PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE

Report No.: AB6402

<table>
<thead>
<tr>
<th><strong>Project Name</strong></th>
<th>National Rural Livelihoods Project</th>
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<tbody>
<tr>
<td><strong>Region</strong></td>
<td>South Asia</td>
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<td><strong>Country</strong></td>
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| **Sector**       | YA Agricultural marketing and trade - 55%  
                  AZ General agriculture, fishing, and forestry - 37%  
                  BL Public administration - Agriculture, fishing, and forestry - 8% |
| **Lending Instrument** | Specific Investment Loan |
| **Project ID**   | P104164                           |
| **Borrower(s)**  | Joint Secretary, Department of Economic Affairs, Ministry of Finance, Republic of India, New Delhi, India  
                  Tel. (91-11) 2309 5190; Fax: (91-11) 2309 2039; email: venu.rajamony@nic.in |
| **Implementing Agency** | National Mission Management Unit (NMMU), National Rural Livelihoods Mission, New Delhi, India  
                          Tel. (91-11) 2338-2313; Fax: (91-11) 2338-7536; email: tvijay.kumar@nic.in |
| **Environmental Screening Category** | { }A { X }B { }C { }FI |
| **Date PID Prepared** | 03/01/2011 |
| **Estimated Date of Appraisal Completion** | 02/25/2011 |
| **Estimated Date of Board Approval** | 07/05/2011 |
| **Decision**     | Based on the project documentation submitted, comments received, and meeting discussions, the ROC meeting chair authorized the team to upgrade pre-appraisal to appraisal and proceed to negotiations subject to agreed revisions in the PAD. |

I. Country Context

1. **Rural poverty in India**: In spite of a high GDP growth rate over the past decade (7.2 percent on average between 1998 and 2008), over 250 million rural people (45 million households) remain locked in poverty, living on less than US$1 per day. While the number of rural people living on less than US$1 a day decreased by 29 million between 1981 and 2005, the number of rural people in India living on less than US$1.25 a day grew by 35 million in the same period\(^1\). The key challenge facing India is to ensure that its economic growth is inclusive and leads to significant rural poverty reduction. Nearly 60 percent of the rural poor households are

\(^1\) National Sample Survey 2004-05
geographically concentrated in the high poverty (so called lagging) states of Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Orissa, Rajasthan and Uttar Pradesh. As per the latest rural poverty head count for different states, Orissa has the highest percentage of rural poverty (60.8%), followed by Bihar (55.7%), Chhattisgarh (55.1%), Madhya Pradesh (53.6%), Jharkhand (51.6%) and Maharashtra (47.9%). Consumer expenditure surveys show that poor spend nearly 58 percent of their expenditure towards food purchase and another 15 percent towards health expenses. About 78 percent of rural households depend upon private sources for treatment of illnesses, entailing substantial out of pocket expense. Nearly 45 percent of rural households resort to high cost borrowing or sell away their productive assets to meet hospitalization costs.

2. **Social exclusion and conflict**: Caste-based exclusion is one of the most prevalent and unique form of social exclusion in India. Exclusion and discrimination of the Scheduled Castes or Dalits and religious minorities in social, cultural, economic and political spheres continues to be embedded in the Indian society, despite showing some signs of positive changes. The Dalits (who are at the very bottom of the caste hierarchy) have lower human development attainments, lower access to public services and livelihood resources like land, and credit, and lower participation in local governance and workforce, compared to non-SC social groups.

3. **Financial exclusion**: Access to finance for the poor is a crucial ingredient for poverty reduction, and credit is essential to help the poor smoothen consumption requirements and support investments for acquisition, renewal and/or expansion of productive assets. Thrift based self-help groups (SHGs) are emerging as a major source of credit for the rural poor, particularly small and marginal farmers. Commercial banks disbursed US$2.7 billion of credit to 1.6 million SHGs during 2008-09 which translates into per capita credit access of US$150, which is about 45 percent of the average expenditure of small and marginal farmers (US$335). Presently, less than 10 percent of the rural poor have access to financial services from formal banking systems in the lagging states in India.

