understanding (MOU) with the ITDA acknowledging its acceptance of the key underlying principles of the programme. In some watersheds, there may be a need for cross-community committees to manage shared resources or collective activities, e.g. a common forest, NTFP marketing, etc. Once VDCs have become mature, the contracting of the NGOs through the VDCs will be considered in order to ensure accountability.

2. A team of village volunteers in a broad range of disciplines will be selected by the *palli sabha* to provide technical services to community members and to interface with the support agencies (NGOs, line departments, etc.). The ITDA will transfer funds, in tranches, to the separate VDCs within the micro-watershed for implementation of the programme activities. The chairman, secretary and treasurer will be signatories for the VDC account, and the NGO will certify the VDC expenditure statements. The ITDA accountant and independent auditors, contracted by the ITDA, will make regular checks of the VDC accounts and expenditure.

3. The *palli sabha* RMPs formulated on the basis of community priorities identified and analysed during participatory planning exercises will underpin the overall programme design. The RMPs will be dynamic tools that communities can modify and adjust as new aspirations and opportunities arise. To ensure that these changing opportunities are effectively captured, the programme will establish a dynamic planning and implementation process. Key tools of the process will be the logical framework and the annual work plan and budget (AWP/B). The annual planning cycle will be:

- (a) **Planning.** The AWP/B will lay down the activities, targets, outputs and inputs in line with the objectives outlined in the logical framework. The activities will be those indicated in the *palli sabha* RMPs developed by the communities under the participatory planning process.
- (b) **Monitoring** will be impact-oriented in order to capture, on an ongoing basis, the efficacy and continuing relevance of programme activities. Mechanisms will be geared to early detection of positive and negative signals.
- (c) **Feedback and reality checks.** A series of workshops at community, district and inter-district levels will allow all stakeholders to evaluate the ability of the overall programme design to continue to reflect community needs, assess implementation performance and also provide opportunities for disseminating best practices.
- (d) **Fine-tuning of programme design** will be undertaken on the basis of information from the previous stages and may involve modifications of the logical framework to adopt it to changing circumstances.



B. Implementation Arrangements and Responsibilities

4. **Village-level planning procedures.** Natural villages within the micro-watersheds will be the basic units for the physical planning of programme-supported interventions. Village-level participatory rural appraisal (PRA) diagnostic exercises will assist the village to analyse its human and physical resource base, identify development constraints and draw up its *palli sabha* RMP for the development of village resources. The investigative process will stress gender concerns. The planning processes will not start until the second year after the village's induction into the programme, i.e. after an initial period of work with SHGs and smaller interest groups belonging to the marginalized categories. The *palli sabha* RMP will comprise a list of priority actions at community, group and household levels. It will allocate responsibilities for implementing or supporting the activities to individuals or groups within the community and to external agencies. The RMP will be a flexible framework that can be modified as needed in the light of experience and periodic participatory reviews and to fulfil new aspirations and opportunities.

5. **Land and water management.** Through the above process, the community will identify, plan and execute all land and water management works. Village volunteers will be trained as master trainers (MTs) to guide and supervise the works under the guidance of the watershed development team (WDT). For works on private land, the MT will train community members in the correct implementation of the specific works, mark out the alignment of the structures on the farmer's land, measure the work completed on a fortnightly basis and submit the information to the VDC for facilitating payment to the farmer. WDT technical staff will regularly inspect on-farm works to ensure quality. For works on public land, the watershed development sub-committee (WDSC) of the VDC will select community members to undertake the work, giving priority to the landless, and appoint a leader for the work group.

6. **Participatory forest management.** PFM activities will be implemented by user groups, preferably comprising the entire community, who will form a PFM sub-committee (PFMSC) of the VDC to undertake micro-planning and forest treatment works. Existing *Vana Samrakshana Samithi* (VSS) (forest protection committee) formed by the Forest Department will be transformed into the PFMSC. The Forest Department will provide guidance to the community on the various technical options feasible. The *palli sabha*, with the guidance of the PFMSC, will develop its own mechanisms for benefit-sharing. The VDC will select members of the PFMSC to receive training and subsequently provide guidance for implementation of the forest treatment works. The forest micro-plan will be costed by the PFMSC and incorporated into the PSRMP. The PFMSC will be responsible for arranging the voluntary labour contributions from the community and organizing the paid labour, which should primarily be drawn from landless households. The facilitating NGO and forest staff in the WDT will be responsible for providing ongoing guidance and supervision to the PFMSC. The NGO will also be responsible for mobilizing SHG/user groups for NTFP processing/trading, arranging training, and facilitating the linkage with financial and trading institutions.

