IFAD

Investing in rural people

# India

# Tamil Nadu: Post-Tsunami Sustainable Livelihoods Programme

## Additional Financing Design Report

Document Date: August 2015
Project No. IN 1348
Report No: Top up Financing Report

Asia and Pacific division
Programme Management Department

# Contents

# Appendices

## Currency equivalents

| | | |
|---|---|---|
| Currency Unit | | |
| US$1.0 | = | INR 63 |

## Weights and measures

| | | |
|---|---|---|
| 1 kilogram | = | 1000 g |
| 1 000 kg | = | 2.204 lb. |
| 1 kilometre (km) | = | 0.62 mile |
| 1 metre | = | 1.09 yards |
| 1 square metre | = | 10.76 square feet |
| 1 acre | = | 0.405 hectare |
| 1 hectare | = | 2.47 acres |

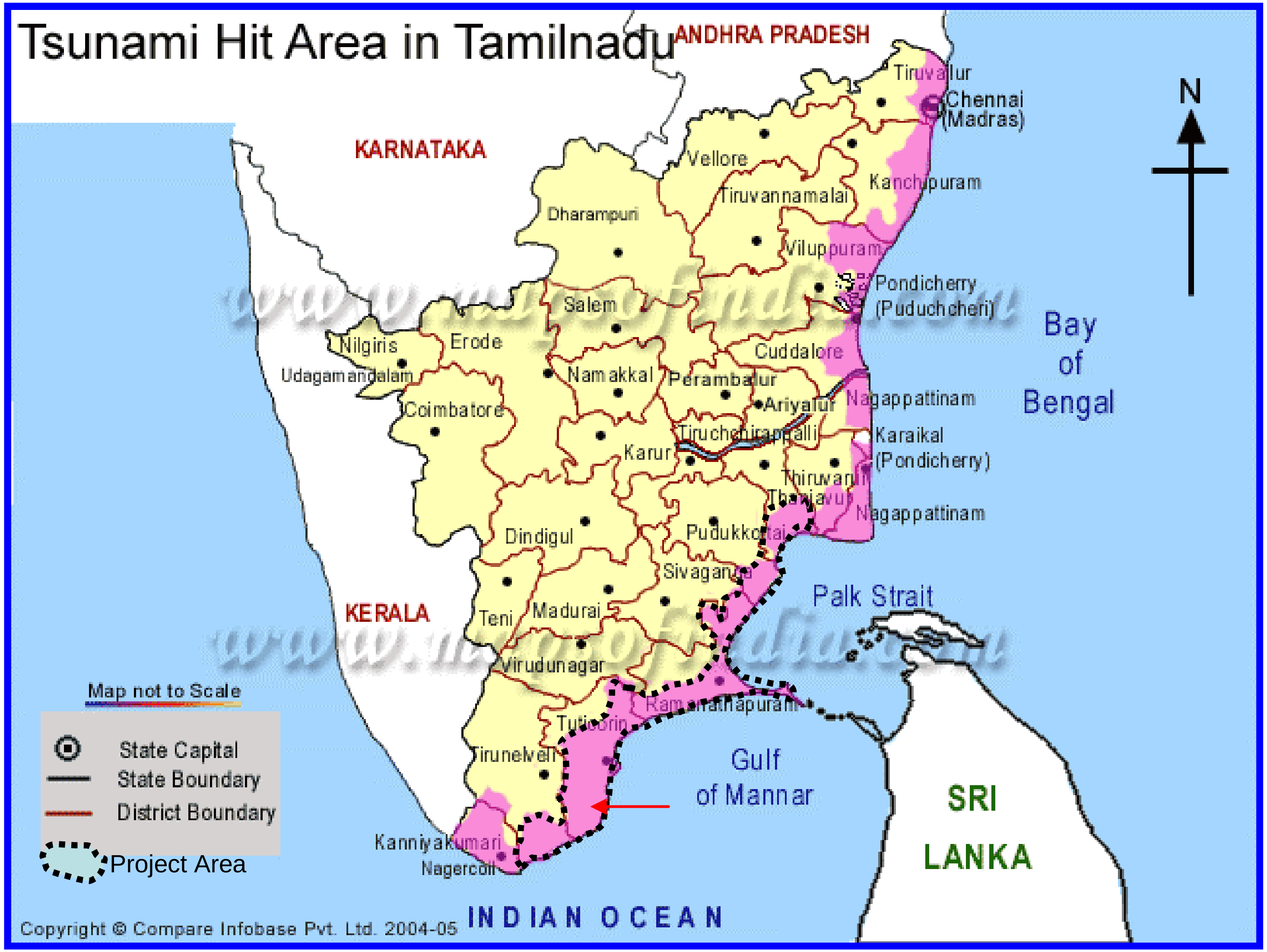
## Abbreviations and acronyms

| | |
|---|---|
| AOS | Annual Outcome Survey |
| APD | Additional Project Director |
| AWP&B | Annual work plan and budget |
| BAIF | Bharathiya Agro-industries Foundation |
| BC | Business Correspondent |
| CARE India | Catholic Relief Agency in India |
| CCD | Covenant Centre for Development, an NGO |
| CMFRI | Central Marine Fisheries Research Institute, Cochine |
| CRC | Community Resource Centre |
| DEA | Department of Economic Affairs, Ministry of Finance, GOI |
| DIO | District Implementation Office |
| DRF | Debt Reduction Fund |
| EC | Executive Committee of PLF |
| FMS | Fishermen Marketing Society |
| FNGO | Field NGO |
| GOI | Government of India |
| GOTN | Government of Tamilnadu |
| IFAD | International Fund for Agriculture Development |
| IGA | Income-generating activity |
| INR | Indian Rupees |
| JLG | Joint Liability Group |
| JRM | Joint Review Mission |
| LIC | Life Insurance Corporation of India |
| MOU | Memorandum of Understanding |
| MTR | Mid-term review |
| NABFINS | NABARD Finance Services |

| | |
|---|---|
| NGO | Non-governmental Organisation |
| NRLM | National Rural Livelihoods Mission of Government of India |
| PD | Project Director |
| PLF | Panchayat Level Federation |
| PMU | Project Management Unit |
| PTSLP | Post-tsunami sustainable livelihoods Programme |
| RBI | Reserve Bank of India |
| RNGO | Resource NGO |
| SIFFS | South Indian Federation of Fishermen Societies |
| SOE | Statement of Expenditure |
| SRLM | State Rural Livelihoods Mission of Government of Tamil Nadu |
| TNCDW | Tamil Nadu Corporation for Development of Women |
| VRF | Vulnerability Reduction Fund |
| WA | Withdrawal Application |

| | |
|---|---|
| *Adivasi* | Particularly Vulnerable Tribe |
| *Bank Mitra* | Business Correspondent |
| *Irula* | One of the Scheduled Tribe in Tamil Nadu |
| *Mahalir Thittam* | Development for Women, a scheme sponsored by GoTN for women |

## Map of the Programme area



# Additional Financing to the Republic of India for up-scaling the Post-Tsunami Sustainable Livelihoods Programme

## Executive Summary[1]

### BACKGROUND

1. In Tamil Nadu with its 1076 km long coastline, fishery sector is an important source of employment, income and food security for the coastal communities. As coastal and inshore resources coming under greater pressure than in the past, fishers owning traditional non-mechanized crafts are the most affected. At the same time with the exception of the Thoothukudi and Chinna Muttom fishing harbours, the fisheries infrastructure in the project area is far from adequate. Although GoTN has been adopting a number of development strategies that are combination of protective and welfare measures for the economic well-being of the coastal fishers, their economy still remains weak.

2. For the Post-Tsunami Sustainable Livelihoods Programme (PTSLP), an IFAD loan of SDR 9.95 million (Loan 662-IN) was approved on 19 April 2005 and became effective 11 July 2007. A second loan (691-IN) was signed on 11 November 2005 for SDR 10.4 million2. The programme completion date for both the loans is 31 March 2017 with loan closing on 30 September 2017. At Appraisal the total project cost was estimated at USD 68.6 million, with USD 29.9 million coming from the IFAD loans, USD 3.4 million from the government, and USD 24.9 million from banks, along with a USD 10.4 million beneficiary contribution. The overall objective of PTSLP is to *build self-reliant coastal communities affected by tsunami and be resilient to shocks, and be able to manage their livelihood base in a sustainable manner*. The Programme is now in its 7th year of implementation.

3. Considering the success of the ongoing PTSLP, the GoTN approached DEA, MoF for considering its proposal for the additional financing by IFAD. In response to the request made by DEA, IFAD fielded a design mission to Tamil Nadu between 17 and 31 July. The mission met with the Programme Director and other senior level Secretaries of the GoTN and jointly identified areas for support under the top-up financing.

### RATIONALE FOR ADDITIONAL FINANCING SUPPORT

4. The PTSLP is qualified to receive additional, top up funding support from IFAD because the project (i) has no potential problem in the latest portfolio review; (ii) the IFAD loans being disbursed with satisfactory rating; (iii) as on 30 June 2015 more than 70% of original financing has been disbursed; (iv) its fiduciary management is compliant with the requirements of IFAD; (v) the audit opinion for last fiscal year 2013-14 is unqualified; and (vi) the project has staff in position and arrangements including the deployment of FNGOs for the implementation of the activities envisaged under the top-up financing are in place and also assured counter-part support from the Government of Tamil Nadu.

### PERFORMANCE OF ONGOING PTSLP

5. The ongoing PTSLP has five components: (i) coastal area resource management, (ii) Rural finance and risk transfer instruments, (iii) Employment generation and skill-training, (iv) Sea-safety and disaster management, and (v) Project Management. The Programme has been making good progress and achieving many of its physical targets. Nearly 70% of two IFAD loans have been

[1] Mission composition: The Mission consisted of Mr A M Alam, IFAD Consultant (Mission Leader and Project Economist), Ms. Girija Srinivasan, IFAD Consultant (Rural Finance Development & Specialist), and Mr Sriram Sankarasubramaniam, IFAD ICO (Financial Management and Procurement Specialist). Ms Meera Mishra, IFAD Coordinator, ICO, IFAD, New Delhi participated in the start up and wrap up meetings with the Government of Tamil Nadu and GoI. The mission was accompanied by Mr Gladstone Pushparaj, Additional Project Director, Mr Chenthil Kumar, M&E Manager and Mr Kannington, EDM, PTSLP, PMU, Chennai in the field.

[2] The first loan was approved as an emergency response prior to project design. The second loan covers the balance of project cost as estimated in the project design.

disbursed and better progress has been made on developing livelihoods, including promotion of micro-enterprises.

6. Key achievements of PTSLP with its 129,890 participating coastal households are (i) 62.5 km link roads to fish landing sites and rural 55 water supply systems constructed benefiting some 4,526 fishers; (ii) SHG savings increased by INR 537 million and all 109 PLFs rotated their vulnerability reduction funds of INR 43.7 million to INR 80.26 million through effective internal lending to their groups; and institutional credit to SHGs and enterprises have been to the tune of INR 341 million (iii) interventions through 50 fish marketing societies ensure enhanced prices to the participating 4,526 fishers while some 1,965 fishers benefited from debt redemption facilities; (iv) household incomes increased by 38% over the baseline; and (vii) Reduction in underweight children by 3%, chronic malnutrition by 9% and acute malnutrition by 1%.

7. Total expenditure as on June 2015: As on 30 June 2015, the PTSLP has expended some INR 2,780.2 million equivalents. The total disbursement in both the loans including initial deposit is USD 21.14 million with the disbursement rate of about 70%.

**INTERVENTIONS UNDER ADDITIONAL FINANCING**

8. **Programme area and additional target households**: The proposed project area consists of 121 village Panchayats located in 21 Administrative Blocks falling under six coastal districts of Thoothukudi, Tirunelveli, Ramanathapuram, Pudukottai, Thanjavur and Thiruvarur in Tamilnadu with a total population of 612,000 (120,000 households). Among them are 82,690 fisher households scattered in some 296 villages and hamlets. The Project area is characterised by low rainfall and poor soils with rolling flat terrains interspaced with occasional patches of sand dunes. The area is often affected by fury of tropical cyclones.

**9. Components under Additional Financing**: The additional financing will continue to support the on-going development interventions of PTSLP in the new districts but will have three components. These are: (i) Coastal area resources management with 3 sub-components, namely (a) community resource planning, (b) community support, and (c)fisheries resources management; (ii) Employment Generation & skill training with 3 sub-components, namely (a) Agriculture and off-farm livelihoods and enterprises; (b) fish market societies, and (c ) vocational training; and (iii) the Project Management. Existing PMU will continue to manage all interventions proposed under the additional financing and only incremental staff and cost of equipment are added. In designing these interventions, lessons learnt from the implementation of the ongoing programme have been taken in to consideration.

10. **Programme costs**: Based on the current prices, the total project costs are estimated at INR 2,768.70 million (USD 43.95 million). The project will be financed by an IFAD additional finance of about USD 22.0 million, INR 160.7 million equivalents by the Government of Tamilnadu including counterpart funding, taxes and duties etc, INR 943.2 million equivalents from Banks and NABFINS as institutional credit and INR 269.43 million equivalents by the participating beneficiaries.

11. **Programme benefits**: The project will work with 121 PLFs, 50 fisher marketing societies, 4,000 SHGs, 1,600 JLG, and 500 PPGs and all involving about 90,000 households. Among them, about 35,090 households are directly benefited by common livelihoods infrastructure such net-mending hall, fish auction hall, link roads to fish landing sites, rural water supply systems, storage and market yards and the remaining 54,910 households through a number of on-farm and off-farm and marketing interventions including 2,000 fisher households through 50 FMSs. Average incomes per household at full development stage, say in year 7 onwards will increase by INR 35,950/year. Cost-benefit analysis yields an overall IRR of 41%, NPV for a 7.8% discount rate at INR 14,618 million and BCR of 1.54. Switching value analysis indicates that the project is capable of sustaining 54% of cost increases or 35% decline in benefits.

**PROPOSED AMENDMENT TO THE FINANCING AGREEMENT**

12. The existing loan agreements (662-IN and 691-IN) will be amended to include the provisions of the additional financing. Key amendments relate to the scope of the programme area districts, name of the lead programme agency, loan service charges etc. The amendment will be carried out through exchange of letters, after IFAD Executive Board (EB) approved the additional financing. As the programme is being scaled up geographically, there will not be any different "entry into force date" and the activities could be taken up for implementation after IFAD EB approval in December 2015.

The ongoing programme will also be extended for a period of two years from the original date of completion. The date of completion both for the ongoing and the additional financing will be March 2019.

13. Logical Framework Matrix in revised format and EFA in revised template are attached herewith.

# Logical Framework (revised format): PTSLP Additional financing

| Results Hierarchy | Indicators | | | | | Means of verification | | | Assumptions |
|---|---|---|---|---|---|---|---|---|---|
| | Name | Baseline | YR 1 | Mid-term | End Target | Source | Frequency | Responsibility | |
| **Goal**: self-reliant coastal communities, resilient to shocks, and able to manage their livelihood base in sustainable manner | -Average number of assets of 90,000 HH (radio, TV, mobile, bicycle, motor cycle) | 0 | 0 | 0 | Significant changes in HH assets | MIS report<br>RIMS survey a/<br>Impact Assessment Survey | Annual<br>Annual<br>endline | M&E unit<br>PMU<br>PMU | Relatively stable economic conditions exists and continued government support |
| | -Prevalence of child malnutrition | 36% | | | 33% | | | | |
| | -Household incomes increased % | INR 29,000 b/ | 0% | 10% | 50% | | | | |
| **Development Objectives**:<br>-Improved livelihoods for poor men & women | -Households with access to 121 PLF-based community infrastructure c/ | 0 | 5 person-day labour saved/hh/ year | 10 person-day labour saved/hh per year | 10 person-day labour saved/hh per year | MIS report<br>Annual report<br>Mission report<br>Thematic surveys | Quarterly<br>Annual<br>Annual<br>Random | M&E unit<br>PMU<br>IFAD<br>PMU | Households respond to opportunities for improved livelihoods |
| | -Incremental incomes to households with financially & environmentally sustainable livelihoods enterprises (INR) | INR 0/HH | INR 0/HH | INR 0/HH | INR 17,256/HH | | | | |
| -Enhanced fisheries resources management | -Increased returns to fishers (INR) | INR 0 | INR 0 | INR 0 | INR 357,000 | | | | |
| -Creation of new viable enterprises | -Number of new viable enterprises set up | 0 | 3,600 | 11,040 | 16,920 units; (70% operating profitably) | | | | |
| a/ RIMS survey will capture sex disaggregated data; b/ proxy value adopted from Phase-1 project; c/ mostly drudgery reduction benefits from common livelihoods infrastructure | | | | | | | | | |
| **Components outputs** | | | | | | | | | |
| **Comp-1: Coastal areas resource management** | | | | | | | | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Community resource planning: Common livelihoods infrastructure completed in 121 PLFs | -PLF with completed common livelihoods infrastructure<br><br>-Women SHG trained | 0 | 60 PLFs (80% of members are women)<br>1,500 SHG | 121 PLFs (80% of members are women)<br>4,000 SHG | 121 PLFs (80% of members are women)<br>4,000 SHG credit linked | MIS report<br>Annual report<br>RIMS survey<br>Mission report<br>Thematic study | Quarterly<br>Annual<br>Annual<br>Annual<br>Random | M&E unit<br>PMU<br>M&E unit<br>IFAD<br>PMU | PMU's engineering wings adequately strengthened and contractors have advance payment facilities |
| Community support | -CRC set up | 0 | 30 CRP | 30 CRP | 30 CRP effective social mobilisation | Annual report<br>Mission report<br>NGO report | Annual<br>Annual<br>periodic | PMU<br>IFAD<br>NGO | Competent FNGOs deployed |
| Fisheries resource management | -Artificial reef deployed | 0 | 0 reefs | 3 reefs | 6 reefs | Annual report<br>Mission report | Annual<br>Annual | PMU<br>IFAD | CMFRI provide technical support |
| **Comp.2: Employment generation & skills training** | | | | | | | | | |
| Promotion of agriculture and off-farm enterprises promoted including 3120 farm, 2500 livestock, 6500 aquaculture, 4800 non-farm enterprises | -Farm, livestock, aquaculture and non-farm enterprises set up and operating profitably | 0 | 3,600 units with 15,220 HH | 11,040 units With 44,260 HH | 16,920 units; With 54,910 HH | MIS<br>MIS<br>Annual report<br>Mission report<br>Report from TSP (Technical service provider) | Quarterly | M&E<br>PMU<br>IFAD<br>TSP | Competent technical service providers deployed and technical support reach all scattered entrepreneurs |
| | -PPGs organised | 0 | 200 PPGs | 500 PPGs | 500 PPGs | | Quarterly | M&E | |
| | -Processing units set up | 0 | 4 units | 8 units | 9 units (60% operating profitably) | | Annual | M&E | |
| | -Aggregation centres set up | 0 | 10 centres | 35 centres | 35 centres (60% operating profitably) | | Annual | M&E | |
| Fish marketing societies (FMS): | -FMS organised<br><br>-Debt redemption to fishers and women sea-weed collectors | 0<br><br>0<br>0 | 17 FMS<br><br>660 fishers;<br>200 women; | 46 FMS<br><br>1,840 fishers;<br>500 women; | 50 FMS; 60% operating successfully;<br>2,000 fishers;<br>500 women; | Annual report<br>Mission report<br>MIS report<br>SIFFS report | Annual<br>Annual<br>Quarterly<br>periodic | PMU<br>IFAD<br>M&E<br>SIFFS | SIFFS service deployed in time and provided requisite support |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Vocational training: | -Youth and women trainees supported | 0 | 1,500 youth and women | 3,500 youth and women | 5,000 youth and women 25% placement | Annual report<br>Mission report<br>MIS | Annual<br>Annual<br>Quarterly | PMU<br>IFAD<br>M&E | Youth respond to training opportunities and scope exists for placement |

# EFA Summary Tables (in revised format) for PTSLP Additional Financing

**INDIA - PTSLP Additional Financing**

**A)** FINANCIAL ANALYSIS

| A) | Crops | Livestock | JLG | FMS & PPG | Enterprises | Processing | Infrastructure |
|---|---|---|---|---|---|---|---|
| | Net incremental benefits of Ffarm and Activity subproject models in 000 INR | | | | | | |
| PY1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PY2 | 3,303 | -33246 | 2,274 | | 0 | 0 | 35,380 |
| PY3 | 10,429 | -78,240 | 42,036 | 3,300 | -498,528 | -189,888 | 68,655 |
| PY4 | 14,334 | -50,031 | 150,038 | 722,250 | -1,153,248 | -382,709 | 67,155 |
| PY5 | 14,914 | 39,860 | 305,216 | 1,940,250 | -422,040 | -11,712 | 67,155 |
| PY6 | 15,433 | 137,450 | 438,410 | 2,108,250 | 465,360 | 126,861 | 67,155 |
| PY7 | 15,855 | 233,850 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| PY8 | 16,079 | 287,860 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| PY9 | 16,079 | 298,250 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| PY10 | 16,079 | 291,450 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| PY11 | 16,079 | 281,850 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| PY12 | 16,079 | 287,450 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| PY13 | 16,079 | 296,250 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| PY14 | 16,079 | 298,250 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| PY15 | 16,079 | 301,050 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| PY16 | 16,079 | 301,050 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| PY17 | 16,079 | 298,650 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| PY18 | 16,079 | 296,250 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| PY19 | 16,079 | 298,250 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| PY20 | 16,079 | 298,250 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| NPV (INR, 000) | 89,340 | 937,104 | 2,126,217 | 9,709,987 | 471,232 | 332,914 | 417,388 |
| NPV (USD 000) | 1,418.1 | 14,874.7 | 33,749.5 | 154,126.8 | 7,479.9 | 5,284.4 | 6,625.2 |
| FIRR (@ 12%) | | 59% | | | 17% | 23% | |

**D)** BENEFICIARIES, PHASING BY INTERVENTION AND ADOPTION RATES

| Project year → Interventions | PY1 | PY2 | PY3 | Total units | # of beneficiary households | Adoption rate used in EFA | Adoption rates |
|---|---|---|---|---|---|---|---|
| **Crops** | 740 | 1,540 | 840 | 3,120 | 3,120 | 100 | 100% |
| *paddy, chilli, coriander, drumstick* | | | | | | | |
| **Livestock, goat & dairy cattle** | 600 | 1,200 | 700 | 2,500 | 2,500 | 100 | 100% |
| *2000 goat unit & 500dairyunits* | | | | | | | |
| **Support to JLGs** | 1,300 | 2,300 | 2,900 | 6,500 | 6,500 | 70 | 70% |
| *sea-weed, mud crabs,dry-fish, fishvending, cage-fishery, ornamental fishery* | | | | | | | |
| **Viable Enterprises** | 960 | 2,400 | 1,440 | 4,800 | 4,800 | 100 | 100% |
| *mostly off-farm enterprises* | | | | | | | |
| **FMS** | 17 | 29 | 4 | 50 | 2,000 | 60 | 60% |
| *2000 fishers from 50 FMS* | | | | | | | |
| **Producers groups, PPG** | 100 | 200 | 200 | 500 | 9,000 | 60 | 60% |
| *18 members per PPG* | | | | | | | |
| **Processing units** | 4 | 4 | 1 | 9 | 9,000 | 60 | 60% |
| *for cereals, pulses, spices, oil mills* | | | | | | | |
| **Aggregation centres** | 10 | 25 | 0 | 35 | 17,990 | 60 | 60% |
| *for inputs and outputs sale* | | | | | | | |
| **Livelihoods infrastructure a/** | 61 | 60 | 0 | 121 | 35,090 | 100 | 100% |
| *cover all 121 PLFs* | | | | | | | |
| **IGA, enterprises training** | 2,000 | 3,000 | 1,000 | 8,000 | (8000) | | |
| **Total # of beneficiaries** | | | | | 90,000 | | |

More than 70% of beneficiaries are women, women fishers

**F)** SENSITIVITY ANALYSIS (SA)

| | Δ% | Link with the risk matrix | IRR | NPV 1/ |
|---|---|---|---|---|
| **Basecase scenario** | | | 41% | 14,618 |
| | | | | |
| Project benefits | -20% | lack of financial capacity | 24% | 5,892 |
| Project costs | 15% | inadequate profit margins and poor capacity of groups | | |
| Project benefits | -15% | | 18% | 3,875 |
| | | | | |
| 2 years lag in benefits. | | lack of quality inputs, weak services | 24% | 9,911 |
| Project benefits | -25% | climate risks, cyclones, low rainfall and poor access | 19% | 3,820 |
| Input prices | 25% | lack of policy commitment | 24% | 7,366 |
| | | | | |
| | | | | |

1/ NPV is in million INR discounted at 7.8%

**B)** PROJECT COSTS AND INDICATORS FOR LOGFRAME

| | | | | | | |
|---|---|---|---|---|---|---|
| **TOTAL PROJECT COSTS** (in million USD) | **43.95** | | Base costs | 40.75 | PMU | 2.85 |
| **Number of Beneficiaries** | **90,000** Households | PLF 121 | SHG 4,000 | FMS 50 | PPG 500 | JLG 1,600 |
| **Cost per beneficiary (IFAD resources)** | **250** USD/ household | | | | **Adoption rates** | **70%** |

| Components | Cost USD M | Outcomes | Indicators |
|---|---|---|---|
| Community resource planning | 8.99 | 35,090 hh use common infrastructure | at least 75% functional, O&M by Panchayats |
| Enterprises promotion and employment generation | 32.11 | 54,910 households operating 16,920 enterprises | at least 70% enterprises profitably operating and income increased by INR 35,090/hh |
| Project Management | 2.85 | | |
| Total Project costs | 43.95 | | |

**C)** MAIN ASSUMPTIONS & SHADOW PRICES[1]

FINANCIAL

| Output | Incremental value (%) | Price (in INR) | Input prices | Price (INR) |
|---|---|---|---|---|
| Crops | 0.2% | Paddy 16, chilli 110/kg | Fertilizer, average | 28 |
| Livestock | 4.2% | Milk 40/li, Doe 2500/# | Pesticides, average | 300 |
| JLG aqua enterprises | 16.2% | Sea-weed 35/kg, fish 280 | | |
| FMG, PPG | 34.1% | INR 10,000/ton | Rural wage rate | 200 |
| Enterprises | 24.1% | INR 35,000/month | | |
| Processing & aggre. | 21.2% | INR 60,000/ton | | |

ECONOMIC

| | | | |
|---|---|---|---|
| Official Exchange rate, July | 63 | Discount rate (opportunity cost of capital) | 12% |
| Shadow Exchange rate b/ | 96 | SDR, India 10 year bond rate | 7.8% |
| Standard Conversion Factor | 1.52 | Output conversion factor a/ | 0.86 |
| Labour Conversion factor | 1 | Input Conversion factor a/ | 0.87 |

[1] All prices expressed in INR Currency.

a/ estimated from data generated from farmod
b/ arrived at using export and import values* OER

**E)** ECONOMIC ANALYSIS

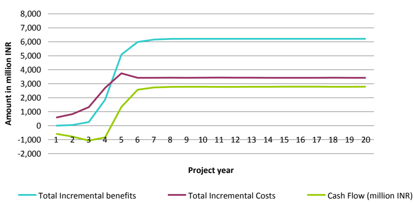
| Project year | Community infra | Crops | Livestock | Support to JLG | FMS & PPG | Enterprises | Processing & aggregation centres | Total Incremental benefits | Economic investment Costs | Economic recurrent Costs | Total Incremental Costs | Cash Flow (million INR) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | NET INCREMENTAL BENEFITS | | | | | | | | NET INCREMENTAL COSTS | | | |
| 1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | *0.0* | 579.2 | 0.0 | *579.2* | **-579** |
| 2 | 26.5 | 2.7 | -6.4 | 19.0 | 0.0 | 0.0 | 0.0 | *41.8* | 776.7 | 52.3 | *829.0* | **-787** |
| 3 | 52.6 | 8.5 | -18.5 | 228.3 | 2.6 | -19.2 | 0.0 | *254.3* | 354.7 | 970.6 | *1,325.3* | **-1,071** |
| 4 | 52.6 | 11.8 | -10.1 | 512.5 | 720.6 | 237.9 | 333.7 | *1858.9* | 0.0 | 2,701.8 | *2,701.8* | **-843** |
| 5 | 52.6 | 12.2 | 32.2 | 952.0 | 1938.6 | 971.9 | 1126.9 | *5086.3* | 0.0 | 3,744.6 | *3,744.6* | **1,342** |
| 6 | 52.6 | 12.6 | 101.2 | 1021.7 | 2106.6 | 1429.5 | 1265.4 | *5989.6* | 0.0 | 3,423.4 | *3,423.4* | **2,566** |
| 7 | 52.6 | 12.9 | 175.3 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6161.2* | 0.0 | 3,425.3 | *3,425.3* | **2,736** |
| 8 | 52.6 | 13.1 | 217.0 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6203.1* | 0.0 | 3,427.2 | *3,427.2* | **2,776** |
| 9 | 52.6 | 13.1 | 223.9 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6210.0* | 0.0 | 3,425.6 | *3,425.6* | **2,784** |
| 10 | 52.6 | 13.1 | 223.9 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6210.0* | 0.0 | 3,431.1 | *3,431.1* | **2,779** |
| 11 | 52.6 | 13.1 | 223.9 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6210.0* | 0.0 | 3,438.8 | *3,438.8* | **2,771** |
| 12 | 52.6 | 13.1 | 223.9 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6210.0* | 0.0 | 3,434.3 | *3,434.3* | **2,776** |
| 13 | 52.6 | 13.1 | 223.9 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6210.0* | 0.0 | 3,427.2 | *3,427.2* | **2,783** |
| 14 | 52.6 | 13.1 | 223.9 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6210.0* | 0.0 | 3,425.6 | *3,425.6* | **2,784** |
| 15 | 52.6 | 13.1 | 223.9 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6210.0* | 0.0 | 3,423.4 | *3,423.4* | **2,787** |
| 16 | 52.6 | 13.1 | 223.9 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6210.0* | 0.0 | 3,423.4 | *3,423.4* | **2,787** |
| 17 | 52.6 | 13.1 | 223.9 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6210.0* | 0.0 | 3,425.3 | *3,425.3* | **2,785** |
| 18 | 52.6 | 13.1 | 223.9 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6210.0* | 0.0 | 3,427.2 | *3,427.2* | **2,783** |
| 19 | 52.6 | 13.1 | 223.9 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6210.0* | 0.0 | 3,425.6 | *3,425.6* | **2,784** |
| 20 | 52.6 | 13.1 | 223.9 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6210.0* | 0.0 | 3,423.4 | *3,423.4* | **2,787** |

| | | |
|---|---|---|
| NPV at 7.8% ('million) | **14,618** | |
| BCR | **1.54** | |
| EIRR | **41%** | |

**Current GoI Bond rate is applied as Discount rate**

41,899 27,282

**G)**



# Additional Financing to the Republic of India for up-scaling the Post-Tsunami Sustainable Livelihoods Programme

## I. Introduction and rationale

### A. Country context

1. India is a largely rural country with 72 per cent of its population residing in rural areas. The poverty headcount in 2011-12 was estimated at 25.7 per cent in rural areas, 13.7 per cent in urban areas and 21.9 per cent for the country as a whole. Despite remarkable economic growth, poverty remains a major issue for India, with 41.8% of the population living on less than USD1.25 per day. India has 33 per cent of the world's poor people, and nutritional levels are unacceptably low, with 42.5% of children underweight. Distribution of the benefits of growth to poor rural people has been limited by: inadequate physical and social infrastructure, poor access to services, low investment, a highly stratified and hierarchical social structure, and inefficient implementation of pro-poor programmes owing to governance failures.

2. Agricultural wage earners, smallholder farmers, casual workers in the non-farm sector and coastal fishers constitute the bulk of poor rural people in India. Within these categories, women and marginalised communities are the most deprived. In terms of gender deficit, India is ranked 132 among 147 nations as per Global Gender Gap Index[3]. Finally, about 300 million young people aged between 13 and 35 live in rural areas, most of them being forced to migrate seasonally or permanently, without the skills and competencies required by the modern economy.

3. In Tamil Nadu agriculture continues to be the most predominant sector of the State economy, as 70 percent of the population is engaged in Agriculture and allied activities for their livelihood. Rural population in the State is 37.18 million and urban population is 34.94 million. Small and marginal holdings account for about 92% of the total holdings covering 61% of the sown area. The average size of land holding is 0.80 ha (national average 1.15 ha)[4]. Project area is largely rain fed, where traditional paddy, millets, chilli etc., are grown under near organic conditions.

4. Given its 1076 km long coastline, fishery sector is an important source of employment, income and food security to the coastal communities of Tamil Nadu. As coastal and inshore resources coming under greater pressure than before, fishers operating, traditional non-mechanized crafts and gears are the most affected due to depleting catches. As elsewhere in India, fisherwomen play an important role in the fish economy and among fishing communities. With the exception of the Thoothukudi and Chinna Muttom fishing harbours, the fisheries infrastructure in the project area is far from adequate in the State. GoTN has been adopting a number of development strategies that are combination of protective and welfare measures for the economic well-being[5] of the coastal fishers. Yet their economy remains weak from the point of view of resource utilisation, technology, adoption of diverse livelihood sources and market-credit access.

### B. Rationale for Additional financing

5. For the Post Tsunami Sustainable Livelihood Project (PTSLP) an IFAD loan of SDR 9.95 million (Loan 662-IN) was approved on 19 April 2005 and became effective 11 July 2007. A second loan

[3] The Global Gender Gap Report 2011. World Economic Forum, Geneva, Switzerland, p.10-11

[4] A Comprehensive Analysis of Poverty in India, Arvind Panagariya and Megha Mukim, WB Working Paper Series, 2013

[5] The World-bank supported Pudhu Vazhvu (Fresh Life) implemented in 4,174 villages adopting community-driven development, NRLM, Mahalir Thittam (women' Plan) etc have been providing some support but not exclusively to the fishers communities.

(691-IN) was signed on 11 November 2005 for SDR 10.4 million6. The programme completion date for both the loans is 31 March 2017 with loan closing on 30 September 2017. At Appraisal the total project cost was estimated at USD 68.6 million, with USD 29.9 million coming from the IFAD loans, USD 3.4 million from the government, and USD 24.9 million from banks, along with a USD 10.4 million beneficiary contribution. The overall objective of PTSLP is to *build self-reliant coastal communities affected by tsunami and be resilient to shocks, and be able to manage their livelihood base in a sustainable manner.* PTSLP is now in its 7th year of implementation.

6. Considering the success of the ongoing PTSLP in the coastal districts and its impact that the programme has created among the coastal communities in particular the fishers and women both in enhancing incomes and diversifying in to other income generating interventions, the GoTN started the processes of preparing project proposal for replicating the programme in the adjoining 6 districts covering some 122,000 households. Accordingly, the GoTN approached DEA, MoF for considering its proposal for the financing support from IFAD as the programme of identical nature and approach would be more acceptable to the participating communities and at the same time it would enable the experience gained from the ongoing programme being transferred to the new districts through appropriate social exchanges and NGO facilitation.

7. In response to the request made by DEA, IFAD fielded a project design mission to Tamil Nadu between 17 and 31 July. The mission met with the Programme Director and other senior level Secretaries of the GoTN, travelled to the project area districts and jointly identified areas for support under the top-up financing. The mission later also briefed the Director, DEA with regard to its findings.

8. The PTSLP is qualified to receive additional, top up funding support from IFAD because the project (i) has no potential problem in the latest portfolio review; (ii) the IFAD loans being disbursed with satisfactory rating; (iii) as on 30 June 2015 more than 70% of original financing has been disbursed; (iv) its fiduciary management is compliant with the requirements of IFAD; (v) the audit opinion for last fiscal year 2013-14 is unqualified; and (vi) the project has staff in position and arrangements including the deployment of FNGOs for the implementation of the activities envisaged under the top-up financing are in place and also assured counter-part support from the Government of Tamil Nadu.

## C. Eligibility Criteria for Additional Financing

9. The PTSLP is eligible to receive additional finance in the form of top-up loan as it meets with the conditions laid out for availing this finance support, which are

a) a request for financing has been sent by the Government of Tamilnadu to the Department of Economic Affairs, Ministry of Finance, GoI and the DEA in turn has forwarded the request to IFAD; (Appendix-1)

b) the interventions and activities to be financed by the top up loan are in consistence with the on-going project objective and up-scaling of the interventions;

c) the top-up financing will be used for financing economically viable activities where incremental cost-benefit ratio is positive;

d) top-up loan will be used for financing incremental outreach in line with the Appraisal of the PTSLP and measured usually by assessing unit cost to reach the project beneficiaries;

e) top-up loan will be used within the framework provided by various IFAD policies relating to targeting, gender, rural finance, environment and climate charge and

[6] The first loan was approved as an emergency response prior to project design. The second loan covers the balance of project cost as estimated in the project design.

f) The incremental results expected from the top-up financing will be integrated with the results expected from the Appraisal of PTSLP in order to monitor results holistically.

# II. Description of on-going Programme

## A Programme area and target households

10. The ongoing PTSLP is in operation in 109 village Panchayats of 24 Blocks in six coastal districts covering some 155,000 households. The target groups included fishers, boat-crews, women, poor households of SC, ST, fish-vendors and rural youth. Significant numbers of households belong to women and very poor households.

## B Development objective and impact indicators of PTSLP

11. **Achieving Goal and development objectives**: The Programme has been making good progress and achieving many of its physical targets. Nearly 70% of two IFAD loans have been disbursed and better progress has been made on developing livelihoods, including promotion of micro-enterprises. Flow of funds through institutional credit has been improving with agreements with private sector banks. Potential problem of overlap with Tamil Nadu State Rural Livelihood Mission (TNSRLM) are being avoided by a Government decision for TNSRLM not to undertake activities in PTSLP areas. In terms of increasing resilience to shocks, the Programme is doing well in facilitating a number of insurance products and in establishing vulnerability reduction funds with each PLF. Community organizations are generally functioning well and are appreciated by their mostly women members. Although fishers continue to report declines in fish catches, the realisation of better price through fish marketing societies has enabled them to cope with the situation. There has been a significant reduction in use of destructive ring seine nets.

12. A comparison of Appraisal target and Progress in achievement and indicative targets under AF are presented in Table-1 below:

**Table-1: Comparison of Appraisal Targets and Achievement**

| Development Indicators at Appraisal | Progress in achievement as on June 2015 a/ | Targets under AF b/ |
|---|---|---|
| • Community infrastructure # 315<br>• Link road to fish landing sites 84 km<br>• Artificial reef deployed 2,400 m<br>• Boat yards # 4<br>• FMS # 50 with 2,400 fishers<br>• Redemption loans to 3,000 fishers<br>• SHGs strengthened # 8,470;<br>• # of PPG and enterprises groups 1,100<br>• Incremental institutional credit INR 341 million<br>• # of micro-enterprises set up 250<br>• Vocational training youth # 6,000 | • 380# constructed and under O&M by Panchayats;<br>• 62.5 km road completed and in use;<br>• 1,200 m completed and deployed;<br>• 1 boat yard completed and in use;<br>• 50 FMS organised with 2,417 fishers;<br>• 1,965 fishers received redemption loans;<br>• 6,603 SHG strengthened, 6,330 linked to banks;<br>• 1,953 PPGs organised and supported;<br>• INR 341 million disbursed; 70% hh access credit;<br>• 199 micro-enterprises set up; 70% profitably running<br>• 4,167 were trained; 1,165 placed in jobs | • Common livelihoods infrastructure in 121 PLFs including link roads to landing sites;<br>• No specific target for link roads<br>• Six artificial reefs;<br>• No boatyard proposed;<br>• 50 FMSs with 2,000 fishers;<br>• Redemption loans to 2,000 fishers and 500 sea-weed collecting women;<br>• Existing 4,000 SHGs trained and linked to banks;<br>• 500 PPGs and 1300 JLG are organised<br>• Incremental credit of INR 400 million<br>• 12,120 farm, marine-based enterprises and 4,800 off-farm enterprises promoted;<br>• 5,000 youth and women are trained; |

a/ Source: PTSLP RIMS Report 2015 and Progress Report June 2015;
b/ Source: Costab Tables, See Appendix-9

13. Component 1: Coastal area resource management: A community resource planning process drew up 1,181 micro-plans with a range of some 335 community infrastructure works[7] being funded. In all 28 community resource centres (CRCs) supported by NGOs were set up and functional. In addition, 1,200 m long artificial reef, 55 drinking water systems, 62.5 km of link roads to fish-landing sites was constructed.

14. Component 2: Rural finance & risk transfer instruments: In all 6,603 SHGs were linked to banks and in 109 PLFs involving some 77,027 female members. Incremental SHG savings were INR 537.43 million and banks disbursed a total sum of INR 1,478.47 million to them. Overdue was about INR 1.045 million as against the Appraisal estimate of INR 7.0 million. About INR 43.72 million[8] was disbursed from the vulnerability reduction funds benefiting some 17,310 households[9]. A sum of INR 7.0 million disbursed to micro-enterprises as patient capital and INR 19.9 million as loans by NABFINS.

15. Component 3: Employment generation and skill-training Under this component over 16,000 SHG members were provided training, 86 pilot-scale micro enterprises set up and 103 micro-enterprises established with credit linkages. In all 50 fish marketing societies (FMS) were established and federated into three fisher federations involving some 4,526 fishers and boat-owners and 863 women, construction of some 33 FMS buildings, 2 fish landing centres, 3 boatyards and disbursement of INR 25.0 million under debt redemption benefiting over 1,965 households. One of the innovations was mobilization of poor fish vending women into JLG[10] through the Fish Federations for their financial inclusion. With the support of the service providers some 146 primary producer groups for mango and vegetables and dairy have been set up enabling them to adopt better practices for productivity enhancement, lowering input costs, forging partnerships with private companies for market linkages.

16. Component 4: Sea-safety and disaster management: under the component some 1,245 male teachers and 3,875 female teachers were trained about sea-safety aspects and also for educating the school children covering some 1,245 schools located in the coastal belt.

17. Component 5: Project management: The PTSLP is being managed by a Project Management Unit (PMU) under the Department of Rural Development & Panchayat Raj, GOTN. The PMU is headed by Project Director, who is assisted by a team of technical and professional managers including the Additional Project Director. The PTSLP activities are guided and reviewed by an oversight Project Steering Committee under the Chair of the Secretary, RD&PR. At district level, there are 6 district implementation offices (DIOs) with a team of technical and professional officers. The activities of the DIOs are periodically reviewed by the respective District Collectors. At grassroots, the Panchayat Level Federations (PLFs) and SHGs, supported by NGOs and Technical Service Providers, are directly involved in implementation.

## C. Summary of Implementation Performance, Outreach and Results

18. **Results to-date**: Key achievements of PTSLP as on 30 June 2015 have been[11] (i) all participating 129,890 coastal households are aware of the project and its purposes and focused orientation; (ii) 62 km beach-link roads and 55 water supply systems constructed benefiting some 4,526 fishers; (iii) SHG savings increased by INR 537 million and internal lending increased substantially and their dependence of money-lenders reduced; (iv) 109 PLFs and 6,603 SHGs gained confidence and are able to conduct their activities with enhanced trust and capacity; (iv) All PLFs rotated vulnerability reduction funds of INR 43.7 million to INR 80.26 million through effective internal lending to their groups; (vi) interventions through 50 fish marketing societies ensured enhanced prices to the participating 4,526 fishers (including boat-crews) while some 1,965 fishers benefited from debt redemption; (vi) household incomes increased by about 38% over the baseline due to enhanced

[7] These included PLF offices, fish-drying yards, net mending halls etc
[8] This is made up of INR 8.6 million from members, INR 21.8 million from PTSLP and INR 13.3 from MED reallocation
[9] About 75% of loans were for health-related purposes.
[10] In all some 487 JLGs formed with 2,384 women members and some 158 JLGs with 777 members obtained loans of INR 11.65 million.
[11] Refer IFAD JRM Supervision Report 2015

margins from fish sales, fish vending and micro-enterprises; cattle owing households increased from 2% to 13%, households with goats increased from 4% to 11%. (vii) Reduction in underweight children by 3%, chronic malnutrition by 9% and acute malnutrition by 1%.

19. **Outreach:** At present the on-going PTSLP is in operation in 109 village Panchayats (817 villages) falling under 25 Blocks located in six coastal districts of Kancheepuram, Villupuram, Cuddalore, Nagapattinam, Thiruvallur and Kanyakumari. It is working with 129,890 households including 77,390 women who are mostly poor, Scheduled Castes and other backward communities. There a few ST households such as the *Irulas* among the beneficiaries and though few in numbers were specifically targeted for programme initiatives. PTSLP has largely reached its physical outreach to households in the project area. The programme is highly focused on poor women.

20. **Implementation Performance:** The overall performance of project implementation is rated as "satisfactory". The project is located in Tsunami-affected coastal belt where fishing is the major livelihoods. The fragile natural resources and declining fish resources present complex management challenges. With low to medium levels of literacy among the project households, low penetration of modern technologies and low access to formal credit to fishers, change is slow to come by. Despite these constraints and challenges significant progress has been made in implementation in all the project villages and across all project components.

21. **Total Expenditure as on 30 June 2015**: As on 30 June 2015, the PTSLP has expended some INR 2,780.2 million equivalents. This included INR 1218.35 equivalents from two IFAD loans, INR 90.25 million from GOTN and INR 1413.39 million from banks and other credit institutions and about INR 58.98 million equivalents from the participating beneficiaries. The cumulative project expenditure till 30$^{th}$ June 2015 is INR 1218.34 million (approximately equivalent to USD 19.90 million of IFAD resources). The total disbursement in both the loans including initial deposit is USD 21.14 million with the disbursement rate of about 70%. The PSR rating for the previous year for financial management is moderately satisfactory. A summary expenditure is given in Table-2 below:

Table-2: Status of Project Expenditure as on 30 June 2015

**Financial Performance by Financier by Component as in 30 June 2015**
**(Amount in INR 000)**

| | Component | IFAD | GOTN | Beneficiaries | Banks | Total |
|---|---|---|---|---|---|---|
| 1 | Coastal area resource management | 470.67 | 27.36 | 26.11 | 0 | 524.14 |
| 2 | Rural finance & risk transfer instrument | 90.52 | 0 | 10.54 | 1413.4 | 1514.46 |
| 3 | Employment generation & skill training | 390.02 | 17.53 | 22.23 | 0 | 429.78 |
| 4 | Community-based sea safety & disaster Management | 23.55 | 0.34 | 0 | 0 | 23.89 |
| 5 | Project Management | 243.34 | 45.02 | 0 | 0 | 288.36 |
| | **Total** | 1218.1 | 90.25 | 58.88 | 1413.4 | 2780.63 |

Source: PMU, PTSLP, Chennai

## D. Description of Activities under Additional financing

22. **Programme area**: The proposed project area consists of 121 village Panchayats and 21 Blocks falling under six coastal districts of Thoothukudi, Tirunelveli, Ramanathapuram, Pudukottai, Thanjavur and Thiruvarur in Tamilnadu with a total population of 612,000 (consisting of 120,000 households). The area is characterised by low rainfall and poor soils with rolling flat terrains interspaced with

occasional patches of sand dunes. The area is often affected by fury of tropical cyclones[12]. Major crops are rainfed paddy, millets, chilli, pulses, cotton etc but their productivity is invariably low. Coconut palms are widely seen along the coast. Large scale salt-making is common in Thoothukudi district. There are 82,690 fisher households scattered in some 296 villages and hamlets. As per statistics of Fisheries Department, some 15,142 are boat owners, out of them 2,697 own mechanised boats, 11,098 own motorised boats and 1,347 non motorised boats. There are over 7,500 women engaged in vending fish, making dry-fish and sea-weed gathering[13]. Fishers are in high debts to money-lenders or traders and merchants paying interests as high as 120%. Average debt varies between INR 20,000 in northern districts and INR 70,000 per fisher in southern districts such as Thoothukudi, Tirunelveli etc. There are also a number of small and large NGOs working in the area in as diverse fields as organic agriculture[14], dairy, sea-weed processing, marketing, primary processing, medicinal herbs, skill-training etc. The famous Rameshwaram Island, the Koodankulam atomic power Station and the Thoothukudi Harbour with the hinterland salt flats are located in the project area.

23. **Target group**s: The project target groups will be coastal dwellers including the occupational groups such as coastal fishers using beach launched non mechanised crafts and boats (catamarans, vellums), fishing boat crew members, small-scale fish-vendors in particular the women, those engaged in making dry-fishes, sea-weed cultivators and gatherers, salt-workers, small and marginal farmers, agricultural labourers etc. In all about 90,000 households are targeted and more than 70% of beneficiaries will be women. Some of the hard to reach groups because of their occupation are specifically targeted such as fish-vendors, salt pan workers; sea weed gatherers etc and these are all women. Gender disaggregated data are obtained from RIMS and MIS survey.

24. **Lessons learnt and incorporated in the Design[15]:** Key lessons learnt from the ongoing programme are: (i) For fisheries the overarching lesson is the success of the FMS model with debt redemption fund loans releasing fishers from having to sell through traders who had provided them with loans; (ii) there are further benefits from the collective marketing of fish through FMS; (iii) The usefulness of ice boxes to take to sea through: extending the stay at sea; travelling further to areas of more abundant fish; improving the quality of fish; and saving fuel (iv) FMS and FMS Federations play a role in banning of destructive ring seine nets; (v) More and more SHGs are getting access to bank funds through business development correspondents' arrangements; (vi) Loans from NABFINS using patient capital are better way of financing micro-enterprises as the entrepreneurs take repayment of loans more seriously and not to abandon the enterprises; (vii) mobilisation of poor fish vending women into JLGs through the fisher federations, with their financial inclusion proved success; (viii) Production and supply of organic inputs for fruits, vegetables and medicinal plants through farmer-managed production outlets proved success among the farmers. These lessons have been in-built in the new design with a view to ensuring that the pace of implementation is faster and smoother.

25. **Programme Components**: The Programme employs flexible and demand-driven approach in the planning and implementation of all its interventions. This approach will continue under the proposed scaling-up interventions as well. However in line with the recommendation of the DEA, MoF, GOI, the *Rural Finance component* has been excluded. The additional financing will continue to support the on-going development interventions of PTSLP but will have only three components: (i) Coastal area resources management, (ii) Employment Generation & skill training and (iii) the Project Management. These three components are briefly described below[16].

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[12] After a Tsunami struck these coastal districts in 2004, these districts were hit by a severe cyclonic storm, 'Fanoos' in 2005 displacing some 30,000 people, cyclone 'Nisha' in 2008 when some 190 people lost their life and cyclone 'Madi' in 2013 causing severe damages in Ramanathapuram and other surrounding districts.

[13] Sea-weed gathering and cultivation is common in the coastal districts of Ramanathapuram, Pudukottai, Thanjavur and Thiruvarur.

[14] Basically for organic coriander, pulses and minor millets and GOTN also provide subsidy for promoting minor millets in the programme districts.

[15] Refer Appendix-4 for details

[16] See Appendix-5 for a more detailed description of Project Components

**Component 1 Coastal Area Resource management**

26. **Sub component 1.1 – Community resource planning.** The key activities under this sub component include a) livelihood mapping, b) micro planning for identifying infrastructure needs, and c) establishment of common livelihood infrastructure.

27. The programme will identify field NGOs (FNGOs) for setting up 30 cluster resource centres (CRC) and provide them service provider costs. Each centre will have 3 key staff for community mobilisation and enterprise promotion. Each CRC will be working with about 4 village Panchayats (30 to 40 habitations). These staff will be intensively trained in programme related activities and also in participatory rural appraisal methods.