II. **Sectoral and Institutional Context**

4. **Government’s experience with rural poverty reduction programs**: The GoI has been investing substantial resources towards rural poverty alleviation through economic empowerment of the poor for several decades, most systematically since the 1980s. In the 1980s the GoI, through Ministry of Rural Development (MoRD), established the District Rural Development Agency (DRDA) at the district level and introduced special programs for rural development targeted at the poor such as the Integrated Rural Development Program (IRDP) targeted at identified BPL households through accessing credit and grants for household level economic activities. In the 1990s, the GoI introduced the Swarnjayanti Gram Swarojgar Yojona (SGSY) program which maintained the features of the IRDP, but moved to a group based approach to self employment. These programs, as well as the structure to deliver them through the DRDA structure achieved very mixed results.

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2 Tendulkar Committee Report, GoI, 2010. These states are among the twelve states identified for support under the proposed NRLP.
3 59th round of NSS Survey
4 Health Finance NSSO Report 2007
5 National Sample Survey Organization Report No. 497
5. **Evolution of World Bank support to rural livelihoods in India:** In the year 2000, the Bank started its initial engagement in select districts of Andhra Pradesh, Madhya Pradesh and Rajasthan and learned systematically from these experiences. This has resulted in social and economic empowerment of the rural poor and enabled them to build linkages with state and market institutions. The Implementation Completion Reports (ICRs) of the three initial Bank supported state projects have shown that these projects have resulted in household savings in excess of US$1 billion, leveraged nearly US$6 billion in credit from commercial banks, achieved US$1 billion turnover in collective marketing of farm and non-farm produce.

6. The World Bank has invested more than a US$1 billion over the last ten years to create this scaled up institutional architecture for rural poverty reduction and mobilized 30 million rural poor into their own institutions that enable them to access livelihood opportunities and build social, financial and economic capital. These programs have achieved significant results in terms of increased savings, access to credit, livelihoods and public services and enabled increased public and private investment to flow into these households, communities and regions. These programs have resulted in social empowerment of the excluded castes and indigenous people to enable them to build social and financial capital and increase access to growth opportunities. These programs have also been taken up in areas affected by internal conflicts and in the poorest regions. It has also supported State Governments to develop a professional support and service delivery architecture for social and economic mobilization of the poor. Investment has also been done in developing knowledge management, learning across states and GoI to enable reorientation of public expenditure priorities and the strategies for achieving rural poverty reduction.

7. The central lesson learned during the last ten years of state level engagement is that significant investment in building institutional platforms of rural poor households is a critical foundation for sustainable poverty reduction. Other key lessons include:
   a) investments in social capital need to be accompanied by social and economic mobilization through promotion of thrift and savings among the rural poor to build up their financial capital and enable them to become clients of formal financial institutions including commercial banks, microfinance institutions, and insurance companies to access credit and other financial services;
   b) investments in building human capital to enable these households to acquire new skills including bookkeeping, financial management, livelihood enhancement, market information and access to ICT (information communication technology). This not only helps increase the extent of entrepreneurship and self employment among the households but also enables them to access new job opportunities in the services sector in both rural and urban areas leading to higher social mobility among households;
   c) investments in enhancing economic capital enables households to produce and earn more from agriculture, dairying and other key livelihoods through access to productivity enhancing technologies and development of more inclusive value chains for higher price realization from the commodities produced by them. This also results in increased food security and livelihood diversification;
   d) investments in creating capacity among the poor to enable them to exert voice and increase their participation in local governance and create demand side stimulus for
improvement in public services, particularly last mile service delivery for health, nutrition and education outcomes; and
e) investments in professionalizing the delivery of rural development programs through a competent and dedicated human resource management strategy and structure enables achievement of development outcomes.

8. In light of the microfinance crisis in Andhra Pradesh, various important lessons have been learned and incorporated in the design of the proposed NRLP to ensure that financial inclusion of the poor is achieved in a sustainable and responsible manner, namely: i) invest in the demand side of financial inclusion by supporting the formation of responsible client households; and ii) partnering with WB-supported projects such as the “Scaling-up Sustainable and Responsible Microfinance,” among other WBG activities (i.e. IFC), and other related programs, to work on the supply-side of financial inclusion such as linking SHGs to microfinance and other formal financial intermediaries, creation of pro-poor financial products, linkages to licensed credit bureaus, etc. More specifically, the NRLP will focus its efforts on increasing financial inclusion of the poor by undertaking the following concrete activities: i) making financial literacy and financial planning a core aspect of institution building; ii) increasing emphasis on savings and savings mobilization; and iii) dedicated investments to build partnerships to enhance financial inclusion.