7. **Agriculture/horticulture.** Planning of agricultural development activities will be an integral part of the micro-watershed planning to ensure that agronomic solutions to problems are considered alongside engineering solutions. The WDT will provide the necessary guidance to the communities. The implementation of the extension activities (e.g. demonstrations) will be the responsibility of the VDC and its subcommittees, which will prioritize their interests, select demonstration farmers and select community members to be trained as village agricultural volunteers (VAVs), under the overall guidance of the WDT experts. The VAVs will supervise the demonstrations, guided by the WDT, and organize field days for wider dissemination of information to the community. The WDT will arrange farmer training.

8. **Livestock/aquaculture.** Support for livestock and aquaculture development will be provided through establishing linkages with the Animal Husbandry Department (AHD) and the Fish Farmers



Development Agency (FFDA). AHD will make available the services of one livestock inspector in each block. The VDC and facilitating NGO, in consultation with AHD and FFDA, will identify the support required by the communities through training, demonstrations, etc. The VDC will appoint a community member, approved by the *palli sabha*, to be trained as a livestock link worker.

9. **Rural financial services.** The facilitating NGOs will be responsible for strengthening/establishing SHGs (by providing training in credit management, accounts, etc.), monitoring groups and auditing their accounts. The SHGs will be fully responsible for setting savings and credit terms for group members. The NGO will liaise with the ITDA for the provision of the programme's equity contributions to the SHGs, and at the appropriate time, will assist the SHGs to link with banks or other microfinance institutions to access bulk loans. The ITDAs will organize regular SHG-bank workshops for sensitization of bank staff.