28. As a first step to commencing the programme activities, they will carry out livelihood mapping and wealth ranking exercises[17] in each habitation. Data on common resource availability, sector wise occupation and household livelihood assets will be gathered. These data will be used in selection of livelihood/ enterprise activity and also in targeting.

29. There after micro planning will be carried out at Panchayat level where Panchayat Level SHG Federation (PLF) leaders and members, local NGOs and Panchayat leaders will participate to identify gaps in livelihood related infrastructure. Programme will ensure that households from very poor households, women headed households and also minorities participate in such planning. Based on this demand, district level implementation committee will prioritise and select the infrastructure activities to be undertaken. During field visit interactions the demand expressed by the community are net mending halls, fish drying yard, cement link roads, water supply, solar lighting etc., It is estimated that about 700 infrastructure works will be carried.

30. The programme will also carry out bi annual review of the programme activities in each Panchayat where in Panchayat leaders, representatives of line departments, banks, PLF, NGOs etc., will participate, review and plan for further activities. This also serves as a forum for facilitating convergence. Programme will ensure that households from very poor households, women headed households and also minorities participate in such reviews and their needs are prioritised.

31. Community exchange visits will be organized for the duration of the programme, to enable communities to learn from the experience in other villages on development and management of community infrastructure and on coastal and fisheries resources management.

**Sub-component: 1. 2- Support to Community Institutions**

32. Under the sub-component the key activities include a) establishment and support to CRCs, and b) strengthening of PLF.

33. Around 30 Cluster resource centres will be established and the staff salaries, mobility costs will be supported by the programme. CRC staff will be responsible for training SHGs, strengthening of PLF, JLG formation for enterprise promotion, facilitating bank linkages and reporting on the progress of the project activities. Where necessary the boards of PLFs will be re-structured and strengthened. The board members will receive in depth training on governance, financial management, convergence with Government programmes and sustainability aspects.

34. Steps involved in improving the <u>rural finance delivery</u> from existing credit institutions include: (i) stock-taking the position of all SHGs in new districts and computerising data; (ii) engaging rural finance consultants to visit all micro-enterprises and provide feedback to NAFINS for fine-tuning

[17] Under State rural livelihood mission, poverty ranking of the rural households through participatory methods have been carried out in all the Panchayats. The programme will assess any additional data required/modifications required and then carry out wealth ranking only where needed.

procedures and processes; (iii) reviewing the insurance product processes; (iv) carrying out client education through training and regular meetings; and (v) arranging exposure visits between PLFs.

35. A quick survey to understand the position of SHGs in the Panchayat will be carried out by CRC staff. Complete and reliable data on SHGs will help devise strategies in strengthening of SHGs which in turn will strengthen the PLFs. PLF leaders will motivate SHGs who are not currently members of PLF to join the PLFs and also strengthen weak SHGs. It is expected about 4,000 SHGs with about 48,000 women members in 113 PLFs will be targeted under the programme. (Around 8 PLFs[18] the World Bank-funded *Pudhu Vazhvu* Project, is being implemented and the programme will work with fishers in these PLFs and Blocks and activities related to enterprises will be undertaken but PLF strengthening etc., will not be undertaken).

36. Direct investment of the programme in SHGs will be limited to project awareness and financial literacy training which will be carried out by CRC staff and PLF leaders. When ever PLF leaders are engaged in programme related activities they will be compensated as per SRLM/ MNREGA norms. Audit of SHG books will be carried out by engaging the services of chartered accountants preferably or by well trained community resource persons. Automated MIS will be installed in all PLF for both PLF accounting and SHG accounts to ensure transparency and monitoring. PLFs will be provided with buildings where trainings can also be conducted.

37. Programme will facilitate business development correspondent arrangements between banks/financial institutions such as ICICI bank, IDBI bank, NABFINS to ensure that adequate credit flows to SHGs, JLGs, individual enterprises. Automation of SHG accounts will provide comfort to lending institutions. PLF will identify the SHGs, fulfil documentation requirements, monitor repayments for which they will receive commission from the banks which will help building the PLF as sustainable institutions.

38. PLFs will also develop and implement a risk management product for providing quick support at the time of calamity or livelihood loss. Programme will contribute matching grants to funds mobilised from community in the ratio of 4:1. These funds will be managed by PLF where individual member who has been affected by a calamity/livelihood asset loss will be provided a loan of INR 5,000 to INR 10,000 at 6 to 9% rate of interest per annum on declining basis to cope with the loss. This will build resilience to financial shock. PLFs and programme will ensure and monitor that very poor, women headed households and minorities benefit from this.

39. PLF will facilitate SHG members to participate to *Jan Dhan Yojana*, PMSBY etc., Apart from these hut insurance, livestock and other asset insurance will be facilitated by the PLF which will build the risk management ability of the coastal community (the programme has an on going arrangements with LIC and United India Insurance company which will be extended to the phase 2 districts as well with due modifications). Insurance spearheads in PLFs will facilitate such linkages and also ensure that claims are made in time and the members are motivated to renew their insurance each year. PLFs will receive commission from the insurance companies and insurance spearheads will also receive a share in the commission.

**Sub component 1. 3 - Fisheries resource management**

40. A sustainable future for fishing communities lies in moving towards responsible fisheries. Better protection and management of coastal and fisheries resources is likely to have long term implications for livelihoods, particularly of those who depend on the resource base for their survival, and have few other livelihood options available. Given a context where the resource base is shared and is considered optimally fished (especially the inshore), it will be necessary to initiate a process where stakeholders can work together to agree on a common minimum programme for resource

[18] In Ramanathapuram district 7 PLFs in Kadaladi block and in Thoothukudi district T. Kalmedu PLF in Ottapidaram block are under PVP.

management. The key activities under this sub component include a) cluster level and state level workshops to address key issues related to the programme districts, b) deployment of artificial reefs on the basis of technical studies, c) Pilots fund for alternative livelihoods and technologies for better resource management.

41. Issues related to coastal and fisheries management identified during the micro-planning process, particularly those needing coordination and action at a larger level, will be discussed in cluster-level workshops organised on an annual basis. Issues identified could include the need to: regulate certain types of fishing gear; reduce fishing pressure in areas considered as spawning grounds, explore other options in coastal aquaculture, diversify fishing operations and training requirements for the same, etc.

42. The issues emerging from cluster-level workshops will be consolidated and where necessary specific studies will be undertaken, for discussions at the workshop organised at the State level. The workshop could be organized through the Fisheries Department and/or other competent organizations, with participation of community leaders from the clusters, representatives of different gear groups, key technical resource persons, and NGOs working with fishing communities on issues of coastal and fisheries resource management. Workshop at the state level will be organized once, linking up to ongoing cluster level workshops and processes.

43. Recommendations and suggestions emerging from cluster-level workshops will be vetted, and proposals will be developed to implement some of them on a pilot basis. On verification of proposals, activities could be initiated on an experimental basis, through a pilot fund available for this purpose. Proposals could be developed, for example, to test out diversification options within the fishery such as mud crab fattening, ornamental fisheries, cage fishing, pearl culture, sea weed cultivation for new species etc. The fund can also be used to put in place community-based monitoring and enforcement systems, to replace destructive gear, for award/provide incentives for community organisations that have adopted responsible fisheries practices etc.

44. Central Marine Fisheries Research Institute, Cochin (CMFRI) will be engaged for carrying feasibility studies for deployment of artificial reefs and such reefs are expected to be deployed in about 6 locations for improving fish breeding grounds and enhancing the availability of fish.

45. The implementation of this programme is expected to increase awareness about key issues facing coastal and fisheries resources in the State among various stakeholders. It is also expected that its implementation will lead to greater discussion and consensus among various stakeholders about management and other measures that need to be implemented to ensure sustainability of livelihoods and of the resource base that sustains these. These will be carried out in consultation with the respective district fisheries offices.

**Component- 2 – Enterprise promotion and employment generation**

46. **Sub component 2. 1-Agriculture, off farm livelihoods and enterprises**
The Programme will adopt a twin track approach for promotion and scaling up of agriculture based and related enterprises (enterprise is defined as one that provides full time employment for one or more). i) Engaging the services of Technical support agencies to promote agriculture and off farm enterprises in a cluster, ii) Engaging consultants to support demand based enterprises that are sporadic and geographically spread (mud crab fattening, ornamental fisheries, mushroom, salt processing, fish and other marine based value addition etc.,).

47. In the first approach**, Technical support agencies** will be hired to work with community especially women on specific commodities/livestock following value chain approach. These agencies

will have proven track record of working in these sectors and also in private sector tie ups and partnerships.

a) **Agriculture and allied activities in cluster** - Indigenous paddy, coconut, small millets, cotton, chilli and coriander are some of the crops that are grown under rain fed near organic conditions in the coastal areas. Technical support institutions such as CCD have rich experience in mobilising these farmers into producer organisations, improving package of practices, procuring and direct sales to corporate and other private sector players. The technical support agencies will a) mobilise the producers into primary producer groups and later into producer organisations, b) facilitate the producers to adopt the improved package of practices for productivity enhancement, c) enable primary processing/vale addition wherever feasible and viable, d) forge market linkages with corporate and other private sector players, e) facilitate credit for both primary producers as well as producer organisations involved in procurement of both inputs and outputs. It is expected that about 9,000 producers growing paddy, coco nut, small millets, pulses, chilli, coriander and cotton will be mobilised into producer organisations in the 6 districts.

While pulses, chilli and coriander will be cleaned, graded and packaged thus fetching a higher price for the farmers, there is scope for value addition in coconut (cold press oil, rope and fibre making), millets (flour, ready to cook items), organic indigenous rice (beaten and puffed rice). The value added products from millets and rice have niche markets which can be tapped. The producer groups and associations will be provided with machinery and equipments for which they will contribute in terms of land/ buildings etc.

Corporate houses such as *24 Mantra*, *Safe Harvest* etc., have shown interest in procuring millets, indigenous rice (both grains as well as processed foods) and pulses which are grown under organic conditions after a certification process. Some companies also provide trade finance to producer organisations to enable them to procure produce from their farmer members. Forging reliable corporate tie ups will ensure marketing support to the producers.

b) In other allied activities, there is potential for dairy farming in some pockets and goats are reared by many households in small herd size. Technical support agencies such as ASSEFA, Hand in Hand, Goat Trust, BAIF etc., can be hired. In dairy key interventions will be a) improving animal care and feeding practices, b) fodder development, c) market linkages with private companies including *Aavin*-a public sector company. In goatery, key interventions will be a) developing community resource persons after in depth training to improve animal care to reduce mortality in goats, b) fodder development where feasible and c) appropriate market linkages. It is expected that 500 dairy farmers and 2,000 goat rearers will be mobilised under the programme.

c) Sea weed cultivation is feasible and has potential in both Palk Straight and Gulf of Mannar sea coast in the districts of Pudukottai and Ramanathapuram. Seaweed farming represent efficient and sustainable use of marine resources especially in these areas where decline in landings are reported. *Carrageenan* seaweed farming (*Kappaphycus*) is gaining popularity. Few women groups are involved in this activity and there is potential to scale up in other villages. However, they require technical support and advice to deal with issues such as disease outbreaks, predation by herbivorous fish and infrastructure damages resulting from tropical storms. Farmers are under pressure to enter in to exploitative marketing tie ups with the procuring agents. Technical support institutions such as Aquaculture Foundation will be engaged in a) mobilising about 1,000 women into producer groups, b) training them, c) providing periodical technical support, d) facilitating corporate tie ups for both wet and dried sea weed, and e) setting up of bio fertiliser units out of wet sea weeds after studying the technical and marketing feasibility.

48. The technical service providers will work closely with PLFs to identify the households and also in ensuring that credit flows through SHGs and JLGs which will be arranged through Business Development correspondent arrangement with banks and institutions like NABFINS.

**Support to off-farm enterprises**- In the second approach demand based enterprises (which are not geographically concentrated or in a cluster) will be promoted through the Cluster resource centres (CRCs). The Business development promoters in CRCs will work with the PLFs to identify the entrepreneurs. Individual consultants or institutions will be hired where needed to provide technical and other need based support for these enterprises. During field visits, women especially from fisher households have shown interest in mud crab fattening, ornamental fisheries, mushroom, salt processing, palm sugar making, fish and other marine based value addition, household value addition in coconut, garments stitching etc., While some will be group enterprises, others will be individual enterprises. The programme will arrange for a) formation of joint liability groups, b) need-based training, c) need-based technical support, and d) facilitating market linkages. About 5,000 women will be supported under this approach.

In addition, credit product to suit the entrepreneurs will be structured and designed with financial institutions like NABFINS so that adequate, timely and well structured product will be available to ground the enterprises.

**Training for income generation activities** - Apart from enterprise promotion, the programme will also support training women in income generation activities, which will increase the sources of income of the very poor household apart from enabling women to productively utilise the credit, availed from SHGs. PLFs will generate information on the training needs of members and the district programme units will organise these trainings through reputed agencies preferably at Panchayat level. Women will avail credit from SHGs to take up these IGAs. In the first phase districts, the trainings imparted were in the areas of vegetable cultivation, stall fed goat rearing, hygienic fish vending and drying, *masala* and pickle making, coir rope making, etc., About 8,000 women will receive training under this sub component.

**Sub component 2.2 Fish marketing Societies**

49. Fishing is the major livelihood of the coastal communities[19]. While men are sea farers, women are involved fishing in back waters, sea weed gathering, dry fish making and a few women also join men in the sea for fishing. In motorised boats 3 to 5 members and in non-motorised boats 2 to 3 members work as crew. The key issues faced by the fishers are a) formal institutional credit is not available to fishers which forces them to enter into exploitative trade credit from traders/commission agents, b) lack of sustainable marketing arrangements and infrastructure, c) their own federation to provide sustained support to the FMS to ensure their smooth functioning. SIFFS, which is the service provider for the ongoing programme will be engaged for the implementation of this sub component.

50. **Fish marketing Societies -** About 2,000 small scale artisanal fishers will be mobilised into 50 fisher marketing societies (FMS) in the six districts. (SIFFS based on a preliminary study has found scope for formation of 62 FMS). The crew members of the boats will be associate members. These FMS will be federated into 2 or 3 area federations.

51. Since the fishers are indebted to traders, SIFFS will first ascertain the debt of the individual fisher and arrange to redeem the debt so that the fishers will be in a position to take up joint marketing of their catch. The level of debt is expected to range from INR 20,000 in Thiruvarur, Thanjavur, INR 30,000 in Ramanathapuram and Pudukottai to INR 70,000 in Thoothukudi and Tirunelveli. The

[19] As per statistics of Fisheries Department, about 15,142 are boat owners out of which 2697 are mechanised boats, 11,098 are motorised boats and 1347 are non motorised boats.

programme will provide grants to finance these loan redemptions; while initially SIFFS will be the recipient of grants which will be used for debt redemption, the loan repayments by fishers will be ring fenced into a separate account and will be handed over to the federation once they are set up.

52. All FMS will have elected board. They will engage the services of commission agents who will ensure auction of fish catch with larger traders. Members of the marketing societies will sell their catch through the society, which will work on a 2 to 3 percent commission on sales. The society will also deduct compulsory savings, insurance premiums and also loan repayments, if any, from the amount payable on sales to the fishermen. Savings will be used for lending to the fishermen, especially during lean periods and for emergency purposes. The society will also mobilise loans from federation and banks for lending to fishers. District wise and year wise formation of FMS is given in Table-3 below.

**Table-3: Number of FMS by Programme District**

| Programme Districts | 2016-17 | 2017-18 | 2018-19 | **Total** |
|---|---|---|---|---|
| Thiruvarur | 1 | 1 | - | 2 |
| Thanjavur | 4 | 4 | - | 8 |
| Pudukottai | 4 | 6 | - | 10 |
| Ramanathapuram | 6 | 11 | - | 17 |
| Thoothukudi | 2 | 3 | - | 5 |
| Tirunelveli | - | 4 | 4 | 8 |
| Total | **17** | **29** | **4** | **50** |

53. The key interventions for the fish marketing societies by the programme will be: a) providing debt redemption fund to FMS to the artisanal fishers so that they can be free from the clutches of traders and form their own marketing society, b) providing building and equipments and basic marketing infrastructure to each FMS, c) providing ice boxes to fishers to preserve catch while fishing; since fishers will contribute 50% of the price (the remaining 50% grant support from the project), this will ensure proper utilisation. The fisher contribution will augment the working capital of fish marketing societies, and d) based on feasibility studies, constructing auction halls in 4 locations in Thanjavur and Pudukottai districts.

54. **Support to Fisher women-** Fish vending women will be organised into Joint liability groups. These women are usually vey poor and many of them are widows. They often depend on traders and money lenders for loans who charge usurious rate of interest. Those fish vendors who are not members of SHGs will be organised them into JLGs and into a centre. Community Coordinator from FMS will mobilise these women. FMS/federation will receive INR 4,200 for mobilisation of a JLG. The services of the FMS/federations will be engaged for mobilising 2,500 women into 500 JLGs.

55. Each member will receive a loan amount of INR 15,000 at 12% reducing interest repayable in 24 months. This loan is expected to increase the bargaining power of these women, assured supply of fish apart from access to cheaper source of finance. The programme will facilitate opening of individual savings account with a nearby bank where the women will be facilitated to save. They will be encouraged to participate in the GoI's insurance scheme, *Pradan Mantri Bima Suraksha Yojana*. They will receive training in hygienic drying of fish and will also receive equipments such as iceboxes, weights and scales and other equipment in reducing post-harvest losses, improving the quality of the product and in improving incomes. The equipments will be provided with 20% contribution from the women. Increasing access to, for example, appropriate transport, facilities at markets and landing centres, storage facilities, low-cost, hygienic fish processing techniques oriented for the domestic market, could help them.

56. **Sea-weed gatherers –** About 500 sea weed gatherers will be mobilised into JLGs through FMS/federation in the same pattern as that of fisher women. They will also receive debt redemption support up to INR 10,000 per member so that they can undertake joint marketing. Sea weed gatherers often are fined by Forest department who are concerned about ecological preservation, they will be issued identity card for legitimising their activity. Sea weed gatherers will be provided necessary equipments for drying the weeds. Existing buildings meant for community usage will be used (after necessary repairs) for stocking and selling to larger traders and corporate. SIFFS will facilitate market linkages. These measures are expected to improve their incomes substantially.

57. **Federations** - FMS will be federated into 2 or 3 area federations by the second year. The federations play a crucial role in mobilising credit for the FMS and also under take whole sale procurement of some essential fishing equipment. They can also facilitate forging market linkages especially in distant markets. The federations will ensure proper governance and rule setting for the functioning of FMS. Programme will provide for the operating cost for two years apart from providing for their building and initial capital for bulk purchase and sales for fishing equipment. The programme will constitute a steering committee consisting of representatives from project management, SIFFS, external fisheries experts to review the progress being made and set directions. The committee will meet at least once in two months.

**Sub component 2. 3 Vocational Training**

58. Youth in coastal communities, particularly those who have gone in for higher education, find it difficult to get jobs. They see little future in the fisheries and traditional livelihoods. The programme will help them identify options that provide a reasonable chance of finding employment especially in other countries after completion of training. Such options could include training in boat building, motor mechanics, heavy machinery driving, welding and metal work, plumbing, masonry skills, carpentry and painting. Girls will be provided training in vocation of their choice especially in mid-wifery, home nursing, house-keeping. Existing institutions offering such training will be identified. National Skill Development Corporation (NSDC) approved and certified institutions will be preferred for such training. The programme will offer vocational training to about 5,000 youth.

**Component- 3: Project Management**

59. **Project Management Unit**: Existing PMU will continue to manage all interventions proposed under the additional financing. In addition, 75 person-months of consulting services are also provided with a view to ensuring flexibility in technical support, technical supervision and grassroots technical advice. Replacement of some office equipment such as desktops and laptops and purchase of field vehicles are provided. Staff salaries and allowances and facilities for operations and maintenance etc have also been provided starting from April 2017.

60. District implementation offices: All facilities including staff and support services with the existing 6 districts will continue till the project completion i.e. March 2019. No financial provisions are included in the costab budget. The PD, PTSLP will review the staff positions of these 6 districts at the end of fiscal 2016-17 and will make appropriate recommendation for either retaining or scaling down the staff sizes in these offices.

61. District implementation offices in new districts: Considering the areas of operations in these 6 districts, the mission is of the view that in all 4 DIOs can be set up instead of 6. For example, (i) one DIO for Thoothukudi and Tirunelveli districts, (ii) one DIO *each* for Ramanathapuram and Pudukottai districts and (iii) one DIO for Thanjavur and Thiruvarur districts. Incremental staff positions to cater to the additional districts are provided for in the budget estimates. Number of staff is given in Table-4 below.

| Table-4: Composition and Number of Staff in DIO by Programme District | | | | |
|---|---|---|---|---|
| Staff details | Thoothukudi & Tirunelveli | Ramanathapuram | Pudukottai | Thanjavur & Thiruvarur |
| Base office location | Thoothukudi | Ramanathapuram | Pudukottai | Thanjavur |
| District Implementation Officer | 1 | 1 | 1 | 1 |
| Asst Executive Engineer a/ | 1 | 1 | 1 | 1 |
| Community Development Officer a/ | 1 | 1 | 1 | 1 |
| Asst Accounts Officer a/ | 1 | 1 | 1 | 1 |
| Fisheries Officer a/ | 1 | 1 | 1 | 1 |
| Enterprises Development Officer | 1 | 1 | 1 | 1 |
| Agricultural Officer | 1 | 1 | 1 | 1 |
| M&E officer | 1 | 1 | 1 | 1 |
| Project Assistants | 3 | 3 | 3 | 3 |
| Data Entry operator | 1 | 1 | 1 | 1 |
| Junior Engineer | 1 | 1 | 1 | 1 |
| Finance Assistant | 1 | 1 | 1 | 1 |
| a/ on secondment from Government | | | | |

62. Each district office will have 3 desktop computers, one laptop, one printer, one UPS, one photocopier, furniture set, LCD projector etc. This office will be headed by the District implementation officer reporting to the District Collector and the PMU. He/she will be assisted by a technical and managerial team comprising one Agricultural officer, one Accounts officer, one Asst Executive Engineer, one M&E officer, three Project Assistants, one Data entry operator and other support staff such as driver, security Attendant etc. These staff can either be deployed under secondment from other GOTN line Department or hired through acceptable HR agencies. In addition one CDO, one EDO and one Fishery officer will also be hired and deployed under consulting services arrangement. Budget support has been provided starting from fiscal 2016-17 for a three year period and this includes purchase of office equipment and field vehicles, TA support, staff salaries and allowance, operations and maintenance and office running expenditures including office rent.

63. Project M&E unit: The M&E unit will continue to operate from PMU, Chennai and this unit will consist of one M&E Manager, one CIT Manager and a Data entry operator. The M&E unit under the Manager (M&E) reporting directly to the APD will be responsible for concurrent monitoring of the PTSLP, baseline survey, endline survey, annual outcome survey, preparation of annual progress reports, coordinating the surveys relating to impact assessment and project completion. Necessary financial provisions have been made in the cost budgets.

64. Project Knowledge management unit: The M&E unit will also be responsible for Knowledge Management activities relating to PTSLP. These broadly include conducting knowledge management events at state and district levels, publication of new letters, brochures, leaflets etc by engaging the services of professionals in the field, carrying out case studies and documenting successful enterprises and uploading them on the web.

## E. Description and Quantification of Expected Benefits

65. The programme is now generating some significant benefits for fishers, rural women and small farmers. It is making a real difference to the lives of very poor women fish vendors, a group that had very largely been overlooked by other programmes. The programme has a number of initiatives which are appropriately designed, reasonably cost and thus is sustainable. The proposed interventions will benefit about 90,000 coastal households from 121 PLFs in six districts of Thoothukudi, Tirunelveli, Ramanathapuram, Pudukottai, Tanjavur and Thiruvarur.

66. Coastal area resource management component will cover and benefit some 35,090 households, who will have opportunities for enhancing their incomes due to enhanced access to market, productive infrastructure, storage yards, net-mending halls, link roads to fish landing sites, drinking water systems

etc. Employment generation and skill training component will cover and benefit some 54,910 households. These households include among others (i) fishers (both boat-owners and their crew members) due to enhanced facilities for fish-marketing, debt redemption, provision of ice-boxes for storage of fish etc, (ii) agricultural farmers predominantly women through various facilities provided for productivity enhancement, seed replacement, improved packages of practices, better access to milling and processing, formation of primary producers groups etc., (iii) 8,000 poor women benefiting from IGA training and increased access to small loans from their respective SHG, (iv) about 2,500 women benefiting from dairy and goat-keeping interventions, and (v) likewise 1,000 sea-weed cultivators and 500 sea-weed gatherers, all women beneficiaries. Mostly women in SHGs and PLFs, will benefit from training, debt-redemption, processing facilities, institutional credit, market linkages, etc.

## F. Outline of Changes required in the PTSLP Legal Agreement

67. Amendments to Financing Agreement: The existing Loan Agreements (662-IN and 691-IN) will be amended to include the provisions of the additional financing. Key amendments relate to the scope of the programme area districts, name of the lead programme agency, loan service charges etc. The amendment will be carried out through exchange of letters, after IFAD Executive Board (EB) approved the additional financing. As the programme is being scaled up geographically, there will not be any different "entry into force date" and the activities could be taken up for implementation after IFAD EB approval in December 2015. The ongoing programme will also be extended for a period of two years from the original date of completion. The date of completion both for the ongoing and the additional financing will be March 2019. The Project Agreement will not be amended, as it is linked to the Loan Agreements.

## G. Adjustments in the Results Matrix

68. Adjustments in the results matrix (RIMS) have been incorporated in the updated PTSLP Logframe using the revised template. These indicators will be closely monitored and evaluated periodically as it has been in the past with the ongoing programme. IFAD has produced a new set of guidelines on RIMS level 1 and level 2 reporting. These consist of two Tables which IFAD requires all Projects complete annually. PTSLP has been doing well in presenting evidence for Level 2 RIMS ratings. This will be continued for the AF interventions as well.

# III. Programme implementation

## A. Approach

69. The programme[20] will adopt demand-driven approach and resources management approach in implementing the interventions. It has been also using public-private-community partnership mode with lead provided by the Project Management Unit under the Department of Rural Development & Panchayati Raj, GOTN. The PMU will be supported by four District Implementation Offices, line departments, Service Providers, SIFFS, FMS, CRCs, PLFs, SHGs and also the user groups. Key role and responsibilities of these institutions are summarised in Table-5 below:

**Table-5: Key roles and responsibilities**

| Institution | Key role |
|---|---|
| PSC | Policy guidance, approval of AWPB and Procurement Plan |
| RD&PR, GOTN | Incorporating the approved budget into the Department Budget, Release of funds including additional resources to carry out the implementation; Quarterly review of implementation performance |
| PMU | Overall supervision, management, planning, M&E, Knowledge Management, funding |
| SIFFS | Organising FMSs, fisher JLGs, handling debt redemption funds, support to new |

[20] See Appendix-6 for more details on institutional aspects and implementation arrangements.

| | |
|---|---|
| | FMSs |
| DIOs | Implementation at district level, local coordination, monitoring |
| FNGOs, TSP | Facilitation, technology transfer, capacity building, planning and organising CBOs, handholding support, M&E |
| CRCs | Capacity building of PLFs, formation of JLGs, support to SHGs, grassroots M&E, livelihoods mapping, wealth-ranking |
| PLFs | Support to SHGs, handling Risk Reduction Funds, bank-linkages, financial inclusion products, monitoring JLGs. |

70. **Coordination[21]:** The Programme will be coordinated at two tiers. Programme Steering Committee (PSC) at the State level and District level Implementation Advisory Committee (DLIAC) at the Programme Districts level. The Programme Steering Committee will be under the Chair of Principal Secretary/Secretary, Rural Development and Panchayat Raj Department, GOTN with the membership indicated in the Loan Agreement of 662-IN. The existing Programme Steering Committees will be continued for the new districts. The PSC will ensure that officers of sufficient seniority participate in the PSC meetings so that proposals approved in the PSC are not sent to individual departments for approval.

71. The DLIAC will be established in all the 6 additional districts for effective district level coordination, though two of the DIOs will have additional district responsibility. The DLIAC shall provide guidance to the respective District Implementation Office, performing a coordination role (with, e.g., various public and private institutions) and facilitating Programme implementation in the respective Programme District, and shall be chaired by the District Collector. The DLIAC shall be composed of, among others the following members: a representative of the District Rural Development Agency (DRDA); one representative of the PRIs in the Programme District; one district-level officer each from Departments of Agriculture, Animal Husbandry, Fisheries; Project Director, *Mahalir Thittam*. The District Implementation Officer shall be the Secretary to the DLIAC and the DLIAC shall meet on a bi-annual basis. The DLIAC will be free to co-opt any more members in the best interest of the programme.

## B. Organizational framework

72. **Project management unit**: The existing PMU under the leadership of Principal Secretary & PD, PTSLP will continue to be the PMU for the additional districts as well. To cater to the additional workload of 6 districts some incremental staff positions have been provided. These positions will be filled through consultancy contracts from the open market. The staff at the PMU will be a mix of government staff on secondment and from the open market. For the last four years, the current project has benefitted from the stability in the senior management positions and the leadership and anchoring provided by the Principal Secretary & PD and the Additional Director, RD (Additional Project Director). Government of Tamil Nadu should ensure that the qualified and experienced successor to the current APD, if required, is identified early and the tenure to be overlapped with the current incumbent at least for 3 months. The Engineering Unit at PMU will be continued for implementing the infrastructure activities in the new districts.

73. **District implementation offices**: Though there are six additional districts covered under the additional financing, two districts have very small number of blocks and Panchayats to be covered. Hence only 4 DIOs will be established in the districts of Thanjavur, Pudukottai, Ramanathapuram and Thoothukudi. Thanjavur and Thoothukudi DIOs will handle the additional responsibilities of Thiruvarur and Tirunelveli. For the additional responsibilities, these two DIOs will have incremental staff and facilities. At the district level, DIO, Assistant Executive Engineer, Community Development Officer and

[21] See Chart-1, Appendix-6

the Accounts Officer will be seconded from the Government for the entire period of three years. All other staff will be engaged from the market with terms of reference and responsibilities. The DIO will report directly to the APD and will be the Member-Secretary of the District level Implementation Advisory Committee. All the district level staff, whether from government secondment or from the open market will be imparted orientation trainings, basic management skills training and other required training. DIOs, in particular, will be attached to the existing districts for a week for on-the-job training and exposure before implementation in the new districts.

74. **NGOs, Resource Agencies and Private Sector:** The programme in the new districts will only strengthen and reorganise the existing Panchayat Level Federations (PLFs), who will work with the SHGs directly. NGOs will be engaged, at least one per district, to support the PLFs in Financial inclusion and promoting sporadic livelihood enterprises and IGA. The NGO will establish the Cluster Resource Centre with staff structure as agreed with the PMU. The major focus of these CRCs will be promoting awareness of savings, pension and insurance products of the Government of India and financial inclusion for linkages with NABFINS and other formal financial institutions (public and private sector banks). SIFFS, the existing partner, will be retained for the fisheries related activities along with the Nagapattinam Fishermen's Federation and Kanyakumari Fishermen's Federation. Covenant Centre for Development, the existing partner, will be engaged to promote aggregation, value addition and marketing of selected agricultural commodities by forming producers groups and producers collectives. In addition to the existing partners, the project will endeavour to engage other competent resource organizations for promoting other cluster based enterprises like dairy, goatery, sea weed cultivation, cage fishing, ornamental fish rearing, etc. The programme will also promote private sector participation by linking the enterprises for marketing and investments for sustainability.

75. **Financial Institutions and Banks:** Enterprise financing will be promoted by extending the partnership with NABFINS. PLFs will establish linkages with the banks (public and private) for the flow of credit to the IGA, JLG and to the producer groups and collectives. Senior Rural Finance Manager at PMU level will be responsible for coordination with the financial institutions. The challenging role PLFs are expected to increasingly take on as insurance agents amongst this target group). The implementation support missions will be tasked to ensure that the implementation pace is increased while maintaining quality of service delivery. Focus of the implementation support mission is to review the implementation of the rural finance activities to ensure that the suggestions of QE Panel are acted upon. In this respect, the ISM will look at the following: (i) rural finance activities are well-clarified and included in the AWP&B, (ii) assessment of loan products for improving the performance of micro-enterprises and NAFINS is made, (iii) improvement of insurance products if any and their processes are proposed, and (iv) enhanced training needs to the entrepreneurs and staff of the financing institutions are suggested.

76. **Other Government departments:** The programme will closely work with a number of State Government departments like Agriculture, Fisheries and Rural Development for converging the existing schemes and expertise for increased impact of the programme. While policy related convergence will be at the PMU level, DIOs will work at the ground level convergence of government programmes. For the purposes of artificial reef, the PMU will engage the technical services of CMFRI, Cochin.

77. **Capacity building arrangements:** The staff who will be engaged for the additional districts as DIOs will come from Government departments on deputation basis. As the DIOs will have both Government staff and staff engaged from the market, there is a possibility that the hierarchical style may develop frictions. The DIOs and key professional staff will be provided Basic Leadership training covering aspects of leadership qualities, influencing, team building and communication. A proper need assessment will be carried out and the project will engage a qualified individual trainer, as these type of trainings are not available in the regular management institutes. The training has to be done bi-lingually to be more participative.

78. In addition to this, Assistant Accounts Officer and the Finance Assistant will be provided training on fiduciary aspects. As the programme will be carried out on 'project mode' sufficient capacity building of the staff on the project goals and objectives and new developments in each of the components are essential. The staff will be exposed to other good performing projects and programmes for cross-learning.

79. **HR Policy:** The senior management will take sufficient steps to create appropriate work environment and facilities for the staff to retain talent and improving staff morale. PMU will ensure that staff engaged through HR agency is provided with appropriate contracts with statutory facilities. Even if the compensation package is fixed by Government Order, these statutory provisions to staff will be added to their remuneration package. Extending the statutory provisions to the contractual staff in no way equate them with the government staff. The compliance to HR policy will be reviewed in each of the Supervision Mission and rated for project management performance.

80. **Supervision arrangements:** The programme will be directly supervised by IFAD. IFAD will field an annual Supervision Mission for the old and new districts. Normally the duration of the Supervision Mission will be for about 15 days. The dates of the missions will be finalized in consultation with the PD. The mission will be led by IFAD Staff and/or its consultants. At the end of the visit, the mission will brief the GoTN and GoI on the implementation progress. The agreed actions with timelines agreed with the programme authorities and the Government will have to be complied within the time frame that was agreed. A key learning is that the quarterly implementation support missions to the programme has yielded very positive results and actually helped the programme to become a performing project with many innovative models. Continuing this learning, IFAD will field "implementation support missions" for a shorter duration of about 4-5 days to address specific issues. The programme may request IFAD to arrange for specific technical inputs during the implementation support missions.

## C. Planning, M&E, learning and knowledge management

81. The M&E unit has been conducting annual outcome surveys using the improved format with satisfactory results. The independent M&E unit established within PMU produce three levels of M&E reports: (i) activity report based on the information and data received from DIOs, CRCs, NGOs, SHGs, FMSs, banks, MFI and the specialist NGO implementing enterprises development sub-component and these data are recorded in computerised MIS and provide them to the management for further decision making; (ii) process monitoring carried out by the respective DIO-based M&E officers by undertaking regular visits to sample beneficiary groups and obtaining feedback and these data are also recorded in MIS and in addition these M&E officers also undertake case studies for maximising lessons learning experience; (iii) impact monitoring for gathering information for logframe indicators including IFAD RIMS indicators and these are done (a) by sample surveys of households participating in project groups by the M&E unit, (b) rapid nutrition surveys that are outsourced to a specialised agency and (iv) knowledge management by bringing out publications, leaflets, brochures on processes followed and success stories etc. Planning, M&E, learning and Knowledge management: The PTSLP has been collecting M&E data for the project districts periodically but the computerised SHG data are yet to be put in to operation. Gender disaggregated data for each programme intervention are captured through MIS and RIMS surveys and these are periodically provided to IFAD.

69. According to JRM Report 2015, the PTSLP has done well in producing articles and stories for publication. Case studies are a useful way of documenting and reporting on results. However these case studies need to contain more detailed information. Similarly more could be done in terms of knowledge management for dissemination of information to project stakeholders. In this context, the DIO-based M&E staff need more training and orientation.

## D. Financial management and procurement

82. The current project is financed by two separate loans (662-IN and 691-IN). PMU has one Finance Manager and two Finance Assistants whereas the existing districts have one Assistant Accounts Officer and one Accounts Assistant. The financial transactions are done through the accounting software, customised to generate relevant reports. The customisation took a lot of time. The internal controls for budget, authorisation for payments exist. Budgetary projections and achievements are reviewed at the PMU level in the review meetings and also during the DEA-IFAD Tripartite review meetings semi-annually. IFAD Missions highlighted the frequent turnover of finance staff at PMU and the districts. The audit report for 2013-14 was submitted within the timeline and an '"unqualified' opinion. The assessment of the overall financial reporting is Satisfactory as the set of financial reporting is complete and sufficiently discloses the financial position of the entity. The project has taken action on the recommendations of the auditor. The main internal control issues highlighted are related to statutory deductions and the fixed assets reporting. The PSR rating for the previous year for financial management is moderately satisfactory.

83. **Lending terms for additional financing**: The IFAD additional financing to the project will be on blend terms and subject to interest on the principal amount outstanding at a fixed rate of 1.25% per annum, a service charge of 0.75% and shall have a maturity period of 25 years, including a grace period of five years. The total principal amount of the additional financing will have to be repaid in 40 instalments. The interest and the service charge are applicable on the disbursed funds. The loan assistance will be denominated in Special Drawing Rights. The total SDR amount of loan and the amortization schedule for repayment will be indicated in the Amendment letter to the Loan Agreement. Like the existing IFAD assistance to the Programme, the additional financing will also be on back-to-back terms decided by the Government of India. While the responsibility of repayment of principal, interest and service charge rests with the Government of Tamil Nadu, Government of India only effects the payment in foreign exchange and adjusts with the State as per national procedure.

84. **Implementation arrangements**[22]: PMU will follow the same financial management setup in the additional new districts as well. All financial transactions will be through the accounting software only. PMU will engage skilled and qualified finance staff in the districts. The Assistant Accounts Officer will be on government deputation to the project and should have proficiency in computers and the Accounts Assistant should have proficiency in Tally accounting software. PMU will also engage one additional finance staff proficient in Tally to handle the additional districts. The existing internal controls and processes for preparation of budget, financial management and reporting will be extended to the additional districts.

85. The Additional Financing will comply with the global categories linked to IFAD Flexcube and will be slightly different from the existing loan categories. The project will have to submit separate withdrawal applications for the existing loan (691-IN) and the additional financing. The accounting software for the new additional districts will be customised to generate reports on the new loan categories.

86. The finance staff in the new districts should be provided sufficient training on the current practices and also assigned to the PMU and old districts for about one week for the on the job training. The Annual Work Plan and Budget and the Procurement Plan will follow the standard templates as has been the case currently. This will include the consolidated AWPB and the Procurement Plan and the disaggregated AWPB and the Procurement Plan for the old and new districts.

87. **Auditing arrangements** PMU will also engage one Chartered Accountant firm as internal auditor in the new additional districts. The external audit will be conducted for the whole 12 districts and the auditing firm will be selected on QCBS method. The internal auditors will be debarred from submitting proposals for the external audit. The Office of the Comptroller & Auditor General may also

[22] See Appendix-7 for detailed Financial Management, Disbursement and Procurement

audit the programme as per their schedule and any observations/comments arising out of the CAG audit will be communicated to IFAD.

88. Financial reporting and submission of audit report will comply with the existing timelines followed. While reporting of financial achievements, cumulative for the entire programme and separate financial achievements for the old districts and new districts will have to be included.

89. **Designated Account** IFAD Additional Financing to the Programme will be routed through a Designated Account denominated in United States Dollars maintained at the Reserve Bank of India. This is in addition to the existing Designated Account. As Additional Financing will be covering new districts simultaneously, an additional Designated Account is recommended. Controller of Aid, Accounts and Audit, DEA, Ministry of Finance will administer the Designated Account. IFAD will establish an Authorised Allocation for initial advance. Once the amendment letter to the Programme Financing Agreement is countersigned by MoF, on the request of CAA&A, IFAD will disburse initial deposit up to the authorised allocation to the Designated Account. The initial deposit will be recovered as per the policy indicated in the Loan Disbursement Handbook. It is recommended that the Authorised Allocation may be established at USD 2 Million. However, the quantum is subject to the agreement of both Government of India and Government of Tamil Nadu, as this will count for the payment of service charge. The methods of disbursement and the formats for submission of the withdrawal applications will be similar to the existing Financing Agreement.

90. **Procurement of goods[23],** works and consultancy services under the IFAD additional financing will also follow IFAD Procurement Guidelines and Procurement Handbook, 2011. The project procurement will comply with the approved procurement plan. IFAD Prior review thresholds and the recommended thresholds for the selection methods will be spelt out in the Letter to the Borrower and will be similar to the existing loan. PMU will also put in place a strong framework for preventing corrupt and fraudulent practices in the procurement under the new districts. All bid documents and request for proposals will include the provisions of IFAD's anti-corruption policy. As per Section 7.05 of the General Conditions of Agricultural Development Financing, 2009 all bidding documents and contracts for procurement of goods, works and services financed by IFAD Financing include provisions requiring bidders, suppliers, contractors, sub-contractors and consultants to allow full inspection by IFAD of all bid documentation and related records.

91. The services of the existing resource partners like SIFFS, CCD can be extended for the additional districts as well. PMU will submit the terms of reference and deliverables in the new districts for these resource partners to IFAD for prior review and concurrence. Government of Tamil Nadu will provide advance funding for 3 months of the current financial year for the new districts and from 2016-17 onwards, advance funding will be provided to all the 12 districts.

92. Construction of buildings for the FMS will be undertaken by the respective FMS or one of the District Fishermen's Federations which forms the FMS. As these community institutions do not have sufficient cash flow for these activities, PMU will provide the mobilisation advance equivalent to about 50% of the total material cost and further payments will be on achieving the milestones set. The Engineering Units at the district will assist in ensuring the structural stability and also monitor the quality of construction. IFAD will provide capacity building trainings for the new staff on the procurement procedures and processes to be adopted.

## E. Implementation readiness

93. Implementation readiness: The PMU is ready with arrangements for the implementation of the PTSLP interventions in the new districts. It has identified some 121 PLFs covering 296 villages and about 1.2 lakh households. All proposed interventions are similar to ongoing programme and about which the PTSLP and the partner NGOs are familiar with. The GoTN and the respective district

[23] See Appendix-7, Section C for more details regarding procurement and procurement thresholds

administration are showing interest in the project. There are PLFs already in place and these have some experience in dealing with community-related interventions but with the project support their skills can be enhanced. There are already a good number of SHGs who were organised both under Government programme and also under other NGOs. SIFFS has evinced interest in working with new districts.

94. Other requirements: In order to ensure seamless continuity in the implementation of the Programme and completing it within available time frame, the GoTN in the Department of RDPR and the PMU should address the following issues: (i) positions of both PD and APD should be made available during the reminder period of the project without any break; (ii) all vacant positions in the PMU and DIOs should be reviewed and strengthened where necessary and preparations should be made for the deployment of staff to new districts; (iii) when staff are recruited through HR agencies, it is ensured that HR-friendly policies are adhered to and needed staff facilities are provided, (iv) Both PMU and DIOs should ensure that the partnering service providers deploy dedicated staff and their performance periodically evaluated.

# IV. Programme costs, financing, benefits and sustainability

## A. Programme costs

95. **Assumptions:** Key assumptions employed in cost estimates are (i) a three year period implementation period starting from April 2016, (ii) price contingencies at a 6% and staff salaries at 10% increment a year, (iii) an exchange rate of INR 63 to one USD, (iv) taxes and duties are excluded from reimbursement by IFAD and (iv) application of IFAD financing rules for reimbursement as per ongoing PTSLP. Based on the current prices, the total project costs are *tentatively* estimated at INR 2,768.70 million (USD 43.95 million) as summarised in Table-6 below[24].

**Table-6: Project Cost Summary (Amount in 000 unit)**

| India<br>Taminnadu: PTSLP-Additional Financing<br>**Components Project Cost Summary** | **(INR '000)**<br>**Total** | **(USD '000)**<br>**Total** | **% Total Base Costs** |
|---|---|---|---|
| **A. Coastal Areas Resource management** | | | |
| 1. Community Resources Planning | 282,655 | 4,487 | 11 |
| 2. Communty Support | 100,046 | 1,588 | 4 |
| 3. Fisheries Resources Management | 129,618 | 2,057 | 5 |
| **Subtotal Coastal Areas Resource management** | 512,319 | 8,132 | 20 |
| **B. Employment Generation & Skills Training** | | | |
| 1. Agriculture and off-farm enterprises | 1,498,876 | 23,792 | 58 |
| 2. Fish Marketing Societies | 295,775 | 4,695 | 12 |
| 3. Vocational Training | 100,000 | 1,587 | 4 |
| **Subtotal Employment Generation & Skills Training** | 1,894,651 | 30,074 | 74 |
| **C. Programme Management** | | | |
| 1. Project Management Unit | 42,410 | 673 | 2 |
| 2. District Implementation Offices | 90,390 | 1,435 | 4 |
| 3. Project Monotoring & Evaluation | 27,723 | 440 | 1 |
| **Subtotal Programme Management** | 160,523 | 2,548 | 6 |
| **Total BASELINE COSTS** | 2,567,493 | 40,754 | 100 |
| Physical Contingencies | 80,956 | 1,285 | 3 |
| Price Contingencies | 120,247 | 1,909 | 5 |
| **Total PROJECT COSTS** | 2,768,696 | 43,948 | 108 |

[24] See Appendix-9 containing Summary and Detailed Cost tables

## B. Programme financing

96. Programme financing: The project will be financed by an IFAD additional finance of about USD 22.5 million, USD 2.87 million equivalents by the Government of Tamilnadu including counterpart funding, taxes and duties etc, USD 14.97 million equivalents from Banks and NABFINS as institutional credit and USD 4.27 million equivalents by the participating beneficiaries as shown in Table-7 below.

**Table 7: Disbursement Accounts by Financiers**

India
Taminnadu: PTSLP-Additional Financing
**Disbursement Accounts by Financiers**

(USD '000)

| | GOTN | | Banks | | IFAD | | Beneficiaries | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % |
| 1. Civil Works | 1,394 | 25.0 | - | - | 4,183 | 75.0 | - | - | 5,577 | 12.7 |
| 2. Grants, subsidies | - | - | - | - | 5,737 | 100.0 | - | - | 5,737 | 13.1 |
| 3. Institutional Credit | - | - | 14,857 | 100.0 | - | - | - | - | 14,857 | 33.8 |
| 4. Vehicles | 30 | 30.0 | - | - | 71 | 70.0 | - | - | 101 | 0.2 |
| 5. Equipment and materials | 37 | 10.0 | - | - | 317 | 86.5 | 13 | 3.5 | 366 | 0.8 |
| 6. Training & workshops | - | - | - | - | 2,423 | 100.0 | - | - | 2,423 | 5.5 |
| 7. Goods, services and inputs | 603 | 5.3 | 115 | 1.0 | 6,508 | 56.6 | 4,264 | 37.1 | 11,490 | 26.1 |
| 8. Consultancies, TA and services | - | - | - | - | 856 | 100.0 | - | - | 856 | 1.9 |
| 9. Salaries & Allowances | 413 | 25.0 | - | - | 1,239 | 75.0 | - | - | 1,652 | 3.8 |
| 10. Operating costs | 222 | 25.0 | - | - | 666 | 75.0 | - | - | 888 | 2.0 |
| **Total PROJECT COSTS** | 2,700 | 6.1 | 14,972 | 34.1 | 21,999 | 50.1 | 4,277 | 9.7 | 43,948 | 100.0 |

IFAD financing rules[25] for the Additional Financing will be similar to the financing rules of current Financing Agreement. Accordingly IFAD will finance (i) 100% of expenditures of Training and workshops, Grants & subsidies and consultancies, TA services; (ii) 75% of civil works; (iii) 70% of expenditures for vehicles; (iv) 90% of expenditures of equipment and materials, Goods, services & inputs and (v) 75% of expenditures of incremental staff salaries, allowances and office operating costs. Draft Schedule 2 for the Loan Amendment Letter is given on Page 75 in Appendix-9.

97. In addition to above investments, about INR 150 million equivalents will be available as convergence funds from ongoing government programme. On an average, investment of IFAD resources per household is estimated at USD 250 (as against the Appraisal value of USD 230/household) and overall about USD 490 per household.

## C. Summary benefits and economic analysis

98. Benefits and Beneficiaries[26]: The project will cover over 90,000 households from 121 PLFs falling under 6 districts of Thoothukudi, Tirunelveli, Ramanathapuram, Pudukottai, Thiruvarur and Tanjavur. Over 70% of these direct beneficiaries will be women. Number of beneficiary households by subproject and year are shown in Table-8 below:

**Table-8: Number of Benefited Households, cumulative by year a/**

| | Project year | | | Post-project year | | |
|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 |
| a) Agri-based households | *740* | *2,280* | *3,120* | | | |
| b) Livestock households | *600* | *1,800* | *2,500* | | | |
| c) JLG households | *1,300* | *3,600* | *6,500* | | | |
| d) FMS & PPG households | *680* | *5,440* | *11,000* | | | |
| e) Enterprises households | *960* | *3,360* | *4,800* | | | |
| f) Processing unit households | *0* | *5,000* | *9,000* | | | |
| g) Aggregation centre households | *0* | *5140* | *17,990* | | | |
| h) Common infrastructure households | *17,690* | *35,090* | *35,090* | | | |
| Total, cumulative | *21,970* | *61,710* | *90,000* | | | |

[25] An indicative Cost Summary for Draft Schedule 2 for the Loan Amendment is presented in text Table-3, Appendix-9
[26] See Appendix-10 and its Tables for details

a/ cumulative by Project year;

99. **Benefits:** The immediate benefits from the project are increased productivity-through the introduction of improved services, improved farming and management practices, and improved access to markets and financial services. Overall crop productivity will increase by 20%. The project will produce about 2,376 ton of paddy, 245 ton of coriander, 265 ton of chilli and 260 ton of drumstick. This production can be easily marketed locally. The project production of about 1,600 ton of milk and 88,000 does and buck are also easily marketed. There are ready markets for 3.5 million ton of dried sea-weed, 2.5 million ton of fresh sea-weed, 10.5 million ornamental fish fry and 3.5 million Gold fish, 0.2 million ton of mud-crabs and the traditional product of dry-fish. The project will produce some 1,620 ton of processed millets, 1,620 ton of pulses, 1,550 ton of processed rice and 267 ton of cold-pressed coconut oil and all these have ready market or market-linked. Similarly all produce from the enterprises can be marketed with appropriate market linkages as facilitated by the project. Some 35,500 households have reduced their drudgery and improved their health due to community infrastructure facilities. Almost all rural households have received training and capacity building benefits.

100. **Other benefits:** Additional benefits will come from the Project's capacity building interventions. First, at the end of the project, all participating households, fishers' organisations, FMS, JLGs, SHGs PPGs and PLFs will have the benefit and advantages of the services of the CRCs, which are capacitated and provided fund support for various social and economic developments. Secondly, NABCONS and Banks cater to the credit requirement of 21,000 households, 3,000 SHGs and 1,600 JLGs. Thirdly, women from the poor and very poor groups managing their social and economic development, will have better access to markets and inputs and marketing their products. Lastly, the improvement of access to markets and livelihoods common infrastructure will provide better access to markets and marketing and thus facilitating enhanced price-margins to the target groups.