9. **Beyond Livelihoods - influencing public services and local governance:** The experiences of state supported rural livelihood programs has shown that investments in social and economic mobilization of the rural poor leads to increased voice, participation and representation of the rural poor in local governments and create a demand side accountability and pressure for improvements in local governance and last mile service delivery. In many states, this has lead to convergence of various public services, entitlements and programs at the household level. These include better targeting of the development programs, increased access to nutrition services and reduction in malnutrition and infant and maternal mortality, increased access to social safety nets including MNREGS, pensions, PDS entitlements and insurance services. These programs have led to higher accountability from public service providers including reduction in teacher absenteeism and increased availability and responsiveness of health service providers. A number of poor households belonging to excluded groups like scheduled castes, minorities and scheduled tribes have started participating in local governments including various levels of Panchayats and are being elected as functionaries thus increasing inclusivity of the decision making process. NRLM will significantly invest in developing institutional arrangements which would ensure that household economic impacts would enhance the access to public services and entitlements for the poor and lead to sustainable improvements in local governance.

10. **Origin of NRLM:** Based on the learning from the state level programs, the Bank has engaged systematically with Government of India to review their own experiences in rural poverty reduction programs and developed a partnership for systematic learning from Bank supported rural livelihood programs. This learning has been used extensively by GoI in reformulating its own strategy of rural poverty reduction programs. In 2009, the MoRD proposed a more comprehensive approach to rural poverty reduction in its strategic framework paper entitled ‘Poverty Eradication in India by 2015: Rural Household Centered Strategy’. The
framework draws on the lessons from World Bank-financed rural livelihood projects in several states throughout India, Kerala’s Kudumbashree initiative, and similar government initiatives. Based on the review of its own programs, systematic learning from Bank supported programs and extensive consultation with States and other stakeholders, MoRD decided to restructure one of its key rural development programs, the SGSY, by setting up of National Rural Livelihood Mission (NRLM) with a clear objective of rural poverty reduction through creation and strengthening institutional platforms of rural poor. This was approved by the Union Cabinet in 2010.

11. The Mission approach in such a GoI program will provide greater focus and momentum through rapid coverage of rural poor households to address the key sectoral challenges identified in the 2009 Poverty Eradication paper. The NRLM will work in conjunction with the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) program, also implemented by MoRD, and will primarily focus on creating self employment and job employment opportunities for the rural poor thereby assisting them to graduate from access to safety nets to productive assets and improved incomes. The NRLM will provide a combination of financial resources and technical assistance to States so they can use the comprehensive livelihoods approach encompassing four inter-related tasks:
   a) Mobilizing all rural, poor households into effective SHGs, SHG federations and producer organizations and create an effective institutional platform of the rural poor;
   b) Enhancing access to financial, technical, and marketing services;
   c) Building capacities and skills for gainful and sustainable livelihoods; and
   d) Improving the inclusive delivery of social and economic support services to the poor.

12. **Transformation of MoRD:** The World Bank’s support through the NRLP (US$1 billion) will enable MoRD to increase effectiveness and results from a US$2.2 billion public investment in NRLM for the two years of Eleventh Five Year Plan and the expected US$5.5 billion for the Twelfth Five Year Plan (roughly US$7.7 billion in total). The support to MoRD is for professionalizing the overall program management and moving towards a results-based approach throughout the country. The investment support would enable MoRD to launch the NRLM in the 12 states which account for 85% of the rural poor households in India in an intensive manner. The NRLM has been included as a major initiative for public investment by the GoI and in the Twelfth Five Year Plan. The program also enjoys political support at the highest levels throughout the country and across the political spectrum.

III. **Project Development Objectives**

13. The project development objective for the proposed NRLP is to establish efficient and effective institutional platforms of the rural poor that enable them to increase household income through sustainable livelihood enhancements and improved access to financial and selected public services.