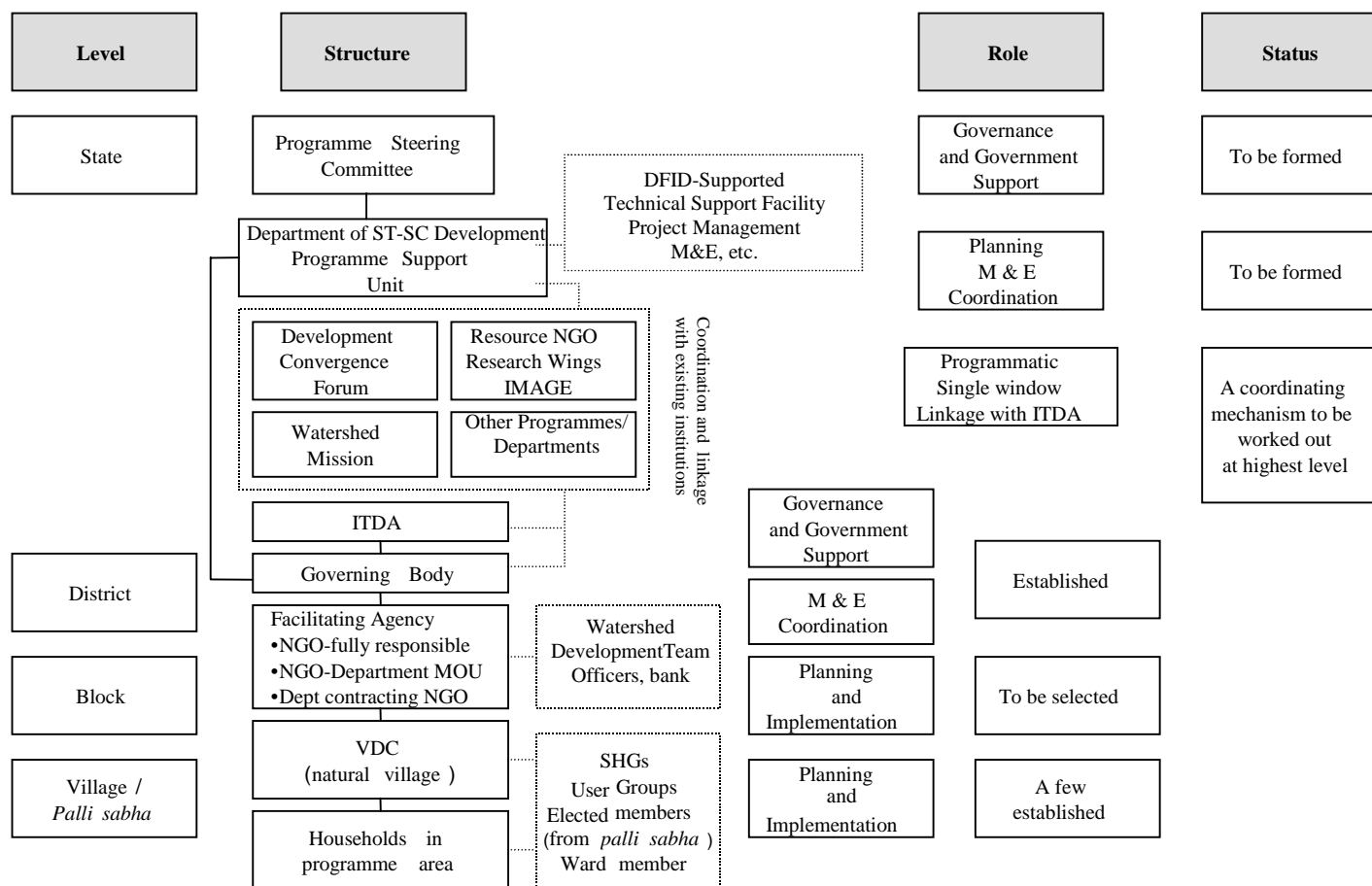
10. **Community infrastructure.** Requests for assistance for community infrastructure will arise from the micro-planning exercises and be integrated into the *palli sabha* RMP. Each ITDA will establish a selection committee to screen and prioritize requests. The VDC will form a subcommittee to oversee/organize implementation of the microprojects. Drinking water supply projects will be implemented by the Rural Water Supply and Sanitation Department, and upgrading of village roads will also mainly be implemented by contractors procured by the ITDA. Communities will be encouraged to form village work groups, which will negotiate subcontracts. For other types of projects, to the extent possible, the community or beneficiary SHG/user group will implement the works, engaging a works supervisor where necessary. The ITDA will be responsible for design, preparation of bills of quantity and final inspection. Communities will be fully responsible for the operation and maintenance of community infrastructure.

11. **Food handling.** WFP will use the Tribal Development Cooperative Corporation (TDCC) for handling its food assistance and arranging port clearance, transport and storage up to the district level. Thereafter, the ITDAs will be responsible for managing the distribution of food assistance to the community level, or TDCC could be contracted to distribute through its procurement centres. The VDCs will be responsible for distributing food at the village level and for maintaining records.