101. **Financial analysis and** h**ousehold incomes**: Financial analysis was carried out for 6 subprojects (a subproject consists of aggregate of similar households or farm models). Results show that FIRR range between 17% (for micro-enterprises) and 59% (for livestock subproject). At full development stage, average household incomes will increase by INR 35,950/year. Average incremental net income per participating household will be: from crop agriculture subproject is INR 5,280, from livestock subproject INR 115,140, from JLG enterprises subproject INR 73,480, from FMS and PPG subproject INR 191,660, off-farm enterprises subproject INR 96,950 and processing and aggregation centre subproject is INR 7,210 at full development stage. There are no direct financial incomes from the community livelihoods infrastructure "subproject" but economic benefits have been estimated assuming an average drudgery reduction of 10 person-day labour per household.

102. **Economic analysis**: Following key assumptions were used in the economic and financial analysis of the Programme- (i) the benefits have been estimated over a 20 year timeframe using a discount rate of 7.8%; (ii) the benefits that have been included in computing the economic and financial analysis include only those benefits which could be realistically quantified; (iii) use of a SCF of 0.86 and 0.87 for output and input prices respectively, (iv) average wage rate of INR 200/person-day and (v) a full development stage will be achieved in year 6 or 7. Current calculations show that the programme as a whole yields an Economic Rate of Return (IRR) of 41%, a benefit-cost ratio of 1.54 and the Net Present Value of INR 14,618 million at a discount rate of 7.8%. See Appendix-10 for details.

103. Sensitivity analysis was also undertaken to assess how varying the assumptions change the economic parameters. This analysis shows that the programme benefits are very robust and the investment in the programme is sound under various adverse conditions. If both costs increased and benefits declined by 20%, the IRR is 10% with a NPV of INR 782 million and a BCR of 1.02. Similarly if benefits are lagged by 2 year, the IRR declines to 24% with a NPV of INR 10,304 million. A switching

value[27] analysis demonstrated that the costs would have to increase by 54% or benefits would have to decrease by 35% to make the NPV zero.

104. Environmentally-related aspects of the project are its integrated natural resources management including a focus on community-based PLF development and the encouragement of alternative income generating opportunities for the poor. All these interventions yield substantial environmental benefits that have not been quantified in the economic analysis.

## D. Sustainability and Risks

105. The PTSLP-facilitated community-based institutions such as SHGs, JLGs, PLFs etc are sustainable in view of the follow on complimentary programmes of GOTN such as *Puthu Vazhvu*, SRLM and also due to continued support and facilities offered by the financing institutions. SHGs have been initiating a number of collective actions that are sustainable due to intensive training provided by the project. FMS and Federations are self-sustaining on the basis of their operations and market interventions and also due to their enhanced realisations in sale of fish and auctions. All enterprises and individual income generating activities are viable economic interventions and these are capable of sustaining by themselves.

106. Some of the critical interventions such as processing units are being-handheld by the service providers even after the project. There are risks of community groups failing due to lack of cohesion. Risks that inshore fisheries are unsustainable due to over-exploitation have been somewhat reduced by the evidence that fishermen giving up the practice of using ring-seine nets. The development of community institutions will result in significant empowerment of women and this is enhancing the ability of women and fishing communities to interact with government agencies and seek out economic opportunities thus ensuring their sustainability.

107. **Climate change risks**: In consistence with the IFAD Goal of maximizing impact on rural poverty in a changing climate, the risks are addressed in Table-9 below:

**Table-9: Climate Change Risks and mitigation measures proposed**

| Statement of purpose | PTSLP response |
|---|---|
| 1. To support innovative approaches to helping smallholder producers build their resilience to climate change. | Innovative approaches to help small fishers,(debt redemption, supply of quality fishing gears through FMS, ice-boxes etc) fish-vending women (such as provision of kiosks for selling fish, ice-boxes, diversified other economic activities) and small farmers (such as seed replacement, organised inputs supply and output sale, use of organic inputs etc) are incorporated in the design |
| 2. To help smallholder farmers take advantage of available mitigation incentives and funding. | Such facilities are provided in the project design; these include support for cultivation of traditional rainfed crops like pulses, rice, millets, spices and sales through organised outlets and also facilities for processing |
| 3. To inform a more coherent dialogue on climate change, rural development, agriculture and food security. | Yes, incorporated in the project design; and these will be ensured through the support of partner FNGOs assigned for the project area district and the CRC |

108. **Environmental impact**: The various interventions under the Project create localized environmental and social impacts of both a positive and adverse nature. Overall the environmental impact of project should be positive. At Appraisal, the PTSLP was classified under Category “B” with no significant environmental impact and therefore did not warrant for any EIA before its implementation. These conditions are identical under current project proposal for additional financing.

[27] Switching values are yet another measure of sensitivity analysis They demonstrate by how much a variable would have to fall (if it is a benefit) or rise (if it is a cost) to make it not worth undertaking an option.

109. Support to farm enterprises based on increased use of organic inputs, manure and bio-fertilisers and only existing land is put to use. Number of livestock units is small and to provide alternate employment to fisher communities and as such do not cause any pressure on land that are already fragile. Sea-weed collection is only from ecologically permitted zones and as such no harm is made to the coral reefs. FMS and PPG are inclusive and these do not cause any dissent among the target communities. All enterprises are household-based, use locally available resources and cause no damage to the region's vegetation. Processing mills are agri-based and no harmful wastes discharged and more over their by-products are used as feed and manure. Artificial reef will enhance fish-breeding and thus ecologically positive. Construction of livelihoods common infrastructure is in accordance with coastal zone regulations and as such no dwelling units are proposed under the project. Only small-scale artisanal fishers would be supported – the project will specifically exclude the larger trawlers, which are said to damage the inshore marine eco-system. Community resource planning will increase environmental awareness and result in actions to conserve the environment, and more rational use of marine resources, for example under the ongoing project, FMSs were able to put social pressure on large fishers not to use damaging fishing nets. However there are activities that may have potential adverse environmental, for example: livelihoods infrastructure such as fish markets and fish auction halls may have waste water discharges and the mitigation measures include proper wastes and wastewater management through freshwater provision, that ornamental fish business do not include vulnerable or threatened coral fish species, aquaculture is based on native species and is not based on juveniles for fish feeding.

## E. Key Issues discussed with the Government

Following issues were discussed and agreed with the GoTN

(i) There is a need for undertaking preliminary preparation for all the 6 new districts before the Additional Finance becomes effective by March 2016, in particular in the areas of market study for establishment of Fish Marketing Societies by SIFFS and feasibility of deployment of artificial reefs by Central Marine Fisheries Research Institute, Cochin. Government of Tamil Nadu agreed to these proposals considering the possibilities of using the resources from the current project for such preparatory studies.

(ii) As there are only a few PLFs in Thiruvarur and Tirunelveli districts, number of district implementation offices (DIOs) will be limited to 4 instead of 6.

(iii) World Bank-funded TN *Pudhu Vazhvu* Project (TNPVP) is being implemented in 8 PLFs in Ramanathapuram and Thoothukudi districts and it is coming to a close by September 2016. Since TNPVP has already strengthened PLFs, the PTSLP Additional financing will cover only fisher-related and enterprises-related interventions in these PLFs.

(iv) SRLM is being implemented in 100 of the 121 PLFs. As it was decided in the Programme Steering Committee meeting of PTSLP that SRLM will not be implementing its activities in coastal PLFs where PTSLP is in operation, similar administrative arrangement should be extended to the new programme districts as well.

(v) Till the time the additional finance becomes effective, preparations for identification of Service Providers, FNGOs for each Block, staff recruitment processes for each district should be initiated.

(vi) Assurance of the GOTN for the continued services of PD and APD was sought and

(vii) Procurement planning for the new districts be initiated based on approved project estimates.

# V. Next Steps/ Milestones

- Submission of Mission Report to CPM, IFAD, Rome by 31 August 2015;
- Submission of Report to QE by CPM by 1st week of September 2015

- QA review of the Report by 1st week of October 2015
- President's Memorandum by 7$^{th}$ October 2015
- President's Memorandum to IFAD Executive Board
- Board Approval in December 2015
- Financing Agreement by January 2016
- Commencement of Implementation by April 2016

# Appendix 1: Criteria for Additional Financing & PTSLP response

| IFAD Criteria for Additional Financing | PTSLP Compliance |
|---|---|
| 1. A request for financing has been received from the Borrower | A request letter from the borrower is attached (Appendix-2) |
| 2. The interventions to be financed by the top up loan are consistence with the on-going project objective and up-scaling of the interventions | Yes, these are consistence with PTSLP objective |
| 3. The top-up financing will be used for financing economically viable activities where incremental cost-benefit ratio is positive | Yes; livelihoods interventions, coastal area resource management, employment generation and skill-training, IGA for the vulnerable households |
| 4. Description of the activities should be supported with relevant cost tables | Proposed activities are described in Appendix- 5 and detailed cost Tables provided in Appendix-9 |
| 5. The top-up loan will be used for financing incremental outreach in line with the Appraisal and measured usually by assessing unit cost to reach the project beneficiaries | Yes; the top-up loan will be used for financing incremental outreach in line with the Appraisal of the PTSLP and measured by assessing unit cost to reach the project beneficiaries;<br><br>Average investment at Appraisal = USD 230/ hh<br>Average investment for top-up loan = USD 250/ hh |
| 6. Top-up loan will be used within the framework provided by various IFAD policies relating to targeting, gender, rural finance, environment and climate charge. | Yes, see Appendix- 11 Compliance with IFAD Policies Framework for details |
| 7. The incremental results expected from the top-up financing will be integrated with the results expected from the Appraisal in order to monitor results holistically | Yes, these are integrated in the PTSLP Logframe in its new format as recommended by IFAD management. |
| 8. Any potential problem in the latest portfolio review | No; PTSLP is one of the successful IFAD-supported projects in India |
| 9. Whether IFAD loan and grant have been fully disbursed; | As on 30 June 2015 about 70% of financing from IFAD loans has been disbursed; |
| 10. Whether Fiduciary management is compliant with the requirements of IFAD: | Yes; see Appendix- 7 for details |
| 11. Is the audit opinion for last fiscal year 2013-14 unqualified or qualified with minor observations | The Auditor's Report for the fiscal year 2013-14 is unqualified. See Appendix-3 for details |
| 12. Absorptive and implementation capacity of the Project: | The Project has (i) full compliment of staff and arrangements for implementation; (ii) partnering with NGOs for implementation support envisaged; and (iii) the counter-part funding support from the Government of Tamil Nadu is assured |

# Appendix 2: The Letter of Request from the Borrower

**Ashok Kumar**
**Under Secretary (MI)**
**Tel No. 011 – 2309 3167**
**ashok.kumar65@gmail.com**

**Government of India**
**Ministry of Finance**
**Department of Economic Affairs**
**North Block, New Delhi-110 001**

D.O. No. 10/3/2015-FB-VII

Dated the 9th July,2015

Dear Mr. Brett,

The 49th Meeting of the Screening Committee, to consider proposals of line Ministries/Department/State Governments seeking assistance from the World Bank, was held in DEA on 29th June, 2015 at North Block, New Delhi. One of the projects considered by the Committee was "Sustainable livelihood Programme in Coastal Rural Areas of Tamil Nadu". A copy of the relevant extracts of the minutes of the Screening Committee meeting and the project proposal considered by the Committee are attached.

2. Department of Economic Affairs hereby poses the "Sustainable livelihood Programme in Coastal Rural Areas of Tamil Nadu" for an assistance of Rs. 135 crore to the IFAD for further necessary action, subject to the condition/observations made by the Screening Committee.

With regards,

Yours sincerely,

(Ashok Kumar)

To,

Mr.Nigel Brett,
Country Programme Manager, India,
2-Poorvi Marg, Vasant Vihar,
New Delhi – 110 057
n.brett@ifad.org

Copy forwarded for information to:

1. Mr.Gagandeep Singh Bedi, Secretary to the Govt. of Tamil Nadu, Rural Development and Panchayati Raj Department, Namakkal davignar maaligai, Secretariat, Fort St. George, Chennai – 600009 (Fax No. 044 – 2567 5849) Email- cgs3rdpr@tn.gov.in

2. Mr. Vikram Kapur, Project Director (PTSLP), Tamil Nadu Corporation for Development of Women, 100, Anna Salai - Guindy, Chennai – 600032 tnifad@yahoo.com or pd.ptslp@gmail.com

## Attachment to above letter

Proposal No. 49/5- IFAD Assisted "Sustainable Livelihoods Programme in Coastal Rural Areas of Tamil Nadu: Additional Financing

5.1 Secretary, Rural Development & Panchayat Raj Department, Government of Tamil Nadu presented the proposal relating to "Additional Financing for the IFAD-assisted Sustainable Livelihoods Programme in Coastal Rural Areas of Tamil Nadu". He informed that IFAD assistance of Rs 135 crore is being sought for the project. He further informed that the project aims to cover 6 coastal districts of Tamil Nadu which are prone to cyclones, heavy rains, harmful fishing practices etc. Out of the total financial outlay of Rs 320 crore, the IFAD assistance will be of Rs 135 crore and the rest will be provided by the State/ MFIs/ Banks & communities. The project duration will be of three years (2017-2019/20).

5.2 Secretary, GOTN stated that the proposal is for additional financing by IFAD to extend PTSLP activities to 6 additional district coastal districts. This proposal draws on the design and lessons learnt from the on-going Post-tsunami Sustainable Livelihoods Project. He further mentioned that the target population under the project is 6.12 lakh living in 122 coastal Panchayats of the 6 districts. The target groups will be coastal fishers, wage-fishers, small & marginal farmers etc. he also informed the chair of the key achievements of the PTSLP.

5.3 Secretary, GOTN informed that the project will have 3 components, i.e. Coastal Area Resource Management, Rural Finance and Enterprise Promotion for Employment & Skill Training apart from Programme Management, and will be implemented in the covered districts on a finance plus approach including innovations and financing & transformational impact on targeted societies. He further elaborated that the components of the project would include Cluster Resource Centre, Panchayats Level Federations, Patient Capital Fund, Vulnerability Reduction Fund (VRF), bi-annual reviews, innovative activities like deployment of artificial reefs, convergence with local bodies, Rural Development Department and Fisheries Department to provide infrastructure.

5.4 JS (MI) observed that the project must be aligned with the overall objectives of IFAD, and accordingly be restricted to agricultural activities and fishermen livelihoods components. He further mentioned that no micro-financing activities should be included as part of the project as micro-finance can very well be covered through other initiatives of the State Government. He also mentioned that activities under "Patient Capital Fund" should be restricted only to fisheries related activities. The activities under enterprise promotion should have a linkage with agriculture. The components of the project must accordingly be revised so as to limit them to fishermen and agriculture related activities.

5.5 Subject to the aforesaid observation, the Screening Committee recommended the proposal for assistance of Rs 135 crore (approx.) from IFAD subject to the above observations.

# Appendix 3: Auditor's Report for the year 2013-14

IFAD

Enabling poor rural people to overcome poverty

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
(IFAD)
assisted
POST TSUNAMI SUSTAINABLE LIVELIHOODS PROGRAMME
(PTSLP)

AUDIT REPORT FOR THE YEAR 2013-14

CA
N.RAJA & ASSOCIATES
Chartered Accountants
Flat No.8, 1st Floor, A Block, Veekay Manor,
No.8 Gopalakrishna Road,
T.Nagar, Chennai – 600 017.

N. RAJA & ASSOCIATES
Chartered Accountants

Flat No.8, 1st Floor, "Veekay Manor"
No.8, (Old No.28), Gopalakrishna Road
(Off Dr. Nair Road), T. Nagar
Chennai - 600 017
Phone : +91-44-2815 0485 / 2815 5414
Fax : +91-44-2815 3458
E-mail : [illegible]

**AUDITOR'S REPORT**

To

The Project Director
Post Tsunami Sustainable Livelihoods Programmed (IFAD Assisted)
100,Annasalai
Gundy, Chennai – 600 032.

We have audited the attached Balance Sheet of "Post Tsunami Sustainable Livelihoods Programme" (IFAD Assisted) under IFAD Loan No: 662 – IN as of 31.03.2014 and also the Receipts and Payments Accounts & Income and Expenditure Account for the year ended 31.03.2014. Our responsibility is to express opinion on these financial statements based on our Audit.

We conducted audit in accordance with the Auditing and Assurance Standards prescribed by the Institute of Chartered Accountants of India and IFAD's guidelines for Statement of Expenditure of (SOEs) and Special Accounts (SAs) . Those Standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining based on a test basis, evidence supporting the amounts and disclosures in the financial statement. Assessing the accounting principles used and significant estimates made by the Project Management and evaluating the overall financial presentation. We believe that our audit provided a reasonable basis for our opinion.

N. RAJA & ASSOCIATES
Chartered Accountants

[illegible]
(Off. Dr. Nair Road), T. Nagar,
Chennai - 600 017
Phone : [illegible]
Fax : [illegible]
E-mail : [illegible]

Further we report that:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of audit.
- In our opinion proper books of accounts have been kept by the Auditee so far as appears from our examination of those books.
- The Balance Sheet, Receipts and payments A/c and the Income and expenditure account dealt with by this report are in agreement with the books of accounts.
- In our opinion the Balance Sheet, Receipts and Payments A/c and the Income and Expenditure A/c dealt with by this report are in agreement with the books of accounts duly comply with the Accounting Standards prescribed by the ICAI to the extent applicable.

In our opinion, the financial statements gives the information in the manner so required and gives a true and fair view of.

The sources of application of funds of Post Tsunami Sustainable Livelihoods Programme for the period ended 31.03.2014 is in accordance with the applicable Accounting Standards prescribed in India.

In addition:

1. With respect to SOEs, adequate supporting documentation has been maintained to support claims to IFAD for reimbursements of expenditures incurred.

CA
N. RAJA & ASSOCIATES
Chartered Accountants

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E-mail : [illegible]

2. Such expenditures are eligible for financing under IFAD Loan Agreement No:662-IN.
3. The Financial position of the Special Account of Post Tsunami Sustainable Livelihoods Programme for the period ended 31.03.2014 is not maintained by the IFAD Chennai as confirmed by the IFAD-PTSLP Chennai.
4. The Certificates of the respective banks confirming the Bank balance as on 31.0.2014 have been received through the IFAD-PTSLP.

Date: 26.09.2014
Place: Chennai

For N.Raja& Associates
Chartered Accountants
Firm Reg. No: 003885

N.Raja
Partner,
M.No:022890

## Auditors' Management Letter

N. RAJA & ASSOCIATES
Chartered Accountants

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No.8, (Old No.28), Gopalakrishna Road,
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26/09/2014

To

The Principal Secretary/ Project Director
IFAD assisted PTSLP
No.100, Anna salai
Guindy
Chennai - 32.

Dear Sir,

**Sub: MANAGEMENT LETTER AND SUGGESTIONS - IFAD ASSISTED POST TSUNAMI SUSTAINABLE LIVELIHOODS PROGRAMME FOR THE FY 2013 - 2014**

Please find enclosed Management Letter prepared based on our audit of accounts of IFAD Assisted Post Tsunami Sustainable Livelihoods Programme for the financial year 2013 - 2014.

Kindly acknowledge receipt of the same.

Thanking you,

Yours faithfully,

**For N.Raja & Associates**
**Chartered Accountants**

**N.Raja,**
**Partner**

Attachment to Auditors' Management Letter dated 26 Sept 2014

MANAGEEMNT LETTER FORMING PART OF THE AUDIT REPORT OF IFAD ASSISTED POST-TSUNAMI LIVELIHOODS PROGRAMME FOR THE FIANCIAL YEAR 2013-2014

PREAMBLE:

We have been appointed a s "Statutory Auditors" (vide letter No LR.ROC.NO.1277/B1/PTSLP/2014 dated on 10.07.2014) of State Office and 6 District Offices of IFAD Assisted Post-Tsunami Livelihoods Programme for the Financial Year 2013-2014 for auditing their accounts.

The accounts were audited, using appropriate audit tools and techniques, and the accounts, duly certified, have been submitted to IFAD-PTSLP Management. A Statutory Audit Report expressing our opinion as to the true and fairness of the Accounts of the Programme for the Financial Year ended 31st March, 2014 has also been submitted along with the Audited Accounts.

During our Audit of the Accounts of IFAD Programme, we had come across a few exceptions with regard to adequacy of the accounting and internal control systems of the programme procedural lapses, deficiencies in statutory compliances, financial irregularities and weakness in internal control etc., which are listed through this Management Letter. This Management Letter would enable the Management to better understand the deficiencies in the system and exercise a greater degree of control over the operations.

We sincerely believe that the audit evidence obtained by us during the course of audit was sufficient and appropriate to provide a basis for this management letter.

GENERAL OBSERVATIONS FOUND DURING AUDIT

The following observation, made during our Statutory Audit, is listed below, for appropriate follow-up action and rectification by Management:

CASH & BANK:

1. We noticed that Cheque issued Registers were not properly maintained in some districts, for example, Thiruvallur and Cuddalore.

2. TDS deducted in not remitted in to Government Account within the due date. Non-remittance of TDS before the due date attracts interest and penalty on the programme. The Management should alert the districts on the importance of this compliance.

3. Advance Register is not maintained properly at the District level for Community Infrastructure advances and other regular advances.

4. Prescribed head of expenditure is not followed at the District level for Tally entries. Each district has a different set of accounting heads. Due to this, consolidation of district accounts was very difficult, leading to challenge in errors creeping in grouping of expenses. Comparison of expenditure for particular head of account with previous year figure was also difficult.

   **Hence it is suggested that PMU shall create heads of accounts for each District and lock the Tally accounting software for creation, alteration and correction of head of account at the district level. Accounting codes should be assigned for each head of account**.

USAGE OF TALLY SOFTWARE AT DISTRICT LEVEL

5. Tally software has been installed in the Computer System, but the Accountants are not using it properly. For example: The Accountant did not book expenditure in the correct head of accounts. Also it was found that in Thiruvallur district, the accountant has recorded an expense which was already booked as expenses during the previous year in Tally. Some of the districts have made excess provision for expenses which was not necessary. During the audit, we have pointed out the same and rectified wherever necessary.

   **It is suggested that the State Office shall give proper training to all Tally Managers at District Level as to how to record the transactions in Tally software so as to ensure that the accounts are error free**.

VENTURE CAPITAL FUND (Patient Capital Fund)

6. During the period, PMU has released Venture Capital Fund to NABARD Financial Services Ltd (NABFINS) vide letter V. NO. 172 dated 17.06.2013 amounting to Rs 30,000,000 as Patient Capital Fund on the condition that 750 enterprises will be developed by providing soft loans.

   As per the agreement entered between NABFINS and PMU, the said venture capital will be converted as “Equity with Perpetuity”, after adjusting Non-performing assets, over-dues and other charges, after expiry of 8 years from the date of execution of the MOU or after financing 750 enterprises, whichever is earlier.

   It is understood from the MOU that the said Venture Capital (or Patient Capital Fund) of Rs 3.5 crores released during the year, in our opinion, is a Capital Expenditure and , since the Capital is to be converted as “Equity” at the end of 8 years, should be treated as Investment in the books of the PMU.

   PMU has treated this expense as a Revenue Expense and has charged it to the Profit and Loss account as ”indirect expenses” under the head Administrative cost for VCF.

7. As per Agreement Clause 5.2, NABFINS shall maintain separate accounts for all receipts and expenditure in respect of funds received from PMU supported by vouchers for audit and audit report to be submitted to PMU within six months from the end of the financial year.

   It is observed that the PMU has not received the Audit Report from NABFINS for the above said utilisation of fund and no records are available for soft loans provided by NABFINS to the enterprises.

PAYMENT MADE TO SIFFS FOR VARIOUS ACTIVITIES

8. OBM Repair Centre – Rs 12,26,352/ Rs 12,26,352 was paid to SIFFS towards Establishment of Boat Yard at Enayam in Kanniyakumari District and Cost of Mechanic Tools for OBM during the financial year 2013-2014. While claiming reimbursement of this amount, SIFFS has not provided supporting documents like the original supplier’s invoice, proof of payment to the original supplier, etc

9. Marketing infrastructure: Rs 5,10,000/ Rs 5,10,000/ was paid to SIFFS towards cost of construction of office cum work shed of Boat yard at Arcattuthurai during the financial year 2013-2014. SIFFS has submitted their own invoice and claimed this amount. Supporting documents like the original supplier’s invoice, proof of payment to the original supplier, etc has not been provided.

## NON-COMPLIANCE OF TAX DEDUCTED AT SOURCE PROVISIONS

10. It was observed that the District Offices have not deducted TDS or short deducted TDS on the following payments. Non-compliance of TDS provisions will attract interest as well as penalty under various Provisions of the Income Tax Act 1961. Hence it is suggested to deduct and remit TDS amounts on all applicable payments into Government of India Account within the time specified in the Income Tax Act and also file TDS Returns within the specified time as stipulated

   a) In PMU office, Rs 2,46,329 was paid to M/S Adyar Travels Bureau Private Limited towards Air Flight booking charges (including Air Flight travel expenses) during the financial year 2013-2014. As per Income Tax Act 1961, under Section 194 H, tax deducted at source is required to be deducted at 10%.

   b) In Kancheepuram District Rs 1,77,000/ was paid to Nandhini Travels towards taxi hire charges during the financial year 2013-14. TDS required to be deducted at 2%, which amounted to Rs 3540 but Rs 360 only deducted.

   c) Advertisement charges Rs 41,850 paid to Adware Advertising Private Limited during the financial year 2013-2014. TDS is required to be deducted at 2%, which amounted to Rs 837 but Rs 2,055 has been deducted. Excess amount is deducted from the party.

   d) For the following payments made by PMU, Chennai, TDS has been short deducted during the year

| S. No | Voucher No | Purpose of Payment/Party | Amount (Rs) | TDS deducted (%) | Actual rate of TDS (%) | Short deduction Rs |
|---|---|---|---|---|---|---|
| I | 390/21-10.13<br>403/29.10.13<br>424/06.11.13<br>491/11.12.13<br>596/03.02.14<br>730/19.03.14 | SIFFS for formation of fishermen Marketing Society | 49,47,778 | nil | 2 | 98,956 |
| ii | 566/23.01.14 | Marketing infrastructure cost to SIFFS | 5,10,000 | nil | 2 | 10,200 |
| iii | 451/21.11.13 | 75% training cost & support services to impart skill training to youth for repairing FRP boats and diesel marine engines | 14,47,000 | nil | 2 | 28,940 |
| iv | 771/28.03.14 | Consultancy fee for sea-survey to CMFRI | 15,20,500 | nil | 10 | 1,52,050 |
| v | 583/25.01.14<br>674/28.02.14 | JKP Offset | 20,17,155 | nil | 2 | 40,343 |
| vi | 704 | Amount paid towards services to study for assessment of opportunities to Maximus People Solutions P Ltd | 53,062 | nil | 10 | 5306 |
| vii | 782/29.03.14 | Consultancy charges paid | 54,361 | nil | 10 | 5436 |

| | | | | | | |
|---|---|---|---|---|---|---|
| viii | 783/29.03.14 | Consultancy charges paid to Mango subsector meet in Nagapattinam | 3,13,000 | nil | 10 | 31,300 |
| | Total | | | | | 267,096 |

NON-COMPLIANCE OF STATUTORY PAYMENTS AT PANCHAYAT LEVEL

11. We observed that the most of the District Officers were required to remit the following statutory deductions to the Government Account relating to Civil contract works: a) income tax deductions-amount deducted from the contractors; b) sales tax-value added tax (VAT) and c) labour welfare fund (LWF). The District Offices have not complied with these statutory provisions.

    Few instances of such non-compliance to statutory provisions of law are as follows: In Thiruvallur district, the amount is actually deposited as Income Tax (TDS) in to Government Account is actually the total of tax deducted at source, sales tax and labour welfare fund totalling to Rs 2,04,211, which was paid in two instalments that is on 11/03/2014 Rs 1,92,077 and on 29/03/2014 Rs 12,134, instead of depositing the amount under concerned heads of account, the whole deduction ie TDS, sale tax and LWF was deposited under the head Income (TDS) in to the Government Account.

    **It is suggested that the State Office shall give proper instructions to all District Offices and Panchayats to remit all statutory payments, dues deducted every month and to remit under proper head of account from the contractors or otherwise without any delay.**

FIXED ASSET REGISTER AT DISTRICT OFFICE LEVEL

12. Fixed assets have been verified physically as on audit period. The following observations found during the audit are

    1. Fixed asset register is not maintained properly
    2. Computer and furniture has been sent to Cluster Office for which bills not found in DIO office and
    3. Most of the fixed assets were not coded properly and location wise details also not available

ADVANCE REGISTER AT DISTRICT LEVEL

13. It was found the district is not maintaining proper individual break-up wise advances given. Also in Thiruvallur district all the different categories of advances like IGA advances, JRM visit advances etc has been classified as other advances for the whole year. So it was difficult to arrive at the individual break-up wise advances given during the year.

CANCELLED CHEQUES

14. In Kancheepuram district, the following cheques were cancelled but not presented to the bank even after 6 months:

| Cheque Number | Cheque issued on | Party name | Amount in Rs |
|---|---|---|---|
| 440637 | 28.03.2113 | Support Federation | 1,500 |
| 440640 | 28.03.2113 | Support Federation | 1,500 |
| 440642 | 28.03.2113 | Support Federation | 500 |

The district has issued fresh cheques to the above-mentioned party without obtained the original stale cheques.

SETTLEMENT OF ADVANCES: COMMUNITY INFRASTRUCTURE ADVANCES & OTHER ADVANCES

15. It is observed that the advances given to various Panchayats and other parties are not yet settled. In Kancheepuram district

| Particulars | Opening balance as on 01.04.2013 | Closing balance on 31.03.2014 | Remark |
|---|---|---|---|
| WEEFS FNGO Advance | 928 | 928 | Not yet recovered |
| Community infrastructure advance | 5,19,252 | 34,349 | |
| SHG member training advance | 6500 | Nil | Advance recovered in Dec 2013 |

ACCOUNTS MAINTAINED AT PLF LEVEL

16. We have also visited some of the PLF offices and found that there is no uniformity in maintenance of accounts at the PLF level. PLF book-keepers are not having proper training in maintenance of accounts. No standard format is adopted at the PLF levels.

    It is suggested to conduct proper training to PLF accountants, so that uniformity in maintenance of accounts can be achieved. It is also suggested to issue pre-printed Cash Books to the PLFs

UTILISATION CERTIFICATE FOR COMMUNITY INFRASTRUCTURE ACTIVITY

17. It is observed that most of the Panchayats have not given the Utilisation Certificate for the completed works, which are more than 6 months old. The District Offices have not properly maintained the Utilisation Certificates received from the Panchayats. They do not have a register for recording receipt of Utilisation Certificates

    **It is suggested that the District Offices shall insist on Utilisation Certificates from the Panchayats and maintain proper register for recording of UC for the completed works.**

IFAD PROCUREMENT GUIDELINES

18. We have gone through Procurement procedures followed by the State and District Offices of PTSLP and based on the audit of records for the financial year 2013-2014, we are of the opinion that the procurement procedures prescribed in the IFAD Procurement Guidelines were followed on an overall basis.

PLF BUILDING

19. PLF building status in each district

| Sl. # | District Implementation Office | Number of works allotted | Number of works finished | Pending as on 01.09.2014 |
|---|---|---|---|---|
| 1 | Kancheepuram | 18 | 9 | 9 |
| 2 | Cuddalore | 18 | 7 | 11 |
| 3 | Villupuram | 6 | 6 | - |
| 4 | Nagapattinam | 21 | 12 | 9 |
| 5 | Kanniyakumari | 11 | - | |
| 6 | Thiruvallur | 12 | 6 | 6 |

FMS BUILDING

20. FMS status in each district

| Sl. # | District Implementation Office | Number of works allotted | Number of works finished | Pending as on July 2014 | Site not identified |
|---|---|---|---|---|---|
| 1 | Kancheepuram | - | - | - | - |
| 2 | Cuddalore | 4 | 2 | 2 | Nil |
| 3 | Villupuram | 8 | 8 | 8 | Nil |
| 4 | Nagapattinam | 9 | 7 | 2 | Nil |
| 5 | Kanniyakumari | 14 | 6 | 3 | 5 |
| 6 | Thiruvallur | 6 | - | 6 | Nil |

21. FISH DRYING YARDS

| Sl. # | District Implementation Office | Number of works allotted | Number of works finished | Pending as on 01.09.2014 |
|---|---|---|---|---|
| 1 | Kancheepuram | 10 | 1 | 9 |
| 2 | Cuddalore | 5 | 3 | 2 |
| 3 | Villupuram | 8 | 4 | 4 |
| 4 | Nagapattinam | 8 | Nil | Nil |
| 5 | Kanniyakumari | 2 | 2 | Nil |
| 6 | Thiruvallur | 10 | | |

22. We have observed that the period of contract for completion of construction of building was only 90 days from the date of work order issued. But none of the contract has been completed the construction work within 90 days. The agreement does not contain any penalty clause or liquidated damage for non-completion of construction work within the prescribed period. In Thiruvallur district, the agreement has been made without terms and conditions like period of contract, payment schedule and specification. It is suggested that the DIOs should be instructed to maintain the Contract Management Register to monitor the compliance of the contract

For N Raja & Associates
Chartered Accountants

N Raja
Partner
M No 22890

# Appendix 4: Knowledge Management and lessons learned[28]

## A. IFAD Evaluation of India Programmes

In 2009 the independent IFAD Office of Evaluation (IOE) carried out the first country programme evaluation (CPE) since IFAD began operations in India in 1978. The CPE team affirmed the value of IFAD's role in addressing rural poverty and highlighted the Fund's particular contributions to promoting pro-poor innovation and serving as a demonstrator of the design, implementation, supervision and M&E of pro-poor and rural development projects. The CPE rated the overall performance of the India portfolio as satisfactory, but called for increased operational efficiency, and a more strategic and systematic approach to the replication and scaling up of pro-poor innovations. The evaluation recommended that, while continuing to focus on rural women and tribal communities, more attention should be devoted to smallholder farming households. It recommended discontinuing the practice of two projects funded by one loan and supported by one supervision budget. The CPE suggested enhanced engagement with the private sector, in line with corporate social responsibility, to enable and facilitate provision of services and development of inclusive market/value chains.

Some of the key lessons learned by the overall IFAD programme in India include:

> Poverty can be effectively reduced through an empowerment process, which in turn requires investment in people's institutions and in intangible assets. Each intervention should have an adequate implementation period, allowing sufficient time to establish and strengthen strong and sustainable grass-roots institutions.
>
> The selection of qualified resource NGOs (RNGOs) and facilitating NGOs is critical. The process of selection needs to be completed promptly and without political interference. IFAD has been asked to participate as an observer in the selection process to ensure its fairness.
>
> Developing livelihood opportunities for smallholder farmers and tribal communities in rainfed and marginal areas requires broader partnerships that combine the competencies and resources of government, civil society and people's organizations, and the corporate private sector.
>
> India allocates very large resources to agriculture and rural development through state and centrally sponsored schemes. Ensuring convergence with such efforts would multiply the impact of project interventions.

Undertaking fewer, focused projects with larger average loan size can contribute to lowering transaction and administrative costs for both the Government and IFAD and would permit greater attention to implementation support, learning and impact achievement

## B. LEARNING FROM ONGOING PTSLP

IFAD Supervision reports from 2012, 2013 and 2014 for the PTSLP describe lessons emerging from the programme including the innovation and success of FMS, VRF, insurance services, and financing of SHG via loans using the PLF as Business Development Correspondents (BDC). The 2013 report also draws lessons from the mixed success of ME development. Lessons in terms of what worked well and the processes involved will be useful for the implementation of additional financing components.

**Lessons from FMS**: For fisheries the overarching lesson is the success of the FMS model with debt redemption fund loans releasing fishermen from having to sell through traders who had provided them with loans. Interviews with a number of FMS during this mission showed that fishermen were getting three times the price they got before. Other lessons from fisheries are: (i) There are further benefits from the collective marketing of fish through FMS, contacting a number of potential buyers by phone

[28] Source: IFAD, JRM Report 2015 for PTSLP

to obtain the best possible price; (ii) The need for access to continuing loans, after the initial DRF has been disbursed, to fund gear and other fishing inputs. (iii) The usefulness of ice boxes to take to sea through: (a) extends the period for which they can stay at sea and so amount of fishing they can do; (b) the ability to travel further to areas of more abundant fish; (c) improve the quality and so price of fish they sell; and (d) saves fuel by removing the need to return home before fish deteriorate. (iv) FMS and FMS Federations may play a role in the formation of consensus to enforce bans of destructive ring seine nets. However this also needs agreement from users of ring seines, who are not members of FMS (as FMS will not admit fishers using illegal gear) – and this at least partly comes from these nets no longer being cost effective as catches fall; and (v) Sharp drops in catch may not only be due to human intervention (overfishing, destructive gear, pollution and coastal development) or to the tsunami and climate change, but also due to natural cycles in the abundance of fish. Such a natural cycle is the explanation given the year by fishermen in Kanyakumari for a sharp drop in catch.

**Lessons from SHGs**: In 2014 the mission recommended removal of around 1000 SHGs from the list of SHGs supported by PTSLP. An audit showed that these SHGs had become defunct through the gradual drop-out of group members together with, in some locations, women having full time paid employment and no longer having time for SHG activities. This year there has been an increase in the number of SHGs with some PLFs forming new groups, and some existing SHGs have been recruiting new members. It seems that women are still interested in joining SHGs if they can offer really useful services – such as access to loans of a significant size. This is starting to happen as more SHGs are getting access to bank funds through BDC arrangements.

**Lessons from microenterprise development**: lessons are continuing to be learned as the programme is finding better ways of developing microenterprises. These include: (i) Loans from NABFINS (which include patient capital) are a better way of financing ME than the earlier PTSLP grants that were to be repaid to PLFs. Operators take repayment of the NABFINS loans more seriously and are not so inclined to abandon the enterprise or to default on repayment; (ii) There needs to be a match between the capital that is actually required and the funding provided to prevent unnecessary investment or excessive levels of debt. This aspect is improving with each round of ME funding; (iii) ME need technical and managerial support. In addition to that from cluster business promoters and from district Enterprise Development Officers. ME are now getting regular visits by the PTSLP consultants (who also conduct training) as well as opportunities to attend technical training courses.

## C INNOVATION FROM PTSLP

**Biogas from kitchen wastes**: There is a pilot scheme for kitchen waste-based biogas, with 10 units being set up in three PLFs in Kanyakumari in partnership Vivekananda Kendra (an NGO). An evaluation of these has now been done and the following lessons are emerging: (i) The units are made of concrete and fibreglass and cost (before any subsidy) INR 19,000, which is much less than the typical brick and steel digester (around INR 35,000) or a low cost plastic bag unit (INR 24,000); (ii) They may not suit all households – two of the 10 pilot households were not able to operate them successfully, and households need to be well informed before purchasing a unit; (iii) The supply of kitchen waste is critical and six households used additional waste from another house; (iv) An additional benefit is improved cleanliness around the homestead area and (v) The real innovation was a potentially scalable funding mechanism. Previously biogas units have been very largely funded by grants with only small contributions from participating households. For these kitchens waste units the women borrow INR.13, 000 from their PLF, with a grant from MNRE of INR 5,000 and a INR 1,000 member contribution. The saving in not needing to purchase gas cylinders covers the cost of the loan repayment – although it does need about 15 minutes per day to operate the unit.

**Empowering fish vendors:** An innovative initiative has been the mobilisation of very poor fish vending women into JLGs through the fisher federations, with their financial inclusion through individual savings accounts with banks, credit of INR 15,000 from federations, along with insurance for health, personal accident, life insurance and also credit life insurance on voluntary basis. They have also been given training and iceboxes. Till December 2014, 487 JLGs had been formed with 2,384 members, 31% of them widows, and 158 JLGs with 777 members have been provided loans of INR 11.65 million. Before this group of women were very largely excluded from development initiatives. PTSLP wealth ranking classifies 73% of the JLG members as very poor, with 27% being poor.

The women involved say that previously they paid an interest rate of 36% to 60% for loans from moneylenders to finance their trade. This absorbed half of the net margin they made from fish sales. Now they get loans at 12% and one of the women said that she now had an extra INR 500 per week to spend on food, household necessities and children's education. Being able to pay cash for fish they purchase means they can bargain fishermen and pay prices which are about 10% lower than they had previously paid. Federations of FMS are providing these loans and supporting the JLGs – something which they say has made them more visible and built their reputation in the coastal communities.

**Organic input production:** The sub-sector clusters for mango, vegetables and medicinal plants being implemented through CCD are adopting organic methods. One barrier to the adoption of organic inputs is the time farmers need to make these inputs. Although organic inputs can often be made from materials that are freely available, and so require little or no cash expenditure, they may take some time to prepare. Farmers reported that this labour requirement was a factor that could limit their uptake of organic farming. Another barrier is that compost and some sprays require animal manure and only about half of all farmers have cattle.

TKVT (the federation and mango producer groups), with support CCD (which in turn has involved a number of experts), has set up a small facility to make organic inputs and a shop at which these are sold. So far 27 different products for pest control and growth promotion have been produced, with a value (when sold) of INR 243,700. The profit margin varies between products and is in the range of 38% to 57%. These are stocked in rented shops and since it opened three months ago, sales have been INR 92,700 have been sold to over 105 farmers (70 from PPG plus 35 others). To bring inputs within easy reach of farmers, two more sales centres are planned. Farmers demanded more inputs for sale such as seeds, farm equipment, etc.

**Vetiver grass:** In Thiyagavalli panchayat of Cuddalore district a group of three women are growing Vetiver grass, a new cash crop in the area. They had jointly leased two acres of land to grow vegetables as a micro-enterprise with support from PTSLP. They installed a tubewell for irrigation and erected fencing, and had started to sell green vegetables, when they heard about the potential of Vetiver grass from the local Department of Agriculture. Although this grass is often grown to prevent soil erosion on sloping land, the roots have a number of aromatic and medicinal uses.

After six months of growing vegetables they converted the entire plot to Vetiver grass, which they planted in November 2014 and expect to harvest after 8 to 10 months. The grass grows well in the sandy soil near the coast and they expect a yield of dry roots of between 2 and 3 tons per acre. These will be sold to an agent who will collect them from the field. The expected price is in the range of INR 80 to INR 100 per kg, which gives an income for two acres of between INR 320,000 to INR 600,000. The costs of inputs for two acres, including labour and machinery hire is around INR70,000 giving a margin over direct production costs of at last INR 250,000, over twice the amount that they invested in the land lease, irrigation and fencing. With these numbers Vetiver looks to be highly profitable, the main danger being if too many farmers rush into planting resulting in an over-supply to the market and a price crash.

# Appendix 5: Description of Project Components for Additional Financing

**Project area:** The proposed project area consists of 121 Panchayats and 21 Blocks falling under six coastal districts of Thoothukudi, Tirunelveli, Ramanathapuram, Pudukottai, Tanjavur and Thiruvarur in Tamilnadu. The area is characterised by low rainfall, poor soils mostly alfisols, latosols and vertisols with rolling flat terrains interspaced with occasional patches of sand dunes but close to the coastline. The area falls under two agro-climatic zones (Cauvery delta zone and Southern zone) with rainfalls ranging between 800 and 950 mm. The area is often affected by recurrent fury of tropical cyclones[29] originating from the Bay of Bengal.

Major crops are rainfed paddy, millets, chilli, pulses, cotton etc but their productivity is invariably low. Coconut palms are widely seen along the beaches. Large scale salt-production is common in Thoothukudi district. In the programme area, there are 82,690 fisher households scattered in some 296 villages and hamlets operating 4,384 mechanised boats, 6,250 motorised boats and some 5,000 country boats. There are over 7,500 women engaged in vending fish, making dry-fish and sea-weed gathering[30] and also in diving for peals. Fishers are in high debts to money-lenders or traders and merchants paying interests as high as 120%. Average debt varies between INR 20,000 and INR 200,000 per fisher. There are cooperative societies in fisher villages but with varying degrees of operation.

There are also a number of small and large NGOs working in the area in as diverse fields as organic agriculture[31], dairy, sea-weed processing, marketing, primary processing, medicinal herbs, skill-training etc. The famous Rameshwaram Island, the Koodankulam atomic power Station and the Thoothukudi Harbour with the hinterland salt flats are located in the project area.

**Target group**s: The project target groups will be coastal dwellers including the occupational groups such as coastal fishers using beach launched crafts (catamarans, vellums), fishing boat crew members, small-scale fish-vendors in particular the women, those engaged in making dry-fishes, owners of non-mechanised fishing boats, owners of small fishing boats, sea-weed cultivators and gatherers, salt-workers, small and marginal farmers, agricultural labourers etc. In all about 90,000 households are targeted

**Project components**: The additional financing will continue to support the on-going development interventions of PTSLP and it will now have three components: (i) Coastal area resources management, (ii) Employment Generation & skill training and (iii) the Project Management. These three components are briefly described below.

**Component 1 Coastal Area Resource management**

**Sub component 1.1 – Community resource planning.** The key activities under this sub component include a) livelihood mapping, b) micro planning for identifying infrastructure needs, and c) establishment of common livelihood infrastructure.

[29] After Tsunami struck these coastal districts in 2004, it was hit by a severe cyclonic storm, Fanoos in 2005 displacing some 30,000 people, cyclone Nisha in 2008 when some 190 people lost their life, cyclone Madi in 2013 causing severe damages in Ramanathapuram and other surrounding districts.

[30] Sea-weed gathering and cultivation is common in the coastal districts of Ramanathapuram, Pudukottai, Thanjavur and Thiruvarur.

[31] Basically for organic coriander, pulses and minor millets and GOTN also provide subsidy for promoting minor millets in the programme districts.

The programme will identify field NGOs (FNGOs) for setting up 30 cluster resource centers (CRC) and provide them service provider costs. Each center will have 3 key staff for community mobilisation and enterprise promotion. Each CRC will be working with about 4 village panchayats (30 to 40 habitations). These staff will be intensively trained in programme related activities and also in participatory rural appraisal methods.

As a first step to commencing the programme activities, they will carry out livelihood mapping and wealth ranking exercises[32] in each habitation. Data on common resource availability, sector wise occupation and household livelihood assets will be gathered. These data will be used in selection of livelihood/ enterprise activity and also in targeting.

There after micro planning will be carried out at Panchayat level where Panchayat Level SHG Federation (PLF) leaders and members, local NGOs and Panchayat leaders will participate to identify gaps in livelihood related infrastructure. Programme will ensure that households from very poor households, women headed households and also minorities participate in such planning. Based on this demand, district level implementation committee will prioritise and select the infrastructure activities to be undertaken. During field visit interactions the demand expressed by the community are net mending halls, fish drying yard, cement link roads, water supply, solar lighting etc., It is estimated that about 700 infrastructure works will be carried.

The programme will also carry out bi annual review of the programme activities in each Panchayat where in Panchayat leaders, representatives of line departments, banks, PLF, NGOs etc., will participate, review and plan for further activities. This also serves as a forum for facilitating convergence. Programme will ensure that households from very poor households, women headed households and also minorities participate in such reviews and their needs are prioritised.

Community exchange visits will be organized for the duration of the programme, to enable communities to learn from the experience in other villages on development and management of community infrastructure and on coastal and fisheries resources management.

**Sub-component: 1. 2- Support to Community Institutions**
Under the sub-component the key activities include a) establishment and support to CRCs, and b) strengthening of PLF.

Around 30 Cluster resource centres will be established and the staff salaries, mobility costs will be supported by the programme. CRC staff will be responsible for strengthening of PLF, JLG formation for enterprise promotion, facilitating bank linkages and reporting on the progress of the project activities. Where necessary the boards of PLFs will be re structured and strengthened. The board members will receive in depth training on governance, financial management, convergence with Government programmes and sustainability aspects.

A quick survey to understand the position of SHGs in the Panchayat will be carried out by CRC staff. Complete and reliable data on SHGs will help devise strategies in strengthening of SHGs which in turn will strengthen the PLFs. PLF leaders will motivate SHGs who are not currently members of PLF to join the PLFs and also strengthen weak SHGs. It is expected about 4000 SHGs with about 48,000 women members in 113 PLFs will be targeted under the programme. (in 8 PLFs[33] the World bank funded *Pudhu Vazhvu* Project (PVP) is being implemented. The programme will work with fishers in these PLFs/blocks and activities related to enterprises will be undertaken but PLF strengthening etc., will not be undertaken).

[32] Under State rural livelihood mission, poverty ranking of the rural households through participatory methods have been carried out in all the Panchayats. The programme will assess any additional data required/modifications required and then carry out wealth ranking only where needed.
[33] In Ramanathapuram district 7 PLFs in Kadaladi block and in Thoothukudi district T. Kalmedu PLF in Ottapidaram block are under PVP.

Direct investment of the programme in SHGs will be limited to project awareness and financial literacy training which will be carried out by CRC staff and PLF leaders. When ever PLF leaders are engaged in programme related activities they will be compensated as per SRLM/ MNREGA norms. Audit of SHG books will be carried out by engaging the services of chartered accountants preferably or by well trained community resource persons. Automated MIS will be installed in all PLF for both PLF accounting and SHG accounts to ensure transparency and monitoring. PLFs will be provided with buildings where trainings can also be conducted.

Programme will facilitate business development correspondent arrangements between banks/financial institutions such as ICICI bank, IDBI bank, NABFINS to ensure that adequate credit flows to SHGs, JLGs, individual enterprises. Automation of SHG accounts will provide comfort to lending institutions. PLF will identify the SHGs, fulfil documentation requirements, monitor repayments for which they will receive commission from the banks which will help building the PLF as sustainable institutions.

PLFs will also develop and implement a risk management product for providing quick support at the time of calamity or livelihood loss. Programme will contribute matching grants to funds mobilised from community in the ratio of 4:1. These funds will be managed by PLF where individual member who has been affected by a calamity/livelihood asset loss will be provided a loan of INR 5000 to INR 10000 at 6 to 9% rate of interest per annum on declining basis to cope with the loss. This will build resilience to financial shock. PLFs and programme will ensure and monitor that very poor, women headed households and minorities benefit from this.

PLF will facilitate SHG members to participate to Jan Dhan Yojana, PMSBY etc., Apart from these hut insurance, livestock and other asset insurance will be facilitated by the PLF which will build the risk management ability of the coastal community (the programme has an on going arrangements with LIC and United India Insurance company which will be extended to the phase 2 districts as well with due modifications). Insurance spearheads in PLFs will facilitate such linkages and also ensure that claims are made in time and the members are motivated to renew their insurance each year. PLFs will receive commission from the insurance companies and insurance spearheads will also receive a share in the commission.

**Sub component 1. 3 - Fisheries resource management**

A sustainable future for fishing communities lies in moving towards responsible fisheries. Better protection and management of coastal and fisheries resources is likely to have long term implications for livelihoods, particularly of those who depend on the resource base for their survival, and have few other livelihood options available. Given a context where the resource base is shared and is considered optimally fished (especially the inshore), it will be necessary to initiate a process where stakeholders can work together to agree on a common minimum programme for resource management. The key activities under this sub component include a) cluster level and state level workshops to address key issues related to the programme districts, b) deployment of artificial reefs on the basis of technical studies, c) Pilots fund for alternative livelihoods and technologies for better resource management.

Issues related to coastal and fisheries management identified during the micro-planning process, particularly those needing coordination and action at a larger level, will be discussed in cluster-level workshops organised on an annual basis. Issues identified could include the need to: regulate certain types of fishing gear; reduce fishing pressure in areas considered as spawning grounds, explore other options in coastal aquaculture, diversify fishing operations and training requirements for the same, etc.

The issues emerging from cluster-level workshops will be consolidated and where necessary specific studies will be undertaken, for discussions at the workshop organised at the State level. The workshop could be organized through the Fisheries Department and/or other competent organizations, with participation of community leaders from the clusters, representatives of different gear groups, key technical resource persons, and NGOs working with fishing communities on issues of coastal and fisheries resource management. Workshop at the state level will be organized once, linking up to ongoing cluster level workshops and processes.