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6 The World Bank-GOI collaboration on rural livelihoods began in 2000 with three District Poverty Initiative Projects in Andhra Pradesh, Madhya Pradesh, and Rajasthan. The approach as evolved through additional financing and subsequent projects in Tamil Nadu (2005), Bihar (2007) and Orissa (2008). Similar projects in Sri Lanka and Bangladesh have also contributed to lessons from rural livelihoods investments.
14. The proposed NRLP intends to support systemic reform and transformation of the Ministry of Rural Development from focusing on allocation, disbursement, and monitoring of central government resources, to one of providing quality technical assistance to states implementing the NRLM. The activities to be supported under the proposed NRLP intend to achieve the following key outcomes:

a) *Enhance effectiveness of public expenditure on NRLM* – the proposed NRLP will help establish rigorous and outcome-based systems and processes at the national and state level to implement the NRLM throughout the country. The MoRD intends to adopt all the operational manuals, financial management and procurement guidelines, and safeguard requirements that were prepared for the proposed NRLP for all the activities to be financed under the NRLM throughout the country.

b) *Leverage resources for the poor* – substantial leveraging of resources for the poor is expected from the proposed NRLP as evidenced by the initial three WB-financed state livelihood projects, namely: i) group members accumulated their own savings in excess of US$1 billion; ii) leveraged nearly US$6 billion in credit from commercial banks; iii) leveraged in excess of US$500 million in resources from other public programs; and iv) achieved US$1 billion turnover in collective marketing of farm and non-farm produce.

c) *Increase access to other government programs* – the institutions of the poor created under the proposed NRLP will provide greater integration with the formal panchayat system for last mile service delivery (i.e. nutrition, health, education), enhanced access to other critical programs for the poor (i.e. MGNREGS), and ensuring that the Gram Sabha (locally elected body) is more representative of the poor by giving the poor and women a greater voice to reduce elite capture opportunities.

IV. Project Description

15. While the WB-financing for the proposed NRLP is estimated at US$1 billion, the GoI has allocated to the NRLM approximately US$2.2 billion for the next two years and MoRd expects to allocate approximately US$5.5 billion in the GoI’s following Five Year Plan (FY13-17). (Just in case this is misinterpreted as the Bank being privy to information that is not in the public domain can we rephrase the sentence to suggest that “MoRD expects…”) In this regard, the activities detailed in the component description below, will provide the enabling environment for the effective utilization of all the resources allocated by the GoI to the NRLM. With the exception of Component Two that will be implemented in the 12 targeted states⁷, the remaining components will provide support at the national level to enable the smooth rollout of the NRLM throughout the country.

16. The proposed NRLP intends to support the implementation of the NRLM through the transformation of MoRD from the traditional focus of expenditure-based allocation, to one of providing quality technical assistance and results-based financing. Furthermore, being a national level project, investments will be made in developing a wider base of implementing partnerships with private sector, civil society, and other development institutions for bringing in new ideas, innovations, services, and delivery mechanisms.

⁷ Chhattisgarh, Bihar, Gujarat, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Orissa, Rajasthan, Tamil Nadu, Uttar Pradesh, and West Bengal
**Project Components**

17. **Component 1. Institutional and Human Capacity Development (US$61.3 million):** The objective of this component is to transform the role of MoRD into a provider of high quality technical assistance in the field of rural livelihoods promotion. This component will finance primarily staff, technical assistance consultancies, and training and related course material. Support under this component will be for all states. To achieve the objective of this component, the proposed project intends to support the following activities:

   a) **Technical Assistance** - establish teams of high quality professionals to provide technical assistance to the states in various thematic areas such as community mobilization, livelihood promotion, financial inclusion, human resource management, monitoring and evaluation, environment management, and fiduciary management, among others. This team will provide continuous support to state governments in the implementation of the NRLM and related activities in the rural development sector.

   b) **Human Resource Development** - support development of partnerships with well established training and research institutions in the field of rural development throughout India that can deliver focused training programs for successful implementation of the NRLM and related activities in the rural development sector. The activities supported will include curriculum development, design and conduct of training programs including e-learning and distance learning. Under this feasibility of establishment of a National Center for Rural Livelihoods will also be explored.

