

Document: EB 2006/89/INF.8
Date: 14 December 2006
Distribution: Restricted
Original: English

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Enabling the rural poor
to overcome poverty

Republic of India

Implementation of the first cycle of the Orissa Tribal Empowerment and Livelihoods Programme under the flexible lending mechanism

Executive Board — Eighty-ninth Session
Rome, 12-14 December 2006

For: **Information**

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1. The purpose of this information note is to comply with paragraph 13 of the flexible lending mechanism (FLM) guidelines (EB 98/64/R.9/Rev.1), which stipulate that “for each FLM loan and prior to the end of each cycle, IFAD management will decide whether to proceed to, cancel, or delay subsequent cycles. Management will inform the Board accordingly.”

I. Introduction

2. The overall objective of the FLM is to introduce greater flexibility into IFAD’s project design and implementation in order to match the time frame with the pursuit of long-term development objectives when it is judged that a longer implementation period will be required to meet such objectives; maximize demand-driven beneficiary participation; and reinforce the development of grass-roots capacities. The specifics of an FLM loan include (i) a continuous and evolving design process through implementation of distinct, three-to-four-year cycles; and (ii) clearly defined preconditions, or “triggers”, for proceeding to subsequent cycles.
3. This information note reports on the progress of the Orissa Tribal Empowerment and Livelihoods Programme in achieving the first-cycle triggers. Its contents are based on the results of the first-cycle review and supervision mission jointly fielded by the United Nations Office for Project Services (UNOPS) and IFAD.

II. Background

4. The Orissa programme was approved by the Executive Board under the FLM in April 2002. The loan agreement was signed on 18 December 2002 and the programme became effective on 15 July 2003. The total programme cost is US\$91.2 million, which includes IFAD financing of approximately US\$20.0 million (SDR 16.05 million); a grant of US\$40.0 million from the Department for International Development (DFID), United Kingdom of Great Britain and Northern Ireland; a grant of US\$12.3 million from the World Food Programme (WFP); and domestic financing amounting to about US\$18.5 million.
5. The programme’s objective as established in the appraisal report was to ensure that the livelihoods and food security of poor tribal households were sustainably improved through the promotion of a more efficient, equitable, self-managed and sustainable exploitation of the natural resources at their disposal and through off-farm/non-farm enterprise development. To achieve this objective, the programme was expected to:
 - build the capacity of marginal groups as individuals, and grass-roots institutions;
 - enhance the access of poor tribal people to land, water and forests, and increase the productivity of these resources in environmentally sustainable and socially equitable ways;
 - encourage and facilitate off-farm enterprise development focused on the needs of poor tribal households;
 - monitor the basic food entitlements of tribal households and ensure their access to public food supplies;
 - strengthen the institutional capacity of government agencies, *panchayati raj* institutions (local governance bodies in rural areas), NGOs and civil society to work effectively for participatory poverty reduction with tribal communities;

- encourage the development of a pro-tribal enabling environment by ensuring that legislation governing the control of, and access to, development resources by poor tribal households is implemented effectively and by recommending other policy improvements; and
 - build on the indigenous knowledge and tribals' values and blend these with technological innovations to ensure a speedier pace of development.
6. The programme was designed under a FLM instrument of financing based on certain risk factors (or assumptions) such as:
- the possibility of strengthening community institutions and devolving responsibility for management of development activities to targeted communities;
 - the capacity to change the overall development ethos in the tribal areas, overcoming a dependency attitude among the communities and the paternalism of the Government; and
 - the need to develop a harmonious working relationship between the Government and NGOs establishing an effective partnership with the common objective of building community self-reliance.
7. The first cycle was reviewed in September 2006 by a joint IFAD-UNOPS-DFID-WFP team led by IFAD, in close coordination with the Government of India and the Government of Orissa, and in collaboration with IFAD's Office of the General Council and Office of the Controller, Loans and Grants Administration Unit. After a thorough assessment of performance, the review mission confirmed that all indicators set out as "triggers" to move to the next cycle have been met.