Recommendations and suggestions emerging from cluster-level workshops will be vetted, and proposals will be developed to implement some of them on a pilot basis. On verification of proposals, activities could be initiated on an experimental basis, through a pilot fund available for this purpose. Proposals could be developed, for example, to test out diversification options within the fishery such as mud crab fattening, ornamental fisheries, cage fishing, pearl culture, sea weed cultivation for new species etc. The fund can also be used to put in place community-based monitoring and enforcement systems, to replace destructive gear, for award/provide incentives for community organisations that have adopted responsible fisheries practices etc.

CMFRI will be engaged to carrying feasibility studies for deployment of artificial reefs and such reefs are expected to be deployed in 6 to 12 locations for improving fish breeding grounds and enhancing the availability of fish.

The implementation of this programme is expected to increase awareness about key issues facing coastal and fisheries resources in the State among various stakeholders. It is also expected that its implementation will lead to greater discussion and consensus among various stakeholders about management and other measures that need to be implemented to ensure sustainability of livelihoods and of the resource base that sustains these.

**Component- 2 – Enterprise promotion and employment generation**

**Sub component 2. 1-Agriculture, off farm livelihoods and enterprises**
The Programme will adopt a twin track approach for promotion and scaling up of agriculture based and related enterprises (enterprise is defined as one that provides full time employment for one or more). 1) Engaging the services of Technical support agencies to promote agriculture and off farm enterprises in a cluster, 2) Engaging consultants to support demand based enterprises that are sporadic and geographically spread (mud crab fattening, ornamental fisheries, mushroom, salt processing, fish and other marine based value addition etc.,). The total funding support will be INR 1597.80 million for this sub component including institutional credit of INR 911 million and beneficiary contribution of INR 252 million.

In the first approach**, Technical support agencies** will be hired to work with community especially women on specific commodities/livestock following value chain approach. These agencies will have proven track record of working in these sectors and also in private sector tie ups and partnerships.

a) **Agriculture and allied activities in cluster** - Indigenous paddy, coconut, small millets, cotton, chilli and coriander are some of the crops that are grown under rain fed near organic conditions in the coastal areas. Technical support institutions such as CCD have rich experience in mobilising these farmers into producer organisations, improving package of practices, procuring and direct sales to corporate and other private sector players. The technical support agencies will a) mobilise the producers into primary producer groups and later into producer organisations, b) facilitate the producers to adopt the improved package of practices for productivity enhancement, c) enable primary processing/vale addition wherever feasible and viable, d) forge market linkages with corporate and other private sector players, e) facilitate credit for both primary producers as well as producer organisations involved in procurement of both inputs and outputs. It is expected that about 9,000 producers growing paddy, coco nut, small millets, pulses, chilli, coriander and cotton will be mobilised into producer organisations in the 6 districts.

While pulses, chilli and coriander will be cleaned, graded and packaged thus fetching a higher price for the farmers, there is scope for value addition in coconut (cold press oil, rope and fibre making), millets (flour, ready to cook items), organic indigenous rice (beaten and puffed rice). The value added products from millets and rice have niche markets which can be tapped. The producer groups and associations will be provided with machinery and equipments for which they will contribute in terms of land/ buildings etc.

Corporate houses such as 24 Mantra, Safe Harvest etc., have shown interest in procuring millets, indigenous rice (both grains as well as processed foods) and pulses which are grown under organic conditions after a certification process. Some companies also provide trade finance to producer organisations to enable them to procure produce from their farmer members. Forging reliable corporate tie ups will ensure marketing support to the producers.

b) <u>In other allied activities</u>, there is potential for dairy farming in some pockets and goats are reared by many households in small herd size. Technical support agencies such as ASSEFA, Hand in Hand, Goat Trust, BAIF etc., can be hired. In dairy key interventions will be a) improving animal care and feeding practices, b) fodder development, c) market linkages with private companies including *Aavin*-a public sector company. In goatery, key interventions will be a) developing community resource persons after in depth training to improve animal care to reduce mortality in goats, b) fodder development where feasible and c) appropriate market linkages. It is expected that 500 dairy farmers and 2,000 goat rearers will be mobilised under the programme.

c) <u>Sea weed cultivation</u> is feasible and has potential in both Palk Straight and Gulf of Mannar sea coast in the districts of Pudukottai and Ramanathapuram. Seaweed farming represent efficient and sustainable use of marine resources especially in these areas where decline in landings are reported. *Carrageenan* seaweed farming (*Kappaphycus*) is gaining popularity. Few women groups are involved in this activity and there is potential to scale up in other villages. However, they require technical support and advice to deal with issues such as disease outbreaks, predation by herbivorous fish and infrastructure damages resulting from tropical storms. Farmers are under pressure to enter in to exploitative marketing tie ups with the procuring agents. Technical support institutions such as Aquaculture Foundation will be engaged in a) mobilising about 1000 women into producer groups, b) training them, c) providing periodical technical support, d) facilitating corporate tie ups for both wet and dried sea weed, and e) setting up of bio fertiliser units out of wet sea weeds after studying the technical and marketing feasibility.

The technical service providers will work closely with PLFs to identify the households and also in ensuring that credit flows through SHGs and JLGs which will be arranged through Business Development correspondent arrangement with banks and institutions like NABFINS.

**Support to off-farm enterprises**- In the second approach demand based enterprises (which are not geographically concentrated or in a cluster) will be promoted through the Cluster resource centres (CRCs). The Business development promoters in CRCs will work with the PLFs to identify the entrepreneurs. Individual consultants or institutions will be hired where needed to provide technical and other need based support for these enterprises. During field visits, women especially from fisher households have shown interest in mud crab fattening, ornamental fisheries, mushroom, salt processing, palm sugar making, fish and other marine based value addition, household value addition in coconut, garments stitching etc., While some will be group enterprises, others will be individual enterprises. The programme will arrange for a) formation of joint liability groups, b) need-based training, c) need-based technical support, and d) facilitating market linkages. About 5,000 women will be supported under this approach.

In addition, credit product to suit the entrepreneurs will be structured and designed with financial institutions like NABFINS so that adequate, timely and well structured product will be available to ground the enterprises.

**Training for income generation activities** - Apart from enterprise promotion, the programme will also support training women in income generation activities, which will increase the sources of income of the very poor household apart from enabling women to productively utilise the credit, availed from SHGs. PLFs will generate information on the training needs of members and the district programme units will organise these trainings through reputed agencies preferably at Panchayat level. Women will avail credit from SHGs to take up these IGAs. In the first phase districts, the trainings imparted were in the areas of vegetable cultivation, stall fed goat rearing, hygienic fish vending and drying, masala and pickle making, coir rope making, etc., About 8,000 women will receive training under this sub component.

**Sub component 2.2 Fish marketing Societies**

Fishing is the major livelihood of the coastal communities[34]. While men are sea farers, women are involved fishing in back waters, sea weed gathering, dry fish making and a few women also join men in the sea for fishing. In motorised boats 3 to 5 members and in non motorised boats 2 to 3 members work as crew. The key issues faced by the fishers are a) formal institutional credit is not available to fishers which forces them to enter into exploitative trade credit from traders/commission agents, b) lack of sustainable marketing arrangements and infrastructure, c) their own federation to provide sustained support to the FMS to ensure their smooth functioning. SIFFS, which is the service provider for the ongoing programme will be engaged for the implementation of this sub component. The funding for this sub component will be INR 316.02 million.

**Fish marketing Societies** - About 2,000 small scale artisanal fishers will be mobilised into 50 fisher marketing societies (FMS) in the six districts (SIFFS based on a preliminary study has found scope for formation of 62 FMS). The crew members will be associate members. These FMS will be federated into 2 or 3 area federations.

Since the fishers are indebted to traders, SIFFS will first ascertain the debt of the individual fisher and arrange to redeem the debt so that the fishers will be in a position to take up joint marketing of their catch. The level of debt is expected to range from INR 20,000 in Thiruvarur, Thanjavur, INR 30,000 in Ramanathapuram and Pudukottai to INR 70,000 in Thoothukudi and Tirunelveli. The programme will provide grants to finance these loan redemptions; while initially SIFFS will be the recipient of grants which will be used for debt redemption, the loan repayments by fishers will be ring fenced into a separate account and will be handed over to the federation once they are set up.

All FMS will have elected board. They will engage the services of commission agents who will ensure auction of fish catch with larger traders.  Members of the marketing societies will sell their catch through the society, which will work on a 2 to 3 percent commission on sales.  The society will also deduct compulsory savings, insurance premiums and also loan repayments, if any, from the amount payable on sales to the fishermen. Savings will be used for lending to the fishermen, especially during lean periods and for emergency purposes. The society will also mobilise loans from federation and banks for lending to fishers.  District wise and year wise formation of FMS is given in Table below.

| Programme Districts` | 2016-17 | 2017-18 | 2018-19 | **Total** |
|---|---|---|---|---|
| Thiruvarur | 1 | 1 | - | 2 |
| Thanjavur | 4 | 4 | - | 8 |
| Pudukottai | 4 | 6 | - | 10 |

[34] As per statistics of Fisheries Department, about 15,142 are boat owners out of which 2697 are mechanised boats, 11,098 are motorised boats and 1347 are non motorised boats.

| | | | | |
|---|---|---|---|---|
| Ramanathapuram | 6 | 11 | - | 17 |
| Thoothukudi | 2 | 3 | - | 5 |
| Tirunelveli | - | 4 | 4 | 8 |
| Total | **17** | **29** | **4** | **50** |

The key interventions for the fish marketing societies by the programme will be: a) providing debt redemption fund to FMS to the artisanal fishers so that they can be free from the clutches of traders and form their own marketing society, b) providing building and equipments and basic marketing infrastructure to each FMS, c) providing ice boxes to fishers to preserve catch while fishing; since fishers will contribute 50% of the price (the remaining 50% grant support from the project), this will ensure proper utilisation. The fisher contribution will augment the working capital of fish marketing societies, and d) based on feasibility studies, constructing auction halls in 4 locations in Thanjavur and Pudukottai districts.

**Support to Fisher women-** Fish vending women will be organised into Joint liability groups. These women are usually vey poor and many of them are widows. They often depend on traders and money lenders for loans who charge usurious rate of interest. Those fish vendors who are not members of SHGs will be organised them into JLGs and into a centre. Community Coordinator from FMS will mobilise these women. FMS/federation will receive INR 4,200 for mobilisation of a JLG. The services of the FMS/federations will be engaged for mobilising 2,500 women into 500 JLGs.

Each member will receive a loan amount of INR 15,000 at 12% reducing interest repayable in 24 months. This loan is expected to increase the bargaining power of these women, assured supply of fish apart from access to cheaper source of finance. The programme will facilitate opening of individual savings account with a nearby bank where the women will be facilitated to save. They will be encouraged to participate in the GoI's insurance scheme, *Pradan Mantri Bima Suraksha Yojana*. They will receive training in hygienic drying of fish and will also receive equipments such as iceboxes, weights and scales and other equipment in reducing post-harvest losses, improving the quality of the product and in improving incomes. The equipments will be provided with 20% contribution from the women. Increasing access to, for example, appropriate transport, facilities at markets and landing centres, storage facilities, low-cost, hygienic fish processing techniques oriented for the domestic market, could help them.

**Sea-weed gatherers –** About 500 sea weed gatherers will be mobilised into JLGs through FMS/federation in the same pattern as that of fisher women. They will also receive debt redemption support up to INR 10,000 per member so that they can undertake joint marketing. Sea weed gatherers often are fined by Forest department who are concerned about ecological preservation, they will be issued identity card for legitimising their activity. Sea weed gatherers will be provided necessary equipments for drying the weeds. Existing buildings meant for community usage will be used (after necessary repairs) for stocking and selling to larger traders and corporate. SIFFS will facilitate market linkages. These measures are expected to improve their incomes substantially.

**Federations** - FMS will be federated into 2 or 3 area federations by the second year. The federations play a crucial role in mobilising credit for the FMS and also under take whole sale procurement of some essential fishing equipment. They can also facilitate forging market linkages especially in distant markets. The federations will ensure proper governance and rule setting for the functioning of FMS. Programme will provide for the operating cost for two years apart from providing for their building and initial capital for bulk purchase and sales for fishing equipment. The programme will constitute a steering committee consisting of representatives from project management, SIFFS, external fisheries experts to review the progress being made and set directions. The committee will meet at least once in two months.

**Sub component 2. 3 Vocational Training**
Youth in coastal communities, particularly those who have gone in for higher education, find it difficult to get jobs. They see little future in the fisheries and traditional livelihoods. The programme will help them identify options that provide a reasonable chance of finding employment especially in other countries after completion of training. Such options could include training in boat building, motor mechanics, heavy machinery driving, welding and metal work, plumbing, masonry skills, carpentry and painting. Girls will be provided training in vocation of their choice especially in mid-wifery, home nursing, house-keeping. Existing institutions offering such training will be identified. National Skill Development Corporation (NSDC) approved and certified institutions will be preferred for such training. The programme will offer vocational training to about 5,000 youth.

**Component- 3: Project Management**

**Project Management Unit**: Existing PMU will continue to manage all interventions proposed under the additional financing. In addition, 75 person-months of consulting services are also provided with a view to ensuring flexibility in technical support, technical supervision and grassroots technical advice. Replacement of some office equipment such as desktops and laptops and purchase of field vehicles are provided. Staff salaries and allowances and facilities for operations and maintenance etc have also been provided starting from April 2017.

<u>District implementation offices</u>: All facilities including staff and support services with the existing 6 districts will continue till the project completion ie March 2019. No financial provisions are included in the costab budget. The PD, PTSLP will review the staff positions of these 6 districts at the end of fiscal 2016-17 and will make appropriate recommendation for either retaining or scaling down the staff sizes in these offices.

<u>District implementation offices in new districts</u>: Considering the areas of operations in these 6 districts, the mission is of the view that in all 4 DIOs can be set up instead of 6. For example, (i) one DIO for Thoothukudi and Tirunelveli districts, (ii) one DIO *each* for Ramanathapuram and Pudukottai districts and (iii) one DIO for Thanjavur and Thiruvarur districts. Incremental staff positions to cater to the additional districts are provided for in the budget estimates.

| Staff details | Thoothukudi & Tirunelveli | Ramanathapuram | Pudukottai | Thanjavur & Thiruvarur |
|---|---|---|---|---|
| Base office location | Thoothukudi | Ramanathapuram | Pudukottai | Thanjavur |
| District Implementation Officer | 1 | 1 | 1 | 1 |
| Asst Executive Engineer 1/ | 1 | 1 | 1 | 1 |
| Community Development Officer 1/ | 1 | 1 | 1 | 1 |
| Asst Accounts Officer 1/ | 1 | 1 | 1 | 1 |
| Enterprises Development Officer | 1 | 1 | 1 | 1 |
| Agricultural Officer | 1 | 1 | 1 | 1 |
| M&E officer | 1 | 1 | 1 | 1 |
| Project Assistants | 3 | 3 | 3 | 3 |
| Data Entry operator | 1 | 1 | 1 | 1 |
| Junior Engineer | 1 | 1 | 1 | 1 |
| Finance Assistant | 1 | 1 | 1 | 1 |
| 1/ on secondment from Government | | | | |

Each district office will have 3 desktop computers, one laptop, one printer, one UPS, one photocopier, furniture set, LCD projector etc. This office will be headed by the District implementation officer reporting to the District Collector and the PMU. He/she will be assisted by a technical and managerial team comprising one Agricultural officer, one Accounts officer, one Asst Executive Engineer, one M&E officer, three Project Assistants, one Data entry operator and other support staff such as driver, security Attendant etc. These staff can either be deployed under secondment from other GOTN line

Department or hired through acceptable HR agencies. In addition one CDO, one EDO and one Fishery officer will also be hired and deployed under consulting services arrangement. Budget support has been provided starting from fiscal 2016-17 for a three year period and this includes purchase of office equipment and field vehicles, TA support, staff salaries and allowance, operations and maintenance and office running expenditures including office rent.

Project M&E unit: The M&E unit will continue to operate from PMU, Chennai and this unit will consist of one M&E Manager, one CIT Manager and a Data entry operator. The M&E unit under the Manager (M&E) reporting directly to the APD will be responsible for concurrent monitoring of the PTSLP, baseline survey, endline survey, annual outcome survey, preparation of annual progress reports, coordinating the surveys relating to impact assessment and project completion. Necessary financial provisions have been made in the cost budgets.

Project Knowledge management unit: The M&E unit will also be responsible for Knowledge Management activities relating to PTSLP. These broadly include conducting knowledge management events at state and district levels, publication of new letters, brochures, leaflets etc by engaging the services of professionals in the field, carrying out case studies and documenting successful enterprises and uploading them on the web.

# Appendix 6: Institutional aspects and implementation arrangements

The institutional framework for the additional financing will be similar to the existing programme. Through the additional financing, the programme is scaled up geographically and the existing PMU will be responsible for the new districts as well. Ministry of Finance (Department of Economic Affairs) will be the nodal Ministry at the central level and Rural Development and Panchayati Raj Department, Government of Tamil Nadu will be the nodal department at the State level.

Approach: The programme will adopt demand-driven approach and resources management approach in implementing the interventions. It has been also using public-private-community partnership mode with lead provided by the Project Management Unit under the Department of Rural Development & Panchayati Raj, GOTN. The PMU will be supported by four District Implementation Offices, line departments, Service Providers, SIFFS, FMS, CRCs, PLFs, SHGs and also the user groups. Key role and responsibilities of these institutions are summarised below:

| Institution | Key role |
|---|---|
| PSC | Policy guidance, approval of AWPB and Procurement Plan |
| RD&PR, GOTN | Incorporating the approved budget into the Department Budget, Release of funds including additional resources to carry out the implementation; Quarterly review of implementation performance |
| PMU | Overall supervision, management, planning, M&E, Knowledge Management, funding |
| SIFFS | Organising FMSs, fisher JLGs, handling debt redemption funds, support to new FMSs |
| DIOs | Implementation at district level, local coordination, monitoring |
| FNGOs, TSP | Facilitation, technology transfer, capacity building, planning and organising CBOs, handholding support, M&E |
| CRCs | Capacity building of PLFs, formation of JLGs, support to SHGs, grassroots M&E, livelihoods mapping, wealth-ranking |
| PLFs | Support to SHGs, handling VRFs, bank-linkages, financial inclusion products |

**Coordination**: The Programme will be coordinated at two tiers. Programme Steering Committee (PSC) at the State level and District level Implementation Advisory Committee (DLIAC) at the Programme Districts level. The Programme Steering Committee will be under the Chair of Principal Secretary/Secretary, Rural Development and Panchayat Raj Department, GOTN with the membership indicated in the Loan Agreement of 662-IN. The existing Programme Steering Committee will be continued for the new districts. The PSC will ensure that officers of sufficient seniority participate in the PSC meetings so that proposals approved in the PSC are not sent to individual departments for approval.

The DLIAC will be established in all the 6 additional districts for effective district level coordination, though two of the DIOs will have additional district responsibility. The DLIAC shall provide guidance to the respective District Implementation Office, performing a coordination role (with, e.g., various public and private institutions) and facilitating Programme implementation in the respective Programme

District, and shall be chaired by the District Collector. The DLIAC shall be composed of the following members: a representative of the District Rural Development Agency (DRDA); one representative of the PRIs in the Programme District; one district-level officer from Departments of Agriculture, Animal Husbandry, Fisheries; Project Director, *Mahalir Thittam*. The District Implementation Officer shall be the Secretary to the DLIAC and the DLIAC shall meet on a bi-annual basis.

**Project Management Unit:** The existing PMU under the leadership of Principal Secretary & PD, PTSLP will continue to be the PMU for the additional districts as well. To cater to the additional workload of 6 districts some incremental staff positions have been included. These positions will be filled through consultancy contracts from the open market. The staff at the PMU will be a mix of government staff on secondment basis and from the open market. For the last four years, the current project has benefitted from the stability in the senior management positions and the leadership and anchoring provided by the Principal Secretary & PD and the Additional Director, RD (Additional Project Director) has resulted in the commendable performance. Government of Tamil Nadu should ensure that the qualified and experienced successor to the current APD, if required, is identified early and the tenure to be overlapped with the current incumbent atleast for 3 months. The Engineering Unit at PMU will be continued for implementing the infrastructure activities in the new districts.

**Planning, M&E, learning and Knowledge management**: The PTSLP has been collecting M&E data for the project districts periodically but the computerised SHG data are yet to be put in to operation. The M&E unit has been conducting annual outcome surveys using the improved format with satisfactory results. But both the district-based and PMU staff need more training. The PTSLP has done well in producing articles and stories for publication. Case studies are a useful way of documenting and reporting on results. However these case studies need to contain more detailed information. Similarly more could be done in terms of knowledge management for dissemination of information to project stakeholders.

**District Implementation Offices:** Though there are six additional districts covered under the additional financing, two districts have very small number of blocks and Panchayats to be covered. Hence only 4 DIOs will be established in the districts of Thanjavur, Pudukottai, Ramanathapuram and Thoothukudi. Thanjavur and Thoothukudi DIOs will handle the additional responsibilities of Thiruvarur and Tirunelveli. For the additional responsibilities, these two DIOs will have incremental staff and facilities. For each district office, DIO, Assistant Executive Engineer, Community Development Officer and the Accounts Officer will be seconded from the Government for the entire period of three years. All other staff will be engaged from the market with terms of reference and responsibilities. The DIO will report directly to the APD and will be the Member-Secretary of the District level Implementation Advisory Committee. All the district level staff, whether from secondment or from the open market will be provided orientation trainings, basic management skills training and other required training. DIOs, in particular, will be attached to the existing districts for a week for on-the-job training and exposure before implementation in the new districts.

**NGOs, Resource Agencies and Private Sector:** The programme in the new districts will only strengthen and reorganise the existing Panchayat Level Federations and will not work with the SHGs directly. NGOs will be engaged, at least one per district, to support the PLFs in Financial inclusion and promoting sporadic livelihood enterprises and IGA. The NGO will establish the Cluster Resource Centre with Cluster Coordinator and two business promoters. The major focus of these CRCs will be promoting awareness of savings, pension and insurance products of the Government of India and financial inclusion for linkages with NABFINS and other formal financial institutions (public and private sector banks). SIFFS, the existing partner, will be retained for the fisheries related activities along with the Nagapattinam Fishermen's Federation and Kanyakumari Fishermen's Federation. Covenant Centre for Development, the existing partner, will be engaged to promote aggregation, value addition and marketing of selected agricultural commodities by forming producers groups and producers collectives. In addition to the existing partners, the project will endeavour to engage other competent resource organizations for promoting other cluster based enterprises like dairy, goatery, sea weed cultivation, cage fishing, ornamental fish rearing, etc. The programme will also promote private sector participation by linking the enterprises for marketing and investments for sustainability.

**Other Government departments:** The programme will closely work with a number of State Government departments like Agriculture, Fisheries and Rural Development for converging the existing schemes and expertise for increased impact of the programme. While policy related convergence will be at the PMU level, DIOs will work at the ground level convergence of government programmes. The programme at the additional districts envisages a parallel financing amounting to INR 150 million.

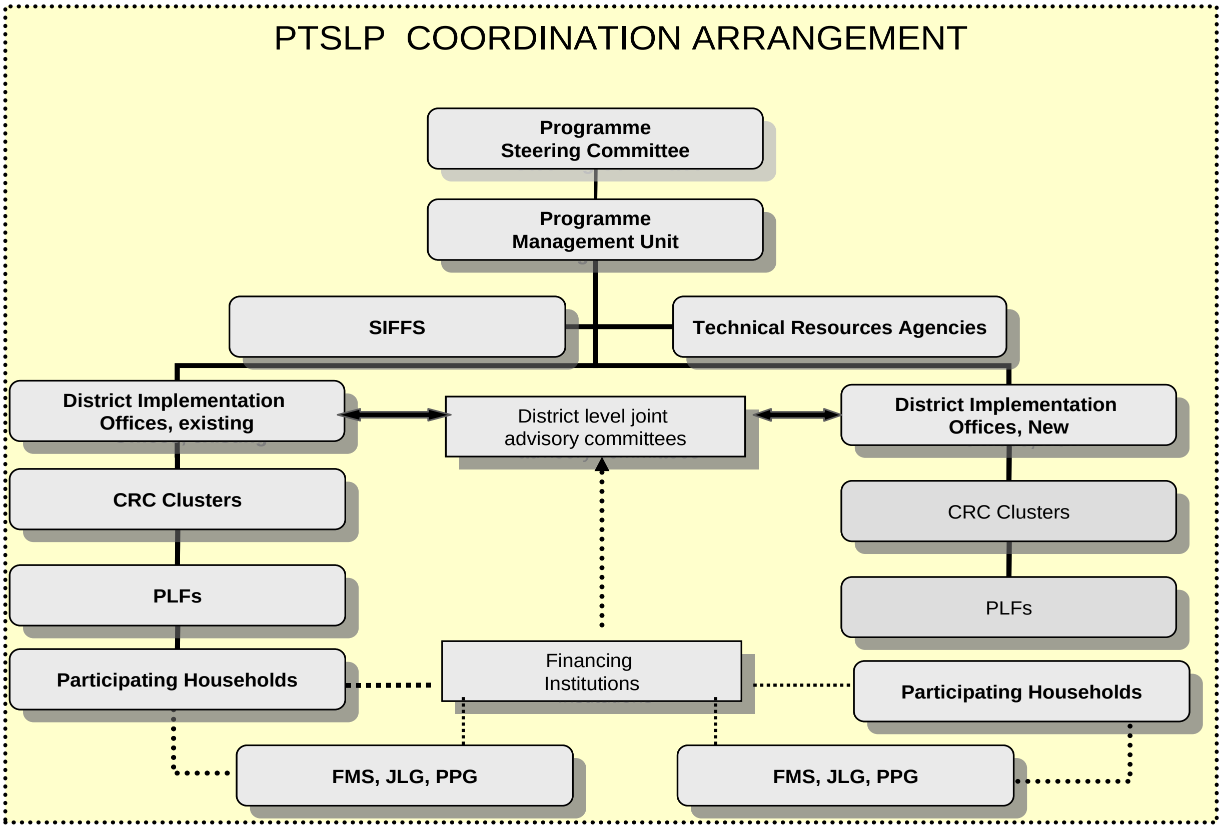
**Capacity building arrangements:** The staff who will be engaged for the additional districts as DIOs will come from Government departments on deputation basis. As the DIOs will have both Government staff and staff engaged from the market, there is a possibility that the hierarchial style may develop frictions. The DIOs and key professional staff will be provided Basic Leadership training covering aspects of leadership qualities, influencing, team building and communication. A proper need assessment will be carried out and the project will engage a qualified individual trainer, as these type of trainings are not available in the regular management institutes. The training has to be done bi-lingually to be more participative. In addition, Assistant Accounts Officer and the Finance Assistant will be provided training on fiduciary aspects. As the programme will be carried out on 'project mode' sufficient capacity building of the staff on the project goals and objectives and new developments in each of the components are essential. The staff will be exposed to other good performing projects and programmes for cross-learning.

**HR Policy:** The senior management will take sufficient steps to create appropriate work environment and facilities for the staff to retain talent and improving staff morale. PMU will ensure that staff engaged through HR agency is provided with appropriate contracts with statutory facilities. Even if the compensation package is fixed by Government order, these statutory provisions to staff will be added to the package, if necessary or to be borne by the HR agency. This will not make the contractual staff, a government staff. The compliance to HR policy will be reviewed in each of the Supervision Mission and rated for project management performance.

**Financial Institutions and Banks:** Enterprise financing will be promoted through by extending the partnership with NABFINS. PLFs will establish linkages with the banks (public and private) for the flow of credit to the IGA, JLG and to the producer groups and collectives. Senior Rural Finance Manager at PMU level will be responsible for coordination with the financial institutions.

**IFAD Supervision arrangements:** The programme will be directly supervised by IFAD. IFAD will field an annual Supervision Mission for the old and new districts. Normally the duration of the Supervision Mission will be for about 15 days. The dates of the missions will be finalized in consultation with the PD. The mission will be led by IFAD Staff and/or its consultants. At the end of the visit, the mission will brief the GoTN and GoI on the implementation progress. The agreed actions with timelines agreed with the programme authorities and the Government will have to be complied within the time frame that was agreed. A key learning is that the quarterly implementation support missions to the programme has yielded very positive results and actually helped the programme to become a performing project with many innovative models. Continuing this learning, IFAD will field "implementation support missions" for a shorter duration of about 4-5 days to address specific issues. The programme may request IFAD to arrange for specific technical inputs during the implementation support missions.

Chart-1: PTSLP Coordination Arrangements



## Chart-2: PTSLP Project Management Structure

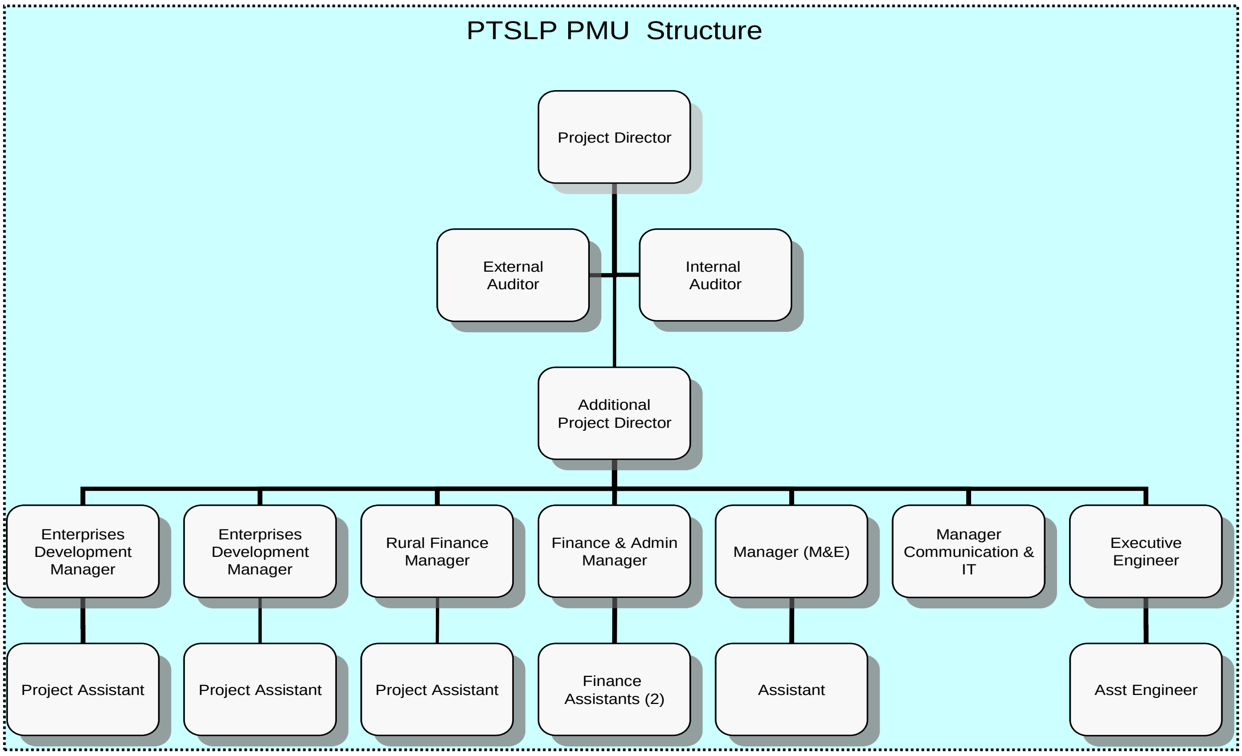
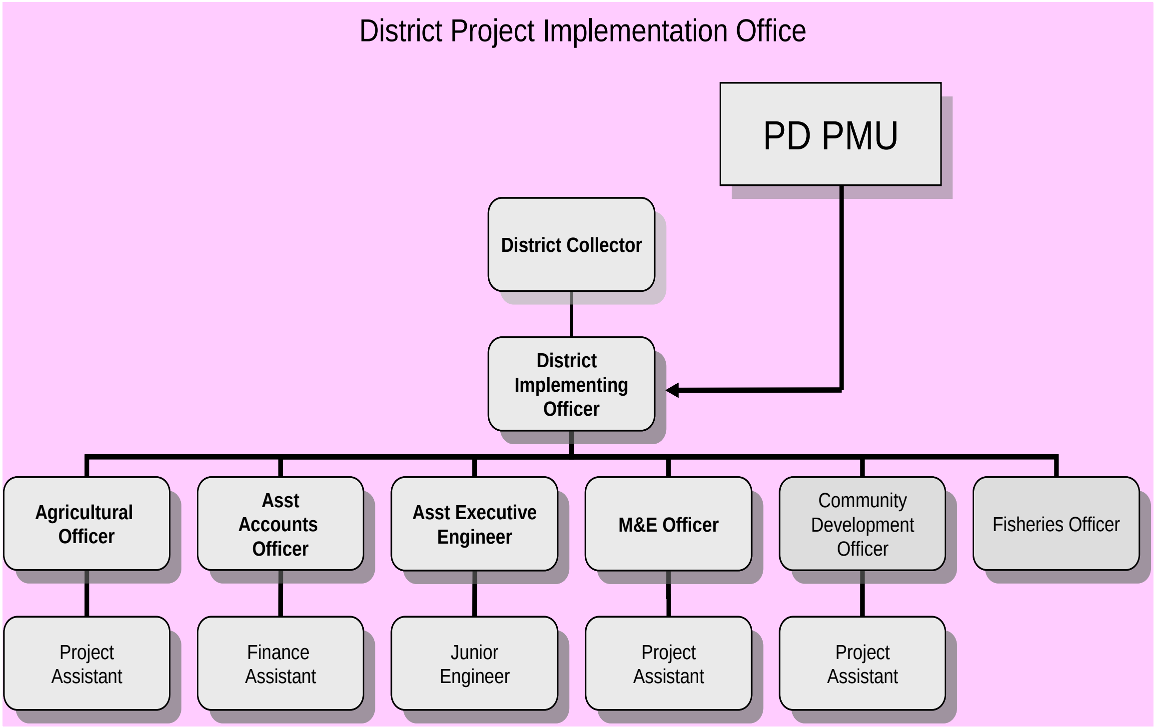


Chart-3: PTSLP District Implementation Office – Organisation Structure



# Appendix 7: Financial management and disbursement arrangements and Procurement

Government of India has requested IFAD for an additional financing to Post-Tsunami Sustainable Livelihood Programme in Coastal Areas of Tamil Nadu to geographically scale up the programme to additional 6 coastal districts of Thanjavur, Tiruvarur, Pudukottai, Ramanathapuram, Thoothukudi and Tirunelveli. The additional financing will be provided from the cancellation of funds from another project in India portfolio.

An IFAD loan of SDR 9.95 million (Loan 662-IN) was approved on 19 April 2005 and became effective 11 July 2007. A second loan (691-IN) was signed on 11 November 2005 for SDR 10.4 million[35]. The programme completion date for both the loans is 31 March 2017 with loan closing on 30 September 2017.

## A. Assessment of existing Programme Implementation Agency

The existing programme of PTSLP is being implemented through a Project Management Unit in Chennai with six district implementation units. PMU has one Finance Manager and two Finance Assistants whereas the existing districts have one Assistant Accounts Officer and one Accounts Assistant. The financial transactions are done through the accounting software, customised to generate relevant reports. The customisation of the accounting software to generate IFAD-specific reports took a lot of time. The internal controls for budget, authorisation for payments exist and functioning satisfactorily. Budgetary projections and achievements are reviewed at the PMU level in the review meetings and also during the DEA-IFAD Tripartite review meetings semi-annually. The PSR rating for the previous year for financial management is moderately satisfactory.

In PMU, the Finance Manager and other two finance staff are contractual positions and in the districts, Assistant Accounts Officers are government staff and Accounts Assistants are engaged through a HR agency. There were frequent changes in the Finance Assistant positions in PMU and in the districts in recent years resulting in repeated capacity building of the new incumbents. PMU is taking steps to engage qualified finance staff on longer duration contracts.

After Mid-Term, the expenditure is steadily improving and the programme has fully utilised the first loan of SDR 9.950 million and the disbursement of the second loan stands at 38.25% and the combined disbursement rate for both the loans stands at 69.12%. The project has committed proposals for expenditure and it is expected that the two loans will be utilised till the completion.

[35] The first loan was approved as an emergency response prior to project design. The second loan covers the balance of project cost as estimated in the project design.

Table: Status of Funds by Category (in Special Drawing Rights) for Account # **1000002610**

| Category Code | Category Description | Allocated | Disbursed | % | Available Balance |
|---|---|---|---|---|---|
| 112764 | CIVIL WORKS | 18,10,000.00 | 1,38,045.80 | 7.63% | 16,71,954.20 |
| 112765 | FUNDS FOR PROGRAMME COMPONENTS SPEC. IN PARAS 5.A.(I) AND (II) AND B.(IV)(C) OF SCH.1 OF LOAN 662-IN | 17,70,000.00 | 7,70,222.25 | 43.52% | 9,99,777.75 |
| 112766 | FUNDS FOR PROGRAMME COMPONENTS SPEC. IN PARAS 5.B.(I) AND C.(II)(E) OF SCH.1 OF LOAN 662-IN | 4,80,000.00 | 12,19,742.67 | 254.11% | -7,39,742.67 |
| 112767 | VEHICLES AND EQUIPMENT | 2,60,000.00 | 23,199.55 | 8.92% | 2,36,800.45 |
| 112768 | TRAINING,WORKSHOPS AND DEMONSTRATIONS | 24,00,000.00 | 3,62,297.60 | 15.10% | 20,37,702.40 |
| 112769 | CONTRACTED SERVICE PROVIDERS | 9,90,000.00 | 1,76,983.72 | 17.88% | 8,13,016.28 |
| 112770 | TECHNICAL ASSISTANCE, STUDIES,REVIEWS AND VISITS | 3,80,000.00 | 2,48,091.23 | 65.29% | 1,31,908.77 |
| 112771 | INCREMENTAL OPERATING COSTS | 12,80,000.00 | 3,54,444.48 | 27.69% | 9,25,555.52 |
| 112772 | UNALLOCATED | 10,30,000.00 | 0.00 | 0.00% | 10,30,000.00 |
| 270001 | AUTHORISED ALLOCATION | 0.00 | 6,84,603.27 | 0.00% | -6,84,603.27 |
| **TOTAL:** | | **104,00,000.00** | **39,77,630.57** | **38.25%** | **64,22,369.43** |

Government of Tamil Nadu is providing resources to implement the programme activities, including its counterpart funding, as advance funding as per the approved AWPB. Availability of resources is satisfactory and timely.

Procurement of goods, works and consultancy services followed IFAD Procurement Guidelines and as per the procurement plan but the execution of civil works and deployment of artificial reefs are delayed.

Submission of audit reports as per the IFAD formats and within the timeline has improved significantly. The audit report for 2013-14 was submitted within the timeline and an '"unqualified' opinion. The assessment of the overall financial reporting is Satisfactory as the set of financial reporting is complete and sufficiently discloses the financial position of the entity. The project has taken action on the recommendations of the auditor. The main internal control issues highlighted are related to statutory deductions and the fixed assets reporting. As per the last audit report, the inherent risk rating is low.

## B. Implementation arrangements

**Additional financing** The additional financing to the programme will be approximately USD 22.5 million. In addition, Government of Tamil Nadu will contribute an additional counterpart funding of about USD 15 million from its own resources. The programme proposes to mobilise resources from formal financial institutions (for credit/loan), beneficiary contributions and convergence of existing schemes of Government of Tamil Nadu and Government of India. The Additional financing will be converted into Special Drawing Rights and the new loan allocations will be indicated in the Schedule 2 of the Amendment letter.

As per the practice, the loan financing will be denominated in the Special Drawing Rights. The calculations in the cost tables both in Indian Rupees and in United States Dollars were done taking a fixed exchange rate. However, the disbursement under different loan categories will follow the exchange rate on the value date. It is clarified that depending upon the fluctuations in the exchange rate of SDR to USD and SDR to INR, the total amount available to the programme for incurring eligible expenditures may vary. Any gain/loss due to exchange rate will be borne by the borrower.

**Lending Terms:** The IFAD Additional Financing to PTSLP will be on blend terms and subject to interest on the principal amount outstanding at a fixed rate of 1.25% per annum, a service charge of 0.75% and shall have a maturity period of 25 years, including a grace period of five years. The total principal amount of the additional financing will have to be repaid in 40 instalments. The interest and the service charge are applicable on the disbursed funds. The loan assistance will be denominated in Special Drawing Rights. The total SDR amount of loan and the amortization schedule for repayment will be indicated in the Amendment letter to the Loan Agreement. Like the existing IFAD assistance to the Programme, the additional financing will also be on back-to-back terms decided by the Government of India. While the responsibility of repayment of principal, interest and service charge rests with the Government of Tamil Nadu, Government of India only effects the payment in foreign exchange and adjusts with the State as per national procedure.

PMU will follow the same financial management setup in the additional new districts as well. All financial transactions will be through the accounting software only. PMU will engage skilled and qualified finance staff in the districts. The Assistant Accounts Officer will be on government deputation to the project and should have proficiency in computers and the Accounts Assistant should have proficiency in Tally accounting software. PMU will also engage one additional finance staff proficient in Tally to handle the additional districts. The existing internal controls and processes for preparation of budget, financial management and reporting will be extended to the additional districts.

The additional financing will comply with the global categories linked to IFAD Flexcube and will be slightly different from the existing loan categories. The project will have to submit separate withdrawal applications for the existing loan (691-IN) and the additional financing. The accounting software for the new additional districts will be customised to generate reports on the new loan categories. The proposed Loan Categories for the additional financing are below:

**Proposed Loan Categories for Additional Financing**

India
Taminnadu: PTSLP-Additional Financing
**Disbursement Accounts by Financiers**

| | (USD '000) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **GOTN** | | **Banks** | | **IFAD** | | **Beneficiaries** | | **Total** | |
| | **Amount** | **%** | **Amount** | **%** | **Amount** | **%** | **Amount** | **%** | **Amount** | **%** |
| 1. Civil Works | 1,394 | 25.0 | - | - | 4,183 | 75.0 | - | - | 5,577 | 12.7 |
| 2. Grants, subsidies | - | - | - | - | 5,737 | 100.0 | - | - | 5,737 | 13.1 |
| 3. Institutional Credit | - | - | 14,857 | 100.0 | - | - | - | - | 14,857 | 33.8 |
| 4. Vehicles | 30 | 30.0 | - | - | 71 | 70.0 | - | - | 101 | 0.2 |
| 5. Equipment and materials | 37 | 10.0 | - | - | 317 | 86.5 | 13 | 3.5 | 366 | 0.8 |
| 6. Training & workshops | - | - | - | - | 2,423 | 100.0 | - | - | 2,423 | 5.5 |
| 7. Goods, services and inputs | 603 | 5.3 | 115 | 1.0 | 6,508 | 56.6 | 4,264 | 37.1 | 11,490 | 26.1 |
| 8. Consultancies, TA and services | - | - | - | - | 856 | 100.0 | - | - | 856 | 1.9 |
| 9. Salaries & Allowances | 413 | 25.0 | - | - | 1,239 | 75.0 | - | - | 1,652 | 3.8 |
| 10. Operating costs | 222 | 25.0 | - | - | 666 | 75.0 | - | - | 888 | 2.0 |
| **Total PROJECT COSTS** | 2,700 | 6.1 | 14,972 | 34.1 | 21,999 | 50.1 | 4,277 | 9.7 | 43,948 | 100.0 |

IFAD may merge some categories with similar disbursement percentages to have optimal number of categories.

The new finance staff in the districts should be provided sufficient training on the current practices and also assigned to the PMU and old districts for about one week for the on the job training.

The Annual Work Plan and Budget and the Procurement Plan will follow the standard templates. This will include the consolidated AWPB and the Procurement Plan and the disaggregated AWPB and the Procurement Plan for the old and new districts. The AWPB will be linked to the processing of WAs.

**Designated Account** IFAD additional financing to the Programme will be routed through a Designated Account denominated in United States Dollars maintained at the Reserve Bank of India in addition to the existing Designated Account. As the additional financing will be covering new districts simultaneously, an additional Designated Account is recommended. Controller of Aid, Accounts and Audit, DEA, Ministry of Finance will administer the Designated Account. IFAD will establish an Authorised Allocation for initial advance. Once the amendment letter to the Programme Financing Agreement is countersigned by the borrower, on the request of CAA&A, IFAD will disburse initial deposit upto the authorised allocation to the Designated Account. The initial deposit will be recovered as per the policy indicated in the Loan Disbursement Handbook. It is recommended that the Authorised Allocation may be established at USD 2 Million. However, the quantum is subject to the agreement of both Government of India and Government of Tamil Nadu, as this will count for the payment of service charge. The methods of disbursement and the formats for submission of the withdrawal applications will be similar to the existing loan.

**Amendments to Financing Agreement**

The existing Loan Agreement will be amended to include the provisions of the additional financing. The amendment will be carried out through exchange of letters, after IFAD Executive Board approves the additional financing. As the programme is being scaled up geographically, there will not be any different entry into force date and the activities could be planned for implementation after IFAD EB approval in December 2015. The current programme will also be extended for a period of two years from the original date of completion. The Project Agreement will not be amended, as it is linked to the Loan Agreements. Government of Tamil Nadu will pre-finance the implementation of activities for 3 months of the current financial year for the new additional districts and from 2016-17 onwards, advance funding will be provided to all the 12 districts. The additional financing will be available for implementation on approval of the additional financing by IFAD Executive Board and countersigning of the amendment letter by the borrower.

**Auditing arrangements** PMU will also engage one Chartered Accountant firm as internal auditor in the new additional districts. The internal auditor will audit the books of accounts and also provide necessary support in rectifying errors on classification, etc. The schedule for the internal auditor will be finalised at the start of the financial year and the quarterly internal audit report with the observations will be directly submitted to the PD. PMU Finance Officer will follow up on the settlement of the audit observations and report to the APD/PD. It will also be the responsibility of the PMU Finance Officer that appropriate corrective actions are taken and continued compliance. Any repeated observations in the internal audit will be a performance indicator of the finance staff. The external audit will be conducted for the whole 12 districts and the auditing firm will be selected on QCBS method. The internal auditors will be debarred from submitting proposals for the external audit. The Office of the Comptroller & Auditor General may also audit the programme as per their schedule and any observations/comments arising out of the CAG audit will be communicated to IFAD.

Financial reporting and submission of audit report will comply with the existing timelines followed. While reporting of financial achievements, cumulative for the entire programme and separate financial achievements for the old districts and new districts will have to be included.

Though the additional financing will be managed by the existing PMU, there are certain risks envisaged and the proposed mitigation measures are provided below:

| Risk category | Initial FM risk rating (H/M/L) | Proposed risk mitigation measures | Residual risk rating (H/M/L) |
|---|---|---|---|
| **Inherent Risks** | | | |
| Entity Level<br>There are multiple entities at different geographical locations. | **M** | Clear roles and responsibilities for, oversight and implementation responsibilities to be spelt out. Accounting Software with customisation of reporting will be installed at each of the DIOs. One of the essential qualification for the finance staff will be proficiency in the accounting software and all transactions will be carried out through software only. | **L** |
| **Control Risks** | | | |
| **Staffing**<br>The project management lack sufficient financial management capacity to perform the necessary FM functions. | **H** | PMU will recruit qualified finance staff with clear terms of reference from open market or existing government staff on deputation. It should be ensured that the tenure of the government staff should be at least for two year period. The newly engaged staff of one new district will be attached to one old district for a period of two weeks before starting their new assignment. | **M** |
| **Budgeting**<br>Lack of a comprehensive budget formulation and less than satisfactory execution | **M** | An annual work plan and budget will be prepared for each of the new districts and the financial budgets will be linked to physical outputs. This will provide a consolidated projection for each programme year and all sources of funding to undertake the activities will be indicated. PMU PTSLP will consolidate the annual plans and submit to IFAD for comments. The approved annual work plan will also be used as a management tool to identify the bottlenecks in implementation.<br>The quarterly financial statements of the implementing units will be used for variance analysis and corrective measures. PMU senior management will undertake quarterly review meetings for corrective measures. | **L** |
| **Funds flow & Disbursement Arrangements** | **M** | Currently there are no challenges for accessing the advance funding from the government. PMU will prepare the WAs once in a quarter subject to the minimum threshold limits indicated in the LTB. | **L** |
| **Financial Reporting and Monitoring** | **H** | To ensure financial reporting is done as per the format and as per the timeline, PMU will consolidate the accounts using the Administrator function in the software. A Fund Management System module available with the current software provider will be used for accurate financial reporting. | **L** |
| **Internal Audit**<br>**Frequency and the timeliness** | **H** | Internal Audit will be undertaken for every quarter by a Chartered Accountant firm. PMU Finance Officer will have the responsibility to ensure the compliance to the internal audit observations. Any repeated observations in a particular district will be included as a performance indicator of both DIO/District Finance Manager as well as PMU Finance Officer. | **M** |
| **Audit**<br>No effective follow-up and settlement of audit observations. | **H** | Private audit firms will be engaged through QCBS method for the external audit. The observations/ recommendations of the CAG audit (whenever conducted) and corrective action taken should be informed to IFAD. IFAD will also review the audit report and provide action points. The Supervision Mission will review the audit log and the settlement of audit observations and recurrence of observations. | **L** |
| **Overall Project**<br>**Fiduciary Risk** | **H** | | **L** |

## C. Procurement procedures

1. IFAD financed Post-Tsunami Sustainable Livelihood Programme in the Coastal Areas of Tamil Nadu follow IFAD Procurement Guidelines. Schedule 4 of the original Loan Agreement for 662-IN was amended in 2008. The new Procurement Guidelines approved at the 83rd Session of IFAD Executive Board in December 2004 were made applicable to the current loans (662-IN and 691-IN). Important changes incorporated were:

   i) Procurement Plan was made an integral part of AWPB;
   ii) Selection methods were specified for Goods and Works and Consultancy Services;
   iii) Domestic preference introduced and will be specified in the bidding documents;
   iv) IFAD Prior Review thresholds increased to USD 100,000 for award of any contract for procurement of goods and works from USD 50,000.

2. The Letter to the Borrower was issued in 2011 listed out the details for IFAD prior review requirements and contract management requirements.

**Procurement assessment of Programme Unit**

3. PMU, PTSLP follows IFAD Procurement Guidelines and prepares Procurement Plan. All procurement are as per the approved plan. There is no separate staff to handle procurement, but the Finance Officer and the Subject Matter Managers handle the respective procurement actions. A Procurement Committee is established to evaluate the bids and RFPs. The civil works estimates, evaluation, supervision and monitoring is done by the Engineering Unit of the PMU and in the districts. Compliance to IFAD prior review requirements are followed.

4. Some civil works are delayed due to availability of panchayat land and lack of interest from the civil contractors (due to small value). One reason for the lack of interest of contractors in some places could be that PMU does not provide any mobilisation advance and all payments are on reimbursement basis only. The last Supervision Mission highlighted certain quality issues on a particular work (Fish procurement centre). PMU has taken action to rectify the defects to ensure structural stability.

5. Overall, PMU maintains all documents related to procurement. In the districts the procurement being undertaken are small civil works and small goods procurement. All the consulting services are engaged from PMU level only.

### Procurement arrangements under Additional Financing

6. Procurement. Procurement of goods, works and services under PTSLP (including new districts under additional financing) financed by IFAD will be undertaken in accordance with IFAD's Procurement Guidelines and Handbook (dated September 2010) and as amended from time to time as an exception to the provisions of the General Conditions.