18. **Component 2. State Livelihood Support (US$793.7 million):** The objective of this component is to support state governments in the establishment of the necessary institutional structures and mechanisms for the implementation of NRLM activities from the state to the block level, including support to the formation of institutions of the rural poor. The extent of financing to each state will depend on the basis of state-specific needs as detailed in their respective State Prospective and Implementation Plans (SPIP) which will be jointly reviewed and appraised by the MoRD and the WB prior to the financing of any activities. This component will finance livelihood grants to the poor rural households (i.e. SHGs/federations) to undertake productive livelihood activities as detailed in their livelihood plans, support for higher level producer institutions, producer groups, farmers collectives, and/or producer companies (PCs), technical assistance consultancies, training and related material, office equipment, and operational costs at the state level and below. To achieve the objective of this component, the proposed project intends to support the following activities:

   a) **State Rural Livelihoods Missions (SRLM)** – support the formation of an autonomous and professionally managed mission at the state-level for the implementation of the NRLM comprising of a multi-disciplinary team with expertise in themes like social mobilization, institution building, capacity building, microfinance, farm and non-farm livelihoods, and job employment, among others. In addition, the SRLM would establish implementing entities at the district level comprising of multidisciplinary teams to further facilitate implementation of NRLM financed activities.

   b) **Institution Building and Capacity Building** - support the identification, selection, and mobilization of poor rural households into self-managed institutions, such as Self Help Groups (SHGs) and their federations. This would also include providing capacity building and training activities for SHG members and federations in livelihood
activities, bookkeeping, financial literacy, and business education, among others. Teams of livelihood professionals trained in participatory methodologies and community facilitation will be set up at the block/sub-block level.

c) **Community Investment Support** - provide livelihood grants to the institutions of the poor to enable them to undertake productive livelihood enhancing initiatives. In addition, the NRLP would facilitate the establishment of higher level producer institutions, producer groups, collectives, and/or companies.

d) **Special Programs** - support for pilot activities that have potential for scaling-up and replication such as last mile delivery of public services including health and nutrition, implementing activities in high-conflict areas in partnership with civil society organizations, green opportunities, climate change-related activities, value-chain development, using new technologies for financial inclusion, among others. Activities under special programs will cover all States, including those States that are not directly participating in the NRLP.

19. **Component 3. Innovation and Partnership Support (US$45 million):** The objective of this component is to create an institutional mechanism to identify, nurture and support innovative ideas from across the country to address the livelihood needs of the rural poor. Support under this component will be for all states. This component will finance pilot initiatives and technical assistance consultancies that support innovative livelihoods activities in agriculture, livestock, youth employment, among others, for rural poor households. Support under this component will be for all states. To achieve the objective of this component, the proposed project intends to support the following activities:

   a) **Innovation Forums and Action Pilots** - support selected innovations identified through development marketplace-type forums that have the potential to be scaled-up in a viable manner in partnership with development foundations.

   b) **Social Entrepreneurship Development** - support the development of a network of grassroots innovators and social entrepreneurs, identified through a competitive process, at state and national level.

   c) **Public-Private-Community-Partnership** - develop and support effective partnerships with the private sector, foundations public corporations, and civil society organizations on livelihoods development for the rural poor throughout India. These could include ICT, agribusiness, commercial banks/MFIs and other financial service providers, and youth employment, among others. Process and procedures for identification, and partnering with NGOs and social entrepreneurs under this component will follow the Innovation and Partnership Development Guidelines which have been prepared collaboratively by the MoRD and the WB.

20. **Component 4. Project Implementation Support (US$100 million):** The objective of this component is to strengthen the National Mission Management Unit for effective project management at the national level that develops key systems and processes for coordination and management of the proposed project and the NRLM. Given that the NRP, and more importantly the NRLM, will be implemented across India, there are substantial managerial requirements which are critical to ensure the satisfactory implementation of both the NRLP and NRLM. In this regard, a dedicated National Mission Management Unit (NMMU) has been established under the MoRD. This component will finance technical assistance consultancies,
training and related material, office equipment, MIS development, and operational costs. Support under this component will be for all states. To achieve the objective of this component, the proposed project intends to support the following activities:

a) National Mission Management Unit (NMMU) - strengthen the various functions of the NMMU to be able to manage, deliver and support all aspects of not only the NRLP, but also the NRLM.

b) Monitoring and Evaluation - given the geographic scale and magnitude of the resources and activities to be supported by the NRLP/NRLM, a comprehensive and robust monitoring and evaluation system will be established to not only track implementation progress but also to provide meaningful reports on household level impacts and implementation experiences so as to enable MoRD and state governments to take corrective actions, if necessary.