III. Achievements of the first cycle

8. Despite early delays, the programme has made considerable progress in the last 20 months. The state-level programme management committee (PMC) and programme steering committee (PSC) have been constituted. The programme support unit (PSU) is now fully operational with dedicated professional and administrative staff. At district level, programme units have been established within the Integrated Tribal Development Agency (ITDA) structure.
9. Fifteen facilitating NGOs were selected to cover 10 blocks of the four programme districts. Of these, 12 have signed memoranda of understanding and have been assigned 136 microwatersheds. These watersheds cover an area of 62,861 hectares of non-forest land and about 30,000 hectares of forests. Within these watersheds, a total of 396 natural villages are now participating in the programme. To date, 136 village development committees (VDCs) (of which 120 have been registered), 1,024 self-help groups (SHGs) (382 of which are new) and 144 forest protection committees have been established. The baseline survey has been completed and participatory rural appraisals have been conducted in all programme villages. Work has commenced on the formulation of village development and livelihoods plans (VDLPs) in all microwatersheds and so far 79 have been completed. A total of 418 entry-point activities have been implemented in 356 villages. The forest protection committees have completed 17 community forest plans, and 12 of these have been approved so far.
10. Watershed treatment works and agricultural/horticultural development activities have commenced. Farmers have been provided with high-yielding varieties of rice, fruit-tree seedlings and vegetable seeds, and this is enabling them to increase their production on both irrigated and dry land, and to intensify and diversify their production. Early indications show that vegetables are providing a new source of income for many households. Where irrigation has been improved, farmers are

recognizing that water will be sufficient to plant a second crop in the winter season. The construction of warehouses has allowed communities to store non-timber forest products and other produce in order to obtain higher prices in the off season. A pilot project on marketing – organized by the Marketing and Researching Team (MART), a resource NGO – is already showing an impact by reducing exploitation by traders and enabling the communities to receive fair prices for their products and add value through simple processing techniques.

11. The natural resource management component has exceeded its target of 120 microwatersheds by 13 per cent (136 projects) and the targeted geographical coverage by over 14,000 hectares (+23 per cent). Some 79 VDLPs have been prepared; of these, 70 have been approved and the rest are in an advanced stage of formulation. Several training events have been held for all stakeholders, and the emphasis given to "concept clarification" has greatly facilitated and enhanced a common understanding of the programme's spirit and purpose. A recording and documentation system for physical measures undertaken has been developed and is in operation. Rural infrastructure has been upgraded with the construction of water storage structures, watershed treatment works, drinking water facilities, storage warehouses, feeder roads and multi-purpose halls.
12. Programme interventions have generated a demand for labour, and paid labour is providing increased incomes in programme villages – and in some locations, this is reducing distress migration. Because payments are made through the VDCs, all participants are receiving the minimum wage, and women and men are being paid at the same level for the same work. Putting the payment process in the hands of the community not only is a major tool for community empowerment but also provides better returns to the labourers. WFP food support has proved to be very popular: to date, WFP has provided 200 tonnes of rice and 8 tonnes of pulses as a part of the daily wage payment.
13. Last but not least, the programme has succeeded in creating space for women to participate, thereby bolstering their self-confidence. It currently reaches out to 1,024 SHGs, 382 of which are programme-initiated. Women constitute close to 50 per cent of the membership of the 136 VDCs formed so far. More than 60 per cent of the community mobilizers are women. Most of the village nurseries set up by communities are managed by women. With the help of MART, women in 50-odd programme villages have enhanced their incomes through better processing practices and collectivized sale of non-timber forest products such as siali leaf, mango jelly and cashew. The payment of equal wages to women and men is beginning to have a salutary effect locally. Through these and other measures, women are gradually being enabled to become active participants in their own and their community's development.