7. National Competitive Bidding, Shopping and Direct Contracting. Goods and Civil works a procured using NCB, Shopping and Direct Contracting will follow the procedures and processes defined in the Project. The details of selection method to be applied in case of consultancies and services such as Quality and Cost Based Selection, Fixed Budget Selection, Least Cost Selection, Consultants Qualification Selection and Single Source Selection will also follow the procedures and processes defined in the project. A sample Procurement Manual which will be applicable to IFAD projects is being prepared and this will help the projects in strengthening the procurement capacity and administration.

8. The procedures would be adapted and adopted in accordance with the provisions of IFAD Procurement Guidelines and the Procurement Handbook with the following emphasis to mitigate risk ensuring compliance to the provisions of the Procurement Guidelines:

(a) **Open Bid National/Local Competitive Bidding**: The Project will ensure the use of well-formulated bidding documents which will result in bid submissions that are free from qualifications.

(b) **Effective Advertisement.** Advertisement should be broad enough (using the appropriate media), giving enough time to bidders for preparing their bid. To the extent possible, bidding opportunities should also be advertised electronically. The minimum requirement should be: (i) Mandatory publication in one local newspaper in addition to the official gazette (if existent); (ii) Advertisement in the Web-page of the borrower; (iii) advertisement in State and District Tender Bulletins as per the appropriate threshold limits.

(c) **Eligibility.** Eligibility criteria and procedures should not deny bidders access to a bidding process or an award for reasons which are not related to their qualification to carry out the contract.

(d) **Qualification of Bidders.** The procedures should define post qualification as the preferred rule. Prequalification should be restricted to civil works especially for large or complex contracts or for special cases with due justification. The review of bidders' qualification should be conducted by examining whether the bidder does or does not meet qualification criteria and not by using a point system reflecting the bidders' qualification. Conducting a pre-selection instead of a pre-qualification should not be accepted, i.e., pre-qualification means that all candidates who have been determined to be qualified should be invited to bid whereas pre-selection means that the government agency is free to invite any of those candidates but does not have to invite all of them. No bidder should be disqualified due to bureaucratic or non-substantial reasons.

(e) **Standard Bidding Documents & Standard Contract:** Standard Bidding Documents are of paramount importance for transparency, speed of the process, increase competition and creation of capacity (standardization of procedures). The SBD to be used in all local open bidding processes and it should include: (i).Time to submit bid: minimum 30 days; (ii). Bids may be submitted by post or by hand; (iii) The estimated Budget could be disclosed (if local legislation so requires); (iv). Clear instructions on how to buy bidding documents indicating address and price to buy the bidding documents. (v) Clarifications to bidding documents should be in writing only; (vi) Amendments to bidding documents should be advertised with the same procedure used for advertisement of bidding documents; (vii) Number of Envelopes: use the same procedure for NCB (one envelope); (viii) Evaluation Criteria: the bid evaluation criteria should be non-discriminatory. It should be disclosed and rigorously quantified in monetary terms to define the "lowest evaluated bidder". This allows to indisputably identify the lowest evaluated responsive bid. Quantifying bid evaluation criteria in monetary terms is the only method that leads to transparent evaluation and that allows bidders to submit an effective protest to the awarding authority.

(f) **Bid & Performance security:** The PIM would prescribe the generally accepted practice used in the local market (securities issued by banks or by sureties). Alternative methods (like automatic penalty to bidders failing to honour a bid) in lieu of bid securities could be accepted. Retention of payment could also be used instead of performance security.

(g) Through effective mechanism complaints/protests pertaining to contract award should be addressed. Contracts should include a system for settlement of disputes. The use of a Dispute Resolution board should be encouraged before disputes be submitted to arbitration or to courts.

(h) Bid Opening. Public bid opening of all bids, and recording of the opening in minutes signed by all bidders in attendance is required. In addition:

(i) Late Bids should be rejected
(ii) Procedures for bid opening should be the same as those used for ICB.
(iii) Minutes should follow the same procedure as for ICB
(iv) Safeguard of price envelope (when two envelopes are used)

(i) **Confidentiality.** After bid opening and until contract award, all information about bids and their evaluation should be confidential. For transparency reasons, the evaluation report and all non-proprietary information could be made available to the public after an award recommendation has been published.

(j) **Evaluation of Bids.** Bids should be evaluated by a Procurement Evaluation committee. The Committee will recommend the award to the PD for approval. Wherever, IFAD Prior review is required, it has to be submitted for obtaining IFAD's no objection to the procurement process adopted and the recommendation of award.

(k) **Award Criteria.** The award should be made to the bidder having submitted the lowest evaluated responsive bid. Award of contract should be without negotiations, since negotiations would lead bidders not to submit their best bid at the time of bid submission and would affect the perception of transparency, one of the main benefits deriving from public bidding.

9. All procurement for goods, works and services financed from resources funded or administered by IFAD require bidding documents and the contracts to include a provision requiring suppliers, contractors and consultants ensure compliance with IFAD zero tolerance to anticorruption policy and to permit IFAD to inspect their accounts, records and other documents relating to the bid submission and contract performance, and to have them audited by IFAD-appointed auditors.

10. Procurement involving community participation. Under this method, Fish Marketing Societies and the Fishermen's Federation will construct their own office buildings based on the budget and the design approved by the Engineering Unit, PMU. As these are community organizations which cannot block their available funds for the construction materials, PMU will provide a mobilisation advance equivalent to the cost of materials required for the first milestone. Further payments will be released on achievement of indicated milestones. The mobilisation advance provided will be adjusted only in the final bill of settlement. The supervision and monitoring of the construction will be done by the DIO Engineers. PMU has agreed to this modality during the wrap up meeting of the design mission.

11. Procurement will be as per the Consolidated annual Procurement Plan submitted by PMU, PTSLP and approved by IFAD.

12. As provided in appendix I, paragraph 1 of IFAD's Procurement Guidelines, IFAD review of and no objection to the consolidated procurement plan is compulsory and the annual procurement plans submitted by the PMU must include as a minimum:

i) A brief description of each procurement activity to be undertaken during the period and name of the implementing agency responsible for the procurement;
ii) The estimate value of each procurement activity;
iii) The method of procurement to be adopted for each procurement activity and;
iv) The method of review IFAD will undertake for each procurement activity indicating either post review or prior review.

13. Any changes and amendments to the procurement plan shall be subject to IFAD's No Objection.

## Procurement Methods and Thresholds

14. Procurement of Goods and Works**.** Methods for procurement of goods/works as per thresholds is established as follows:

(a) Goods

i) National Competitive Bidding (NCB), for contract values greater than USD 30,000.
ii) National shopping for contracts less than USD 30,000 up to USD 3,000,
iii) Direct contracting for contracts below USD 3,000

(b) Works

i) National Competitive Bidding (NCB), for contract values greater than USD 50,000.
ii) National shopping for contracts less than USD 50,000
iii) Direct contracting for contracts below USD2,000
iv) Procurement involving community participation. FMS and District Fishermen's Federations will construct the office buildings proposed for them by themselves using local contractors selected through shopping or direct contracting.

(c) Consultancy and Services: Consulting service will include project management technical assistance, implementation support technical assistance for different components, conducting studies, mobilisation/establishment of community groups, technical training and strengthening of community groups, and monitoring and evaluation. Services would be provided by consulting firms and individual consultants.

i) Each contract for the selection of consultancy services estimated to cost USD 50,000 equivalent or above, shall be selected in accordance with the IFAD Procurement Guidelines following any one of the selection methods listed below:
   (i) Quality and Cost Based Selection (QCBS)
   (ii) Fixed Budget Selection (FBS)
   (iii) Least Cost Selection (LCS)

ii) Each contract for the selection of consultancy services estimated to cost below USD50,000 equivalent, shall be selected in accordance with the IFAD Procurement Guidelines following any one of the selection methods listed below:
   (iv) Quality and Cost Based Selection (QCBS)
   (v) Fixed Budget Selection (FBS)
   (vi) Least Cost Selection (LCS)
   (vii) Selection Based on Consultants Qualification (SBCQ)
   (viii) Single Source Selection (SSS)

15. Selection of individual consultants. Individual consultants are selected on the basis of their qualifications for the assignment of at least three candidates among those who have expressed interest in the assignment or have been approached directly by PMU or Implementing Agencies. Individuals employed by the PMU shall meet all relevant qualifications and shall be fully capable of carrying out the assignment. Capability is judged on the basis of academic background, experience and, as appropriate, knowledge of the local conditions, such as local language, culture, administrative system, and government organization.

16. Consultancy Services and Individual consultants may be selected on a sole-source basis with due justification in exceptional cases such as: (a) tasks that are a continuation of previous work that the consultant has carried out and for which the consultant was selected competitively; (b) assignments lasting less than six months; (c) emergency situations resulting from natural disasters; and (d) when the individual consultant or consulting firm is the only consultant qualified for the assignment.

17. The contracts of SIFFS and the existing resource institutions like CCD will be extended to deliver services in the additional districts. SIFFS is the sole agency which can work with the

fishermen's community for fisheries related activities. The additional financing will have to be used within three year period; hence well performing agencies will be continued. The agencies will submit a detailed work plan and budget which will be reviewed and approved by the PMU and IFAD.

## Review of Procurement Decisions by IFAD

18. IFAD will undertake to review the provisions for the procurement of good, works and services to ensure that the procurement process is carried out in conformity with its Procurement Guidelines. For the purposes of IFAD's Procurement Guidelines, the following procurement decisions shall be subject to prior review by the Fund for the award of any contract for goods, equipment, materials, works, consultancy and services.

i) Procurement of goods, materials and works

- (ix) Prequalification documents and shortlist when prequalification is undertaken;
- (x) Bid Documents for goods, materials and works;
- (xi) Evaluation Report and Recommendation for Award; and
- (xii) Contract and amendments.

ii) Procurement of consultancy services and services

- (xiii) Prequalification documents and shortlist when prequalification is undertaken;
- (xiv) Request for Proposal;
- (xv) Technical evaluation report;
- (xvi) Combined (technical and financial) evaluation report and the recommendation for award; and
- (xvii) Contract and amendments.

**Contract Management**

19. A record of contracts awarded by the lead project agency during a calendar month that are expected to be financed – in part or in full – by proceeds of the IFAD financing must be submitted to IFAD in the format of Register of Contracts. A copy of this format is provided as Form C-10 of the Loan Disbursement Handbook, indicating the information required for due completion. When a contract is amended, the amendment will be recorded in the Register of Contracts for the reporting calendar month in which the amendment occurred. All contracts, whether prior or post review by IFAD will be included in the Register of Contracts. A copy of the Register of Contracts will have to be submitted along with the Withdrawal Applications.

**Supervision Arrangements**

20. During IFAD Supervision Missions and Follow up Missions, the FM and Procurement Specialist will review the documentation of post-review procurements on a test check basis for compliance to the procurement principles and processes and also to the approved procurement plan. FM&P Specialist will also review the implementation of the contracts awarded through IFAD prior review requirements. This is required to review the timeliness and adequacy of responding to IFAD observations on the bidding documents and the entire process.

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# Appendix- 8: Compliance with Financing Agreement: Status of Implementation[36]

| Section | Covenant | Target/Action Due Date | Compliance Status/Date |
|---|---|---|---|
| **Section 3.01** | Programme Implementation | The borrower declares its commitment to the goals and purposes of the programme as stated in Schedule 1 and, in furtherance of such goals and purposes, the Borrower shall ensure that the State, the Loan Programme Agency and each of the other programme parties shall carry out the programme | Loan agreement signed on 11th November 2005 |
| **Section 3.02** | Annual Work Plans and Budget | Two months before the start of the Programme year | Being complied |
| **Section 3.03** | Programme Account | PMU to open and maintain a Project Account in a commercial bank | Complied |
| **Section 3.04** | Availability of Loan Proceeds | The Borrower shall make the proceeds of the Loan available to the State in accordance with its applicable procedures for the transfer of external assistance to carry out the programme | Complied |
| **Section 3.05** | Availability of Additional Resources | In addition to the proceeds of the Loan, the Borrower shall make available to the state, the Lead Programme Agency and each other programme party promptly as needed such funds, facilities, services and other resources may be required from time to time to carry out the programme in accordance with this agreement | On going |
| **Section 3.06** | Channelling of Programme Resources | The State, through the Rural Development Department, shall transfer available funds and other resources called for in the AWPBs to the Lead Programme Agency in accordance with the TNCDW MoU to carry out the Programme. | On going |
| **Section 3.07** | Procurement | All procurement financed by the proceeds of the Loan shall be carried out in accordance with Schedule 4. | Being complied |
| **Section 3.08** | Programme Completion Date | The Programme Parties shall complete the implementation of the Programme on or before the Programme completion date. | Not yet due |
| **Section 4.01** | Monitoring | Monitoring & Evaluation wing for continuous monitoring | Complied |
| **Section 4.02** | Progress Report | The PMU shall submit to the Fund and the Cooperating Institution quarterly and consolidated six-month and annual progress report on Programme implementation | Partially Complied. Annual Reports being submitted. |
| **Section 4.03** | Mid-Term Review | The Borrower, the State, the Lead Programme Agency, the Fund and the Cooperating Institution, shall jointly carry out a review of Programme implementation no later than the end of thirty-sixth month. | Complied |
| **Section 4.04** | Completion Report | The PMU shall submit to the Fund and the Cooperating Institution the completion report on the Programme. | Not due. |
| **Section 4.05** | Evaluations | The Borrower and each programme party shall facilitate all evaluations and review of the programme that the fund may carry out during the Programme Implementation period and for ten years thereafter. | On going |
| **Section 5.01** | Financial Reports | Six monthly and annual reports to be submitted within 4 months | Partly complied, only annual report. |

[36] Source: IFAD Project Supervision Report, 2015

| Section | Covenant | Target/Action Due Date | Compliance Status/Date |
|---|---|---|---|
| **Section 5.02** | Audit report submitted to IFAD. | Within 90 days after the Effective Date, the Lead Programme Agency shall appoint with the prior approval of the Fund and the State, independent auditors in accordance with the procedures and criteria set forth in the Fund's Guidelines on Project Audits to audit the annual consolidated Financial Statements relating to the programme. | Complied. 2013-14 audit report was submitted before the timeline. |
| **Section 6.01** | Suspension | The Fund may suspend, in whole or in part, the right of the Borrower to request withdrawals from the Loan Account. | Not applicable |
| **Section 6.02** | Cancellation | The Fund may terminate the right of the Borrower to request withdrawals from the Loan Account in accordance with Section 12.02 of the General Conditions, upon the occurrence of any of the events set forth therein, or if the Mid-Term Review has recommended that the programme be terminated | Not applicable |
| **Section 6.03** | Acceleration | The Fund may declare the outstanding principal amount of the Loan, together with all accrued and unpaid service charge thereon, immediately due and payable in accordance with Section 12.05 of the General Conditions, upon the occurrence of any of the events set forth therein. | Not applicable |
| **Section 6.04** | Other Remedies | The remedies of the Fund set forth in this Article shall not limit or otherwise prejudice any rights or remedies available to the Fund under the General Conditions or otherwise. | Not applicable |
| **Section 7.01** | Conditions Precedent to Effectiveness | This agreement shall become effective in accordance with Article XIII of the General Conditions | Complied |
| Section 4(ii) | Overall Programme Conditions Precedent to Withdrawals | The PMU shall have selected the 200 programme villages for Programme Implementation in accordance with selection criteria approved by the fund. | Complied for 114 Coastal Panchayats. Loan Amendment carried out to correct the number of coastal Panchayats. . |
| **SCHEDULE 2**<br>**Section 1** | Conditions Precedent to Withdrawals- VCF | No withdrawals shall be made in respect of expenditures under the Venture Capital Fund (VCF) Component (paragraph 5.B .(i) of Schedule 1) | Loan amendment carried out to rename the VCF as Patient Capital and related formalities. |

# Appendix 9: Programme costs and financing

This Appendix describes the assumptions underlying the derivation of the project costs and financing plan. Project cost estimates are based on field data as of August 2013 and was prepared using costab version 3.01. Key assumptions employed in cost estimates are (i) a three year period implementation period starting from April 2016, (ii) price contingencies at a 6% and staff salaries at 10% increment a year, (iii) an exchange rate of INR 63 to one USD, (iv) taxes and duties are excluded from reimbursement by IFAD and (iv) application of IFAD financing rules for reimbursement as per ongoing PTSLP. Based on the current prices, the total project costs are tentatively estimated at INR 2,768.70 million (USD 43.95 million) as summarised in Table-1 below.

### Table 1: Project Cost by Component

India
Taminnadu: PTSLP-Additional Financing
**Components Project Cost Summary**

| | (INR '000) Total | (USD '000) Total | % Total Base Costs |
|---|---|---|---|
| **A. Coastal Areas Resource management** | | | |
| 1. Community Resources Planning | 282,655 | 4,487 | 11 |
| 2. Commuinty Support | 100,046 | 1,588 | 4 |
| 3. Fisheries Resources Management | 129,618 | 2,057 | 5 |
| **Subtotal Coastal Areas Resource management** | 512,319 | 8,132 | 20 |
| **B. Employment Generation & Skills Training** | | | |
| 1. Agriculture and off-farm enterprises | 1,498,876 | 23,792 | 58 |
| 2. Fish Marketing Societies | 295,775 | 4,695 | 12 |
| 3. Vocational Training | 100,000 | 1,587 | 4 |
| **Subtotal Employment Generation & Skills Training** | 1,894,651 | 30,074 | 74 |
| **C. Programme Management** | | | |
| 1. Project Management Unit | 42,410 | 673 | 2 |
| 2. District Implementation Offices | 90,390 | 1,435 | 4 |
| 3. Project Monotoring & Evaluation | 27,723 | 440 | 1 |
| **Subtotal Programme Management** | 160,523 | 2,548 | 6 |
| **Total BASELINE COSTS** | 2,567,493 | 40,754 | 100 |
| Physical Contingencies | 80,956 | 1,285 | 3 |
| Price Contingencies | 120,247 | 1,909 | 5 |
| **Total PROJECT COSTS** | 2,768,696 | 43,948 | 108 |

### Table 2: Financing Plan by Expenditure Accounts

India
Taminnadu: PTSLP-Additional Financing
**Disbursement Accounts by Financiers**

(USD '000)

| | GOTN Amount | GOTN % | Banks Amount | Banks % | IFAD Amount | IFAD % | Beneficiaries Amount | Beneficiaries % | Total Amount | Total % |
|---|---|---|---|---|---|---|---|---|---|---|
| 1. Civil Works | 1,394 | 25.0 | - | - | 4,183 | 75.0 | - | - | 5,577 | 12.7 |
| 2. Grants, subsidies | - | - | - | - | 5,737 | 100.0 | - | - | 5,737 | 13.1 |
| 3. Institutional Credit | - | - | 14,857 | 100.0 | - | - | - | - | 14,857 | 33.8 |
| 4. Vehicles | 30 | 30.0 | - | - | 71 | 70.0 | - | - | 101 | 0.2 |
| 5. Equipment and materials | 37 | 10.0 | - | - | 317 | 86.5 | 13 | 3.5 | 366 | 0.8 |
| 6. Training & workshops | - | - | - | - | 2,423 | 100.0 | - | - | 2,423 | 5.5 |
| 7. Goods, services and inputs | 603 | 5.3 | 115 | 1.0 | 6,508 | 56.6 | 4,264 | 37.1 | 11,490 | 26.1 |
| 8. Consultancies, TA and services | - | - | - | - | 856 | 100.0 | - | - | 856 | 1.9 |
| 9. Salaries & Allowances | 413 | 25.0 | - | - | 1,239 | 75.0 | - | - | 1,652 | 3.8 |
| 10. Operating costs | 222 | 25.0 | - | - | 666 | 75.0 | - | - | 888 | 2.0 |
| **Total PROJECT COSTS** | 2,700 | 6.1 | 14,972 | 34.1 | 21,999 | 50.1 | 4,277 | 9.7 | 43,948 | 100.0 |

## Table-3 IFAD Financing Amounts and percentage of financing by Category

India
Taminnadu: PTSLP-Additional Financing
Disbursement Accounts by Financiers
**Amount in 1000 USD**

| | Costab Code | IFAD Amount | Financing Rule % | Eligible Expenditure |
|---|---|---|---|---|
| 1. Civil Works | CW | 4,183 | 75.0 | 5,577 |
| 2. Grants, subsidies | GRANTS | 5,737 | 100.0 | 5,737 |
| 3. Institutional Credit | CREDIT | - | - | |
| 4. Vehicles | VEHICLES | 71 | 70.0 | 101 |
| 5. Equipment and materials | EQUIP | 317 | 90.0 | 366 |
| 6. Training & workshops | TRAINING | 2,423 | 100.0 | 2,423 |
| 7. Goods, services and inputs | GSI | 6,508 | 90.0 | 6,508 |
| 8. Consultancies, TA and services | CTS | 856 | 100.0 | 856 |
| 9. Salaries & Allowances | SAA | 1,239 | 75.0 | 1,652 |
| 10. Operating costs | OC | 666 | 75.0 | 888 |
| **Total PROJECT COSTS** | | 21,999 | | 24,108 |

Notes

1, Civil works include livelihoods common infrastructure, PLF office building, FMS office building, market-sheds, auction halls, drying yards and stockyard for sea-weed collectors;

2. Grants and subsidies include risk funds, support to JLGs, debt-redemption fund, artificial reef etc

3. Credit includes all types of institutional credits

4. Vehicles include purchase of vehicles for PMU and DIOs

5. Equipment and materials as listed in costab

6. Training and workshops as listed in costab

7. Goods, services and inputs include service providers' overheads, establishment of federations and all items included under sub-component "Agriculture and Off-farm enterprises"

8. Consultancies and TA include all technical services

9. Salaries and allowances include incremental staff salaries and allowances to PMU and DIOs

10. Operating costs include office operating costs of PMU and DIOs

Note for Schedule 2,

a) Grants and Subsidies, Training and Consulting services, TA and Other Services can be combined in to one category as these are 100% reimbursement; artificial reef being a demo, is included under Grants category; and

b) Salary and Allowances and office Operating Costs can be combined

# Cost Tables

## Detailed Cost Tables (Amounts in INR)

## Table 1.1: Community Resources Planning

India
Taminnadu: PTSLP-Additional Financing
Table 1.1. Community Resources Planning (sub-comp: 1.1)

| Detailed Costs | Unit | Quantities | | | | Unit Cost | Totals Including Contingencies (INR '000) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 16/17 | 17/18 | 18/19 | Total | (INR) | 16/17 | 17/18 | 18/19 | Total | Disb. Acct. |
| **I. Investment Costs** | | | | | | | | | | | |
| **A. Resources planning** | | | | | | | | | | | |
| 1. Livelihoods mapping /a | PLF | 121 | - | - | 121 | 30,000 | 4,113 | - | - | 4,113 | TRAINING_DA |
| 2. Development of micro-plan | PLF | 121 | - | - | 121 | 10,000 | 1,371 | - | - | 1,371 | TRAINING_DA |
| **3. Bi-annual review planning /b** | | | | | | | | | | | |
| Community exposure visits | LS | 60 | 60 | 60 | 180 | 30,000 | 1,854 | 1,965 | 2,083 | 5,902 | CTS_DA |
| 4. Livelihoods common infrastructure /c | PLF | 61 | 60 | - | 121 | 1,250,000 | 86,298 | 89,791 | - | 176,089 | CW_DA |
| **5. Training PLF & SHG members** | | | | | | | | | | | |
| Awareness training | SHG | 1,500 | 2,500 | - | 4,000 | 500 | 850 | 1,501 | - | 2,351 | TRAINING_DA |
| Financial training | LS | 121 | 121 | - | 242 | 5,000 | 623 | 661 | - | 1,284 | TRAINING_DA |
| Governance training | PLF | 121 | 121 | - | 242 | 5,000 | 685 | 727 | - | 1,412 | TRAINING_DA |
| Insurance literacy | PLF | 121 | 121 | - | 242 | 5,000 | 685 | 727 | - | 1,412 | TRAINING_DA |
| Engaging auditors /d | SHG | 4,000 | - | - | 4,000 | 600 | 2,719 | - | - | 2,719 | TRAINING_DA |
| **Subtotal Training PLF & SHG members** | | | | | | | 5,563 | 3,615 | - | 9,178 | |
| **6. Support to PLF** | | | | | | | | | | | |
| PLF office building | PLF | 61 | 60 | - | 121 | 1,000,000 | 69,038 | 71,833 | - | 140,871 | CW_DA |
| PLF office equipment | PLF | 61 | 60 | - | 121 | 100,000 | 6,881 | 7,116 | - | 13,997 | EQUIP_DA |
| **Subtotal Support to PLF** | | | | | | | 75,920 | 78,948 | - | 154,868 | |
| 7. Service providers overhead | PLF | 61 | 60 | - | 121 | 150,000 | 10,367 | 10,809 | - | 21,176 | GSI_DA |
| **Total** | | | | | | | 185,486 | 185,129 | 2,083 | 372,697 | |

\a including wealth ranking
\b consisting of PLF, NGO, SHGs
\c such as auction halls, net-mending halls, link-roads, fish-selling site, office-buildings, water supply system etc
\d one time support

## Table 1.2: Community Support

India
Taminnadu: PTSLP-Additional Financing
Table 1.2. Community Support (sub-comp: 1.2)

| Detailed Costs | Unit | Quantities 16/17 | Quantities 17/18 | Quantities 18/19 | Quantities Total | Unit Cost (INR) | Totals Including Contingencies (INR '000) 16/17 | 17/18 | 18/19 | Total | Expenditure Account |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **I. Investment Costs** | | | | | | | | | | | |
| **A. Cluster resource centre (CRC) /a** | | | | | | | | | | | |
| **1. Equipments** | | | | | | | | | | | |
| Desktop computers | CRC | 30 | - | - | 30 | 40,000 | 1,354 | - | - | 1,354 | EQUIP_EA |
| Printers | CRC | 30 | - | - | 30 | 10,000 | 308 | - | - | 308 | EQUIP_EA |
| UPS | CRC | 30 | - | - | 30 | 12,000 | 369 | - | - | 369 | EQUIP_EA |
| furniture set | CRC | 30 | - | - | 30 | 10,000 | 308 | - | - | 308 | EQUIP_EA |
| other equipments | CRC | 30 | - | - | 30 | 10,000 | 308 | - | - | 308 | EQUIP_EA |
| **Subtotal Equipments** | | | | | | | 2,646 | - | - | 2,646 | |
| 2. Risk fund | PLF | 50 | 63 | - | 113 | 300,000 | 15,000 | 18,900 | - | 33,900 | GRANTS_EA |
| 3. Service providers overhead | CRC | 30 | 30 | 30 | 90 | 150,000 | 5,099 | 5,404 | 5,729 | 16,232 | GSI_EA |
| **Subtotal Cluster resource centre (CRC)** | | | | | | | 22,744 | 24,304 | 5,729 | 52,778 | |
| **B. Support to PLFs** | | | | | | | | | | | |
| **1. Support to PLF** | | | | | | | | | | | |
| PLF restructuring | PLF | 60 | - | - | 60 | 10,000 | 680 | - | - | 680 | TRAINING_EA |
| Sitting charges to EC members | PLF | 113 | 113 | 113 | 339 | 3,600 | 461 | 489 | 518 | 1,467 | TRAINING_EA |
| Facilitating insurance products | PLF | 113 | 113 | 113 | 339 | 6,000 | 768 | 814 | 863 | 2,446 | TRAINING_EA |
| **Subtotal Support to PLF** | | | | | | | 1,909 | 1,303 | 1,381 | 4,593 | |
| **Total Investment Costs** | | | | | | | 24,653 | 25,607 | 7,110 | 57,370 | |
| **II. Recurrent Costs** | | | | | | | | | | | |
| **A. Cluster resource centres /b** | | | | | | | | | | | |
| **1. Salaries & allowances** | | | | | | | | | | | |
| Cluster coordinator | pers_month | 252 | 252 | 252 | 756 | 18,000 | 4,672 | 4,952 | 5,250 | 14,874 | SAA_EA |
| Cluster facilitators | pers_month | 252 | 252 | 252 | 756 | 12,000 | 3,115 | 3,302 | 3,500 | 9,916 | SAA_EA |
| Cluster business promoters | pers_month | 252 | 252 | 252 | 756 | 12,000 | 3,115 | 3,302 | 3,500 | 9,916 | SAA_EA |
| Annual backstopping | CRC | 30 | 30 | 30 | 90 | 30,000 | 927 | 983 | 1,042 | 2,951 | SAA_EA |
| **Subtotal Salaries & allowances** | | | | | | | 11,829 | 12,538 | 13,291 | 37,657 | |
| **2. Other expenses** | | | | | | | | | | | |
| Office rent | CRC_year | 30 | 30 | 30 | 90 | 36,000 | 1,112 | 1,179 | 1,250 | 3,541 | OC_EA |
| Travel expenses | CRC_year | 30 | 30 | 30 | 90 | 72,000 | 2,225 | 2,358 | 2,500 | 7,083 | OC_EA |
| Stationaries | CRC_year | 30 | 30 | 30 | 90 | 12,000 | 371 | 393 | 417 | 1,180 | OC_EA |
| Other expenses | CRC_year | 30 | 30 | 30 | 90 | 12,000 | 371 | 393 | 417 | 1,180 | OC_EA |
| **Subtotal Other expenses** | | | | | | | 4,079 | 4,324 | 4,583 | 12,985 | |
| **Total Recurrent Costs** | | | | | | | 15,907 | 16,862 | 17,873 | 50,643 | |
| **Total** | | | | | | | 40,561 | 42,469 | 24,983 | 108,013 | |

Table 1.3: Fisheries Resources Management

India
Taminnadu: PTSLP-Additional Financing
Table 1.3. Fisheries Resources Management (su

| Detailed Costs | Unit | Quantities 16/17 | 17/18 | 18/19 | Total | Unit Cost (INR) | Totals Including Contingencies (INR '000) 16/17 | 17/18 | 18/19 | Total | Other Accounts Disb. Acct. | Fin. Rule |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **I. Investment Costs** | | | | | | | | | | | | |
| **A. Workshops** | | | | | | | | | | | | |
| 1. At cluster level | workshop | 6 | 6 | 6 | 18 | 1,000 | 6 | 7 | 7 | 20 | TRAINING_DA | IFAD ( 100% ) |
| 2. At state level | workshop | 1 | - | 1 | 2 | 300,000 | 309 | - | 347 | 656 | TRAINING_DA | IFAD ( 100% ) |
| **Subtotal Workshops** | | | | | | | 315 | 7 | 354 | 676 | | |
| **B. Resource Management Studies** | | | | | | | | | | | | |
| 1. Studies /a | each | 2 | - | - | 2 | 1,000,000 | 2,060 | - | - | 2,060 | CTS_DA | IFAD ( 100% ) |
| **C. Pilot initiatives /b** | | | | | | | | | | | | |
| **1. Artificial reef** | | | | | | | | | | | | |
| Feasibility study by CMFRI | LS | 3 | 3 | - | 6 | 150,000 | 450 | 450 | - | 900 | GRANTS_DA | IFAD ( 100% ) |
| Fabrication of reef materials | LS | 3 | 3 | - | 6 | 14,500,000 | 43,500 | 43,500 | - | 87,000 | GRANTS_DA | IFAD ( 100% ) |
| Deployment | LS | 3 | 3 | - | 6 | 5,250,000 | 15,750 | 15,750 | - | 31,500 | GRANTS_DA | IFAD ( 100% ) |
| Miscellaneous expenses | LS | 3 | 3 | - | 6 | 100,000 | 300 | 300 | - | 600 | GRANTS_DA | IFAD ( 100% ) |
| **Subtotal Artificial reef** | | | | | | | 60,000 | 60,000 | - | 120,000 | | |
| 2. Other Pilot initiatives | LS | | | | | | 3,500 | 3,500 | - | 7,000 | GRANTS_DA | IFAD ( 100% ) |
| **Subtotal Pilot initiatives** | | | | | | | 63,500 | 63,500 | - | 127,000 | | |
| **Total** | | | | | | | 65,875 | 63,507 | 354 | 129,736 | | |

\a includes studies on various aspects of managing fisheries resources
\b includes support for pilot initaitives to improve fisheries management

## Table 2.1: Agriculture and off-farm livelihoods enterprises

India
Taminnadu: PTSLP-Additional Financing
Table 2.1. Agriculture and off-farm livelihoods enterprises (sub-comp: 2.1)

| Detailed Costs | Unit | Quantities | | | | Unit Cost | tals Including Contingencies (INR '000) | | | | Expenditure |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 16/17 | 17/18 | 18/19 | Total | (INR) | 16/17 | 17/18 | 18/19 | Total | Account |
| **I. Investment Costs** | | | | | | | | | | | |
| **A. Agricultural and off-farm enterprises** | | | | | | | | | | | |
| 1. IGA training to women | person | 2,000 | 3,000 | 1,000 | 6,000 | 2,500 | 5,665 | 9,007 | 3,183 | 17,855 | TRAINING_EA |
| **2. Agricultural enterprises /a** | | | | | | | | | | | |
| Organic cultivation of chilli, corinder | acre | 200 | 500 | 300 | 1,000 | 25,000 | 5,665 | 15,012 | 9,548 | 30,225 | GSI_EA |
| Drumstick cultivation | acre | 10 | 20 | 20 | 50 | 25,000 | 283 | 600 | 637 | 1,520 | GSI_EA |
| Paddy seed replacement | acre | 500 | 1,000 | 500 | 2,000 | 5,000 | 2,833 | 6,005 | 3,183 | 12,020 | GSI_EA |
| Solar dryers for chilli | each | - | 10 | 20 | 30 | 150,000 | - | 1,801 | 3,819 | 5,621 | GSI_EA |
| **Subtotal Agricultural enterprises** | | | | | | | 8,781 | 23,419 | 17,186 | 49,386 | |
| **3. Sea-weed cultivation** | | | | | | | | | | | |
| Sea-weed cultivation | unit | 200 | 500 | 300 | 1,000 | 20,000 | 4,532 | 12,010 | 7,638 | 24,180 | GSI_EA |
| **4. Livestock units** | | | | | | | | | | | |
| Cattle dairy units /b | each | 100 | 200 | 200 | 500 | 10,000 | 1,133 | 2,402 | 2,546 | 6,081 | GSI_EA |
| Goat unit (4 does) | each | 500 | 1,000 | 500 | 2,000 | 5,000 | 2,833 | 6,005 | 3,183 | 12,020 | GSI_EA |
| **Subtotal Livestock units** | | | | | | | 3,966 | 8,407 | 5,729 | 18,101 | |
| **5. Support to JLGs** | | | | | | | | | | | |
| Support to JLG /c | JLG | 200 | 500 | 300 | 1,000 | 50,000 | 10,000 | 25,000 | 15,000 | 50,000 | GRANTS_EA |
| **6. Credit support to JLG, SHGs & others** | | | | | | | | | | | |
| Institutional credit to JLGs /d | JLG | 200 | 500 | 300 | 1,000 | 150,000 | 30,000 | 75,000 | 45,000 | 150,000 | CREDIT_EA |
| Institional credit to SHGs | SHG | 1,000 | 1,500 | 500 | 3,000 | 150,000 | 150,000 | 225,000 | 75,000 | 450,000 | CREDIT_EA |
| Credit to individual farmers | each | 3,000 | 9,000 | 9,000 | 21,000 | 15,000 | 45,000 | 135,000 | 135,000 | 315,000 | CREDIT_EA |
| **Subtotal Credit support to JLG, SHGs & others** | | | | | | | 225,000 | 435,000 | 255,000 | 915,000 | |
| **7. Beneficiary contribution** | | | | | | | | | | | |
| JLG | each | 200 | 500 | 300 | 1,000 | 5,000 | 1,133 | 3,002 | 1,910 | 6,045 | GSI_EA |
| SHG | each | 1,000 | 1,500 | 500 | 3,000 | 15,000 | 16,995 | 27,022 | 9,548 | 53,565 | GSI_EA |
| Farmers | each | 3,000 | 9,000 | 9,000 | 21,000 | 7,500 | 25,493 | 81,066 | 85,930 | 192,489 | GSI_EA |
| **Subtotal Beneficiary contribution** | | | | | | | 43,621 | 111,091 | 97,387 | 252,099 | |
| **8. Sub-sector studies,services, pilots** | | | | | | | | | | | |
| Studies /e | studies | 10 | - | - | 10 | 600,000 | 6,180 | - | - | 6,180 | CTS_EA |
| Support services /f | LS | 20 | 20 | - | 40 | 300,000 | 6,180 | 6,551 | - | 12,731 | GSI_EA |
| Field pilot activities /g | LS | 10 | 10 | - | 20 | 2,500,000 | 25,750 | 27,295 | - | 53,045 | GSI_EA |
| **Subtotal Sub-sector studies,services, pilots** | | | | | | | 38,110 | 33,846 | - | 71,956 | |
| **9. Agri-processing units /h** | | | | | | | | | | | |
| Millet processing unit | each | - | 1 | 1 | 2 | 18,000,000 | - | 21,618 | 22,915 | 44,532 | GSI_EA |
| Dal processing units | each | - | 1 | 1 | 2 | 3,950,000 | - | 4,744 | 5,029 | 9,772 | GSI_EA |
| Coconut oil (cold press) unit | each | - | 1 | - | 1 | 8,300,000 | - | 9,968 | - | 9,968 | GSI_EA |
| Puffed rice unit | each | - | 1 | 1 | 2 | 1,800,000 | - | 2,162 | 2,291 | 4,453 | GSI_EA |
| Beaten-rice production unit | each | - | 1 | 1 | 2 | 3,350,000 | - | 4,023 | 4,265 | 8,288 | GSI_EA |
| Production of hand-pound rice | each | - | 1 | 1 | 2 | 1,500,000 | - | 1,801 | 1,910 | 3,711 | GSI_EA |
| Working capital loan | LS | - | 7 | 7 | 14 | 1,500,000 | - | 10,500 | 10,500 | 21,000 | CREDIT_EA |
| **Subtotal Agri-processing units** | | | | | | | - | 54,816 | 46,909 | 101,725 | |
| 10. Service providers overhead | month | 12 | 12 | 12 | 36 | 125,000 | 1,700 | 1,801 | 1,910 | 5,411 | GSI_EA |
| **Subtotal Agricultural and off-farm enterprises** | | | | | | | 341,373 | 714,397 | 449,941 | 1,505,712 | |

## Table 2.1 ….continued

India
Taminnadu: PTSLP-Additional Financing
Table 2.1. Agriculture and off-farm livelihoods enterprises (sub-comp: 2.1)

| Detailed Costs | Unit | Quantities 16/17 | 17/18 | 18/19 | Total | Unit Cost (INR) | tals Including Contingencies (INR '000) 16/17 | 17/18 | 18/19 | Total | Expenditure Account |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **I. Investment Costs** | | | | | | | | | | | |
| **B. Primary producer groups/ collectives** | | | | | | | | | | | |
| **1. Institution building** | | | | | | | | | | | |
| Formation of PPG /i | PPG | 200 | 300 | - | 500 | 6,000 | 1,360 | 2,162 | - | 3,521 | GSI_EA |
| Capacity building /j | PPG | 200 | 300 | - | 500 | 10,000 | 2,266 | 3,603 | - | 5,869 | GSI_EA |
| Technology training /k | PPG | 200 | 300 | - | 500 | 10,000 | 2,266 | 3,603 | - | 5,869 | GSI_EA |
| Federating PPG | PPG | 200 | 300 | - | 500 | 600 | 136 | 216 | - | 352 | GSI_EA |
| Registration of Federation | LS | - | 1 | - | 1 | 90,000 | - | 108 | - | 108 | GSI_EA |
| **Subtotal Institution building** | | | | | | | 6,028 | 9,692 | - | 15,719 | |
| **2. Action research and markets study** | | | | | | | | | | | |
| Production practices | each | 12 | 12 | 12 | 36 | 25,000 | 340 | 360 | 382 | 1,082 | GSI_EA |
| Markets study /l | each | 3 | 3 | - | 6 | 100,000 | 340 | 360 | - | 700 | GSI_EA |
| **Subtotal Action research and markets study** | | | | | | | 680 | 721 | 382 | 1,782 | |
| **3. Raw materials procurement** | | | | | | | | | | | |
| Aggregation centres /m | PPG cluster | 10 | 25 | - | 35 | 360,000 | 4,079 | 10,809 | - | 14,888 | GSI_EA |
| Equipment, accessories /n | Cluster | 10 | 25 | - | 35 | 26,400 | 299 | 793 | - | 1,092 | GSI_EA |
| Hiring of transport vehicles | PPG cluster | 10 | 35 | 35 | 80 | 250,000 | 2,833 | 10,509 | 11,139 | 24,480 | GSI_EA |
| **Subtotal Raw materials procurement** | | | | | | | 7,210 | 22,110 | 11,139 | 40,460 | |
| **4. Inputs centres** | | | | | | | | | | | |
| Rentals for each centre | PPG cluster | 10 | 35 | 35 | 80 | 30,000 | 340 | 1,261 | 1,337 | 2,938 | GSI_EA |
| Staff support for inputs centres | PPG cluster | 10 | 35 | 35 | 80 | 90,000 | 1,020 | 3,783 | 4,010 | 8,813 | GSI_EA |
| **Subtotal Inputs centres** | | | | | | | 1,360 | 5,044 | 5,347 | 11,750 | |
| **5. M&E support** | | | | | | | | | | | |
| Buyer-seller meet | district | - | 6 | 6 | 12 | 75,000 | - | 540 | 573 | 1,113 | GSI_EA |
| Stakeholder consultation | district | 6 | 6 | 6 | 18 | 40,000 | 272 | 288 | 306 | 866 | GSI_EA |
| Reports, publication, video | district | 6 | 6 | 6 | 18 | 45,000 | 306 | 324 | 344 | 974 | GSI_EA |
| Federation meetings | meeting | 72 | 72 | 72 | 216 | 3,000 | 245 | 259 | 275 | 779 | GSI_EA |
| Cluster meetings | meet | 52 | 52 | 52 | 156 | 1,500 | 88 | 94 | 99 | 281 | GSI_EA |
| **Subtotal M&E support** | | | | | | | 911 | 1,506 | 1,596 | 4,013 | |
| **6. NGO staff salaries** | | | | | | | | | | | |
| Cluster coordinators (12) | pers_month | 144 | 144 | 144 | 432 | 10,000 | 1,632 | 1,729 | 1,833 | 5,194 | GSI_EA |
| Field coordinators,6 | pers_month | 72 | 72 | 72 | 216 | 25,000 | 2,039 | 2,162 | 2,291 | 6,493 | GSI_EA |
| Travel & communication | pers_month | 72 | 72 | 72 | 216 | 5,000 | 408 | 432 | 458 | 1,299 | GSI_EA |
| NGO overheads /o | month | 12 | 12 | 12 | 36 | 125,000 | 1,700 | 1,801 | 1,910 | 5,411 | GSI_EA |
| **Subtotal NGO staff salaries** | | | | | | | 5,778 | 6,125 | 6,492 | 18,396 | |
| **Subtotal Primary producer groups/ collectives** | | | | | | | 21,967 | 45,198 | 24,957 | 92,121 | |
| **Total** | | | | | | | 363,340 | 759,595 | 474,898 | 1,597,833 | |

\a FFS or JLG mode
\b a two cattle unit
\c routed through NABFINS
\d Financed by NABFINS
\e includes potentials for up-scaling and market linkages
\f for sub-sector enterprises, includes 20 sub-sector per district at Rs. 250000
\g usch as cage fishery, ornamental fishery, mud-crab fattening, pearl fishery etc
\h Each with a 1000 participating farmers
land, building, water, electricity by respective federations
\i In all 9000 farmers
\j to the PPG members, leaders, accountants, EDP etc
\k This includes productivity improvement, reducing production costs, value addition, marketing etc
\l covering commission agents, traders, retail outlets, weekly markets,
whole sale markets etc
\m a cluster of 12 PPG for each aggregation centre
\n each cluster of 12 PPGs
\o Assuming at a 10% over annual expenditures

## Table 2.2: Fish Marketing Societies

India
Taminnadu: PTSLP-Additional Financing
Table 2.2. Fish Marketing Societies (sub-comp: 2.2)

| Detailed Costs | Unit | Quantities 16/17 | Quantities 17/18 | Quantities 18/19 | Quantities Total | Unit Cost (INR) | Totals Including Contingencies (INR '000) 16/17 | 17/18 | 18/19 | Total | Expenditure Account |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **I. Investment Costs** | | | | | | | | | | | |
| **A. Fisher marketing societies** | | | | | | | | | | | |
| FMS office building | each | 17 | 29 | 4 | 50 | 850,000 | 16,354 | 29,511 | 4,306 | 50,172 | CW_EA |
| Market shed | each | 17 | 29 | 4 | 50 | 225,000 | 4,329 | 7,812 | 1,140 | 13,281 | CW_EA |
| Auction hall at market | each | - | 4 | 4 | 8 | 1,060,000 | - | 5,076 | 5,370 | 10,446 | CW_EA |
| Support to thermocol fishers | | | | | | | | | | | |
| supply of ice-boxes /a | each | 50 | 250 | 200 | 500 | 3,000 | 169 | 889 | 748 | 1,807 | EQUIP_EA |
| **Subtotal Fisher marketing societies** | | | | | | | 20,852 | 43,289 | 11,564 | 75,706 | |
| **B. Debt redemption to fishers** | | | | | | | | | | | |
| FMS fishers | fishers | 560 | 1,150 | 290 | 2,000 | 38,500 | 21,560 | 44,275 | 11,165 | 77,000 | GRANTS_EA |
| Thermocol fisher | fisher | 50 | 250 | 200 | 500 | 5,000 | 250 | 1,250 | 1,000 | 2,500 | GRANTS_EA |
| Sea-weed fisherwomen | person | 100 | 300 | 100 | 500 | 10,000 | 1,000 | 3,000 | 1,000 | 5,000 | GRANTS_EA |
| **Subtotal Debt redemption to fishers** | | | | | | | 22,810 | 48,525 | 13,165 | 84,500 | |
| **C. Support to women JLG** | | | | | | | | | | | |
| WC assistance to women JLG | JLG member | 1,250 | 1,250 | 500 | 3,000 | 15,000 | 18,750 | 18,750 | 7,500 | 45,000 | GRANTS_EA |
| Infra support to women JLG | each | 1,250 | 1,250 | 500 | 3,000 | 7,000 | 8,750 | 8,750 | 3,500 | 21,000 | GRANTS_EA |
| Drying yard for sea-weed collectors | each | 3 | 6 | 3 | 12 | 210,000 | 713 | 1,508 | 798 | 3,019 | CW_EA |
| Stockyard for sea-weed | each | 1 | 1 | - | 2 | 800,000 | 905 | 958 | - | 1,863 | CW_EA |
| **Subtotal Support to women JLG** | | | | | | | 29,118 | 29,966 | 11,798 | 70,883 | |
| **D. Federation establishment** | | | | | | | | | | | |
| **1. Service provider costs /b** | | | | | | | | | | | |
| for each FMS | LS | 17 | 29 | 4 | 50 | 600,000 | 10,506 | 18,997 | 2,778 | 32,281 | GSI_EA |
| for each JLG | LS | 1,250 | 1,250 | 500 | 3,000 | 4,200 | 5,408 | 5,732 | 2,430 | 13,570 | GSI_EA |
| **Subtotal Service provider costs** | | | | | | | 15,914 | 24,729 | 5,208 | 45,851 | |
| **2. Setting up of federations** | | | | | | | | | | | |
| Establishment of federations | each | - | 1 | 2 | 3 | 10,000,000 | - | 10,918 | 23,146 | 34,064 | GSI_EA |
| Capital expenses for cluster offices | LS | 3 | - | - | 3 | 1,075,000 | 3,322 | - | - | 3,322 | GSI_EA |
| Training of FRP / OBM mechanics | person | 25 | 25 | - | 50 | 32,000 | 824 | 873 | - | 1,697 | TRAINING_EA |
| **Subtotal Setting up of federations** | | | | | | | 4,146 | 11,791 | 23,146 | 39,083 | |
| **Subtotal Federation establishment** | | | | | | | 20,059 | 36,521 | 28,354 | 84,934 | |
| **Total** | | | | | | | 92,840 | 158,301 | 64,881 | 316,022 | |

\a Supply of 70 lit ice-box
\b includes cost incurred by NGOs for organisation of societies, groups etc.