c) Electronic National Rural Livelihoods Management System (e-NRLMS) and ICT: The objective of this sub-component is to design, develop and roll out electronic National Rural Livelihoods Management System (e-NRLMS) using state of the art IT platform for hosting and delivering variety of project services like management information system (MIS), decision support systems (DSS), financial management system (FMS), etc. This digital grid connecting village to the national level will be Aadhar (UID) compliant and will be leveraged to deliver ICT based services to rural poor households in the last mile.

d) Governance and Accountability Framework - the NRLP would support the development and roll-out of a user friendly and highly responsive governance and accountability mechanism by which to ensure that all aspects of the proposed project are being implemented in accordance with agreed principles and procedures.

e) Knowledge Management and Communication - incorporating lessons from experience and communicating consistent and significant messages at both a policy and operational level, is critical for the overall success of the NRLP/NRLM. In this regard, the project will invest in a variety of products and services to enhance the generation and use of knowledge and communications as a key tool for enhancing the quality of the program.

V. Financing

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VI. Implementation

21. The NRLM is embedded within the MoRD. The program strategies formulated by NRLM envisages creation of dedicated support structures for the delivery of program benefits and pulling together all other poverty reduction efforts by the government departments, Panchayat Raj Institutions, CSOs, formal financial institutions, and the private sector under one umbrella. The governance structure of NRLM includes an Advisory Committee chaired by the Minister of MoRD as a policy making body, and a Coordination Committee, chaired by the Secretary of MoRD to oversee implementation. The NRLM Empowered Committee (NRLM-
EC) would review and approve the State Perspective and Implementation Plans (SPIPs), and Annual Action Plans (AAP) for release of funds. The Joint Secretary, NRLM, MoRD, as Mission Director, assisted by a Chief Operating Officer, will head the main implementing entity, the National Mission Management Unit (NMMU), comprising a multi-disciplinary team of professionals.

22. The NMMU has been established in New Delhi for the implementation of the NRLM and NRLP. The main focus of the NMMU is to provide technical assistance to the states in their implementation of the NRLM and to ensure understanding and compliance with NRLM guidelines. The strategy is to retain a lean structure at the NMMU with a defined number of core staff and thereafter engage short-term consultants, as required, to provide support to the states.

23. The NMMU will also provide support for the establishment of state rural livelihood missions (i.e. SRLMs) for undertaking the activities supported under the NRLM. Likewise, the SRLMs will have state mission management units (SMMUs) comprising of a multi-disciplinary team for the implementation of both the NRLM and NRLP.

24. In order to leverage on project-to-project and community-to-community learning, there will be systematic exchange initiatives that will be supported by the NRLP. It is envisaged that the NRLP would enter into partnership with on-going livelihoods projects supported by the Bank in the states of Andhra Pradesh, Bihar, Tamil Nadu, Orissa, Madhya Pradesh and Rajasthan. Moreover, the NRLP will also be entering into partnership with experienced community-based learning and training organizations to facilitate the community-to-community learning and/or other training programs. A protocol on the project-to-project and community-to-community learning exchange initiative will developed and operationalized by the NRLP.

VII. Safeguard Policies (including public consultation)

• Measures taken by the borrower to address safeguard policy issues

25. Environment: The borrower’s capacity to plan and implement the measures is mixed. States that have implemented World Bank-supported livelihood projects are likely to have a higher level of readiness to implement the environment management framework compared to states where such projects have not been implemented. To streamline these capacities, it has been agreed with the Ministry of Rural Development that the National Mission Management Unit (NMMU) in New Delhi which is the project management unit for NRLP to have a National Environment Coordinator and National Environment Associate to monitor implementation of the environment management framework in the participating states. Further, the State Mission Management Unit (SMMU) of the State Rural Livelihoods Missions (SRLM) constituted by the State Governments to implement the NRLP activities would have Environmental Focal Points at the state level, district levels and among the block level project facilitating teams to implement and monitor the EMF at decentralized levels. Provision has been made in the EMF to bring on board training and capacity building agencies and sector-specific resource professionals and practitioners that infuse natural resources management and sustainable environment practices into the Project.
26. **Social:** The SMF was prepared on the basis of the SA, including a review of existing livelihood projects and field consultations with primary project beneficiaries including tribal groups in four project states. A list of field consultations is provided below. Six of the NRLP states have on-going Bank-assisted projects in which there is regular interaction with beneficiaries and other grassroots stakeholders including NGOs. Feedback from project participants including staff percolates upward, studies and surveys have been done, and consultations are carried out from time to time. Information has been gathered from these projects and used in the social assessment. Further consultations will be carried out in all states during the state-specific poverty and social assessments and preparation of state Social Inclusion Plans (SIPs).