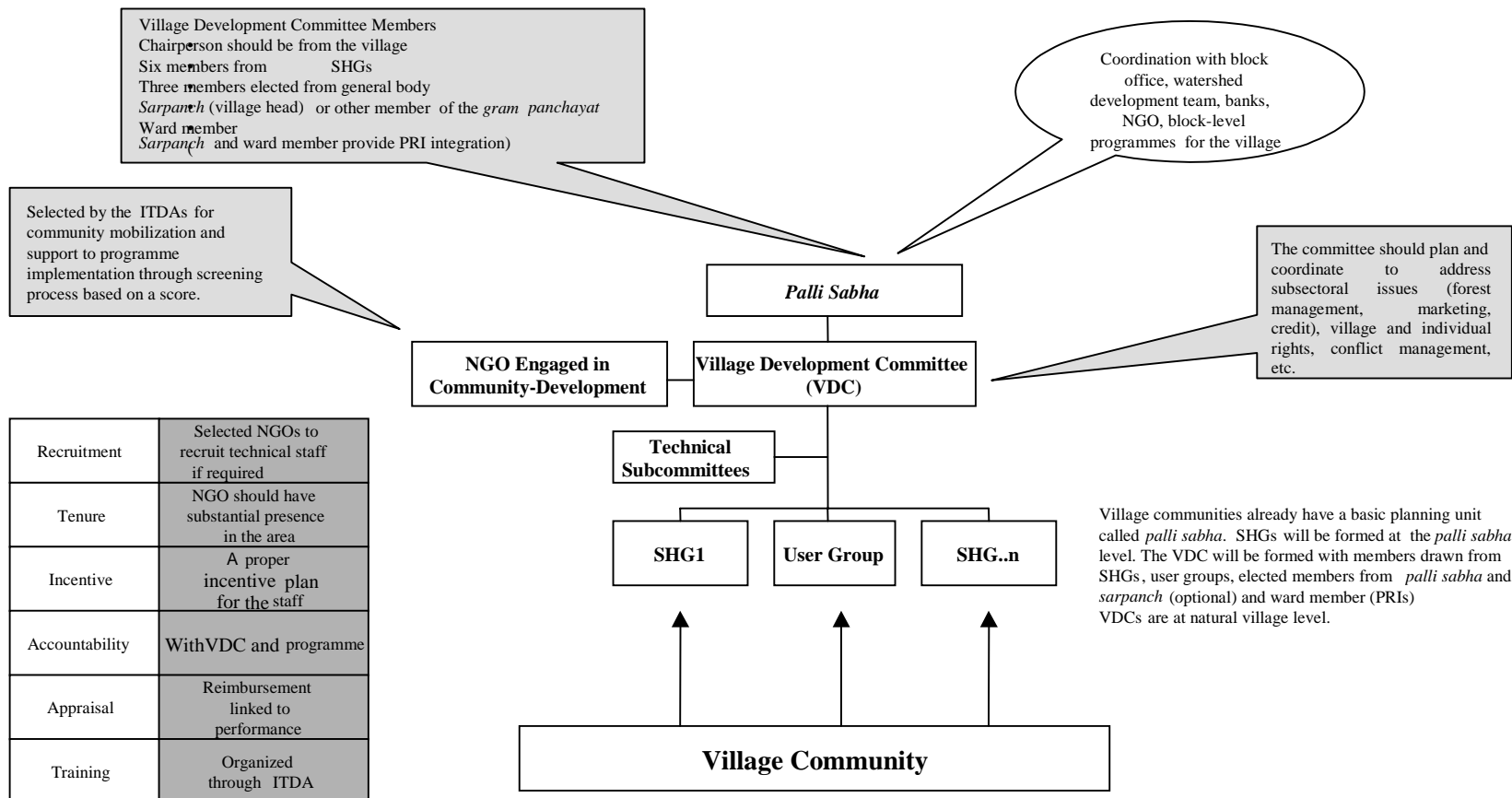
C. Monitoring and Evaluation

12. Monitoring of inputs and outputs will be undertaken, at six-monthly intervals, by the PSU and the ITDAs by comparing the rate of implementation with the objectives specified in the AWP/B. Key performance and impact indicators will be established for each component through a consultative process involving the communities at the outset of programme implementation. The PSU will engage a specialist M&E agency to design the MIS system and to develop impact evaluation tools. ITDA staff will be closely involved in preparing the AWP/B, and the facilitating NGOs will be responsible for monitoring the SHGs and VDCs. The NGOs and other service providers will prepare regular monitoring reports. Special systems will be put in place for monitoring and evaluating WFP's food assistance. Simple activity sequencing charts based on the *palli sabha* RMPs will be prepared to help the communities monitor their own progress, evaluate performance, identify implementation issues, etc. The facilitating NGOs will assist the communities in preparing village profiles as a source of baseline data. The specialist agency charged with the design of the M&E system will help to design a standard format to ensure consistency of collected data. The PSU will hire a qualified service provider to carry out periodic assessments and interim thematic/diagnostic studies. Similarly, anthropometric (nutrition) surveys will be undertaken at start-up to establish benchmarks for impact assessment, followed by two repeater surveys. For environmental monitoring, gauging stations will be installed in 25% of the micro-watersheds to monitor stream flow, soil loss, flood discharge, and so forth.

PROGRAMME MANAGEMENT STRUCTURE



COMMUNITY LEVEL STRUCTURE



Recruitment	Selected NGOs to recruit technical staff if required
Tenure	NGO should have substantial presence in the area
Incentive	A proper incentive plan for the staff
Accountability	With VDC and programme
Appraisal	Reimbursement linked to performance
Training	Organized through ITDA