## Table 2.3: Vocational Training

India
Taminnadu: PTSLP-Additional Financing
Table 2.3. Vocational Training (sub-comp: 2.3)

| Detailed Costs | Unit | Quantities 16/17 | Quantities 17/18 | Quantities 18/19 | Quantities Total | Unit Cost (INR) | Totals Including Contingencies (INR '000) 16/17 | Totals Including Contingencies (INR '000) 17/18 | Totals Including Contingencies (INR '000) 18/19 | Totals Including Contingencies (INR '000) Total | Expenditure Account |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **I. Investment Costs** | | | | | | | | | | | |
| **A. Vocational training** | | | | | | | | | | | |
| 1. Support for vocational trainees /a | trainee | 1,500 | 2,000 | 1,500 | 5,000 | 20,000 | 30,900 | 43,672 | 34,719 | 109,291 | TRAINING_EA |
| **Total** | | | | | | | 30,900 | 43,672 | 34,719 | 109,291 | |

\a includes fees, board and lodging for 6-month training

## Table 3.1 Project Management Unit, investment costs

India
Taminnadu: PTSLP-Additional Financing
Table 3.1. Project Management Unit (PMU) (sub-comp

| Detailed Costs | Unit | Quantities 16/17 | Quantities 17/18 | Quantities 18/19 | Quantities Total | Unit Cost (INR) | Totals Including Contingencies (INR '000) 16/17 | 17/18 | 18/19 | Total | Expenditure Account |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **I. Investment Costs** | | | | | | | | | | | |
| **A. Central PMU, Chennai** | | | | | | | | | | | |
| **1. Field vehicles** | | | | | | | | | | | |
| Office/field vehicles | each | 3 | - | - | 3 | 1,000,000 | 3,086 | - | - | 3,086 | VEHICLES_EA |
| **2. Equipments** | | | | | | | | | | | |
| descktop computers | each | 10 | - | - | 10 | 45,000 | 462 | - | - | 462 | EQUIP_EA |
| laptops | each | 2 | - | - | 2 | 70,000 | 144 | - | - | 144 | EQUIP_EA |
| Xerox printers | each | 1 | - | - | 1 | 110,000 | 113 | - | - | 113 | EQUIP_EA |
| Camera | No | 1 | - | - | 1 | 75,000 | 77 | - | - | 77 | EQUIP_EA |
| **Subtotal Equipments** | | | | | | | 795 | - | - | 795 | |
| **3. Workshops and meetings** | | | | | | | | | | | |
| Board meetings | each | 1 | 1 | 1 | 3 | 10,000 | 10 | 11 | 12 | 33 | TRAINING_EA |
| quarterly review meetings | each | 4 | 4 | 4 | 12 | 20,000 | 82 | 87 | 93 | 262 | TRAINING_EA |
| annual retreat /a | Per year | 1 | 1 | 1 | 3 | 800,000 | 824 | 873 | 926 | 2,623 | TRAINING_EA |
| **Subtotal Workshops and meetings** | | | | | | | 917 | 972 | 1,030 | 2,918 | |
| **4. Audits** | | | | | | | | | | | |
| Internal audits | year | 1 | 1 | 1 | 3 | 200,000 | 227 | 240 | 255 | 721 | GSI_EA |
| External audits | year | 1 | 1 | 1 | 3 | 400,000 | 453 | 480 | 509 | 1,443 | GSI_EA |
| **Subtotal Audits** | | | | | | | 680 | 721 | 764 | 2,164 | |
| **5. TA consultants** | | | | | | | | | | | |
| Rural finance | pers_month | - | 12 | 12 | 24 | 75,000 | - | 983 | 1,042 | 2,024 | CTS_EA |
| Technical services | pers_month | 25 | 25 | 25 | 75 | 75,000 | 1,931 | 2,047 | 2,170 | 6,148 | CTS_EA |
| **Subtotal TA consultants** | | | | | | | 1,931 | 3,030 | 3,212 | 8,173 | |
| **Total Investment Costs** | | | | | | | 7,408 | 4,722 | 5,005 | 17,136 | |

## Table 3.1 Project Management Unit… Recurrent costs

India
Taminnadu: PTSLP-Additional Financing
Table 3.1. Project Management Unit (PMU) (sub-comp

| Detailed Costs | Unit | Quantities 16/17 | Quantities 17/18 | Quantities 18/19 | Quantities Total | Unit Cost (INR) | Totals Including Contingencies (INR '000) 16/17 | 17/18 | 18/19 | Total | Expenditure Account |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **II. Recurrent Costs** | | | | | | | | | | | |
| **A. PMU** | | | | | | | | | | | |
| **1. Salaries & allowances /b** | | | | | | | | | | | |
| Project director | pers_month | - | - | 12 | 12 | 150,000 | - | - | 2,287 | 2,287 | SAA_EA |
| Additional Director | pers_month | - | - | 12 | 12 | 140,000 | - | - | 2,134 | 2,134 | SAA_EA |
| Finance and admin manager | pers_month | - | - | 12 | 12 | 80,000 | - | - | 1,220 | 1,220 | SAA_EA |
| Enterprise development managers | pers_month | - | - | 24 | 24 | 80,000 | - | - | 2,439 | 2,439 | SAA_EA |
| Accounts assistants | pers_month | - | - | 24 | 24 | 30,000 | - | - | 915 | 915 | SAA_EA |
| Project assistants | pers_month | - | - | 36 | 36 | 20,000 | - | - | 915 | 915 | SAA_EA |
| Data entry operator / Clerks | pers_month | - | - | 48 | 48 | 15,000 | - | - | 915 | 915 | SAA_EA |
| Drivers | pers_month | - | - | 36 | 36 | 15,000 | - | - | 686 | 686 | SAA_EA |
| Attenders / Security | pers_month | - | - | 36 | 36 | 10,000 | - | - | 457 | 457 | SAA_EA |
| Incentives for contract staff | persons | - | - | 20 | 20 | 20,000 | - | - | 508 | 508 | SAA_EA |
| Executive engineer | pers_month | - | - | 12 | 12 | 80,000 | - | - | 1,220 | 1,220 | SAA_EA |
| Junior engineer | pers_month | - | - | 12 | 12 | 70,000 | - | - | 1,067 | 1,067 | SAA_EA |
| **Subtotal Salaries & allowances** | | | | | | | - | - | 14,763 | 14,763 | |
| **2. Operations & maintenance** | | | | | | | | | | | |
| O & M vehicles | vehi_month | 36 | 36 | 36 | 108 | 20,000 | 742 | 786 | 833 | 2,361 | OC_EA |
| Vehicle maintenance | month | 12 | 12 | 12 | 36 | 30,000 | 371 | 393 | 417 | 1,180 | OC_EA |
| **Subtotal Operations & maintenance** | | | | | | | 1,112 | 1,179 | 1,250 | 3,541 | |
| **3. Other expenses** | | | | | | | | | | | |
| Utilities | month | - | - | 12 | 12 | 80,000 | - | - | 1,111 | 1,111 | OC_EA |
| Stationaries | month | - | - | 12 | 12 | 15,000 | - | - | 208 | 208 | OC_EA |
| Other expenses | month | - | - | 12 | 12 | 60,000 | - | - | 833 | 833 | OC_EA |
| Vehicle insurance | year | - | - | 1 | 1 | 20,000 | - | - | 23 | 23 | OC_EA |
| Building maintenance | LS | 1 | - | - | 1 | 10,000,000 | 10,300 | - | - | 10,300 | OC_EA |
| **Subtotal Other expenses** | | | | | | | 10,300 | - | 2,176 | 12,476 | |
| **Total Recurrent Costs** | | | | | | | 11,412 | 1,179 | 18,189 | 30,780 | |
| **Total** | | | | | | | 18,821 | 5,901 | 23,194 | 47,916 | |

\a for staff, NGO partners, community representatives etc
\b A 10% annual increase included

## Table 3.2: Project District Offices Investment costs

India
Taminnadu: PTSLP-Additional Financing
Table 3.2. Project Districts Offices (sub-comp: 3.2)

| Detailed Costs | Unit | Quantities 16/17 | Quantities 17/18 | Quantities 18/19 | Quantities Total | Unit Cost (INR) | Totals Including Contingencies (INR '000) 16/17 | 17/18 | 18/19 | Total | Expenditure Account |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **I. Investment Costs** | | | | | | | | | | | |
| **A. District Implementation Offices /a** | | | | | | | | | | | |
| **1. Vehicles** | | | | | | | | | | | |
| Field vehicles, 4WD | each | 4 | - | - | 4 | 800,000 | 3,291 | - | - | 3,291 | VEHICLES_EA |
| **2. Equipments** | | | | | | | | | | | |
| descktop computers /b | each | 14 | - | - | 14 | 45,000 | 646 | - | - | 646 | EQUIP_EA |
| Laptop computers | each | 6 | - | - | 6 | 60,000 | 369 | - | - | 369 | EQUIP_EA |
| xerox printers | each | 4 | - | - | 4 | 125,000 | 513 | - | - | 513 | EQUIP_EA |
| UPS | each | 4 | - | - | 4 | 75,000 | 308 | - | - | 308 | EQUIP_EA |
| photocopier | each | 4 | - | - | 4 | 150,000 | 615 | - | - | 615 | EQUIP_EA |
| furniture set | set | 4 | - | - | 4 | 250,000 | 1,026 | - | - | 1,026 | EQUIP_EA |
| LCD projector | each | 4 | - | - | 4 | 50,000 | 205 | - | - | 205 | EQUIP_EA |
| Camera | each | 4 | - | - | 4 | 20,000 | 82 | - | - | 82 | EQUIP_EA |
| Accounts software | each | 4 | - | - | 4 | 15,000 | 68 | - | - | 68 | EQUIP_EA |
| **Subtotal Equipments** | | | | | | | 3,831 | - | - | 3,831 | |
| **3. Workshops** | | | | | | | | | | | |
| district implementation committee meeting /c | district | 24 | - | - | 24 | 5,000 | 124 | - | - | 124 | TRAINING_EA |
| partnership development coordination meeting | training | 24 | 24 | 24 | 72 | 5,000 | 124 | 131 | 139 | 393 | TRAINING_EA |
| **Subtotal Workshops** | | | | | | | 247 | 131 | 139 | 517 | |
| **4. Technical assistance** | | | | | | | | | | | |
| Community development officer | pers_month | 48 | 48 | 48 | 144 | 40,000 | 1,978 | 2,096 | 2,222 | 6,296 | CTS_EA |
| Enterprises development officers | pers_month | 72 | 72 | 72 | 216 | 50,000 | 3,708 | 3,930 | 4,166 | 11,805 | CTS_EA |
| Fishery officers /d | pers_month | 24 | 24 | 24 | 72 | 50,000 | 1,236 | 1,310 | 1,389 | 3,935 | CTS_EA |
| **Subtotal Technical assistance** | | | | | | | 6,922 | 7,337 | 7,777 | 22,036 | |
| **Total Investment Costs** | | | | | | | 14,292 | 7,468 | 7,916 | 29,676 | |

## Table 3.2: Project District Offices, Recurrent costs

India
Taminnadu: PTSLP-Additional Financing
Table 3.2. Project Districts Offices (sub-comp: 3.2)

| Detailed Costs | Unit | Quantities 16/17 | 17/18 | 18/19 | Total | Unit Cost (INR) | Totals Including Contingencies (INR '000) 16/17 | 17/18 | 18/19 | Total | Expenditure Account |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **II. Recurrent Costs** | | | | | | | | | | | |
| **A. District Implementation Offices /e** | | | | | | | | | | | |
| **1. Salaries & allowances** | | | | | | | | | | | |
| district implementation officers | pers_month | 48 | 48 | 48 | 144 | 60,000 | 3,024 | 3,326 | 3,659 | 10,009 | SAA_EA |
| Agricultural officers /f | Pers_month | 24 | 24 | 24 | 72 | 60,000 | 1,512 | 1,663 | 1,830 | 5,005 | SAA_EA |
| Accts officers | pers_month | 48 | 48 | 48 | 144 | 30,000 | 1,512 | 1,663 | 1,830 | 5,005 | SAA_EA |
| district project assistants | pers_month | 72 | 72 | 72 | 216 | 15,000 | 1,134 | 1,247 | 1,372 | 3,754 | SAA_EA |
| data entry operators / Office clerk | pers_month | 48 | 48 | 48 | 144 | 12,000 | 605 | 665 | 732 | 2,002 | SAA_EA |
| Attenders / Security | pers_month | 48 | 48 | 48 | 144 | 8,000 | 403 | 444 | 488 | 1,335 | SAA_EA |
| drivers | pers_month | 48 | 48 | 48 | 144 | 10,000 | 504 | 554 | 610 | 1,668 | SAA_EA |
| Incentives to contract staff | year | 72 | 72 | 72 | 216 | 15,000 | 1,134 | 1,247 | 1,372 | 3,754 | SAA_EA |
| **Subtotal Salaries & allowances** | | | | | | | 9,828 | 10,811 | 11,892 | 32,531 | |
| **2. Engineering wing /g** | | | | | | | | | | | |
| Asst Executive engineer | pers_month | 48 | 48 | 48 | 144 | 60,000 | 2,966 | 3,144 | 3,333 | 9,444 | SAA_EA |
| Data entry operators | pers_month | 48 | 48 | 48 | 144 | 10,000 | 494 | 524 | 556 | 1,574 | SAA_EA |
| **Subtotal Engineering wing** | | | | | | | 3,461 | 3,668 | 3,889 | 11,018 | |
| **3. Operations & maintenance (O & M)** | | | | | | | | | | | |
| O & M vehicles | month | 48 | 48 | 48 | 144 | 20,000 | 989 | 1,048 | 1,111 | 3,148 | OC_EA |
| Vehicle maintenance | month | 48 | 48 | 48 | 144 | 20,000 | 989 | 1,048 | 1,111 | 3,148 | OC_EA |
| **Subtotal Operations & maintenance (O & M)** | | | | | | | 1,978 | 2,096 | 2,222 | 6,296 | |
| **4. Other expenses** | | | | | | | | | | | |
| office rent | month | 48 | 48 | 48 | 144 | 25,000 | 1,236 | 1,310 | 1,389 | 3,935 | OC_EA |
| travel expenses | month | 48 | 48 | 48 | 144 | 25,000 | 1,236 | 1,310 | 1,389 | 3,935 | OC_EA |
| utilities | month | 48 | 48 | 48 | 144 | 15,000 | 742 | 786 | 833 | 2,361 | OC_EA |
| stationaries | month | 48 | 48 | 48 | 144 | 15,000 | 742 | 786 | 833 | 2,361 | OC_EA |
| Vehicle insurance | year | 4 | 4 | 4 | 12 | 15,000 | 62 | 66 | 69 | 197 | OC_EA |
| Vehicle hiring | month | 48 | 48 | 48 | 144 | 30,000 | 1,483 | 1,572 | 1,667 | 4,722 | OC_EA |
| other expenses | month | 48 | 48 | 48 | 144 | 20,000 | 989 | 1,048 | 1,111 | 3,148 | OC_EA |
| **Subtotal Other expenses** | | | | | | | 6,489 | 6,878 | 7,291 | 20,658 | |
| **Total Recurrent Costs** | | | | | | | 21,755 | 23,454 | 25,294 | 70,503 | |
| **Total** | | | | | | | 36,047 | 30,922 | 33,209 | 100,178 | |

\a for all 6 districts
\b 3 each for Ramanathapuram and Pudukottai and 4 each for remaining 2 offices
\c both new and old districts
\d to be stationed in Ramanathapuram and Pudukottai
\e for all 6 districts
\f Each attend to 3 distructs
\g For new district only

## Table 3.3: Project M&E unit

India
Taminnadu: PTSLP-Additional Financing
Table 3.3. Project Monitoring & Evaluation (M & E) (su

| Detailed Costs | Unit | Quantities 16/17 | 17/18 | 18/19 | Total | Unit Cost (INR) | Totals Including Contingencies (INR '000) 16/17 | 17/18 | 18/19 | Total | Summary Divisions Component | Expenditure Account |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **I. Investment Costs** | | | | | | | | | | | | |
| **A. Project M & E** | | | | | | | | | | | | |
| **1. Technical assistance /a** | | | | | | | | | | | | |
| Baseline survey /b | LS | 1 | - | - | 1 | 1,200,000 | 1,236 | - | - | 1,236 | PME | CTS_EA |
| Endline survey | LS | - | - | 1 | 1 | 1,200,000 | - | - | 1,389 | 1,389 | PME | CTS_EA |
| Annual outcome survey | year | 1 | 1 | 1 | 3 | 100,000 | 103 | 109 | 116 | 328 | PME | CTS_EA |
| Annual reports | year | 1 | 1 | 1 | 3 | 100,000 | 103 | 109 | 116 | 328 | PME | CTS_EA |
| Thematic review studies | each | - | 3 | 3 | 6 | 500,000 | - | 1,638 | 1,736 | 3,374 | PME | CTS_EA |
| Impact assessment study | study | - | - | 1 | 1 | 500,000 | - | - | 579 | 579 | PME | CTS_EA |
| Project completion report | study | - | - | 1 | 1 | 2,000,000 | - | - | 2,315 | 2,315 | PME | CTS_EA |
| **Subtotal Technical assistance** | | | | | | | 1,442 | 1,856 | 6,249 | 9,548 | | |
| **2. Training** | | | | | | | | | | | | |
| M&E training | each | 2 | 2 | 2 | 6 | 50,000 | 113 | 120 | 127 | 361 | PME | TRAINING_EA |
| District level training | each | 1 | 1 | 1 | 3 | 25,000 | 28 | 30 | 32 | 90 | PME | TRAINING_EA |
| **Subtotal Training** | | | | | | | 142 | 150 | 159 | 451 | | |
| **Subtotal Project M & E** | | | | | | | 1,584 | 2,006 | 6,409 | 9,998 | | |
| **B. Knowledge management** | | | | | | | | | | | | |
| Website management | year | 1 | 1 | 1 | 3 | 50,000 | 52 | 55 | 58 | 164 | PME | GSI_EA |
| Equipment (webcams) /c | Set | 36 | - | - | 36 | 3,000 | 111 | - | - | 111 | PME | GSI_EA |
| KM events state level | year | 2 | 2 | 2 | 6 | 300,000 | 618 | 655 | 694 | 1,967 | PME | GSI_EA |
| KM events at districts | year | 12 | 12 | 12 | 36 | 25,000 | 309 | 328 | 347 | 984 | PME | GSI_EA |
| News letters | year | 1 | 1 | 1 | 3 | 200,000 | 206 | 218 | 231 | 656 | PME | GSI_EA |
| Documentation on enterprises | year | 1 | 1 | 1 | 3 | 500,000 | 515 | 546 | 579 | 1,640 | PME | GSI_EA |
| Brochures & leaflets | year | 1 | 1 | 1 | 3 | 400,000 | 412 | 437 | 463 | 1,312 | PME | GSI_EA |
| Case studies | year | - | 5 | 5 | 10 | 500,000 | - | 2,730 | 2,893 | 5,623 | PME | GSI_EA |
| TA consultants for KM | year | 2 | 4 | 4 | 10 | 75,000 | 155 | 328 | 347 | 829 | PME | CTS_EA |
| **Subtotal Knowledge management** | | | | | | | 2,377 | 5,295 | 5,613 | 13,285 | | |
| **Total Investment Costs** | | | | | | | 3,961 | 7,301 | 12,022 | 23,284 | | |
| **II. Recurrent Costs** | | | | | | | | | | | | |
| **A. Project M & E /d** | | | | | | | | | | | | |
| **1. Salaries & allowances** | | | | | | | | | | | | |
| M & E Manager | pers_month | - | 12 | 12 | 24 | 75,000 | - | 1,040 | 1,143 | 2,183 | PME | SAA_EA |
| CIT Manager | pers_month | - | 12 | 12 | 24 | 60,000 | - | 832 | 915 | 1,746 | PME | SAA_EA |
| District M & E officers | pers_month | 48 | 48 | 48 | 144 | 25,000 | 1,260 | 1,386 | 1,525 | 4,171 | PME | SAA_EA |
| **Total Recurrent Costs** | | | | | | | 1,260 | 3,257 | 3,583 | 8,100 | | |
| **Total** | | | | | | | 5,221 | 10,559 | 15,604 | 31,384 | | |

\a National consultants
\b Survey of random number of villages
\c one each for cluster (21), DIO (6) and PMU (5)
\d includes all 6 districts

## Summary Cost Tables (Amount in 000 USD)

India
Taminnadu: PTSLP-Additional Financing
**Components Project Cost Summary**

| | (INR '000) Total | (USD '000) Total | % Total Base Costs |
|---|---|---|---|
| **A. Coastal Areas Resource management** | | | |
| 1. Community Resources Planning | 282,655 | 4,487 | 11 |
| 2. Community Support | 100,046 | 1,588 | 4 |
| 3. Fisheries Resources Management | 129,618 | 2,057 | 5 |
| **Subtotal Coastal Areas Resource management** | 512,319 | 8,132 | 20 |
| **B. Employment Generation & Skills Training** | | | |
| 1. Agriculture and off-farm enterprises | 1,498,876 | 23,792 | 58 |
| 2. Fish Marketing Societies | 295,775 | 4,695 | 12 |
| 3. Vocational Training | 100,000 | 1,587 | 4 |
| **Subtotal Employment Generation & Skills Training** | 1,894,651 | 30,074 | 74 |
| **C. Programme Management** | | | |
| 1. Project Management Unit | 42,410 | 673 | 2 |
| 2. District Implementation Offices | 90,390 | 1,435 | 4 |
| 3. Project Monotoring & Evaluation | 27,723 | 440 | 1 |
| **Subtotal Programme Management** | 160,523 | 2,548 | 6 |
| **Total BASELINE COSTS** | 2,567,493 | 40,754 | 100 |
| Physical Contingencies | 80,956 | 1,285 | 3 |
| Price Contingencies | 120,247 | 1,909 | 5 |
| **Total PROJECT COSTS** | 2,768,696 | 43,948 | 108 |

| India<br>Taminnadu: PTSLP-Additional Financing<br>**Expenditure Accounts Project Cost Summary** | **(INR '000)**<br>**Total** | **(USD '000)**<br>**Total** | **% Total Base Costs** |
|---|---|---|---|
| **I. Investment Costs** | | | |
| A. Civil Works | 300,485 | 4,770 | 12 |
| B. Grants, subsidies | 361,400 | 5,737 | 14 |
| C. Institutional Credit | 936,000 | 14,857 | 36 |
| D. Vehicles | 6,200 | 98 | - |
| E. Equipment and materials | 20,565 | 326 | 1 |
| F. Training and workshops | 137,467 | 2,182 | 5 |
| G. Consultancies, TA and services | 50,235 | 797 | 2 |
| H. Goods, services and inputs | 612,409 | 9,721 | 24 |
| **Total Investment Costs** | 2,424,761 | 38,488 | 94 |
| **II. Recurrent Costs** | | | |
| A. Salaries & Allowances | 91,072 | 1,446 | 4 |
| B. Operating costs | 51,660 | 820 | 2 |
| **Total Recurrent Costs** | 142,732 | 2,266 | 6 |
| **Total BASELINE COSTS** | 2,567,493 | 40,754 | 100 |
| Physical Contingencies | 80,956 | 1,285 | 3 |
| Price Contingencies | 120,247 | 1,909 | 5 |
| **Total PROJECT COSTS** | 2,768,696 | 43,948 | 108 |

India
Taminnadu: PTSLP-Additional Financing
**Project Components by Year -- Totals Including Contingencies**

| | Totals Including Contingencies (INR '000) | | | | Totals Including Contingencies (USD '000) | | | |
|---|---|---|---|---|---|---|---|---|
| | 16/17 | 17/18 | 18/19 | Total | 16/17 | 17/18 | 18/19 | Total |
| **A. Coastal Areas Resource management** | | | | | | | | |
| 1. Community Resources Planning | 163,739 | 162,501 | 2,083 | 328,323 | 2,599 | 2,579 | 33 | 5,211 |
| 2. Commuinty Support | 40,561 | 42,469 | 24,983 | 108,013 | 644 | 674 | 397 | 1,714 |
| 3. Fisheries Resources Management | 65,875 | 63,507 | 354 | 129,736 | 1,046 | 1,008 | 6 | 2,059 |
| **Subtotal Coastal Areas Resource management** | 270,174 | 268,477 | 27,420 | 566,072 | 4,288 | 4,262 | 435 | 8,985 |
| **B. Employment Generation & Skills Training** | | | | | | | | |
| 1. Agriculture and off-farm enterprises | 363,340 | 759,595 | 474,898 | 1,597,833 | 5,767 | 12,057 | 7,538 | 25,362 |
| 2. Fish Marketing Societies | 92,840 | 158,301 | 64,881 | 316,022 | 1,474 | 2,513 | 1,030 | 5,016 |
| 3. Vocational Training | 30,900 | 43,672 | 34,719 | 109,291 | 490 | 693 | 551 | 1,735 |
| **Subtotal Employment Generation & Skills Training** | 487,080 | 961,568 | 574,499 | 2,023,146 | 7,731 | 15,263 | 9,119 | 32,113 |
| **C. Programme Management** | | | | | | | | |
| 1. Project Management Unit | 18,821 | 5,901 | 23,194 | 47,916 | 299 | 94 | 368 | 761 |
| 2. District Implementation Offices | 36,047 | 30,922 | 33,209 | 100,178 | 572 | 491 | 527 | 1,590 |
| 3. Project Monotoring & Evaluation | 5,221 | 10,559 | 15,604 | 31,384 | 83 | 168 | 248 | 498 |
| **Subtotal Programme Management** | 60,089 | 47,381 | 72,008 | 179,478 | 954 | 752 | 1,143 | 2,849 |
| **Total PROJECT COSTS** | 817,343 | 1,277,426 | 673,927 | 2,768,696 | 12,974 | 20,277 | 10,697 | 43,948 |

India
Taminnadu: PTSLP-Additional Financing
**Expenditure Accounts by Years -- Totals Includir**

| | **Totals Including Contingencies (INR '000)** | | | | **Totals Including Contingencies (USD '000)** | | | |
|---|---|---|---|---|---|---|---|---|
| | **16/17** | **17/18** | **18/19** | **Total** | **16/17** | **17/18** | **18/19** | **Total** |
| **I. Investment Costs** | | | | | | | | |
| A. Civil Works | 155,891 | 183,862 | 11,614 | 351,368 | 2,474 | 2,918 | 184 | 5,577 |
| B. Grants, subsidies | 138,810 | 183,425 | 39,165 | 361,400 | 2,203 | 2,912 | 622 | 5,737 |
| C. Institutional Credit | 225,000 | 445,500 | 265,500 | 936,000 | 3,571 | 7,071 | 4,214 | 14,857 |
| D. Vehicles | 6,377 | - | - | 6,377 | 101 | - | - | 101 |
| E. Equipment and materials | 14,323 | 8,005 | 748 | 23,076 | 227 | 127 | 12 | 366 |
| F. Training and workshops | 51,965 | 59,730 | 40,965 | 152,660 | 825 | 948 | 650 | 2,423 |
| G. Consultancies, TA and services | 20,543 | 14,515 | 19,668 | 54,727 | 326 | 230 | 312 | 869 |
| H. Goods, services and inputs | 154,098 | 337,636 | 231,328 | 723,062 | 2,446 | 5,359 | 3,672 | 11,477 |
| **Total Investment Costs** | 767,008 | 1,232,674 | 608,989 | 2,608,671 | 12,175 | 19,566 | 9,666 | 41,407 |
| **II. Recurrent Costs** | | | | | | | | |
| A. Salaries & Allowances | 26,377 | 30,275 | 47,417 | 104,069 | 419 | 481 | 753 | 1,652 |
| B. Operating costs | 23,958 | 14,477 | 17,522 | 55,957 | 380 | 230 | 278 | 888 |
| **Total Recurrent Costs** | 50,335 | 44,752 | 64,939 | 160,026 | 799 | 710 | 1,031 | 2,540 |
| **Total PROJECT COSTS** | 817,343 | 1,277,426 | 673,927 | 2,768,696 | 12,974 | 20,277 | 10,697 | 43,948 |

India
Taminnadu: PTSLP-Additional Financing
**Project Components by Year -- Base Costs**

| | Base Cost (INR '000) | | | | Base Cost (USD '000) | | | |
|---|---|---|---|---|---|---|---|---|
| | 16/17 | 17/18 | 18/19 | Total | 16/17 | 17/18 | 18/19 | Total |
| **A. Coastal Areas Resource management** | | | | | | | | |
| 1. Community Resources Planning | 144,890 | 135,965 | 1,800 | 282,655 | 2,300 | 2,158 | 29 | 4,487 |
| 2. Commuinty Support | 39,089 | 39,929 | 21,029 | 100,046 | 620 | 634 | 334 | 1,588 |
| 3. Fisheries Resources Management | 65,806 | 63,506 | 306 | 129,618 | 1,045 | 1,008 | 5 | 2,057 |
| **Subtotal Coastal Areas Resource management** | 249,785 | 239,400 | 23,135 | 512,319 | 3,965 | 3,800 | 367 | 8,132 |
| **B. Employment Generation & Skills Training** | | | | | | | | |
| 1. Agriculture and off-farm enterprises | 351,638 | 714,034 | 433,204 | 1,498,876 | 5,582 | 11,334 | 6,876 | 23,792 |
| 2. Fish Marketing Societies | 89,640 | 147,700 | 58,435 | 295,775 | 1,423 | 2,344 | 928 | 4,695 |
| 3. Vocational Training | 30,000 | 40,000 | 30,000 | 100,000 | 476 | 635 | 476 | 1,587 |
| **Subtotal Employment Generation & Skills Training** | 471,278 | 901,734 | 521,639 | 1,894,651 | 7,481 | 14,313 | 8,280 | 30,074 |
| **C. Programme Management** | | | | | | | | |
| 1. Project Management Unit | 18,220 | 5,345 | 18,845 | 42,410 | 289 | 85 | 299 | 673 |
| 2. District Implementation Offices | 34,830 | 27,780 | 27,780 | 90,390 | 553 | 441 | 441 | 1,435 |
| 3. Project Monotoring & Evaluation | 5,033 | 9,495 | 13,195 | 27,723 | 80 | 151 | 209 | 440 |
| **Subtotal Programme Management** | 58,083 | 42,620 | 59,820 | 160,523 | 922 | 677 | 950 | 2,548 |
| **Total BASELINE COSTS** | 779,146 | 1,183,754 | 604,594 | 2,567,493 | 12,367 | 18,790 | 9,597 | 40,754 |
| Physical Contingencies | 25,015 | 39,063 | 16,878 | 80,956 | 397 | 620 | 268 | 1,285 |
| Price Contingencies | 13,182 | 54,609 | 52,455 | 120,247 | 209 | 867 | 833 | 1,909 |
| **Total PROJECT COSTS** | 817,343 | 1,277,426 | 673,927 | 2,768,696 | 12,974 | 20,277 | 10,697 | 43,948 |
| Taxes | 18,935 | 19,187 | 1,236 | 39,358 | 301 | 305 | 20 | 625 |
| Foreign Exchange | 10,786 | 10,232 | 669 | 21,686 | 171 | 162 | 11 | 344 |

India
Taminnadu: PTSLP-Additional Financing
**Procurement Arrangements**
(USD '000)

| | Procurement Method | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **National Competitive Bidding** | **Local Competitive Bidding** | **Consulting Services** | **Consulting Services: LCS** | **Local Shopping** | **Direct Contracting** | **Financial Intermediaries** | **N.B.F.** | **Total** |
| A. Civil Works | - | 5,577 | - | - | - | - | - | - | 5,577 |
| B. Grants and subsidies | 1,381 | - | - | - | - | 4,356 | - | - | 5,737 |
| C. Institutional Credit | - | - | - | - | - | - | 14,857 | - | 14,857 |
| D. Vehicles | - | 101 | - | - | - | - | - | - | 101 |
| E. Equipment and materials | - | - | - | - | 366 | - | - | - | 366 |
| F. Training and workshops | - | - | - | - | - | 2,423 | - | - | 2,423 |
| G. Goods, services and inputs | - | - | - | 11,490 | - | - | - | - | 11,490 |
| H. Consultancies, TA and studies | - | - | 856 | - | - | - | - | - | 856 |
| I. Salaries & Allowances | - | - | - | - | - | 1,616 | - | 36 | 1,652 |
| J. Operating costs | - | - | - | - | 826 | - | - | 62 | 888 |
| **Total** | 1,381 | 5,678 | 856 | 11,490 | 1,192 | 8,394 | 14,857 | 99 | 43,948 |
| | - | - | - | - | - | - | - | - | - |

India
Taminnadu: PTSLP-Additional Financing
**Disbursement Accounts by Financiers**

(USD '000)

| | GOTN | | Banks | | IFAD | | Beneficiaries | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % |
| 1. Civil Works | 1,394 | 25.0 | - | - | 4,183 | 75.0 | - | - | 5,577 | 12.7 |
| 2. Grants, subsidies | - | - | - | - | 5,737 | 100.0 | - | - | 5,737 | 13.1 |
| 3. Institutional Credit | - | - | 14,857 | 100.0 | - | - | - | - | 14,857 | 33.8 |
| 4. Vehicles | 30 | 30.0 | - | - | 71 | 70.0 | - | - | 101 | 0.2 |
| 5. Equipment and materials | 37 | 10.0 | - | - | 317 | 86.5 | 13 | 3.5 | 366 | 0.8 |
| 6. Training & workshops | - | - | - | - | 2,423 | 100.0 | - | - | 2,423 | 5.5 |
| 7. Goods, services and inputs | 603 | 5.3 | 115 | 1.0 | 6,508 | 56.6 | 4,264 | 37.1 | 11,490 | 26.1 |
| 8. Consultancies, TA and services | - | - | - | - | 856 | 100.0 | - | - | 856 | 1.9 |
| 9. Salaries & Allowances | 413 | 25.0 | - | - | 1,239 | 75.0 | - | - | 1,652 | 3.8 |
| 10. Operating costs | 222 | 25.0 | - | - | 666 | 75.0 | - | - | 888 | 2.0 |
| **Total PROJECT COSTS** | 2,700 | 6.1 | 14,972 | 34.1 | 21,999 | 50.1 | 4,277 | 9.7 | 43,948 | 100.0 |

India
Taminnadu: PTSLP-Additional Financing
**Components by Financiers**

(USD '000)

| | GOTN | | Banks | | IFAD | | Beneficiaries | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Amount** | **%** | **Amount** | **%** | **Amount** | **%** | **Amount** | **%** | **Amount** | **%** |
| **A. Coastal Areas Resource management** | | | | | | | | | | |
| 1. Community Resources Planning | 1,138 | 21.8 | - | - | 4,074 | 78.2 | - | - | 5,211 | 11.9 |
| 2. Commuinty Support | 231 | 13.5 | - | - | 1,484 | 86.5 | - | - | 1,714 | 3.9 |
| 3. Fisheries Resources Management | - | - | - | - | 2,059 | 100.0 | - | - | 2,059 | 4.7 |
| **Subtotal Coastal Areas Resource management** | 1,368 | 15.2 | - | - | 7,617 | 84.8 | - | - | 8,985 | 20.4 |
| **B. Employment Generation & Skills Training** | | | | | | | | | | |
| 1. Agriculture and off-farm enterprises | 387 | 1.5 | 14,972 | 59.0 | 5,739 | 22.6 | 4,264 | 16.8 | 25,362 | 57.7 |
| 2. Fish Marketing Societies | 448 | 8.9 | - | - | 4,556 | 90.8 | 13 | 0.3 | 5,016 | 11.4 |
| 3. Vocational Training | - | - | - | - | 1,735 | 100.0 | - | - | 1,735 | 3.9 |
| **Subtotal Employment Generation & Skills Training** | 835 | 2.6 | 14,972 | 46.6 | 12,030 | 37.5 | 4,277 | 13.3 | 32,113 | 73.1 |
| **C. Programme Management** | | | | | | | | | | |
| 1. Project Management Unit | 142 | 18.6 | - | - | 619 | 81.4 | - | - | 761 | 1.7 |
| 2. District Implementation Offices | 302 | 19.0 | - | - | 1,289 | 81.0 | - | - | 1,590 | 3.6 |
| 3. Project Monotoring & Evaluation | 53 | 10.7 | - | - | 445 | 89.3 | - | - | 498 | 1.1 |
| **Subtotal Programme Management** | 496 | 17.4 | - | - | 2,353 | 82.6 | - | - | 2,849 | 6.5 |
| **Total PROJECT COSTS** | 2,700 | 6.1 | 14,972 | 34.1 | 21,999 | 50.1 | 4,277 | 9.7 | 43,948 | 100.0 |

India
Taminnadu: PTSLP-Additional Financing
**Expenditure Accounts by Years & economic costs**

| | Base Cost (INR '000) | | | |
|---|---|---|---|---|
| | **16/17** | **17/18** | **18/19** | **Total** |
| **I. Investment Costs** | | | | |
| A. Civil Works | 156,955 | 172,475 | 9,170 | 338,600 |
| B. Grants, subsidies | 138,810 | 183,425 | 39,165 | 361,400 |
| C. Institutional Credit | 225,000 | 445,500 | 265,500 | 936,000 |
| D. Vehicles | 6,200 | - | - | 6,200 |
| E. Equipment and materials | 13,215 | 6,750 | 600 | 20,565 |
| F. Training and workshops | 48,851 | 53,591 | 35,026 | 137,467 |
| G. Consultancies, TA and services | 19,945 | 13,295 | 16,995 | 50,235 |
| H. Goods, services and inputs | 140,721 | 287,334 | 184,354 | 612,409 |
| **Total Investment Costs** | 749,697 | 1,162,370 | 550,810 | 2,462,876 |
| **II. Recurrent Costs** | | | | |
| A. Salaries & Allowances | 25,404 | 27,024 | 38,644 | 91,072 |
| B. Operating costs | 23,260 | 13,260 | 15,140 | 51,660 |
| **Total Recurrent Costs** | 48,664 | 40,284 | 53,784 | 142,732 |
| **Total BASELINE COSTS** | 798,361 | 1,202,654 | 604,594 | 2,605,608 |
| Physical Contingencies | 26,936 | 40,953 | 16,878 | 84,768 |
| Price Contingencies | 13,793 | 56,447 | 52,455 | 122,695 |
| **Total PROJECT COSTS** | 839,090 | 1,300,053 | 673,927 | 2,813,071 |
| | | | | |
| Taxes | 21,109 | 21,449 | 1,236 | 43,795 |
| ECONOMIC COSTS | | | | |
| Taxes | 21,109 | 21,449 | 1,236 | 43,795 |
| Price contingencies | 13,793 | 56,447 | 52,455 | 122,695 |
| Institutional credit | 225,000 | 445,500 | 265,500 | 936,000 |
| Total | 259,902 | 523,396 | 319,191 | 1,102,490 |
| **Economic costs** | 579,188 | 776,657 | 354,736 | 1,710,581 |

# Appendix 10: Economic and Financial Analysis

**INDIA - PTSLP Additional Financing**

**A)** FINANCIAL ANALYSIS

| | Crops | Livestock | JLG | FMS & PPG | Enterprises | Processing | Infrastructure |
|---|---|---|---|---|---|---|---|
| | Net incremental benefits of Ffarm and Activity subproject models in 000 INR | | | | | | |
| PY1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PY2 | 3,303 | -33246 | 2,274 | - | 0 | 0 | 35,380 |
| PY3 | 10,429 | - 78,240 | 42,036 | 3,300 | -498,528 | -189,888 | 68,655 |
| PY4 | 14,334 | -50,031 | 150,038 | 722,250 | -1,153,248 | -382,709 | 67,155 |
| PY5 | 14,914 | 39,860 | 305,216 | 1,940,250 | -422,040 | -11,712 | 67,155 |
| PY6 | 15,433 | 137,450 | 438,410 | 2,108,250 | 465,360 | 126,861 | 67,155 |
| PY7 | 15,855 | 233,850 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| PY8 | 16,079 | 287,860 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| PY9 | 16,079 | 298,250 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| PY10 | 16,079 | 291,450 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| PY11 | 16,079 | 281,850 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| PY12 | 16,079 | 287,450 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| PY13 | 16,079 | 296,250 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| PY14 | 16,079 | 298,250 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| PY15 | 16,079 | 301,050 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| PY16 | 16,079 | 301,050 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| PY17 | 16,079 | 298,650 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| PY18 | 16,079 | 296,250 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| PY19 | 16,079 | 298,250 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| PY20 | 16,079 | 298,250 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| NPV (INR, 000) | 89,340 | 937,104 | 2,126,217 | 9,709,987 | 471,232 | 332,914 | 417,388 |
| NPV (USD 000) | 1,418.1 | 14,874.7 | 33,749.5 | 154,126.8 | 7,479.9 | 5,284.4 | 6,625.2 |
| FIRR (@ 12%) | | 59% | | | 17% | 23% | |

**B)**

| PROJECT COSTS AND INDICATORS FOR LOGFRAME | | | | | | |
|---|---|---|---|---|---|---|
| **TOTAL PROJECT COSTS** (in million USD) | **43.95** | Base costs | 40.75 | PMU | 2.85 | |
| **Number of Beneficiaries** | **90,000** Households | PLF 121 | SHG 4,000 | FMS 50 | PPG 500 | JLG 1,600 |
| **Cost per beneficiary (IFAD resources)** | **250** USD/ household | | | **Adoption rates** | **70%** | |

| Components | Cost USD M | Outcomes | Indicators |
|---|---|---|---|
| Community resource planning | 8.99 | 35,090 hh use common infrastructure | at least 75% functional, O&M by Panchayats |
| Enterprises promotion and employment generation | 32.11 | 54,910 households operating 16,920 enterprises | at least 70% enterprises profitably operating and income increased by INR 35,090/hh |
| Project Management | 2.85 | | |
| Total Project costs | 43.95 | | |

**C)** MAIN ASSUMPTIONS & SHADOW PRICES[1]

| | Output | Incremental value (%) | Price (in INR) | Input prices | Price (INR) |
|---|---|---|---|---|---|
| FINANCIAL | Crops | 0.2% | Paddy 16, chilli 110/kg | Fertilizer, average | 28 |
| | Livestock | 4.2% | Milk 40/li, Doe 2500/# | Pesticides, average | 300 |
| | JLG aqua enterprises | 16.2% | Sea-weed 35/kg, fish 280 | | |
| | FMG, PPG | 34.1% | INR 10,000/ton | Rural wage rate | 200 |
| | Enterprises | 24.1% | INR 35,000/month | | |
| | Processing & aggre. | 21.2% | INR 60,000/ton | | |
| ECONOMIC | Official Exchange rate, July | 63 | | Discount rate (opportunity cost of capital) | 12% |
| | Shadow Exchange rate b/ | 96 | | SDR, India 10 year bond rate | 7.8% |
| | Standard Conversion Factor | 1.52 | | Output conversion factor a/ | 0.86 |
| | Labour Conversion factor | 1 | | Input Conversion factor a/ | 0.87 |

[1] All prices expressed in INR Currency.
a/ estimated from data generated from farmod
b/ arrived at using export and import values* OER

**D)** BENEFICIARIES, PHASING BY INTERVENTION AND ADOPTION RATES

| Project year → Interventions | PY1 | PY2 | PY3 | Total units | # of beneficiary households | Adoption rate used in EFA | Adoption rates |
|---|---|---|---|---|---|---|---|
| **Crops** | 740 | 1,540 | 840 | 3,120 | 3,120 | 100 | 100% |
| *paddy, chilli, coriander, drumstick* | | | | | | | |
| **Livestock, goat & dairy cattle** | 600 | 1,200 | 700 | 2,500 | 2,500 | 100 | 100% |
| *2000 goat unit & 500dairyunits* | | | | | | | |
| **Support to JLGs** | 1,300 | 2,300 | 2,900 | 6,500 | 6,500 | 70 | 70% |
| *sea-weed, mud crabs,dry-fish, fishvending, cage-fishery, ornamental fishery* | | | | | | | |
| **Viable Enterprises** | 960 | 2,400 | 1,440 | 4,800 | 4,800 | 100 | 100% |
| *mostly off-farm enterprises* | | | | | | | |
| **FMS** | *17* | *29* | *4* | *50* | *2,000* | *60* | *60%* |
| *2000 fishers from 50 FMS* | | | | | | | |
| **Producers groups, PPG** | *100* | *200* | *200* | *500* | *9,000* | *60* | *60%* |
| *18 members per PPG* | | | | | | | |
| **Processing units** | *4* | *4* | *1* | *9* | *9,000* | *60* | *60%* |
| *for cereals, pulses, spices, oil mills* | | | | | | | |
| **Aggregation centres** | *10* | *25* | *0* | *35* | *17,990* | *60* | *60%* |
| *for inputs and outputs sale* | | | | | | | |
| **Livelihoods infrastructure a/** | 61 | 60 | 0 | 121 | 35,090 | 100 | 100% |
| *cover all 121 PLFs* | | | | | | | |
| **IGA, enterprises training** | 2,000 | 3,000 | 1,000 | 8,000 | (8000) | | |
| **Total # of beneficiaries** | | | | | 90,000 | | |

More than 70% of beneficiaries are women, women fishers

**E)** ECONOMIC ANALYSIS

| Project year | Community infra | Crops | Livestock | Support to JLG | FMS & PPG | Enterprises | Processing & aggregation centres | Total Incremental benefits | Economic investment Costs | Economic recurrent Costs | Total Incremental Costs | Cash Flow (million INR) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | NET INCREMENTAL BENEFITS | | | | | | | | NET INCREMENTAL COSTS | | | |
| 1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | *0.0* | 579.2 | 0.0 | *579.2* | **-579** |
| 2 | 26.5 | 2.7 | -6.4 | 19.0 | 0.0 | 0.0 | 0.0 | *41.8* | 776.7 | 52.3 | *829.0* | **-787** |
| 3 | 52.6 | 8.5 | -18.5 | 228.3 | 2.6 | -19.2 | 0.0 | *254.3* | 354.7 | 970.6 | *1,325.3* | **-1,071** |
| 4 | 52.6 | 11.8 | -10.1 | 512.5 | 720.6 | 237.9 | 333.7 | *1858.9* | 0.0 | 2,701.8 | *2,701.8* | **-843** |
| 5 | 52.6 | 12.2 | 32.2 | 952.0 | 1938.6 | 971.9 | 1126.9 | *5086.3* | 0.0 | 3,744.6 | *3,744.6* | **1,342** |
| 6 | 52.6 | 12.6 | 101.2 | 1021.7 | 2106.6 | 1429.5 | 1265.4 | *5989.6* | 0.0 | 3,423.4 | *3,423.4* | **2,566** |
| 7 | 52.6 | 12.9 | 175.3 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6161.2* | 0.0 | 3,425.3 | *3,425.3* | **2,736** |
| 8 | 52.6 | 13.1 | 217.0 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6203.1* | 0.0 | 3,427.2 | *3,427.2* | **2,776** |
| 9 | 52.6 | 13.1 | 223.9 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6210.0* | 0.0 | 3,425.6 | *3,425.6* | **2,784** |
| 10 | 52.6 | 13.1 | 223.9 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6210.0* | 0.0 | 3,431.1 | *3,431.1* | **2,779** |
| 11 | 52.6 | 13.1 | 223.9 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6210.0* | 0.0 | 3,438.8 | *3,438.8* | **2,771** |
| 12 | 52.6 | 13.1 | 223.9 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6210.0* | 0.0 | 3,434.3 | *3,434.3* | **2,776** |
| 13 | 52.6 | 13.1 | 223.9 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6210.0* | 0.0 | 3,427.2 | *3,427.2* | **2,783** |
| 14 | 52.6 | 13.1 | 223.9 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6210.0* | 0.0 | 3,425.6 | *3,425.6* | **2,784** |
| 15 | 52.6 | 13.1 | 223.9 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6210.0* | 0.0 | 3,423.4 | *3,423.4* | **2,787** |
| 16 | 52.6 | 13.1 | 223.9 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6210.0* | 0.0 | 3,423.4 | *3,423.4* | **2,787** |
| 17 | 52.6 | 13.1 | 223.9 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6210.0* | 0.0 | 3,425.3 | *3,425.3* | **2,785** |
| 18 | 52.6 | 13.1 | 223.9 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6210.0* | 0.0 | 3,427.2 | *3,427.2* | **2,783** |
| 19 | 52.6 | 13.1 | 223.9 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6210.0* | 0.0 | 3,425.6 | *3,425.6* | **2,784** |
| 20 | 52.6 | 13.1 | 223.9 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6210.0* | 0.0 | 3,423.4 | *3,423.4* | **2,787** |

| | |
|---|---|
| NPV at 7.8% ('million) | **14,618** |
| BCR | **1.54** |
| **EIRR** | **41%** |

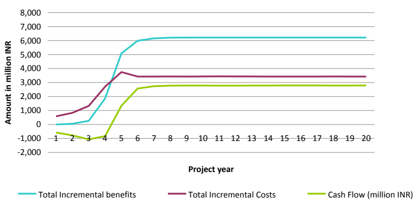
**Current GoI Bond rate is applied as Discount rate**

41,899 27,282

**F)**

| SENSITIVITY ANALYSIS (SA) | | | | |
|---|---|---|---|---|
| | **Δ%** | **Link with the risk matrix** | **IRR** | **NPV 1/** |
| **Basecase scenario** | | | 41% | 14,618 |
| | | | | |
| Project benefits | -20% | lack of financial capacity | 24% | 5,892 |
| Project costs | 15% | inadequate profit margins and poor capacity of groups | | |
| Project benefits | -15% | | 18% | 3,875 |
| | | | | |
| 2 years lag in benefits. | | lack of quality inputs, weak services | 24% | 9,911 |
| Project benefits | -25% | climate risks, cyclones, low rainfall and poor access | 19% | 3,820 |
| Input prices | 25% | lack of policy commitment | 24% | 7,366 |
| 1/ NPV is in million INR discounted at 7.8% | | | | |

**G)**



# Appendix 10: Economic and financial analysis

## A. Financial Analysis

### 1.1: Key Assumptions

110. The project will work with some 121 Panchayat level federations (PLFs), 50 fisher marketing societies (FMS), 4,000 SHGs, 1,600 joint liability groups (JLG), and 500 primary producers groups (PPGs) involving about 90,000 households in the project area districts. There is scope for improving the performance of fisher marketing societies and thereby enhancing their incomes, and also there is scope for enhancing the margins to PPGs, in particular of paddy, millets, chilli, coriander and livestock-holders through a number of management practices and improving the access to input supplies, markets and financial services. Other key assumptions used in the EFA are that

- The participating households respond to the introduction of new packages of practices and management techniques; cost analysis shows that sea-weed cultivation, cage –fishery and ornamental fishery have good scope.
- The households are willing to organise themselves in to viable community institutions such as fish FMSs, JLGs, and PPGs through training and capacity building and eventually in to higher level federations.
- Crop productivity can be improved through appropriate management practices such as better seeds, timely preparation of land and incomes enhancement through organised marketing and also creating facilities for processing of cereals such as millets and paddy, spices etc
- Fishers are in debt to exploitative traders and merchants; providing debt-redemption packages at affordable interest charges could help improve their economic well-being and incomes.
- Although there are small numbers of fisher cooperative societies and their performance can be enhanced through organised training and capacity building, the project will organise new societies based on the experience gained under the ongoing programme in phase one area.
- The fishers and fishing communities leverage significant value-addition and employment along value-chain, and increase the incomes and employment of large number of poor people. For example, sun-drying of sea-weeds, dry-fish making, hygienic fish-vending;
- Average fish catch per fisher is 1.0 t/day for about 175 days in a year;
- Each FMS has some 40 members, 5 members for JLG and 18 members in each PPG.
- By organising the target groups through producers' collectives and providing marketing support and other attendant facilities, the participating households are able to realise increased prices for their produce.
- There are opportunities of diversification in to a number of off-farm enterprises and other income generating activities, and in this context target groups respond favourably to new initiatives of the Programme as evidenced from the on the ongoing programme in the adjoining districts.
- Current mortality rates among goats are about 30%. Target groups also tend small ruminants and cattle and these can be up-scaled with the support of supply of quality breed and appropriate paravet services thereby reducing the mortality rates.

- There is scope for improving the community infrastructure facilities such as drying yards, net-mending halls, storage, link roads to the fish landing sites, drinking water supply systems etc and creating access to markets and thus ensuring better prices to the producers.

- Average wage rate has been assumed at INR 200 per person-day although there are variations between wages to male and female and also variations in between the seasons

- Under “without project situation” proxy value of labour has been assumed as follows: livestock households 50 person-days, micro-enterprises 100, and 100 persons-days for mud crab, cage-fishery and ornamental fishery.

## 1.2 Production and activity models

111. Following crop and activity models have been developed and used for the analysis. Table below provides a list of these models.

**Table 1: List of Production Models**

| Crop models (1 ha) | Aquaculture models | Enterprises | Livestock models: |
|---|---|---|---|
| Rainfed crops<br>• Paddy<br>• Minor millets<br>• Chilli<br>• Coriander<br>• Drumstick | • Sea-weed cultivation<br>• Sea-weed collection<br>• Cage fishery, pilot<br>• Mud-crab fattening<br>• Dry-fish making<br>• Fish-vending<br>• Ornamental fishery, pilot | • Coir-making unit<br>• Sea-shell unit<br>• Tailoring unit<br>Processing:<br>• Millet processing<br>• Pulses processing<br>• Coconut oil unit<br>• Rice milling unit<br>• Aggregation centres | • Goat unit (10+1)<br>• Dairy cattle, 2 animal<br><br>Value addition models<br>• FMS fishers<br>• PPG members<br>Livelihoods infrastructure<br>• Community infrastructure |

112. Crop models: Productivity enhancement of rainfed crops is possible by appropriate land and crop management practices such as use of quality seed and seed replacement, timely sowing and planting, inter-cultural operation etc. There is potential for rainfed paddy, small millets, pulses like red gram, black gram and moon, chilli, and coriander and drumstick cultivation. Mostly family labour is used. Drumstick cultivation is taken up on limited scale in areas around Ramanathapuram. Average yield is 8.7 ton at full development and the yield is sold at INR 8/kg.

113. Sea-weed cultivation: Floating raft method has been found commercially viable in *Kappaphycus alverezii* farming. The raft is made of bamboo with 12’ by 12’ mainframe and 4’ by 4’ for diagonals. In each raft 20 polypropylene twisted ropes are used for planting the seed materials. To protect it from grazing by herbivores[37] fishes, nets are tied around the frame. Each raft requires about 60 kg of planting materials and these are harvested after 45 days with a total yield of 260 kg/raft. On average 3 or 4 harvests are possible in a year. Farming can be taken up for 8 to 9 months in a year. Fresh weed is sun-dried and sold at INR 35/kg. About 10 kg of wet sea-weed make one kg of dry-weed.

114. Collection of sea-weed (*Gelidiella acerosa*), locally known as *Mari Kolunthu passi* is also common and these are sold fresh at INR 15/kg to local agents who dry them and sell it to the companies. Average collection is 4,500 kg/year per household.