27. The SMF addresses the issues and needs of tribal people and incorporates the key requirements of O.P. 4.10 especially with respect to consultations, ‘free, prior and informed consent’ and ‘broad community support.’ In addition to the Social Inclusion Plans (SIPs), the SMF would ensure informed and continued consultation, participation and inclusion of the targeted beneficiaries across the project cycle in the selected states and blocks. It calls for identification, mobilization, provision of information to, inclusion, and capacity-building of all vulnerable people, with a special focus on tribal people. It would support the project interventions on financial inclusion, selection and support of livelihoods, and measures to meet other needs such as social services and legal awareness. The SMF includes the institutional arrangements at the national, state, district and sub-district levels that are necessary to implement the social dimensions of the project, and the characteristics of the community institutions that would be created and supported by the project. It also provides for capacity-building activities for project staff, community institutions, partners, etc. at all levels to address social needs and risks. Finally, it also provides for monitoring of the social performance and impacts of the project through specific indicators at the intermediate and project levels. These indicators are part of the project M&E which includes community monitoring, internal monitoring, external process monitoring, thematic reviews and social audits. The SMF has been disclosed in-country and on the Bank’s website.

28. Given the scale and scope of NRLP as a multi-state, multisector, multi-tiered livelihood program, the capacity building needs are large and complex. The institutional capacities for adapting, implementing and monitoring the SMF are limited, varying significantly across project states. States that have implemented World Bank-supported livelihood projects have better readiness and capacity compared to new ones such as Jharkhand, Maharashtra or U.P. Hence, in addition to the national level, operational capacity needs to be built at the national, state, district and block levels. Comprehensive and continuous capacity building of project staff and partners is a key part of the SMF, and a key responsibility of the NMMU and SMMUs. Training, capacity building and technical assistance would be provided by specialized agencies engaged by project management.

- Mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people

29. **Environment:** The key stakeholders in the proposed project include the rural poor in the Project blocks. In the states with existing Bank projects, they are represented by their SHGs and
federations. A national consultation workshop was organized by GoI on February 7, 2011 in which more than 70 participants from Jharkhand Bihar, Orissa, Madhya Pradesh, Karnataka, Andhra Pradesh, Tamil Nadu, Kerala and Delhi were present. There was a mix of government officials and NGOs. A presentation on the EMF and the Green Opportunities was made to the entire group. A smaller group was then formed to discuss in detail the EMF and the Green Opportunities. The inputs from this consultation have been integrated into the EMF. The EMF was disclosed in English on the websites of MoRD’s National Rural Livelihood Mission on February 7, 2011. The EMF would be disclosed in English and the local languages on the websites of the State Departments of Rural Development and on the Bank’s Infoshop.

30. **Social:** The most important stakeholders of the project are the rural poor and their organizations, including SHGs, federations, producer organizations and government and non-governmental organizations working on rural poverty reduction and livelihoods advancement. The MoRD has held stakeholder consultations in order to inform the design and implementation of the project and address the limitations of existing rural development programs that target the poorest and most excluded groups. The following field consultations were also held.