IV. Compliance with the conditions precedent to the second cycle

14. Section C of Schedule 3 of the loan agreement specifies the following indicators as triggers for confirmation of funding and subsequent detailed design of the second programme cycle. The triggers and their current status are as follows:
 - **At least 75 per cent of the VDCs include representatives from marginalized groups that are involved in decision-making.** The selected programme villages have a very high proportion of tribal people; and members of tribal groups, scheduled castes and women together constitute more than 75 per cent of the membership of VDCs, which are the main decision-making bodies at community level under the programme. These data were taken from the baseline survey and programme reports, and the mission's observations would appear to

confirm them. **The first-cycle review mission considers that in respect of this indicator the target has been achieved.**

- **At least 70 per cent of VDCs have started the planning and implementation of programme activities, including managing the disbursement of funds, mobilizing voluntary labour contributions and maintaining all assets created or rehabilitated with loan proceeds.** At least 70 per cent of VDCs have started the planning and implementation of programme activities. Indicators of this include

 - over 70 per cent of VDLPs – so-called microplans – are being completed or are complete;
 - entry-point activities have begun in over 70 per cent of the microwatersheds;
 - voluntary labour contributions are part of entry-point activities in over 70 per cent of microwatersheds; and
 - over 70 per cent of VDCs have used WFP food grains under daily wage labour works, and this includes deductions for the establishment of maintenance funds. **The mission therefore considers that in respect of this indicator the target has been achieved.**

- **At least 85 per cent of the SHGs and VDCs, including subcommittees, meet on a regular basis.** The mission's assessment of VDCs and SHGs during field visits and its analysis of the data held at district and PSU level confirms that at least 85 per cent of these groups are meeting regularly. **The mission therefore considers that in respect of this indicator the target has been achieved.**

- **At least 75 per cent of the facilitating NGOs have demonstrated the ability to establish watershed development teams and manage them effectively, and are providing adequate technical support.** Twelve facilitating NGOs have been recruited; of these, 11 are fully operational and working in their designated programme blocks and supporting the target communities. The mission met with each facilitating NGO and reviewed its field operations. While, in some cases, there has been a high turnover of staff in the watershed development teams, the mission believes that the facilitating NGOs have demonstrated their ability to establish and manage the watershed development teams and that they are providing adequate technical support. **The mission therefore considers that the conditions pertaining to this indicator have been met.**

- **The PSU and each ITDA has adequate staff in place, and have developed effective management systems, including a management information system and concurrent evaluation system.** The programme has recruited staff in sufficient numbers. The PSU has developed a management information system and a concurrent evaluation system, both of which are functioning and enable information flow and reporting. **The mission has made some suggestions on how to improve performance in this area but considers that the conditions set for this trigger indicator have been met.**

V. Lessons learned

15. A review of the achievements and performance of the first cycle highlights a number of lessons that need to be addressed during the second programme cycle as follows:
- Facilitating NGOs are responsible for empowering communities through training and capacity-building. Their human and financial resources need to be strengthened. Technical Assistance should also be provided to upgrade their operational capacity.
 - The programme's management systems should be updated and simplified. Responsibilities also need to be decentralized from the PSU to district ITDA offices, and from these offices to facilitating NGOs.
 - Pressure to meet disbursement targets due to the delayed start has caused the PSU to take short cuts in the empowerment process in order to meet physical and financial targets. This pressure should be immediately removed by amending the current 2006-2007 annual workplan and budget.

VI. Conclusions

16. The programme was put under the flexible lending mechanism to allow a longer implementation period to implement a genuine empowerment approach through appropriate capacity-building activities for both implementing partners and targeted communities. IFAD Management considers that there is now a firm basis for the continuation of the programme. The Government of India and the State Government of Orissa have shown their commitment to the success of the programme and willingness to address the issues that emerged at start-up. IFAD is committed to supporting this endeavour.