115. Cage fishery: A 6 m dia cage made up of galvanised steel pipe with mooring and net is set to float on sea for rearing cobia. Each cage needs 750 cobia seed fishes and these are harvested with a 5% mortality rate after 7 or 8 months. Small low value fish of 12.8 ton used as feed. Average cost of making a cage is INR 125,000 and the operating expenditure is INR 372,000/cage. Average income is INR 226,000 with a sale of 2.13 ton of fish at INR 280/kg.

[37] Nibbling by herbivores like siganid, acanthurid, sea urchin, star fish etc on tips of branches is the major problem faced by sea-weed farmers; during May and June, the grazing intensity is more and this affects the yield by over 50%

116. Mud-crab fattening is a profitable micro-enterprise for the coastal communities. Baby crabs are purchased at INR 300/kg and raised in ponds for about 8 months and sold at INR 800/kg. Infrastructure support include construction of two ponds of 600 sq ft each, one pump set, shed and net for protection. There is ready market for the produce in Chennai.

117. Ornamental fisheries: Culture/rearing of ornamental fishes is taken up in cement tanks. Water from well or bore-well is best suited and the water is periodically replaced. There are a wide variant fishes that are tolerant to hard and soft waters. A breeding unit will cost INR 645,500 with an annual operating expenditure of INR 35,500. Each unit will produce 150,000 fries and 50,000 gold fishes. Larval rearing is assumed at 40 days, recurring cost is based at a fecundity of 800, a survival rate of 50% and breeding percentage of 60%.

118. Average investment for a dry-fish making unit is INR 10,000 and operating costs include fish purchases, and labour for drying and selling (120 person-days/year). Both small and large fishes are purchased and dried. It takes 3 to 5 days for drying and 10 days for selling the dry-fish. Average volume of sale is 1,000 kg/year.

119. Fish vending: Each fisher woman purchases about 40 kg at INR 50/kg of fresh fish and sell them at INR 70/kg. The fish-vending women are provided ice-boxes. Average annual sale is 9,500 and annual labour input of about 200 person-days.

120. Micro-enterprises: Three models are used as proxy and these are (i) coir-rope making unit, (ii) sea-shell craft unit and (iii) tailoring unit. With a production capacity of 3 bundles of rope per batch and 3 batches a day and 300 days of operation/year, the coir unit's annual expenditure is INR 290,000 including labour and a return of INR 85,000/year. A shell-craft enterprise with an initial capital investment of INR 225,000 has an annual income of INR 760,000 with an operating expenditure of INR 318,250. It operates 12 months a year and 22 days in each month. Fixed costs for a tailoring unit is INR 20,000 and a variable cost of INR 2,500 for one month. Average income is estimated at INR 12,000/month.

121. Livestock units: Total investment for a 10+1 goat unit is INR 33,400. Average annual operating expenditure is INR 17,250 and annual sale of does and buck is INR 165,000 at full development stage. Annual income per unit is INR 147,750 excluding value of family labour. A household is provided two dairy animal and facilities for shed, insurance etc. Annual cost of feed, concentrate, etc is estimated at INR 32,000. Green fodder and dry fodder is 7.5 kg/day and 6.4 kg/day respectively. Concentrate is given at 2.2 kg/day. Average milk production is 1,600 litre/cattle and the milk is sold locally.

122. Processing units: Details of five types processing units are used as proxy to evaluate the financial and economic benefits and summarised below:

Table-2: Processing mills

| Particulars | Millets | Pulses | Coconut oil 1/ | Beaten rice 2/ | Puffed rice 3/ |
|---|---|---|---|---|---|
| Installed capacity (ton) | 1,875 | 2,000 | 329 | 2,400 | 480 |
| Annual production (ton) | 1,500 | 1,500 | 247 | 1,200 | 240 |
| By products, (ton) | 705 | 345 | 396 | 400 | 0 |
| # of units | 2 | 2 | 1 | 2 | 2 |
| Operating cost (INR/ton) | 39,790 | 79,730 | 158,740 | 24,760 | 47,840 |
| Sale price (INR/ton) | 60,940 | 91,380 | 177,940 | 60,670 | 70,000 |

1/ Oil extracted using cold-press process;
2/ rice is processed and flattened called "*aval*"
3/ rice is processed to produce puffed rice, called *pori*
*4/ Only millets and beaten rice units are viable; other yield very low IRR; these proposals should be evaluated prior to implementation*

Each processing unit caters to the needs of some 1,000 primary producers or 55 PPG.

123. Fish marketing society: Each FMS will have 40 members. Average catch per fisher is 1.0 ton of fresh fish/day with about 175 days of fishing and enhanced price is assumed at INR 10,000 ton. Fishers borrow money from the traders with interest charges as high as 120%. With debt-redemption packages provided under the project, their liability is substantially reduced and they are thus attracted to stay within the fish marketing societies and thereby earning higher margins from the sale of their catch.

124. PPG: Each participating farmer produces about a ton of paddy, millets, pulses or spices. Average price difference a farmer producer received from open market and proposed marketing arrangements through their primary producer group is INR 1,650 per ton. Each PPG has some 18 members.

125. Aggregating centre: Each aggregation centre will handle some 500 ton of inputs and output per year and average incremental margin is INR 10,000/ton/year. Each centre caters to the needs of some 1,000 to 1,500 customers, farmers and producers. The aggregation centres are owned and operated by the PPGs.

126. Community livelihoods infrastructure: A number infrastructure facilities such as fish-net mending halls, fish auction halls, link roads to fish landing sites, sea-weed drying yards, domestic water supply systems etc is proposed but specific number of units has not been indicated for want of PLF-wise details. These community-based livelihoods infrastructure facilities provide largely drudgery reduction to the participating households. It is assumed that overall reduction in drudgery is equivalent to about 10 labour-days per household per year.

### 1.3: Farm / Household Models

127. Using indicative crop and activity production models, several Farm and Household Models were prepared using FARMOD software. These models were designed to pattern the livelihood options and resource availability for the target groups in the project area. The models broadly illustrate the project's expected impact on the incomes, and labour use of households adopting and/or adapting both on-farm and non-farm technology options. *These models are indicative and assumed for assessing the Performance Indicators of the Project.*

(i) Rainfed crops farm: the model is based on an area of 0.4 ha per household primarily with rainfed paddy (0.264 ha), chilli and coriander (0.068 ha each) annual crops and drumstick (0.2ha) plantation crop. Each participating household is provided with quality seed, technical support and linkages with market. No major shift in cropping patterns is envisaged in the short run but productivity enhancements are achieved through timely sowing, use of quality seed, weeding, etc.

(ii) JLG households: Sea-weed cultivation, sea-weed gathering, mud crab fattening, dryfish, fish-vending, cage fishery, ornamental fishery households are included under this group of households.

(iii) Enterprises household: For the purposes of evaluation, three typical enterprises are included under this group: coir-making unit, sea-shell craft unit and tailoring unit as described under activity models above.

(iv) Livestock household: this model has two sub-activities: (i) two animal cattle dairy and (ii) 10 does and one buck goat unit. Average milk production per household unit is 1,600 litre. Number of does sold at full development is 22/year and also equal number of bucks. Buck is replaced at every five year period.

(v) FMS and PPG households: Each participating fisher household sells 1.0 ton of fish a day for 175 days in a year with enhanced price margin of INR 10,000/ton. Similarly each PPG household sells a ton of agricultural produce at an enhanced price margin of INR 1,650/ton.

(vi) Processing units' households: Producers receive better prices for their produce, for example, millets at INR 36/kg, pulses at INR 76/kg, rice between INR 22/kg and INR 38/kg, which are higher than market prices. In addition, they also receive dividends in proportion to their share in the company, which is also owned and operated by their federations.

128. Benefits from community infrastructure interventions: It is assumed that the participating households benefit from the drudgery reducing interventions of the projects such as (i) saving of labour-days due to improved access to net-mending sites, auction halls, storage facilities; and (ii) better access to market and other public services due to access roads to the fish landing sites etc. It is assumed that about 10 labour-days are saved per household and the annual notional value is INR 2,000 per household estimated at INR 200/person-day of labour. There are about 290 households benefited from each of the 121 PLFs. Notional value per PLF is thus estimated at INR 580,000 per year.

129. Details of the financial analysis of farm and household models described above are summarized in Table-3 below:

**Table 3: Summary Results of unit farm and activity model (Financial)**

| Household, Farm or Activity Model | Gross Income (INR) | Input Cost (INR) | Labour (INR) | BCR (ratio) | FIRR (%) | NPV at 12% (INR) |
|---|---|---|---|---|---|---|
| • Crops, 0.4 ha per household | 27,900 | 8,600 | 8,600 | 1.63- | - | 36,960 |
| • Drumstick cultivation 0.2 ha are | 14,900 | 1,800 | 3,000 | 3.48 | 33 | 34,350 |
| • Livestock household | 157,600 | 20,400 | 4,800 | 6.28 | 48 | 477,530 |
| • Aquaculture household | 312,000 | 224,500 | | 1.34 | - | 563,340 |
| • Sea-weed cultivation, collection | 107,300 | 52,500 | | 1.2 | - | 254,900 |
| • FMS fisher household | 42,000 | | | | | 313,716,630 |
| • PPG member household | 181,500 | | | | | 123,250 |
| • Enterprises household | 423,800 | 306,800 | | 1.38 | 18 | 173,940 |
| • Agri-processing, one unit | 43,136,600 | 32,766,100 | | 1.30 | 17 | 14,919,240 |
| • Aggregation centre, one unit | 27,000,000 | 23,944,700 | | 1.17 | 31 | 10,674,360 |

## 1.4: Subproject Models

130. Emerging from farm and household models, six subproject models were developed: (i) agri-based subproject; (ii) livestock-based subproject; (iii) JLG households subproject (iv) FMS and PPG subproject; (v) enterprises subproject; (vi) processing and aggregation subproject and vii) common infrastructure households. These are detailed in Annex-C are briefly described below.

i. **Agri-based households subproject (3,120 hh)**: This subproject includes (i) 3,120 rainfed farming households each cultivating 0.4 ha including 2,000 households cultivating paddy, 500 households each cultivating organic chilli and coriander and 120 households each cultivating 0.2 ha each of drumstick plantation participating in a phased manner over a three year period: 720 households in year 1, 1,540 households in year 2 and 1,200 households in year 3. Productivity increases are achieved due to the use of quality seeds, adoption of better management practices, timely availability of farm inputs etc. As the participation is demand-driven by individual households, the adoption rate is 100%. Aggregate financial benefits of this subproject are shown in Annex-1.1.

ii. **Livestock households subproject (2,500 hh)**: In all some 2,500 households (500 households taking up dairy cattle and the remaining goat units) participate in a phased manner over a 3 year period: 600 in year 1, 1,200 in year 2 and 700 in year 3. Productivity increases are due to better management practices and feeding systems. Uptake is demand-driven and hence the adoption rate is 100%. Aggregate financial results of the subproject are presented in Annex-1.2.

iii. **JLG households subprojects (6,500 hh)**: This subproject has several interventions: In all 6,500 households making up 1,300 JLGs take up the JLG aquaculture subproject that comprise 700 mud-fattening households, 1,600 dry-fish households, 100 ornamental fishery households, 2,500 fish-vending households, 100 cage–fishery households, 1,000 sea-weed cultivation households and 500 sea-weed collection households. Both ornamental fishery and cage fishery are pilots. These activities are group-based and hence the overall adoption rate is assumed at 70%. Aggregate financial results for this subproject are presented in Annex-1.3

iv. **FMS and PPG subproject (11,000 hh)**: This sub-project has two interventions: (i) 2,000 households from 50 FMSs benefit from enhanced sales margins and (ii) 9,000 households from 500 primary producers groups benefiting from enhanced sales margins for their farm produce. It is assumed that only about 60% of households actively pursue their activities during the project period. Aggregate financial results for the subproject are presented in Annex-1.4.

v. **Enterprises subproject (4,800 hh)**: About 60 percent of targeted households participate in enterprises out of some 8,000 households that received the capacity building and various training. Thus 4,800 households (including 300 JLGs) comprising, for example coir-rope making, sea-shell craft and tailoring activities participate in this sub-project. These activities are indicative and are used for the purposes of benefits analysis but the ground realities could be completely different at implementation stage. Aggregate economic and financial results of the subproject are presented in Annex-1.5.

vi. **Processing and aggregation subproject (26,990 hh)**: This subproject has two activities: (i) development of 9 cereal-based processing units involving some 9,000 households; and (ii) construction of 35 aggregation and inputs supply centres catering to some 17,990 households. It is assumed that their overall performance will be about 60%. Aggregate economic and financial results of this subproject are presented in Annex-1.6.

vii. **Community livelihoods infrastructure subproject (35,090 hh)**: These infrastructure facilities are provided in 61 PLF in year 1 benefiting some 17,545 households and 60 PLF in year 2 benefiting a batch of 17,545 households more. Thus overall number of benefited households is 35,090.

131. Results of analysis of these subprojects where *direct* benefits in terms of incomes, production costs, labour and input etc are quantified are summarised below and details in Table-A

**Table 4: Summary Results of Subproject (Financial) models: 000 INR/subproject group a/**

| Details/Subproject | # of hh | Gross income | Inputs | Labour | Net income |
|---|---|---|---|---|---|
| **Enterprises subprojects:** | **54,910** | | | | |
| i) Agri-based subproject WOP | | 68,808 | 24,826 | 26,110 | 17,872 |
| Agri-based subproject WP | 3,120 | 85,908 | 25,856 | 26,100 | 33,952 |
| ii) Livestock subproject WOP | | b/ 30,000 | | | |
| Livestock subproject WP | 2,500 | 364,000 | 60,550 | 12,000 | 291,450 |
| iii) JLG subproject WOP | | 306,840 | | | 39,440 |
| JLG subproject WP | 6,500 | 1,721,087 | 1,204,037 | | 517,050 |
| iv) FMS & PPG subproject, WOP | | b/ 82,500 | | | |
| FMS & PPG subproject, WP | 11,000 | 2,022,750 | | | 2,022,750 |
| v) Enterprises subproject WOP | | b/ 96,000 | | | |
| Enterprises subproject WP | 4,800 | 2,034,000 | 1,472,640 | | 561,360 |
| vi) Processing subproject WOP | 0 | 0 | 0 | 0 | 0 |
| Processing subproject WP | 26,990 | 1,333,230 | 1,138,573 | | 194,657 |
| **Community livelihoods infrastructure subproject:** | | | | | |
| WOP situation | 0 | 0 | 0 | 0 | 0 |
| WP situation, notional values | **35,090** | 70,180 | 3,025 | 0 | 67,155 |

a/ At full development stage and assuming all labour requirements met by households themselves.
b/ proxy value of labour under WOP situation

## B. Economic analysis

### 2.1 Objectives and Methodology

132. The objective of the economic analysis is to evaluate the expected contribution of the project to the economic development of the project area districts. The purpose of such analysis is to determine

whether the economic benefits sufficiently justify the use of the scarce resources that the project needs.

133. The analysis includes all incremental costs and incremental benefits that are quantifiable and associated with the project's investments in development. Target group households adopting and participating in the project interventions contribute to increased production, besides ensuring their increases in incomes.

The following assumptions underlie this economic analysis of the project.

- A twenty-year analysis period has been assumed, which included a 3 year project investment period.
- Agricultural and marine-based goods move freely in response to market signals.
- All agricultural inputs and outputs that are traded are valued at farmgate prices as of July 2015. These have been adjusted to allow for transport and marketing costs to give an economic value at the farm gate. See Annex-1.10 for commodity-wise list of prices used in the analysis.
- Economic investment costs are net of taxes, price contingencies, credit, office rent etc.
- All costs directly associated with the incremental production are included in full, including incremental farm inputs and family and hired labour.
- Standard conversion factors (SCF)[38] varying between 75% and 85%is applied to both traded and non-traded items for adjusting financial prices.
- The financial price of labour at the rate of INR 200 is taken to reflect the value of the marginal product of agricultural labour under "without the project";
- The analysis includes only benefits and including attributable benefits from rainfed crops, livestock, aquaculture, enterprises, processing units and aggregation centres excludes any notional benefits from the community infrastructure interventions;
- All costs and benefits are relating to investments made on targeted project area households and the resultants benefits;
- Time required for the full development has been assumed over 7 years including system development, dissemination of information, technology transfer, establishment of fishers and producers groups and their higher level institutions, improving access to markets, etc;
- No significant changes or shifts in cropping patterns are assumed but the key assumptions have been adoption of appropriate agronomic practices;
- The analysis employs an Opportunity Cost of Capital[39] (OCC) at 7.8%.

See also Table-C showing key assumptions, prices, SFC used in the EFA

### 2.2: Costs - Benefits Streams and Analysis

134. The **project economic costs** were calculated from the financial project costs excluding price contingencies, subsidies, credit funds, taxes and duties. Recurrent costs for continued extension/training support, operations and maintenance and periodic replacement of vehicles have been included. Economic prices for inputs and output models were estimated by applying the conversion factors on the financial prices. See Table-B and details in Annex-1.7

135. **Participating beneficiaries:** The farm productions are direct output from the respective models, which were based on the respective production and activity models. All 3,120 farm households in receipt of technical support and one time inputs package achieve productivity increases about 20%. Some 2,000 households receive the project support for goat-keeping and another 500 households for 2 animal dairy units. They improve the productivity with the technical support from the project. In all, some 6,500 JLG households are benefited by mud-crab fattening, dry-fish making, fish-vending, undertaking pilot cage

[38] Comparison of prices between nearby markets and farm-gates provided the basis for SCF: accordingly the output commodities the weighted average SCF is 86% and it is 87% for inputs.

[39] This is the rate at which the Government of India Bonds are subscribed

fishery and ornamental fisheries, sea-weed cultivation and sea-weed collection etc. About 2,000 fishers and 500 sea-weed fisher-women are benefited by debt-redemption packages and thereafter improve their productivity and incomes. The fishers are organised in to FMS for achieving productivity increases and enhancing incomes through effective marketing. About 9,000 primary producers are benefited by the PPG initiatives and who are later federated in to higher level institutions. Out of 8,000 who received training some 4,800 take up wide ranging enterprises. About 9,000 farmer producers are also benefited by 9 cereals and pulses and spices processing units. About 510 producers are directly benefited by each of the 35 aggregation centre. Livelihoods common infrastructure facilities that are implemented in all 121 PLFs, some 35,090 households are benefited.

136. **Project Performance Indicators**: Cost-benefit analysis yields an overall IRR of 41%. The estimated NPV for a 7.8% discount rate is INR 14,618 million and the BCR of 1.54. A positive NPV under the current Opportunity Cost of Capital (OCC) of 7.8% indicates that the project investments are robust. A sensitivity analysis of the project is presented in Table below and details in Table-E and more details in Annex-1.9.

**Table 5: Sensitivity of NPV, IRR and BCR to varying scenarios**

| Indicators | Base case | Cost Increases by | | Benefits down by | |
|---|---|---|---|---|---|
| | | 20% | 25% | 20% | 25% |
| NPV-Benefit streams & cost streams discounted at 7.8% INR million a/ | 14,618 | 9,162 | 7,798 | 6,230 | 4,144 |
| IRR-Net incremental benefits stream for a 20 year period b/ | 41% | 28% | 25% | 25% | 20% |
| BCR-Cash flows discounted at 7.8% c/ | 1.54 | 1.28 | 1.23 | 1.23 | 1.15 |

a/ The NPV is a very concise performance indicator of an investment project: it represents the present amount of the net benefits (i.e. incremental benefits less incremental costs) flow generated by the investment expressed in INR (a single value with the same unit of measurement used in the accounting tables). The Net Present Value is the sum of a 20 year discounted net cash flows.

b/ IRR is defined as the discount rate that zeroes out the net present value of flows of costs and net present value of flows of benefits of an investment. The IRR was computed using incremental net benefits streams for 20 year period. As IRR rankings can be misleading, and given that the informational requirements for computing a proper NPV and IRR are the same except for the discount rate, it is always worth calculating the NPV of a project. There are many reasons in favour of the NPV decision rule (see Lev, 2007).

c/ BCR is independent of the size of the investment and it does not generate ambiguous cases and for this reason it can complement the NPV in ranking projects where budget constraints apply. Being a ratio, the indicator does not consider the total amount of net benefits and therefore the ranking can reward more projects that contribute less to the overall increase in public welfare

137. **Sensitivity analysis**: If benefits delayed by two years (in effect, if the project's production activities take longer to become established) then the IRR declines to 24% with a NPV of INR 10,304 million. Under extreme scenario of costs increases by 20% and benefits decline by 20% over the base-case, an IRR of 10% with a NPV of INR 782 million is obtained. Likewise, the sensitivity analysis indicates that the project is more sensitive to decline in project benefits than increases in costs. Switching values[40] indicate that the investments are worthy even if costs increased over 54% or the benefits declined by 35 %. See Annex-1.9 for details.

138. **Summing up**: Sensitivity analysis confirms that the Project remains robust both to decreases in benefits and increases in costs. None the less, the project is more sensitive to decline in benefits than increases in costs. Decrease in benefits may be brought about by a decline in output prices, or a failure in achieving projected yields or outputs. It is noted that the project area often experiences natural calamities and therefore there are possibilities of decline in benefits happening more often than assumed.

139. As the proposed investments are targeted at households, who are poor, living in the coastal zone, were severely affected by 2004 Tsunami and the hardships experienced by them in particular the women, the resulting base case IRR of 41% and the worst scenario case of 10% are considered more than justified.

[40] Switching values are yet another measure of sensitivity analysis They demonstrate by how much a variable would have to fall (if it is a benefit) or rise (if it is a cost) to make it not worth undertaking an option.

140. Environmentally-related aspects of the project are its integrated natural resources management including a focus on community-based PLF development and the encouragement of alternative income generating opportunities for the poor. All these interventions yield substantial environmental benefits that have not been quantified in the economic analysis. Farm enterprises use organic inputs, manure and bio-fertilisers and only existing land is put to use. Number of livestock units is small and to provide alternate employment to fisher communities and as such do not cause any pressure on land that are fragile already. Similarly off-farm enterprises are to reduce pressure on already depleting fishery resources. Sea-weed collection is only from the ecologically permitted zones and as such no harm is made to the fragile coral reefs. Membership to FMS and PPG is socially inclusive and these do not cause any dissent among the target communities. All enterprises are home-based, use locally available resources and cause no damage to the region's vegetation. Processing mills are agri-based and no harmful wastes discharged and on the contrary their by-products are used as feed and manure. Artificial reef will enhance fish-breeding and thus ecologically positive. Construction of livelihoods common infrastructure is in accordance with coastal zone regulations and as such no dwellings are proposed under the project.

## C. Phasing beneficiaries' participation

141. **Beneficiaries:** The project will cover over 90,000 households from 121 PLFs falling under 6 districts of Thoothukudi, Tirunelveli, Ramanathapuram, Pudukottai, Thiruvarur and Tanjavur in the costal zone of Tamil Nadu. Households in each PLF will be directly benefited by the project interventions including the vulnerable population. Number of beneficiary households by subproject and year are shown in Table 6 below.

**Table-6: Number of Benefited Households, cumulative a/**

| | Project year | | | Post-project year | | |
|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 |
| • Agri-based households | *740* | *2,280* | *3,120* | | | |
| • Livestock households | *600* | *1,800* | *2,500* | | | |
| • JLG households | *1,300* | *3,600* | *6,500* | | | |
| • FMS & PPG households | *680* | *5,440* | *11,000* | | | |
| • Enterprises households | *960* | *3,360* | *4,800* | | | |
| • Processing unit households | *0* | *5,000* | *9,000* | | | |
| • Aggregation centre households | *0* | *5140* | *17,990* | | | |
| • **Common infrastructure households** | ***17,690*** | ***35,090*** | ***35,090*** | | | |
| Total, cumulative | *21,970* | *61,710* | *90,000* | | | |

a/ cumulative by year;
b/

Beneficiary participation has been phased in such a manner to permit flexibility in project interventions and also to prepare the vulnerable groups to gain confidence and adequate capacity. But some of the interventions are phased keeping in view the project time frame. Refer also Table-D showing implementation phasing and adoption rates and number of benefited households.

142. **Production Benefits:** The immediate benefits from the project are increased productivity-through the introduction of improved services, improved farming and management practices, and improved access to markets and financial services. Overall crop productivity will increase by 20%. The project will produce about 2,376 ton of paddy, 245 ton of coriander, 265 ton of chilli and 260 ton of drumstick. This production can be easily marketed locally. Project production of about 1,600 ton of milk and 88,000 does and buck are marketed locally. There are ready markets for 3.5 million ton of dried sea-weed, 2.5 million ton of fresh sea-weed, 10.5 million of ornamental fish fry and 3.5 million Gold fish, 0.2 million ton of mud-crabs and the traditional product of dry-fish. The project will also produce some 1,620 ton of processed millets, 1,620 ton of pulses, 1,550 ton of processed rice and 267 ton of cold-pressed coconut oil and all these have ready market or market-linked. Similarly all produce and products from the enterprises are marketed with appropriate market linkages as facilitated by the project. Some 35,090 households have reduced their drudgery and improved their health due to community infrastructure facilities and these benefits have not been estimated.

143. **Household incomes**: Average income per household at full development stage will increase by INR 35,950/year. Average incremental net income from participating households is as follows: crop agriculture INR 5,280/household, livestock INR 115,140/household, JLG enterprises INR 73,480, FMS and PPG INR 191,660/household, off-farm enterprises INR 96,950/household and processing and aggregation centre INR 7,210/household. Annual notional value of incomes from common livelihoods infrastructure is INR 2,000 per household being equivalent to 10 days of drudgery reduction.

144. **Other benefits:** Additional benefits will come from the Project's capacity building interventions. First, at the end of the project, all participating households, fishers' organisations, FMS, JLGs, SHGs and PLFs will have the benefit and advantages of the services of the CRCs, which are capacitated and provided fund support for various social and economic developments. Almost all rural households have received training and capacity building benefits. Secondly, NABFINS and Banks cater to the credit requirement of 21,000 households, 3,000 SHGs and 1,600 JLGs. Thirdly, women from the poor and very poor groups will be participating in and managing their social and economic development and will have better access to markets and inputs and marketing their products. Lastly, the improvement of access to markets and livelihoods common infrastructure, will provide better access to markets and marketing and thus facilitating enhanced price-margins to the target groups

## D. Risks and sustainability

145. There are a number of risks associated with the Project. These relate to institutional, markets and policy and these may be further linked to farm and non-farm technology, reluctance on the part of the participants to accept packages of practices, inadequate market linkages and poor price margins, financial constraints and lack of timely flow of institutional credit, lack of service providers and poor coordination and institutional support and policy risks. These issues and risks are addressed in the project design as described in Table-7 below: (Refer also Table-F)

**Table-7: Project Risks and Sustainability**

| Risks | Risk description | Probability of occurrence | Mitigation measures in programme design | Comparative sensitivity analysis result (Proxy) |
|---|---|---|---|---|
| **Institutional** | Delay in technology transfer/lack of quality planting materials slowing down the uptake rates and production<br><br>Weak technical and management capacities of the service providers and CRCs | High to Medium | PPG promoted and facilitated; Extensive training and demonstrations of package of practices, facilitating the supply of quality planting materials;<br><br>Competent service providers recruited; | Benefits lag by 2 years:<br>IRR= 24%<br>NPV= 9,911 million<br>BCR= 1.36 |
| | Lack of financial capacity to invest in enterprises and other occupations | High to Medium | Project facilitated financial services cover the target households | Decline in benefits by 20%:<br>IRR=24%<br>NPV=5,892 million<br>BCR= 1.22 |

**Table-7: Project Risks and Sustainability**

| Risks | Risk description | Probability of occurrence | Mitigation measures in programme design | Comparative sensitivity analysis result (Proxy) |
|---|---|---|---|---|
| **Market** | Inadequate profit margins due to poor access, lack of transport and of market information<br><br>Lack of capacities of FMS, PPG, JLGs to negotiate fair deals with traders | High to medium | Market information, improved technology advice, promotion of producers' groups, FMSs and market linkages.<br><br>Improvement of local markets and access roads to fish landing sites; empowering the producers' collective, FMS and JLGs through training and capacity building; Facilities for private sector-producers linkages for effective marketing support | Decline in benefits and increases in cost by 15%:<br>IRR= 18%<br>NPV=3,875 million<br>BCR=1.12 |
| | Lower market prices for commodities | Medium | Diversified production and improved market information; production of ready to market commodities and provision storage facilities | |
| **Policy** | Lack of commitment to investing in the welfare development and slowing down funds flow | Medium | The project investments are fully supported by GoTN and adequate funds have been committed; | Operating costs increase by 25%:<br>IRR=24%<br>NPV= 7,366 million<br>BCR=1.22 |
| **Others** | Remoteness and difficulty of access due to bad connectivity conditions | Medium | Promotion of products that combine high farmer margin for small volumes and are easy to transport | Decline in benefits by 25%:<br>IRR= 19%<br>NPV=3,820 million<br>BCR=1.14 |
| | Climate change risks of low rainfall, floods, cyclones, etc | Medium | Training farmers on climate change risks | |

# TABLE-A: FINANCIAL ANALYSIS BY SUBPROJECTS a/

## INDIA - PTSLP Additional Financing

| *A)* | | Crops | Livestock | JLG | FMS & PPG | Enterprises | Processing | Infrastructure |
|---|---|---|---|---|---|---|---|---|
| FINANCIAL ANALYSIS | | Net incremental benefits of Ffarm and Activity subproject models in 000 INR | | | | | | |
| | PY1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | PY2 | 3,303 | -33246 | 2,274 | - | 0 | 0 | 35,380 |
| | PY3 | 10,429 | - 78,240 | 42,036 | 3,300 | -498,528 | -189,888 | 68,655 |
| | PY4 | 14,334 | -50,031 | 150,038 | 722,250 | -1,153,248 | -382,709 | 67,155 |
| | PY5 | 14,914 | 39,860 | 305,216 | 1,940,250 | -422,040 | -11,712 | 67,155 |
| | PY6 | 15,433 | 137,450 | 438,410 | 2,108,250 | 465,360 | 126,861 | 67,155 |
| | PY7 | 15,855 | 233,850 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| | PY8 | 16,079 | 287,860 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| | PY9 | 16,079 | 298,250 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| | PY10 | 16,079 | 291,450 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| | PY11 | 16,079 | 281,850 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| | PY12 | 16,079 | 287,450 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| | PY13 | 16,079 | 296,250 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| | PY14 | 16,079 | 298,250 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| | PY15 | 16,079 | 301,050 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| | PY16 | 16,079 | 301,050 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| | PY17 | 16,079 | 298,650 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| | PY18 | 16,079 | 296,250 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| | PY19 | 16,079 | 298,250 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| | PY20 | 16,079 | 298,250 | 477,610 | 2,108,250 | 465,360 | 194,657 | 67,155 |
| NPV (INR, 000) | | 89,340 | 937,104 | 2,126,217 | 9,709,987 | 471,232 | 332,914 | 417,388 |
| NPV (USD 000) | | 1,418.1 | 14,874.7 | 33,749.5 | 154,126.8 | 7,479.9 | 5,284.4 | 6,625.2 |
| FIRR (@ 12%) | | | 59% | | | 17% | 23% | |

a/ See Annex-1.1 to 1.7 for details; global average incremental income of 90,000 households is INR 35,950/year at full development stage

# TABLE-B: PROJECT COSTS AND INDICATORS FOR LOGFRAME

***B)***

**PROJECT COSTS AND INDICATORS FOR LOGFRAME**

| | | | | | | |
|---|---|---|---|---|---|---|
| **TOTAL PROJECT COSTS** (in million USD) | **44.65** | | Base costs | 41.36 | PMU | 2.88 |
| **Number of Beneficiaries** | **90,000** Households | PLF<br>121 | SHG<br>4,000 | FMS<br>50 | PPG<br>500 | JLG<br>1,600 |
| **Cost per beneficiary (IFAD resources)** | **250** USD/ household | | | | **Adoption rates** | **70%** |

| **Components** | **Cost USD M** | **Outcomes** | **Indicators** |
|---|---|---|---|
| Community resource planning | 9.69 | 35,090 hh use common infrastructure | at least 75% functional, O&M by Panchayats |
| Enterprises promotion and employment generation | 32.11 | 54,910 households operating 16,920 enterprises | at least 70% enterprises profitably operating and income increased by INR 35,090/hh |
| Project Management | 2.85 | | |
| Total Project costs | 44.36 | | |

# TABLE-C: MAIN ASSUMPTIONS AND SHADOW PRICES

| C) | MAIN ASSUMPTIONS & SHADOW PRICES[1] | | | | |
|---|---|---|---|---|---|
| FINANCIAL | **Output** | Incremental value (%) | Price (in INR) | **Input prices** | Price (INR) |
| | Crops | 0.2% | Paddy 16, chilli 110/kg | Fertilizer, average | 28 |
| | Livestock | 4.2% | Milk 40/li, Doe 2500/# | Pesticides, average | 300 |
| | JLG aqua enterprises | 16.2% | Sea-weed 35/kg, fish 280 | ? | |
| | FMG, PPG | 34.1% | INR 10,000/ton | Rural wage rate | 200 |
| | Enterprises | 24.1% | INR 35,000/month | | |
| | Processing & aggre. | 21.2% | INR 60,000/ton | | |
| ECONOMIC | Official Exchange rate, July | 63 | | Discount rate (opportunity cost of capital) | 12% |
| | Shadow Exchange rate b/ | 96 | | SDR, India 10 year bond rate | 7.8% |
| | Standard Conversion Factor | 1.52 | | Output conversion factor a/ | 0.86 |
| | Labour Conversion factor | 1 | | Input Conversion factor a/ | 0.87 |

[1] All prices expressed in INR Currency.

a/ estimated from data generated from farmod

b/ arrived at using export and import values* OER

# TABLE-D: BENEFICIARIES, ADOPTION RATES AND PHASING

**D)**

**BENEFICIARIES, PHASING BY INTERVENTION AND ADOPTION RATES**

| **Project year →** / **Interventions** | PY1 | PY2 | PY3 | Total units | # of beneficiary households | Adoption rate used in EFA | Adoption rates |
|---|---|---|---|---|---|---|---|
| **Crops** | 740 | 1,540 | 840 | 3,120 | 3,120 | 100 | 100% |
| *paddy, chilli, coriander, drumstick* | | | | | | | |
| **Livestock, goat & dairy cattle** | 600 | 1,200 | 700 | 2,500 | 2,500 | 100 | 100% |
| *2000 goat unit & 500dairyunits* | | | | | | | |
| **Support to JLGs** | 1,300 | 2,300 | 2,900 | 6,500 | 6,500 | 70 | 70% |
| *sea-weed, mud crabs,dry-fish, fishvending, cage-fishery, ornamental fishery* | | | | | | | |
| **Enterprises** | 960 | 2,400 | 1,440 | 4,800 | 4,800 | 100 | 100% |
| *mostly off-farm enterprises* | | | | | | | |
| **FMS** | *17* | *29* | *4* | *50* | *2,000* | *60* | *60%* |
| *2000 fishers from 50 FMS* | | | | | | | |
| **Producers groups, PPG** | *100* | *200* | *200* | *500* | *9,000* | *60* | *60%* |
| *18 members per PPG* | | | | | | | |
| **Processing units** | *4* | *4* | *1* | *9* | *9,000* | *60* | *60%* |
| *for cereals, pulses, spices, oil mills* | | | | | | | |
| **Aggregation centres** | *10* | *25* | *0* | *35* | *17,990* | *60* | *60%* |
| *for inputs and outputs sale* | | | | | | | |
| **Livelihoods infrastructure a/** | 61 | 60 | 0 | 121 | 35,090 | 100 | 100% |
| *cover all 121 PLFs* | | | | | | | |
| **IGA, enterprises training** | 2,000 | 3,000 | 1,000 | 8,000 | (8000) | | |
| **Total # of beneficiaries** | | | | | 90,000 | | |

More than 70% of beneficiaries are women, women fishers

More than 70% of beneficiaries are women

# TABLE-E: ECONOMIC ANALYSIS: INCREMENTAL COSTS AND BENEFITS a/

ECONOMIC ANALYSIS

| E) | | NET INCREMENTAL BENEFITS | | | | | | | NET INCREMENTAL COSTS | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Project year | Community infra | Crops | Livestock | Support to JLG | FMS & PPG | Enterprises | Processing & aggregation centres | Total Incremental benefits | Economic investment Costs | Economic recurrent Costs | Total Incremental Costs | Cash Flow (million INR) |
| **1** | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | *0.0* | 579.2 | 0.0 | *579.2* | **-579** |
| **2** | 26.5 | 2.7 | -6.4 | 19.0 | 0.0 | 0.0 | 0.0 | *41.8* | 776.7 | 52.3 | *829.0* | **-787** |
| **3** | 52.6 | 8.5 | -18.5 | 228.3 | 2.6 | -19.2 | 0.0 | *254.3* | 354.7 | 970.6 | *1,325.3* | **-1,071** |
| **4** | 52.6 | 11.8 | -10.1 | 512.5 | 720.6 | 237.9 | 333.7 | *1858.9* | 0.0 | 2,701.8 | *2,701.8* | **-843** |
| **5** | 52.6 | 12.2 | 32.2 | 952.0 | 1938.6 | 971.9 | 1126.9 | *5086.3* | 0.0 | 3,744.6 | *3,744.6* | **1,342** |
| **6** | 52.6 | 12.6 | 101.2 | 1021.7 | 2106.6 | 1429.5 | 1265.4 | *5989.6* | 0.0 | 3,423.4 | *3,423.4* | **2,566** |
| **7** | 52.6 | 12.9 | 175.3 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6161.2* | 0.0 | 3,425.3 | *3,425.3* | **2,736** |
| **8** | 52.6 | 13.1 | 217.0 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6203.1* | 0.0 | 3,427.2 | *3,427.2* | **2,776** |
| **9** | 52.6 | 13.1 | 223.9 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6210.0* | 0.0 | 3,425.6 | *3,425.6* | **2,784** |
| **10** | 52.6 | 13.1 | 223.9 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6210.0* | 0.0 | 3,431.1 | *3,431.1* | **2,779** |
| **11** | 52.6 | 13.1 | 223.9 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6210.0* | 0.0 | 3,438.8 | *3,438.8* | **2,771** |
| **12** | 52.6 | 13.1 | 223.9 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6210.0* | 0.0 | 3,434.3 | *3,434.3* | **2,776** |
| **13** | 52.6 | 13.1 | 223.9 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6210.0* | 0.0 | 3,427.2 | *3,427.2* | **2,783** |
| **14** | 52.6 | 13.1 | 223.9 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6210.0* | 0.0 | 3,425.6 | *3,425.6* | **2,784** |
| **15** | 52.6 | 13.1 | 223.9 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6210.0* | 0.0 | 3,423.4 | *3,423.4* | **2,787** |
| **16** | 52.6 | 13.1 | 223.9 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6210.0* | 0.0 | 3,423.4 | *3,423.4* | **2,787** |
| **17** | 52.6 | 13.1 | 223.9 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6210.0* | 0.0 | 3,425.3 | *3,425.3* | **2,785** |
| **18** | 52.6 | 13.1 | 223.9 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6210.0* | 0.0 | 3,427.2 | *3,427.2* | **2,783** |
| **19** | 52.6 | 13.1 | 223.9 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6210.0* | 0.0 | 3,425.6 | *3,425.6* | **2,784** |
| **20** | 52.6 | 13.1 | 223.9 | 1051.1 | 2106.6 | 1429.5 | 1333.2 | *6210.0* | 0.0 | 3,423.4 | *3,423.4* | **2,787** |
| | | NPV at 7.8% ('million) | | | **14,618** | **Current GoI Bond rate is applied as Discount rate** | | | | | | |
| | | BCR | | | **1.54** | | | 41,899 | | | 27,282 | |
| | | **EIRR** | | | **41%** | | | | | | | |

a/ Refer Annex-1.8 for further details

# TABLE-F: SENSITIVITY ANALYSIS

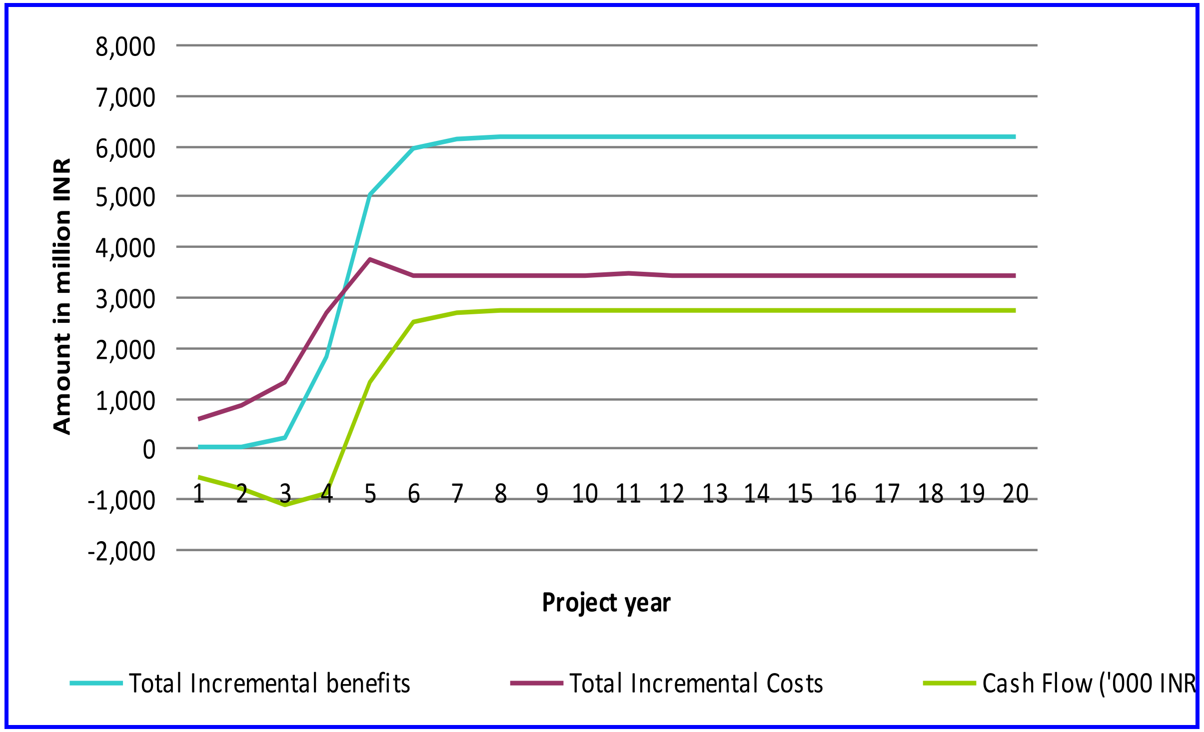
*F)*

**SENSITIVITY ANALYSIS (SA)**

| | **Δ%** | **Link with the risk matrix** | **IRR** | **NPV 1/** |
|---|---|---|---|---|
| **Basecase scenario** | | | 41% | 14,618 |
| | | | | |
| Project benefits | -20% | lack of financial capacity | 24% | 5,892 |
| Project costs | 15% | inadequate profit margins and poor capacity of groups | | |
| Project benefits | -15% | | 18% | 3,875 |
| | | | | |
| 2 years lag in benefits. | | lack of quality inputs, weak services | 24% | 9,911 |
| Project benefits | -25% | climate risks, cyclones, low rainfall and poor access | 19% | 3,820 |
| Input prices | 25% | lack of policy commitment | 24% | 7,366 |
| | | | | |
| | | | | |
| 1/ NPV is in million INR discounted at 7.8% | | | | |

Also refer to Annex-1.9 SA under varying situations

# TABLE-G: GRAPH SHOWING COSTS AND BENEFITS BY YEAR



# Annex-1: SOURCE DATA: Excel printout from FARMOD

## Annex-1.1 Agricultural crops subproject: Financial budget (3,120 households) a/

India
PTSLP Additional Financing
Agri-based households Subproject Model
**FINANCIAL BUDGET (AGGREGATED)**
(In INR '000)

| | July-June | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Without Project** | | **With Project** | | | | | | | | **Increments** | | | | | | |
| | **1 to 19** | **20** | **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8 to 20** | **2** | **3** | **4** | **5** | **6** | **7** | **8 to 19** |
| **Main Production** | | | | | | | | | | | | | | | | | |
| Dryland crops | 65,340 | 65,340 | 65,340 | 68,913 | 76,569 | 80,652 | 80,652 | 80,652 | 80,652 | 80,652 | 3,573 | 11,229 | 15,312 | 15,312 | 15,312 | 15,312 | 15,312 |
| Plantations | - | - | - | - | 87 | 389 | 907 | 1,428 | 1,868 | 2,088 | - | 87 | 389 | 907 | 1,428 | 1,868 | 2,088 |
| Processing unit | 3,168 | 3,168 | 3,168 | 3,168 | 3,168 | 3,168 | 3,168 | 3,168 | 3,168 | 3,168 | - | - | 0 | 0 | 0 | 0 | 0 |
| Proxy labour value | 300 | 300 | 300 | 250 | 125 | - | - | - | - | - | -50 | -175 | -300 | -300 | -300 | -300 | -300 |
| **Sub-total Main Production** | 68,808 | 68,808 | 68,808 | 72,331 | 79,949 | 84,209 | 84,727 | 85,248 | 85,688 | 85,908 | 3,523 | 11,141 | 15,401 | 15,919 | 16,440 | 16,880 | 17,100 |
| **Production Cost** | | | | | | | | | | | | | | | | | |
| **Investment** | | | | | | | | | | | | | | | | | |
| Inputs | 10,147 | 10,147 | 10,147 | 10,344 | 10,766 | 10,991 | 10,991 | 10,991 | 10,991 | 10,991 | 197 | 619 | 845 | 845 | 845 | 845 | 845 |
| Fertilisers, manure | 13,130 | 13,130 | 13,130 | 13,146 | 13,206 | 13,293 | 13,336 | 13,327 | 13,320 | 13,316 | 16 | 77 | 163 | 206 | 197 | 190 | 186 |
| Seeds & planting materials | 1,549 | 1,549 | 1,549 | 1,574 | 1,614 | 1,618 | 1,556 | 1,549 | 1,549 | 1,549 | 25 | 65 | 69 | 6 | -0 | -0 | -0 |
| **Sub-total Investment Costs** | 24,826 | 24,826 | 24,826 | 25,065 | 25,587 | 25,902 | 25,883 | 25,868 | 25,860 | 25,856 | 239 | 761 | 1,076 | 1,057 | 1,042 | 1,034 | 1,030 |
| **Operating** | | | | | | | | | | | | | | | | | |
| Labour | 26,110 | 26,110 | 26,110 | 26,091 | 26,061 | 26,101 | 26,058 | 26,075 | 26,100 | 26,100 | -19 | -49 | -9 | -52 | -35 | -10 | -10 |
| **Sub-Total Production Cost** | 50,936 | 50,936 | 50,936 | 51,155 | 51,648 | 52,003 | 51,940 | 51,943 | 51,960 | 51,956 | 220 | 712 | 1,067 | 1,005 | 1,007 | 1,025 | 1,021 |
| **OUTFLOWS** | 50,936 | 50,936 | 50,936 | 51,155 | 51,648 | 52,003 | 51,940 | 51,943 | 51,960 | 51,956 | 220 | 712 | 1,067 | 1,005 | 1,007 | 1,025 | 1,021 |
| **Cash Flow Before Financing** | 17,872 | 17,872 | 17,872 | 21,176 | 28,301 | 32,206 | 32,787 | 33,305 | 33,728 | 33,952 | 3,303 | 10,429 | 14,334 | 14,914 | 15,433 | 15,855 | 16,079 |

IRR = None, NPV = 84,955.39

a/ comprising 3,000 paddy, chilli and coriander households each cultivating 0.4 ha and 120 drumstick households cultivating 0.2 ha each; Average incremental net income per household is INR 5,280/year from year 4 onwards.

# Annex-1.2 Livestock subproject, financial budget (2,500 households) a/

India
PTSLP Additional Financing
Livestock households Subproject Model
**FINANCIAL BUDGET (AGGREGATED)**
(In INR '000)

| | Increments | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** | **12** | **13** | **14** | **15** | **16** | **17** | **18** | **19** | **20** |
| **Main Production** | | | | | | | | | | | | | | | | | | | |
| Livestock | 7,680 | 30,720 | 74,240 | 138,400 | 230,400 | 329,200 | 385,600 | 394,000 | 394,000 | 394,000 | 394,000 | 394,000 | 394,000 | 394,000 | 394,000 | 394,000 | 394,000 | 394,000 | 394,000 |
| Proxy labour value | -7,200 | -21,600 | -30,000 | -30,000 | -30,000 | -30,000 | -30,000 | -30,000 | -30,000 | -30,000 | -30,000 | -30,000 | -30,000 | -30,000 | -30,000 | -30,000 | -30,000 | -30,000 | -30,000 |
| **Sub-total Main Production** | 480 | 9,120 | 44,240 | 108,400 | 200,400 | 299,200 | 355,600 | 364,000 | 364,000 | 364,000 | 364,000 | 364,000 | 364,000 | 364,000 | 364,000 | 364,000 | 364,000 | 364,000 | 364,000 |
| **Production Cost** | | | | | | | | | | | | | | | | | | | |
| **Investment** | | | | | | | | | | | | | | | | | | | |
| Livestock inputs | 32,286 | 81,600 | 83,951 | 56,550 | 50,950 | 53,350 | 55,750 | 53,750 | 60,550 | 70,150 | 64,550 | 55,750 | 53,750 | 50,950 | 50,950 | 53,350 | 55,750 | 53,750 | 50,950 |
| **Operating** | | | | | | | | | | | | | | | | | | | |
| Labour | 1,440 | 5,760 | 10,320 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 |
| **Sub-Total Production Cost** | 33,726 | 87,360 | 94,271 | 68,550 | 62,950 | 65,350 | 67,750 | 65,750 | 72,550 | 82,150 | 76,550 | 67,750 | 65,750 | 62,950 | 62,950 | 65,350 | 67,750 | 65,750 | 62,950 |
| **OUTFLOWS** | 33,726 | 87,360 | 94,271 | 68,550 | 62,950 | 65,350 | 67,750 | 65,750 | 72,550 | 82,150 | 76,550 | 67,750 | 65,750 | 62,950 | 62,950 | 65,350 | 67,750 | 65,750 | 62,950 |
| **Cash Flow Before Financing** | -33,246 | -78,240 | -50,031 | 39,850 | 137,450 | 233,850 | 287,850 | 298,250 | 291,450 | 281,850 | 287,450 | 296,250 | 298,250 | 301,050 | 301,050 | 298,650 | 296,250 | 298,250 | 301,050 |

IRR = None, NPV = 1,088,621.26

a/ 2,000 goat-rearing households and 500 dairy households; average incremental net income per house hold is INR 115,140/year from year 6 onwards

# Annex-1.3 JLG households subproject, financial budget (6,500 households) a/

India
PTSLP Additional Financing
JLG households subproject Subproject Mode
**FINANCIAL BUDGET (AGGREGATED)**
(In INR '000)

| | July-June | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Without Project** | **With Project** | | | | | | | **Increments** | | | | | |
| | **1 to 20** | **1** | **2** | **3** | **4** | **5** | **6** | **7 to 20** | **2** | **3** | **4** | **5** | **6** | **7 to 20** |
| **Main Production** | | | | | | | | | | | | | | |
| JLGs | 268,590 | 268,590 | 300,775 | 601,475 | 994,459 | 1,588,962 | 1,681,887 | 1,721,087 | 32,185 | 332,885 | 725,869 | 1,320,372 | 1,413,297 | 1,452,497 |
| Proxy value of labour | 38,250 | 38,250 | 33,120 | 16,920 | 6,300 | - | - | - | -5,130 | -21,330 | -31,950 | -38,250 | -38,250 | -38,250 |
| **Sub-total Main Production** | 306,840 | 306,840 | 333,895 | 618,395 | 1,000,759 | 1,588,962 | 1,681,887 | 1,721,087 | 27,055 | 311,555 | 693,919 | 1,282,122 | 1,375,047 | 1,414,247 |
| **Production Cost** | | | | | | | | | | | | | | |
| Mud crab unit | - | - | - | 5,993 | 12,174 | 22,944 | 15,925 | 15,925 | - | 5,993 | 12,174 | 22,944 | 15,925 | 15,925 |
| Cage fishery | - | - | - | 7,161 | 16,335 | 31,885 | 27,965 | 27,965 | - | 7,161 | 16,335 | 31,885 | 27,965 | 27,965 |
| Ornamental fishery | - | - | - | 9,534 | 14,798 | 25,078 | 2,485 | 2,485 | - | 9,534 | 14,798 | 25,078 | 2,485 | 2,485 |
| sea weed cultivation, collection | - | - | 24,781 | 81,820 | 90,742 | 78,682 | 78,682 | 78,682 | 24,781 | 81,820 | 90,742 | 78,682 | 78,682 | 78,682 |
| Fish vending & dry fish | 245,000 | 245,000 | 245,000 | 388,955 | 604,433 | 963,638 | 962,500 | 962,500 | - | 143,955 | 359,433 | 718,638 | 717,500 | 717,500 |
| Dry fish making | 22,400 | 22,400 | 22,400 | 43,456 | 72,800 | 122,080 | 116,480 | 116,480 | - | 21,056 | 50,400 | 99,680 | 94,080 | 94,080 |
| **Sub-Total Production Cost** | 267,400 | 267,400 | 292,181 | 536,919 | 811,281 | 1,244,306 | 1,204,037 | 1,204,037 | 24,781 | 269,519 | 543,881 | 976,906 | 936,637 | 936,637 |
| **OUTFLOWS** | 267,400 | 267,400 | 292,181 | 536,919 | 811,281 | 1,244,306 | 1,204,037 | 1,204,037 | 24,781 | 269,519 | 543,881 | 976,906 | 936,637 | 936,637 |
| **Cash Flow Before Financing** | 39,440 | 39,440 | 41,714 | 81,476 | 189,478 | 344,656 | 477,850 | 517,050 | 2,274 | 42,036 | 150,038 | 305,216 | 438,410 | 477,610 |
| **Cash Flow After Financing** | 39,440 | 39,440 | 41,714 | 81,476 | 189,478 | 344,656 | 477,850 | 517,050 | 2,274 | 42,036 | 150,038 | 305,216 | 438,410 | 477,610 |
| **Farm Family Benefits After Financing** | 39,440 | 39,440 | 41,714 | 81,476 | 189,478 | 344,656 | 477,850 | 517,050 | 2,274 | 42,036 | 150,038 | 305,216 | 438,410 | 477,610 |

IRR = None, NPV = 3,174,109.90

a/ consisting of 700 mud-crab households, 1600 dry-fish households, 2500 fish-vending households, 100 each of ornamental fishery and cage-fishery households, 1,000 sea-weed cultivation and 500 sea-weed collection households;

Average incremental net income per household is INR 73,480/year at full development stage, ie from year 5 onwards.