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<tr>
<th>State/District</th>
<th>Consultations</th>
<th>Dates</th>
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<tr>
<td>Bihar/Gaya</td>
<td>7 Community consultations with PRI members, SHGs, youth, poor men and women, landless, wage laborers, scheduled castes, and farmers +1 Block level +1 District level</td>
<td>Nov. 26-28, 2010</td>
</tr>
<tr>
<td>Bihar/Saharsa</td>
<td>11 Community consultations with PRI members, youth, SC men, SHGs, SHGs and landless in flood affected areas, wage laborers, SC men and women, poorest group, health workers, disabled and farmers +1 Block level +1 District level</td>
<td>Dec. 5-10, 2010</td>
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<tr>
<td>Bihar</td>
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<td>Dec. 11, 2010</td>
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<tr>
<td>Jharkhand/Dumka</td>
<td>9 Community consultations with Primitive Tribal Group (PTG), Santhal tribals, Muslims, youth, other STs, artisans, farmers, SCs, other backward castes and SHGs +1 Block level +1 District level</td>
<td>Dec. 20-29, 2010</td>
</tr>
<tr>
<td>Jharkhand/Gumla</td>
<td>18 Community consultations with STs and ST SHG, 3 ST women and men, 3 PTGs/PTG SHGs, marginal farmers, SC/SC women/SHGs/ men, potters, youth + 2 Block level (NGOs and AWWs) +3 District level (Government officials, agri-agency, NGOs)</td>
<td>Dec. 20-29, 2010</td>
</tr>
<tr>
<td>Jharkhand</td>
<td>State level + NGO</td>
<td>Dec. 30, 2010</td>
</tr>
<tr>
<td>M.P./Tikamgarh</td>
<td>6 Community consultations with PRIs, Farmers, ST, SHG, Youth, OBC +1 Block level +1 District level</td>
<td>Nov. 29 – Dec. 5, 2010</td>
</tr>
<tr>
<td>M.P./Narsingpur</td>
<td>8 Community consultations with PRIs, Farmers, ST, SC, Muslim, SHG women and men, Youth, OBC, elderly women and widows +1 Block level +1 District</td>
<td>Dec. 6-13, 2010</td>
</tr>
<tr>
<td>M.P.</td>
<td>State level</td>
<td>Dec. 14, 2010</td>
</tr>
<tr>
<td>Karnataka/Bijapur</td>
<td>15 Community consultations with poor, SC and Muslim women SHGs, widows, PRIs, Farmers, STs, SCs, Muslim, OBC, SHG women and men, Youth, SC men, OBC + 1 Block level +1 District level</td>
<td>Jan 15-24, 2011</td>
</tr>
<tr>
<td>Karnataka/Bidar</td>
<td>13 Community consultations with SC-ST SHG, SC and Muslim women SHGs, PRIs, artisans, men, widows, Farmers, STs, SCs, Muslim, OBC, SHG women/ men, SC</td>
<td>Jan 15-24, 2011</td>
</tr>
</tbody>
</table>
31. During implementation, primary stakeholders, community institutions, project staff, other government departments, partner agencies and NGOs would be consulted as follows:

a) **Community level** consultations with tribal and non-tribal groups during the state poverty and social assessments, village entry and participatory assessment processes, social mobilization and institution-building processes, preparation of plans for microcredit, livelihoods and rural enterprises, and innovation/piloting proposals;

b) **District/Block level** consultations with DMMUs, government departments, DRDAs, partner NGOs, PRIs, training and resource agencies, and some community institutions during district and block review meetings;

c) **State level** consultations with district administrations, government departments, partner NGOs, training and resource agencies, some community institutions during the state rural poverty and livelihood assessment, perspective/annual planning, project review meetings and learning events;

d) **National level** engagement with NRLM committee members, NMMU thematic and functional units, SMMUs, Social Development experts, NGO representatives during project reviews and national workshop/learning events.

<table>
<thead>
<tr>
<th>Safeguard Policies Triggered by the Project</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Environmental Assessment (OP/BP 4.01)</strong></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Natural Habitats (OP/BP 4.04)</td>
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<tr>
<td>Pest Management (OP 4.09)</td>
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<tr>
<td>Physical Cultural Resources (OP/BP 4.11)</td>
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<td>Involuntary Resettlement (OP/BP 4.12)</td>
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<td>Indigenous Peoples (OP/BP 4.10)</td>
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<tr>
<td>Forests (OP/BP 4.36)</td>
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<td></td>
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<tr>
<td>Safety of Dams (OP/BP 4.37)</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Projects in Disputed Areas (OP/BP 7.60)*</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Projects on International Waterways (OP/BP 7.50)</td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

**VIII. Contact point at World Bank and Borrower**

**World Bank**
Contact: Mr. Parmesh Shah
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Tel: +1-202-458-5918
Email: pshah@worldbank.org

*By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas*
Borrower
Contact: Mr. Venu Rajamony
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IX. For more information contact: 

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