# Annex-1.4 FMS and PPG households subproject, financial budget (11,000 households) a/

India
PTSLP Additional Financing
FMS & PPG households Subproject Model
**FINANCIAL BUDGET (AGGREGATED)**
(In INR '000)

| | July-June | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Without Project** | **With Project** | | | | | **Increments** | | | |
| | **1 to 20** | **1 to 2** | **3** | **4** | **5** | **6 to 20** | **3** | **4** | **5** | **6 to 20** |
| **Main Production** | | | | | | | | | | |
| Fish marketing society & PPG | 82,500 | 82,500 | 85,800 | 804,750 | 2,022,750 | 2,190,750 | 3,300 | 722,250 | 1,940,250 | 2,108,250 |
| **Cash Flow Before Financing** | 82,500 | 82,500 | 85,800 | 804,750 | 2,022,750 | 2,190,750 | 3,300 | 722,250 | 1,940,250 | 2,108,250 |

IRR = None, NPV = 9,709,986.86

a/ consisting of 2,000 members of 50 FMSs and 9,000 members of 500 primary producers groups;
Average incremental net income is INR 191,660 per household per year

# Annex-1.5 Enterprises subproject, financial budget (4,800 households) a/

India
PTSLP Additional Financing
Micro-enterprises households Subproject Mo

| FINANCIAL BUDGET (AGGREGATED) (In INR '000) | Without Project | With Project | | | | | Increments | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | July-June | | | | | | | | | |
| | 1 to 20 | 1 to 2 | 3 | 4 | 5 | 6 to 20 | 3 | 4 | 5 | 6 to 20 |
| **Main Production** | | | | | | | | | | |
| Micro-enterprises | - | - | - | 406,800 | 1,423,800 | 2,034,000 | - | 406,800 | 1,423,800 | 2,034,000 |
| Proxy labour value | 96,000 | 96,000 | 76,800 | 28,800 | - | - | -19,200 | -67,200 | -96,000 | -96,000 |
| **Sub-total Main Production** | 96,000 | 96,000 | 76,800 | 435,600 | 1,423,800 | 2,034,000 | -19,200 | 339,600 | 1,327,800 | 1,938,000 |
| **Production Cost** | | | | | | | | | | |
| Dry fish making | - | - | 98,688 | 345,408 | 493,440 | 493,440 | 98,688 | 345,408 | 493,440 | 493,440 |
| micro-enterprises | - | - | 380,640 | 1,147,440 | 1,256,400 | 979,200 | 380,640 | 1,147,440 | 1,256,400 | 979,200 |
| **Sub-Total Production Cost** | - | - | 479,328 | 1,492,848 | 1,749,840 | 1,472,640 | 479,328 | 1,492,848 | 1,749,840 | 1,472,640 |
| **OUTFLOWS** | - | - | 479,328 | 1,492,848 | 1,749,840 | 1,472,640 | 479,328 | 1,492,848 | 1,749,840 | 1,472,640 |
| **Cash Flow Before Financing** | 96,000 | 96,000 | -402,528 | -1,057,248 | -326,040 | 561,360 | -498,528 | -1,153,248 | -422,040 | 465,360 |

IRR = 17.2%, NPV = 471,232.47

a/ combination of several enterprises households and projection is based on proxy units;
Average annual incremental net income is INR 96,950 from year 6 onwards

# Annex-1.6 Processing and aggregation centres subproject, financial budget (26,990 households) a/

India
PTSLP Additional Financing
Processing units households Subproject Moc
FINANCIAL BUDGET (AGGREGATED)
(In INR '000)

| | July-June | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | With Project | | | | | Increments | | | | |
| | 3 | 4 | 5 | 6 | 7 to 20 | 3 | 4 | 5 | 6 | 7 to 20 |
| **Main Production** | | | | | | | | | | |
| Processing unit | - | 63,654 | 181,861 | 320,434 | 388,230 | - | 63,654 | 181,861 | 320,434 | 388,230 |
| Aggregation centre | - | 270,000 | 945,000 | 945,000 | 945,000 | - | 270,000 | 945,000 | 945,000 | 945,000 |
| **Sub-total Main Production** | - | 333,654 | 1,126,861 | 1,265,434 | 1,333,230 | - | 333,654 | 1,126,861 | 1,265,434 | 1,333,230 |
| **Production Cost** | | | | | | | | | | |
| Millets and grains processing | 97,626 | 246,262 | 300,509 | 300,509 | 300,509 | 97,626 | 246,262 | 300,509 | 300,509 | 300,509 |
| Inputs_centre | 92,262 | 470,101 | 838,063 | 838,063 | 838,063 | 92,262 | 470,101 | 838,063 | 838,063 | 838,063 |
| **Sub-Total Production Cost** | 189,888 | 716,363 | 1,138,573 | 1,138,573 | 1,138,573 | 189,888 | 716,363 | 1,138,573 | 1,138,573 | 1,138,573 |
| **OUTFLOWS** | 189,888 | 716,363 | 1,138,573 | 1,138,573 | 1,138,573 | 189,888 | 716,363 | 1,138,573 | 1,138,573 | 1,138,573 |
| **Cash Flow Before Financing** | -189,888 | -382,709 | -11,712 | 126,861 | 194,657 | -189,888 | -382,709 | -11,712 | 126,861 | 194,657 |

IRR = 22.6%, NPV = 332,914.47

a/ consisting of 9,000 benefiting households from 9 processing units and 17,990 households of 35 aggregation centres;
Average annual incremental net income is INR 7,210 from year 7 onwards

# Annex-1.7 Common Livelihoods Infrastructure subproject, financial budget (35,090 households) a/

India
PTSLP Additional Financing
PLF infrastructure subproject Subproject Model
**FINANCIAL BUDGET (DETAILED)**
(In INR '000)

| | July-June | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Without Project | With Project | | | Increments | | | |
| | 1 to 20 | 2 | 3 | 4 to 20 | 1 | 2 | 3 | 4 to 20 |
| **Main Production** | | | | | | | | |
| Infrastructure benefits | - | 35,380 | 70,180 | 70,180 | - | 35,380 | 70,180 | 70,180 |
| **Production Cost** | | | | | | | | |
| Maintenance costs | - | - | 1,525 | 3,025 | - | - | 1,525 | 3,025 |
| **OUTFLOWS** | - | - | 1,525 | 3,025 | - | - | 1,525 | 3,025 |
| **Cash Flow Before Financing** | - | 35,380 | 68,655 | 67,155 | - | 35,380 | 68,655 | 67,155 |

IRR = None, NPV = 578,316.20

a/ Notional income per household is INR 2,000/year assuming 10 person-day of labour saved per year wages being INR 200/day;
Annual maintenance cost is INR 86/hh estimated at a 2% of investment cost.

# Annex-1.8 Summary of Project Economic Budget (amount in million INR)

India
PTSLP Additional Financing
Project Summary July-June
**ECONOMIC BUDGET (AGGREGATED)**
(In INR Million)

| | WP Increments | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** | **12** | **13** | **14** | **15 to 16** | **20** |
| **Main Production** | | | | | | | | | | | | | | | | |
| Dryland crops | - | 2.8 | 8.7 | 11.8 | 11.8 | 11.8 | 11.8 | 11.8 | 11.8 | 11.8 | 11.8 | 11.8 | 11.8 | 11.8 | 11.8 | 11.8 |
| Plantations | - | - | 0.1 | 0.3 | 0.7 | 1.1 | 1.4 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 |
| Livestock | - | 0.8 | 3.1 | 19.9 | 62.2 | 131.2 | 205.3 | 247.6 | 253.9 | 253.9 | 253.9 | 253.9 | 253.9 | 253.9 | 253.9 | 253.9 |
| JLGs | - | 24.1 | 249.7 | 544.4 | 990.3 | 1,060.0 | 1,089.4 | 1,089.4 | 1,089.4 | 1,089.4 | 1,089.4 | 1,089.4 | 1,089.4 | 1,089.4 | 1,089.4 | 1,089.4 |
| Fish marketing society & PPG | - | - | 2.6 | 720.6 | 1,938.6 | 2,106.6 | 2,106.6 | 2,106.6 | 2,106.6 | 2,106.6 | 2,106.6 | 2,106.6 | 2,106.6 | 2,106.6 | 2,106.6 | 2,106.6 |
| Enterprises | - | - | - | 305.1 | 1,067.9 | 1,525.5 | 1,525.5 | 1,525.5 | 1,525.5 | 1,525.5 | 1,525.5 | 1,525.5 | 1,525.5 | 1,525.5 | 1,525.5 | 1,525.5 |
| Processing unit | - | - | - | 63.7 | 181.9 | 320.4 | 388.2 | 388.2 | 388.2 | 388.2 | 388.2 | 388.2 | 388.2 | 388.2 | 388.2 | 388.2 |
| Aggregation centre | - | - | - | 270.0 | 945.0 | 945.0 | 945.0 | 945.0 | 945.0 | 945.0 | 945.0 | 945.0 | 945.0 | 945.0 | 945.0 | 945.0 |
| Common livelihoods infrastructure | - | 26.5 | 52.6 | 52.6 | 52.6 | 52.6 | 52.6 | 52.6 | 52.6 | 52.6 | 52.6 | 52.6 | 52.6 | 52.6 | 52.6 | 52.6 |
| Proxy value of labour | - | -12.4 | -62.3 | -129.5 | -164.6 | -164.6 | -164.6 | -164.6 | -164.6 | -164.6 | -164.6 | -164.6 | -164.6 | -164.6 | -164.6 | -164.6 |
| **Sub-total Main Production** | - | 41.8 | 254.4 | 1,858.9 | 5,086.4 | 5,989.7 | 6,161.3 | 6,203.8 | 6,210.1 | 6,210.1 | 6,210.1 | 6,210.1 | 6,210.1 | 6,210.1 | 6,210.1 | 6,210.1 |
| **Production Cost** | | | | | | | | | | | | | | | | |
| **Investment** | | | | | | | | | | | | | | | | |
| Inputs | - | 0.2 | 0.6 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 |
| Mud crab unit | - | - | 5.9 | 12.0 | 22.6 | 15.4 | 15.4 | 15.4 | 15.4 | 15.4 | 15.4 | 15.4 | 15.4 | 15.4 | 15.4 | 15.4 |
| Cage fishery | - | - | 6.8 | 15.8 | 31.0 | 28.0 | 28.0 | 28.0 | 28.0 | 28.0 | 28.0 | 28.0 | 28.0 | 28.0 | 28.0 | 28.0 |
| Ornamental fishery | - | - | 9.5 | 14.8 | 25.1 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 |
| sea w eed cultivation, collection | - | 24.8 | 81.8 | 90.7 | 78.7 | 78.7 | 78.7 | 78.7 | 78.7 | 78.7 | 78.7 | 78.7 | 78.7 | 78.7 | 78.7 | 78.7 |
| Fish vending & dry fish | - | - | 144.0 | 359.4 | 718.6 | 717.5 | 717.5 | 717.5 | 717.5 | 717.5 | 717.5 | 717.5 | 717.5 | 717.5 | 717.5 | 717.5 |
| Dry fish making | - | - | 119.7 | 395.8 | 593.1 | 587.5 | 587.5 | 587.5 | 587.5 | 587.5 | 587.5 | 587.5 | 587.5 | 587.5 | 587.5 | 587.5 |
| micro-enterprises | - | - | 351.8 | 1,046.6 | 1,112.4 | 835.2 | 835.2 | 835.2 | 835.2 | 835.2 | 835.2 | 835.2 | 835.2 | 835.2 | 835.2 | 835.2 |
| Livestock inputs | - | 25.8 | 65.3 | 67.2 | 45.2 | 40.8 | 42.7 | 44.6 | 43.0 | 48.4 | 56.1 | 51.6 | 44.6 | 43.0 | 40.8 | 40.8 |
| Fertilisers, manure | - | 0.0 | 0.1 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Seeds & planting materials | - | 0.0 | 0.1 | 0.1 | 0.0 | -0.0 | -0.0 | -0.0 | -0.0 | -0.0 | -0.0 | -0.0 | -0.0 | -0.0 | -0.0 | -0.0 |
| Millets and grains processing | - | - | 85.8 | 215.5 | 264.3 | 264.3 | 264.3 | 264.3 | 264.3 | 264.3 | 264.3 | 264.3 | 264.3 | 264.3 | 264.3 | 264.3 |
| Inputs_centre | - | - | 92.3 | 470.1 | 838.1 | 838.1 | 838.1 | 838.1 | 838.1 | 838.1 | 838.1 | 838.1 | 838.1 | 838.1 | 838.1 | 838.1 |
| **Sub-total Investment Costs** | - | 50.8 | 963.7 | 2,689.0 | 3,730.2 | 3,409.0 | 3,410.9 | 3,412.8 | 3,411.2 | 3,416.7 | 3,424.3 | 3,419.9 | 3,412.8 | 3,411.2 | 3,409.0 | 3,409.0 |
| **Operating** | | | | | | | | | | | | | | | | |
| Infrastructure O&M | - | - | 1.2 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 |
| Labour | - | 1.4 | 5.7 | 10.3 | 11.9 | 12.0 | 12.0 | 12.0 | 12.0 | 12.0 | 12.0 | 12.0 | 12.0 | 12.0 | 12.0 | 12.0 |
| **Sub-total Operating Costs** | - | 1.4 | 6.9 | 12.7 | 14.4 | 14.4 | 14.4 | 14.4 | 14.4 | 14.4 | 14.4 | 14.4 | 14.4 | 14.4 | 14.4 | 14.4 |
| **Sub-Total Production Cost** | - | 52.3 | 970.6 | 2,701.8 | 3,744.6 | 3,423.4 | 3,425.3 | 3,427.2 | 3,425.6 | 3,431.1 | 3,438.8 | 3,434.3 | 3,427.2 | 3,425.6 | 3,423.4 | 3,423.4 |
| **Other Costs** | | | | | | | | | | | | | | | | |
| Project investment costs | 579.2 | 776.7 | 354.7 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **OUTFLOWS** | 579.2 | 828.9 | 1,325.4 | 2,701.8 | 3,744.6 | 3,423.4 | 3,425.3 | 3,427.2 | 3,425.6 | 3,431.1 | 3,438.8 | 3,434.3 | 3,427.2 | 3,425.6 | 3,423.4 | 3,423.4 |
| **Cash Flow** | -579.2 | -787.1 | -1,071.0 | -842.8 | 1,341.8 | 2,566.3 | 2,736.0 | 2,776.5 | 2,784.4 | 2,779.0 | 2,771.3 | 2,775.8 | 2,782.8 | 2,784.4 | 2,786.7 | 2,786.7 |

IRR = 41.3%, NPV = 14,618.60

# Annex-1.9: Sensitivity analysis and Switching Values

**ECONOMIC ANALYSIS**

| | | | |
|---|---|---|---|
| Country: | INDIA, TAMILNADU | Discount rate:DR | **0.078** 7.8% |
| **Project:** | **PTSLP ADDITIONAL FINANCING** | | |
| (amount in million INR) | | | |

| | Project Year | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| **Benefits** | | | | | | | | | | | | | | | | | | | | |
| Incremental benefits | 0.0 | 41.8 | 254.4 | 1858.9 | 5086.4 | 5989.7 | 6161.3 | 6203.8 | 6210.1 | 6210.1 | 6210.1 | 6210.1 | 6210.1 | 6210.1 | 6210.1 | 6210.1 | 6210.1 | 6210.1 | 6210.1 | 6210.1 |
| Incremental benefits | 0.0 | 41.8 | 254.4 | 1858.9 | 5086.4 | 5989.7 | 6161.3 | 6203.8 | 6210.1 | 6210.1 | 6210.1 | 6210.1 | 6210.1 | 6210.1 | 6210.1 | 6210.1 | 6210.1 | 6210.1 | 6210.1 | 6210.1 |
| **Costs** | | | | | | | | | | | | | | | | | | | | |
| Investment costs | 579.2 | 776.7 | 354.7 | | | | | | | | | | | | | | | | | |
| Production costs | 0.0 | 52.3 | 970.6 | 2701.8 | 3744.6 | 3423.4 | 3425.3 | 3427.2 | 3425.6 | 3431.1 | 3438.8 | 3434.3 | 3427.2 | 3425.6 | 3423.4 | 3423.4 | 3425.3 | 3427.2 | 3425.6 | 3423.4 |
| Incremental costs | 579.2 | 829.0 | 1325.3 | 2701.8 | 3744.6 | 3423.4 | 3425.3 | 3427.2 | 3425.6 | 3431.1 | 3438.8 | 3434.3 | 3427.2 | 3425.6 | 3423.4 | 3423.4 | 3425.3 | 3427.2 | 3425.6 | 3423.4 |
| **Incremental net benefits** | -579.2 | -787.2 | -1070.9 | -842.9 | 1341.8 | 2566.3 | 2736.0 | 2776.6 | 2784.5 | 2779.0 | 2771.3 | 2775.8 | 2782.9 | 2784.5 | 2786.7 | 2786.7 | 2784.8 | 2782.9 | 2784.5 | 2786.7 |

| **Basecase results discounted:** | | 7.8% |
|---|---|---|
| NPV of benefit streams discounted at | 7.8% | 41,900 |
| NPV of costs stream discounted at | 7.8% | 27,282 |
| NPV of project discounted at | 7.8% | 14,619 |
| BCR- discounted benefits & costs at | 7.8% | 1.54 |
| IRR | | 41% |

| **Benefits lagged by 2 year DR at** | 7.8% | |
|---|---|---|
| NPV of benefit streams discounted at | 7.8% | 37,586 |
| NPV of costs stream discounted at | 7.8% | 27,282 |
| NPV of project discounted at | 7.8% | 10,304 |
| BCR- discounted benefits & costs at | 7.8% | 1.38 |
| IRR | | 24% |

**Results of Sensitivity Analysis using 7.8% discount rate:**

| | | Costs increased by | | | | Benefits down by | | | | Both cost increase & benefits down | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Project Performance indicators | | 10% | 15% | 20% | 25% | 10% | 15% | 20% | 25% | 10% | 15% | 20% | 25% |
| NPV of at discount rate of | 7.8% | 11,891 | 10,527 | 9,162 | 7,798 | 10,429 | 8,334 | 6,239 | 4,144 | 7,701 | 4,242 | 782 | -2,677 |
| BCR at discount rate of | 7.8% | 1.40 | 1.34 | 1.28 | 1.23 | 1.38 | 1.31 | 1.23 | 1.15 | 1.26 | 1.14 | 1.02 | 0.92 |
| IRR | | 34% | 31% | 28% | 25% | 33% | 29% | 25% | 20% | 26% | 19% | 10% | -1% |

**Switching Value Analysis:**

| Switching Value: | Appraisal | Switching value | % change |
|---|---|---|---|
| Total Benefits at 7.8% DR | 41,900 | 27,282 | -35 |
| Total Costs at 7.8% DR | 27,282 | 41,900 | 54 |

# Annex-1.10 Financial and Economic Prices used in EFA

India
PTSLP Additional Financing
**ECONOMIC AND FINANCIAL PRICES**
(In INR)

| | Unit | Economic prices 2005 to 2024 | Financial prices 2005 to 2024 | Economic Calculations Rule |
|---|---|---|---|---|
| **Outputs** | | | | |
| **Dryland crops** | | | | |
| Paddy, upland rainfed | ton | 12,800 | 16,000 | CF: 0.8 |
| Minor millets | ton | 15,000 | 20,000 | CF: 0.75 |
| Coriender | ton | 41,250 | 55,000 | CF: 0.75 |
| Pulses | ton | 41,250 | 55,000 | CF: 0.75 |
| Chilli | ton | 82,500 | 110,000 | CF: 0.75 |
| **Plantations** | | | | |
| Drumstick | ton | 6,000 | 8,000 | CF: 0.75 |
| Jasmine cuttings | 1000 # | 1,500 | 2,000 | CF: 0.75 |
| **Livestock** | | | | |
| Milk | litre | 4 | 40 | CF: 0.10 |
| Sale of buck | each | 3,750 | 5,000 | CF: 0.75 |
| Sale of does | each | 1,875 | 2,500 | CF: 0.75 |
| **Aquaculture** | | | | |
| Sale of sun-dried sea-w eed | kg | 26.25 | 35 | CF: 0.75 |
| Sea-w eed collection | kg | 11.25 | 15 | CF: 0.75 |
| Cage fish | ton | 210,000 | 280,000 | CF: 0.75 |
| Fish fry | each | 0.75 | 1 | CF: 0.75 |
| Gold fish | each | 1.875 | 2.5 | CF: 0.75 |
| Mud crab | kg | 600 | 800 | CF: 0.75 |
| Dry fish unit | kg | 120 | 160 | CF: 0.75 |
| Vending fish | kg | 52.5 | 70 | CF: 0.75 |
| **Fish marketing society & PPG** | | | | |
| Incremental value of fish sale | ton | 10,000 | 10,000 | CF: 1.0 |
| Sale of grains WP | ton | 13,200 | 16,500 | CF: 0.8 |
| Sale of grains WOP | ton | 12,000 | 15,000 | CF: 0.8 |
| **Micro-enterprises** | | | | |
| Coir bundles | bundle | 187.5 | 250 | CF: 0.75 |
| Sea-shell craft | month | 37,500 | 50,000 | CF: 0.75 |
| Tailoring unit | month | 7,500 | 10,000 | CF: 0.75 |
| **Processing unit** | | | | |
| Sale of processed millets | ton | 60,000 | 60,000 | CF: 1.0 |
| Sale of processed pulses | ton | 90,000 | 90,000 | CF: 1.0 |
| Sale of coconut oil | ton | 170,000 | 170,000 | CF: 1.0 |
| Sale of beaten rice | ton | 60,000 | 60,000 | CF: 1.0 |
| Sale of puffed rice | ton | 70,000 | 70,000 | CF: 1.0 |
| Byproduct | ton | 2,000 | 2,000 | CF: 1.0 |
| **Aggregation centre** | | | | |
| Annual sales | ton | 90,000 | 90,000 | CF: 1.0 |
| **Proxy labour value** | | | | |
| WOP proxy labour value | pers_day | 200 | 200 | CF: 1.0 |
| **Inputs** | | | | |
| **Inputs** | | | | |
| Machine sow ing | hr | 875 | 875 | CF: 1 |
| Animal ploughing | day | 800 | 800 | CF: 1 |
| Tractor ploughing | hrs | 875 | 875 | CF: 1 |
| Farm transport | ton | 1,000 | 1,000 | CF: 1 |
| Irrigation pumping | hr | 150 | 150 | CF: 1 |
| Paddy harvester | hr | 1,400 | 1,400 | CF: 1 |

India
PTSLP Additional Financing
**ECONOMIC AND FINANCIAL PRICES**
(In INR)

| | Unit | Economic prices 2005 to 2024 | Financial prices 2005 to 2024 | Economic Calculations Rule |
|---|---|---|---|---|
| **Mud crab unit** | | | | |
| Pond | each | 25,000 | 25,000 | CF: 1.0 |
| Pumpset | each | 32,000 | 40,000 | CF: 0.8 |
| Shed | each | 3,000 | 3,000 | CF: 1.0 |
| Net | each | 2,000 | 2,000 | CF: 1.0 |
| Baby crab | each | 300 | 300 | CF: 1.0 |
| Crab_feed | kg | 50 | 50 | CF: 1.0 |
| Transport of crabs | kg | 25 | 25 | CF: 1.0 |
| Fuel | year | 4,000 | 5,000 | CF: 0.80 |
| Harvesting | pers_day | 200 | 200 | CF: 1.0 |
| **Cage fishery** | | | | |
| Cage making | each unit | 100,000 | 125,000 | CF: 0.8 |
| Cobia fish seed | # | 10 | 10 | CF: 1.0 |
| Fish feed, small fishes | ton | 25,000 | 25,000 | CF: 1.0 |
| Maintenance labour | pers_days | 200 | 200 | CF: 1.0 |
| Hiring of boat | LS/year | 10,000 | 10,000 | CF: 1.0 |
| Harvesting | pers_day | 200 | 200 | CF: 1.0 |
| **Ornamental fishery** | | | | |
| Tools and accessories | each set | 645,500 | 645,500 | CF: 1.0 |
| Operating expenditure | unit/year | 35,500 | 35,500 | CF: 1.0 |
| **sea weed cultivation, collection** | | | | |
| Raft | each | 1,000 | 1,000 | CF: 1.0 |
| Seaweed harvest | pers_day | 200 | 200 | CF: 1.0 |
| seaweed_seed | kg | 3.5 | 3.5 | CF: 1.0 |
| **Fish vending & dry fish** | | | | |
| Fish purchase | kg | 50 | 50 | CF: 1.0 |
| Tools and baskets | unit | 1,300 | 1,300 | CF: 1.0 |
| Sale labour | pers_day | 200 | 200 | CF: 1.0 |
| **Dry fish making** | | | | |
| Facilities for drying | LS | 10,000 | 10,000 | CF: 1.0 |
| Purchase of fish for drying | kg | 50 | 50 | CF: 1.0 |
| Purchase of small fishes | kg | 10 | 10 | CF: 1.0 |
| Labour for drying/selling | pers_day | 200 | 200 | CF: 1.0 |
| **micro-enterprises** | | | | |
| Coir-making equipment | set | 250,000 | 250,000 | CF: 1 |
| Coir raw materials | kg | 4.8 | 6 | CF: 0.80 |
| Sea-shell raw materials | month | 16,000 | 20,000 | CF: 0.80 |
| Sea-shell equipment | set | 250,000 | 250,000 | CF: 1 |
| Electricity charges | month | 1,000 | 1,000 | CF: 1 |
| Transport | month | 2,000 | 2,000 | CF: 1 |
| Packaging | month | 6,000 | 6,000 | CF: 1 |
| Tailoring equipment | set | 20,000 | 20,000 | CF: 1 |
| Raw materials | month | 2,000 | 2,500 | CF: 0.80 |
| **Livestock inputs** | | | | |
| Buck | each | 4,000 | 5,000 | CF: 0.80 |
| Doe | each | 1,600 | 2,000 | CF: 0.80 |
| Goat shed | shed | 6,720 | 8,400 | CF: 0.80 |
| Cattle shed | shed | 8,000 | 10,000 | CF: 0.80 |
| concentrate | kg | 6.4 | 8 | CF: 0.80 |
| Feed concentrate | kg | 9.6 | 12 | CF: 0.80 |
| Dryfodder | ton | 1,200 | 1,500 | CF: 0.80 |
| Fodder | ton | 1,200 | 1,500 | CF: 0.80 |
| Green fodder | ton | 1,600 | 2,000 | CF: 0.80 |
| Goat insurance | year | 480 | 600 | CF: 0.80 |
| Cattle insurance | animal | 960 | 1,200 | CF: 0.80 |
| Milk cattle | each animal | 32,000 | 40,000 | CF: 0.80 |
| Vaccination | per goat | 160 | 200 | CF: 0.80 |

India
PTSLP Additional Financing
**ECONOMIC AND FINANCIAL PRICES**
(In INR)

| | Unit | Economic prices 2005 to 2024 | Financial prices 2005 to 2024 | Economic Calculations Rule |
|---|---|---|---|---|
| **Fertilisers, manure** | | | | |
| DAP | kg | 28 | 28 | CF: 1.0 |
| Complex | kg | 24 | 24 | CF: 1.0 |
| Potash | kg | 36 | 36 | CF: 1.0 |
| Urea | kg | 7 | 7 | CF: 1.0 |
| Plant protection chemicals | litre | 300 | 300 | CF: 1.0 |
| Manure | ton | 5,000 | 5,000 | CF: 1.0 |
| Cow dung | tractor load | 600 | 600 | CF: 1.0 |
| Neem cake | kg | 2 | 2 | CF: 1.0 |
| **Seeds & planting materials** | | | | |
| Paddy seed | kg | 45 | 45 | CF: 1.0 |
| Millet seed | kg | 25 | 25 | CF: 1.0 |
| Pulses seed | kg | 80 | 80 | CF: 1.0 |
| Chilli seed | kg | 1,250 | 1,250 | CF: 1.0 |
| Coriender seed | kg | 60 | 60 | CF: 1.0 |
| Planting materials | # | 75 | 75 | CF: 1.0 |
| rootstock raising | # | 300 | 300 | CF: 1.0 |
| Infrastructure | unit | 2,171,000 | 2,171,000 | CF: 1.0 |
| Drumstick planting materials | kg | 250 | 250 | CF: 1.0 |
| **Millets and grains processing** | | | | |
| Civil w ork, machinery | unit | 33,302,000 | 33,302,000 | CF: 1 |
| Civil w ork, machinery | unit | 13,631,000 | 13,631,000 | CF: 1 |
| Civilw ork, machinery | unit | 17,943,800 | 17,943,800 | CF: 1 |
| Civilw ork, machinery | unit | 8,435,000 | 8,435,000 | CF: 1 |
| Civilw ork, machinery | unit | 5,205,000 | 5,205,000 | CF: 1 |
| Annual operating costs | year | 44,762,936.25 | 59,683,915 | CF: 0.75 |
| Annual operating costs | year | 119,597,635 | 119,597,635 | CF: 1 |
| Annual operating costs | year | 39,208,210 | 39,208,210 | CF: 1 |
| Annual operating costs | year | 29,710,510 | 29,710,510 | CF: 1 |
| Annual operating costs | year | 11,481,513 | 11,481,513 | CF: 1 |
| **Inputs_centre** | | | 17,825,000 | CF: 0 |
| Aggregation centre | unit | 5,400,000 | 5,400,000 | CF: 1 |
| Annual operating costs | year | 39,907,778 | 39,907,778 | CF: 1 |
| **Labor** | | | | |
| Land preparation | pers_day | 200 | | |
| Sow ing, planting | pers_day | 200 | 200 | CF: 1.0 |
| Manure application | pers_day | 200 | 200 | CF: 1.0 |
| Fertiliser application | pers_day | 200 | 200 | CF: 1.0 |
| Digging pits | pers_day | 250 | 200 | CF: 1.0 |
| PPC application | pers_day | 200 | 250 | CF: 1.0 |
| Irrigation | pers_day | 200 | 200 | CF: 1.0 |
| Weeding | pers_day | 200 | 200 | CF: 1.0 |
| Harvesting | pers_day | 200 | 200 | CF: 1.0 |
| Primary processing | pers_day | 200 | 200 | CF: 1.0 |
| Packaging | pers_day | 200 | 200 | CF: 1.0 |
| Annual labour days | pers_day | 200 | 200 | CF: 1.0 |
| | | | 200 | CF: 1.0 |

# Appendix 11: Compliance with IFAD Policies

This annex reviews the adherence of project design to the following IFAD policies and strategies:

a) Gender sensitive design
b) Targeting policy
c) Climate change strategy
d) Good governance
e) Checklist on Indigenous Peoples
f) Scaling up
g) Environment (Environmental and social review note)

## A. Pre-requisites for gender sensitive design[41]

| | Yes | No | Partial | Issues and Recommendations |
|---|---|---|---|---|
| **1. Project document contains poverty and gender analysis data.** | X | | | |
| **2. Based on the above, the project articulates a gender strategy that aims to:** | | | | |
| i) Expand women's access to and control over fundamental assets – capital, land, knowledge and technologies; | X | | | Though Tamil nadu is the pioneer for Self help group movement and women's access to finance has increased, their access to technical know how, inputs and markets is limited and require improvement. The programme addresses women's access and also control over finance, productive assets, knowledge and markets. |
| ii) Strengthen their agency – thus their decision-making role in community affairs and representation in local institutions; | X | | | Community based organisation such as SHG, PLFs enable women to develop their leadership and decision making skills. Both women and men will participate in local bodies that plan and monitor programme activities. Panchayats are largely male dominated, women's mobilisation through SHGs, PLF etc., have to be leveraged for their participation in local Panchayats as well. |
| iii) Improve well-being and ease workloads by facilitating access to basic rural services and infrastructures. | X | | | The programme activities include creation of livelihood infra structure that is aimed at improving well being and also drudgery reduction especially for women. Net mending halls, fish drying yards, link roads, drinking water, solar lighting are a few activities that are likely to decrease the work loads and drudgery especially of women. New technologies and machineries in production related activities are also expected to decrease work loads especially for women. |
| **3. The project identifies operational measures to ensure gender- equitable participation in, and benefit from, planned activities, and in particular:** | | | | |
| Sets specific targets in terms of proportion of women participants in different project activities and components; | X | | | Yes; overall in the project women participants are expected to be 70%. Except fish marketing societies targeted at men, infrastructure which target both men and women, all other activities focuses on women. |

[41] Adapted from: "Mainstreaming a gender perspective in IFAD's operations – Plan of Action, 2003-2006"

| | | | | |
|---|---|---|---|---|
| Ensures women's participation in project-related decision-making bodies; and | X | | | The cluster level advisory committee, which is the main body which plans and reviews the programme implementation on bi annual basis, has about 80% women participation in phase 1 districts. Similar representation will be ensured in phase 2 districts as well. |
| Clearly reflects actions identified in the gender strategy in the cost tables; | X | | | Yes |
| Ensures that the Terms of Reference of project coordinating unit or project management unit (PMU) include responsibilities for gender mainstreaming, especially at level of project director, M&E officer, extension officer and microfinance officer; | X | | | Yes |
| Explicitly addresses the issue of present and likely availability of field staff to ensure outreach to women, and designs activities accordingly; | X | | | In the phase 1 area about 60% of the field staff are women. In the phase 2 districts covered by additional financing also similar trend is expected. |
| Establishes experience working with women and marginalized groups and willingness to work with these groups is a criterion for NGO selection. | X | | | Yes. |
| 4. The project logframe and suggested monitoring system specify sex-disaggregated performance and impact indicators. | X | | | yes |
| 5. The project provides opportunities for policy dialogue on issues related to gender equality and empowerment of women. | X | | | Banks and financial institutions will be approached to design suitable collateral based lending that can ground enterprises especially new generation women entrepreneurs. Similarly there is scope for mainstreaming innovations in insurance services especially for women. The programme provides for policy dialogue for fisheries resource management where women's and men's interest will be addressed. |

## B. Compliance with IFAD targeting policy

| | Key policy principals | Degree of compliance | Comments and observations |
|---|---|---|---|
| 1 | Focus on rural people who are living in poverty and experiencing food insecurity, and who are able to take advantage of the opportunities to be offered (sometimes referred to as "the productive poor" or "active poor"); | Yes | The programme will be implemented in coastal rural areas. The programme will carry out wealth ranking with community participation and very poor and poor households will be targeted for programme activities. Monitoring mechanisms will track who benefits from programme activities. |
| 2 | Expand outreach to proactively include those who have fewer assets and opportunities, in particular extremely poor people as referred to in MDG 1; | Yes | The programme will identify very poor women and men through participatory methods and pro actively target them for programme activities; Some of the activities are aimed at very poor households- programme targets head load fish vending women who are usually very poor; IGA training will be largely targeted at very poor women who can carry out income generation activities along with seasonal labour work and augment their income. |
| 3 | Include marginalized groups, such as minorities and indigenous peoples, and address their specific needs; | Yes | There are minorities (both Muslims and Christians) in the coastal areas who are largely fishers. They will be purposely included in the community consultation and planning such as micro planning, |

| | | | |
|---|---|---|---|
| | | | bi annual cluster workshops etc., where they can articulate their specific needs which can be addressed by the programme. |
| 4 | Address gender differences and have a special focus on women within all identified target groups – for reasons of equity, effectiveness and impact – with particular attention to women heads of household, who are often especially disadvantaged; | Yes | There is special focus on very poor women especially women headed households. Fish head load vendors are often women heads of households considered as very poor. Programme purposely targets them.<br>Similarly sea weed gatherers are poor women who are specifically targeted. In the agriculture and off farm enterprises, women's access to not only finance but also to technology and markets will be addressed so that there is more gender equality and effectiveness. |
| 5 | Recognize that relative wealth or poverty can change rapidly due to external shocks and that this vulnerability needs to be addressed; | Yes | While the programme overall aims at building resilience in coastal communities, there are specific risk mitigation measures that will be undertaken by the programme. Insurance especially hut, asset insurance will be facilitated by the programme apart from convergence with Prime Minister Insurance scheme covering life and health.<br>Easy access to credit at reasonable rates of interest to deal with livelihood loss or set backs (risk reduction fund) will enable poor and very poor households to cope with such setbacks. |
| 6 | Clearly identify at the programme or project design stage who the intended target groups are and why, and consistently apply these categories, during implementation, in monitoring and evaluation (internal and external) of targeting performance. There will be cases when better-off people may<br>need to be included – because of economic and market interdependencies, to avoid conflict, or to engage them as leaders and innovators. In such cases, the rationale and justification should be provided, and risks of excessive benefit capture<br>carefully monitored; | Yes | The target beneficiaries are the poorer households in different occupation groups- such as artisanal fishers using beach launched crafts (catamarans, vellums), fishing boat crew members, small-scale fish-vendors in particular the women, sea-weed cultivators and gatherers, salt-workers, small and marginal farmers and agricultural labourers.<br><br>Producer collectives will be largely targeting small and marginal farmers but for processing and marketing activities some of the larger farmers may also be included for business volumes. The governance structure of the producer collectives will be from small and marginal farmers. |
| 7 | Identify and work with like-minded partners at local, country, regional and international levels to develop a shared understanding of both the dynamics of rural poverty in different contexts and successful targeted approaches; | Yes | Field NGOs will be engaged to nurture PLFs as well as SHGs and enterprises. Technical service providers will be engaged for agriculture, off farm livelihoods. SIFFS will work with fishers. Some of the value chains such as sea weed processing and marketing and risk mitigation mechanisms have potential for adoption of good practices and knowledge sharing at regional and international levels. |
| 8 | Pilot and share learning on successful approaches to targeting hard-to-reach groups; and | Yes | Some of the hard to reach groups because of their occupation are specifically targeted such as fish vendors, salt pan workers, sea weed gatherers etc., |
| 9 | Build innovative and complementary partnerships with actors that can reach target groups that IFAD cannot reach with the instruments at its disposal. | Partly | Private sector partnerships especially in agriculture, off farm and fisheries are expected to benefit the coastal communities and improve value retention for their produce. |

## C. Compliance with IFAD climate change strategy

| **Goal:** To maximize IFAD's impact on rural poverty in a changing climate | |
|---|---|
| **Statements of purpose:** | **PTSLP response** |
| 1. To support innovative approaches to helping smallholder producers build their resilience to climate change. | Innovative approaches to help small fishers and farmers, fish-vending women are incorporated in the design |
| 2. To help smallholder farmers take advantage of available mitigation incentives and funding. | Such facilities are provided in the project design |
| 3. To inform a more coherent dialogue on climate change, rural development, agriculture and food security. | Yes, incorporated in the project design |

## D. Good Governance Framework

This Good Governance Framework is based on the following key principals:

1. **Transparency** is the foundation for accountability and participation. Information in the public domain and an open & visible decision-making processes signals that there is nothing to hide.
2. **Accountability** implies probity in how resources are mobilized and used, and for what ends.
3. **Participation (**or **inclusion)** represents the "demand side" of good governance, and implies that people should have a voice in the decisions that may affect them. The involvement of affected communities in all stages of projects can simultaneously improve development outcomes and reduce the scope for fraud and corruption.

| Project processes | Actions to be taken | Accountability and transparency | Participation and inclusion | Guidelines/regulations to be followed |
|---|---|---|---|---|
| **Targeting** | • Ensure inclusion of disadvantaged groups in project activities. This requires targeting policies and monitoring of composition of project groups etc. | • Progress reports<br>• Outcome surveys<br>• IFAD supervision reports | • Report back to PLFs on composition of SHGs, JLGs and all other project groups | • IFAD appraisal report<br>• PTSLP group formation guidelines |
| **Planning (project level)** | • Annual plans for project activities need to conform to GoTN processes and IFAD appraisal, and be approved by PSC and IFAD | • PSU report to PSC<br>• IFAD & GoTN approval of AWPB<br>• Progress reports on implementation of AWPB | • PRA at design stage got feedback from local people.<br>• Disclosure of AWPB | • GoTN procedure for annual budget<br>• IFAD AWPB guidelines |
| **Planning (local level)** | • Participation in plans at local level by PLFs and field level groups | • Progress reports | • Progress reports feedback to PLFs, | • Participatory planning guidelines |
| **Procurement** | • Transparent and efficient procurement process to ensure best quality/price.<br>• IFAD implementation support to train staff in procurement processes.<br>• IFAD prior reviews | • External audits cover procurement processes<br>• IFAD supervision missions spot check procurements<br>• IFAD technical audits if needed to check value for money and leakages. | • PSC and IFAD receive audit report<br>• IFAD supervision reports and any technical audits to IFAD & GoTN.<br>• PLF involved in checking procurement and community level procurement<br>• | • GoTN Procurement Regulations<br>• IFAD procurement guidelines<br>• Annual procurement plan |
| **Physical activities and outputs** | • Need to monitor progress in terms of quantity and quality. | • Outcome surveys check on outputs delivered to benef. hh.<br>• Progress reports of implementing agencies<br>• Project website<br>• IFAD supervision reports assess progress | • Internal coordination workshops<br>• Project progress reports to IFAD & PSC<br>• Reports to local government | • Government budget<br>• IFAD appraisal report |
| **Financial management** | • Minimise cash transactions<br>• Training of group leaders and members in accounts. | • Consolidated financial statements<br>• Internal audit | • CBO accounts discussed and agreed with all members.<br>• Rotation of group leaders and | • IFAD financial reporting guidelines<br>• Government accounting |

| | | | | |
|---|---|---|---|---|
| | • IFAD implementation support will train staff in project accounting and financial processes. | • External audit<br>• IFAD supervision mission reports will check financial statements & accounting system | regular elections.<br>• Audit report to PSC & IFAD<br>• Consolidated financial statements to IFAD<br>• IFAD supervision reports to IFAD & GoTN. | systems<br>• ToR for internal and external audit |
| **Results and impact** | • Reporting of outcomes and results<br>• Knowledge management to utilise information generated | • IFAD supervision reports<br>• IFAD RIMS indicator reporting<br>• . | • Project website with results of M&E<br>• Experience sharing publications and workshops. | • Project M&E guidelines<br>• IFAD RIMS guidelines<br>• Project KM strategy |
| **Complaints remedies** | • Complaints procedure<br>• Ethical code for staff to avoid conflicts of interest and including sanctions for fraudulent and corrupt practices | • Investigative processes | • Reports to RDPR & IFAD<br>• Feedback to PLF, FMS, federations if needed | • Govt complaints guidelines<br>• Staff ethical code |

## E. Piloting the checklist on Indigenous Peoples in QE (Not applicable)

While it is difficult to capture in a checklist the holistic approach to be used in designing projects with indigenous peoples, this checklist should be used during project design to capture at least the minimum standard a project should respond to in order to be in compliance with IFAD Policy on Engagement with Indigenous Peoples. It is essential that design and implementation teams **actively listen** to indigenous people on the ground when designing projects, to ensure that projects respond to their perspectives and needs. This will help designing sustainable projects and increase IFAD's effectiveness with indigenous peoples' communities.

Abstract from IFAD Policy on IPs: Across countries and continents, many terms and definitions are used to refer to indigenous peoples.[42] The 2007 United Nations Declaration on the Rights of Indigenous Peoples[43] has not adopted a universal definition. While the prevailing view today is that no formal universal definition is necessary for the recognition of indigenous peoples' rights, there is in practice a large degree of convergence among international agencies. Consistent with international practice and for the purposes of this policy, IFAD will use a working definition of indigenous peoples based on the following criteria: *(i) Priority in time, with respect to occupation and use of a specific territory; (ii) The voluntary perpetuation of cultural distinctiveness, which may include the aspects of language, social organization, religion and spiritual values, modes of production, laws and institutions; (iii) Self-identification, as well as recognition by other groups, or by state authorities, as a distinct collectivity; and (iv) An experience of subjugation, marginalization, dispossession, exclusion or discrimination.*

| Details | **SCORE (1-6)** | **Issues** |
|---|---|---|
| **1**. *The project design report is in line with IFAD Policy on Engagement with Indigenous Peoples and takes into account the socio economic and cultural specificities of the indigenous peoples' communities living in the project area. It provides baseline information on their demographic, social, cultural, and political characteristics; the land and territories that they have traditionally owned or customarily used or occupied; and the natural resources they manage or depend upon.* | | Not Applicable |
| **2**. *The project design report includes disaggregated data by indigenous group and geographical location* | | |
| ***3.*** *The project design report identifies, interventions which respond to the needs and priorities as expressed by the targeted indigenous peoples' communities and which build on their knowledge, cultural systems, and institutions.* | | |
| **4.** *The design document describes – and the project/programme implements –* ***operational measures*** *to ensure IPs equitable participation in, and benefit from, project activities. These will generally include:* | | |

[42] Natives, First Nations, tribes, ethnic minorities, indigenous nationalities, aboriginals, indigenous communities, *pueblos originarios* (Bolivia), *adat* communities (Indonesia), scheduled tribes (India), hill peoples, highland peoples (Cambodia), etc.

[43] United Nations Declaration on the Rights of Indigenous Peoples: http://www.un.org/esa/socdev/unpfii/en/declaration.html.

| | | |
|---|---|---|
| ***4.1.*** *Ensuring that representatives of the indigenous peoples' communities, partners of the project, are present at all stages of the project cycle and that a consultation plan leading to their Free, Prior and Informed Consent is embedded in the project design and the consultation and participation process is documented* | | Not applicable |
| 4.2. *Ensuring that project/programme activities are co-created and co-managed by the indigenous peoples communities* | | |
| *4.3 Ensuring the service-providers and extension workers used by the project (public or private) have the capacity and are trained to reach out to indigenous peoples.* | | |
| 4.4 *Ensuring that the project design report includes measures to strengthen a) the social, legal and technical capacity of the government institutions to address IPs issues in the project area; b) IPs' institutions and organizations in the project area* | | |
| 4.5 *Ensuring that information disclosure on the project is in accordance with prevailing IPs' customs and traditions and printed material is written in the IPs language* | | |
| | | |
| ***5.*** *M&E mechanisms are participatory and adapted to capture indigenous peoples' perceptions and perspectives. M&E systems include specific indicators to measure the well-being, poverty and sustainability in a way that is relevant to indigenous peoples.* | | |
| **AVERAGE SCORE** | | |

## F: Environmental impact assessment

| Actions Affecting Environmental Resources Values | Environmental Impact | Mitigation Measures made | Comments |
|---|---|---|---|
| Relocation or migration of people | Nil | No dislocation or migration of people involved | |
| Effect on downstream water use | Nil | Not applicable | |
| Disruption of existing water courses | Nil | Not applicable | |
| Soil erosions at construction sites | Nil | No changes in existing land-use | |
| Public health concerns | Nil | Awareness created; training provided to the participating households | DIO, NGOs |
| Obstruction to grazing sites | Nil | Not applicable | |
| Water-borne diseases | Nil | Awareness created through PLF and SHGs | DIO, NGOs |
| Felling of trees/forest clearing | Nil | Not applicable; | |
| Local disputes | Small | Local institutions involved; social inclusive approach adopted | Local disputes are resolved through SHGs, PLF, FMS etc |
| Damage to historic sites | Nil | Not applicable | |
| Lack of tenancy rights | Nil | Not applicable | |

| | | | |
|---|---|---|---|
| Pollution by agro-chemicals, pesticides | Small | Hazardous chemicals avoided; farmers provided training; demonstrations on making of compost and vermin-compost provided. | NGOs |
| Disruption of existing social systems | Small | Awareness creation, community sensitisation; use of inclusive approach | NGOs |
| Inadequate resources to meet demands | Major | Community awareness and use of transparent scheme selection process based on poverty and wealth-ranking | PMU, DIOs, CRCs, NGOs |
| Economic and social evaluations | Small | interventions that are acceptable to SHGs, JLGs, PLFs adopted | PMU, DIO, NGOs |

The various interventions under the Project create localized environmental and social impacts of both a positive and adverse nature. Overall the environmental impact of project should be positive.

a) Development proposals do not involve the abstraction of large quantities of water, construction of reservoirs, development of any large-scale irrigation schemes or clearing of forests.
b) The enterprises that are supported are unlikely to be significant producers of hazardous waste.
c) All farm-based operations use compost and organic manure and as such no damage to environment is envisaged.
d) Only small-scale artisanal fishers would be supported – the project will specifically exclude the larger trawlers, which are said to damage the inshore marine eco-system.
e) On the positive side, community resource planning will increase environmental awareness and result in actions to conserve the environment, and more rational use of marine resources.

At Appraisal, the PTSLP was classified under Category “B” with no significant environmental impact and therefore did not warrant for any EIA before its implementation. These conditions are identical under current project proposal for additional financing.