



1. Project Data

Project ID P157702	Project Name TNRTP	
Country India	Practice Area(Lead) Agriculture and Food	
L/C/TF Number(s) IBRD-87950	Closing Date (Original) 30-Nov-2023	Total Project Cost (USD) 79,544,851.81
Bank Approval Date 01-Dec-2017	Closing Date (Actual) 30-Jun-2025	
	IBRD/IDA (USD)	Grants (USD)
Original Commitment	100,000,000.00	0.00
Revised Commitment	79,544,851.81	0.00
Actual	79,544,851.81	0.00

Prepared by Hassan Wally	Reviewed by Avjeet Singh	ICR Review Coordinator Avjeet Singh	Group IEGSD (Unit 4)
------------------------------------	------------------------------------	---	--------------------------------

2. Project Objectives and Components

a. Objectives

The Project Development Objective (PDO) of India's Tamil Nadu Rural Transformation Project (TNRTP) as articulated in the Loan Agreement (LA, page 5) was identical to the one stated in the Project Appraisal Document (PAD, paragraph 15) and aimed to:

"Promote rural enterprises, access to finance, and employment opportunities in selected blocks of Tamil Nadu."



Parsing the PDO. The PDO will be parsed based on three Objectives:

1. To promote rural enterprises in selected blocks of Tamil Nadu.
2. To promote access to finance in selected blocks of Tamil Nadu.
3. To promote employment opportunities in selected blocks of Tamil Nadu.

b. Were the project objectives/key associated outcome targets revised during implementation?

Yes

Did the Board approve the revised objectives/key associated outcome targets?

No

c. Will a split evaluation be undertaken?

No

d. Components

The PDO was supported by four components:

1. Rural Enterprise Ecosystem Development (estimated cost at appraisal: US\$32.10 million; actual cost: US\$39.50 million). This component sought to create an enabling environment for promoting and strengthening enterprises and jobs in the target areas through identifying market and value-chain strengthening opportunities, supporting the development of favorable business conditions, and informing pathways to effective and efficient business enterprise development. Activities were to be implemented under three sub-components:

1.1. Inclusive Strategic Investment Analytics and Planning, which focused on analytics and diagnostics to guide project investments.

1.2. Enterprise Development Support Services, which sought to deploy business development services and support for business plan development through Enterprise Community Professionals (ECPs) and One-Stop Facilities (OSFs).

1.3. Enterprise Promotion, Value Chain Strengthening and Partnerships, which aimed to provide targeted technical assistance, business advisory services and startup grants to collective enterprises.

2. Enterprise Business Plans Financing (estimated cost at appraisal: US\$26.90 million; actual cost: US\$15.89 million). This component sought to promote economic activities of PCs and enterprises linked to value-chain opportunities. For identified business enterprises and business plans, financing was to be provided to two sub-components:

2.1. Facilitating Business Plan Financing, which supported enhanced financial access through matching grants (as blended financing) via linkages with formal financial institutions.



2.2. Innovation Promotion, identified, incubated, and piloted transformative and innovative enterprise models.

3. Skills and Job Opportunities (estimated cost at appraisal: US\$20.30 million; actual cost: US\$14.41 million). This component sought to create sustainable wage and self-employment opportunities; promote relevant skills for higher value agriculture and allied activities; and non- farm activities; and enable entrepreneurship through market responsive skills and entrepreneurship development. Activities were implemented through three sub-components:

3.1. Pre and Post Training Services to Enhance Employment Outcomes, which was to finance training programs targeted at youth.

3.2. Community Based Training and Skilling Provision, which aimed to establish and finance CSS with a focus on training women and marginalized groups.

3.3. Entrepreneurship Development, which sought to focus on entrepreneurship training and included linkages to beneficiaries of support under components 1 and 2.

4. Project Management, Results Monitoring, and Implementation Support Systems (estimated cost at appraisal: US\$20.40 million; actual cost: US\$9.19 million). This component financed the systems and capacities required for effective project implementation, including delivery processes, management and monitoring arrangements, and staff strengthening at state, regional, and district levels. It supported office upgrading, specialized staffing, training, administrative and fiduciary functions, Information and Communication Technology (ICT)-based Management Information System (MIS) and M&E systems, and implementation of environmental and social frameworks, enabling coordinated, accountable, and efficient execution of project activities.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project Cost. The total cost estimate for the project at appraisal was US\$142.80 million. The actual cost according to the ICR Data Sheet (page ii) was US\$113.64 million. The difference between the appraisal estimate and the actual disbursed amount was due to a lower than expected loan disbursement and counterpart financing amount (see details below).

Financing. The project was financed through a six-year Investment Project Financing (IPF). The project was funded by an International Bank for Reconstruction and Development (IBRD) loan of US\$100.00 million equivalent. The actual amount disbursed was US\$79.54 million (ICR Data Sheet, page ii). A total of US\$16.70 million was canceled from the project as a result of exchange rate savings leaving the original budget as planned in Indian rupee (INR) terms but reducing the US\$ equivalent (ICR, paragraph 15).

Borrower Contribution. The Government of Tamil Nadu (GoTN) was expected to contribute US\$42.80 million equivalent of counterpart funds. The actual amount contributed was US\$34.10 million (ICR Data Sheet, page ii). While Government counterpart funds remained the same in INR terms, but were lower in US\$ terms due to exchange rate changes (ICR, paragraph 15).

Dates. The project was approved on December 1, 2017 and became effective three months later on February 28, 2018. The Mid-Term Review was conducted three years after effectiveness on February 15, 2021 which was about a month beyond the expected data in the PAD (January 18, 2021). The MTR was



timely conducted and in line with similar World Bank Group - financed operations. The project closed on June 30, 2025, which was 19 months beyond the original closing date on November 30, 2023.

The project was restructured four times (all of which were Level 2 restructuring) as follows:

1. On August 31, 2020, when the amount disbursed was US\$19.18 million, in response to the GoTN request to design and implement the COVID-19 Assistance Package (CAP) in designated project areas to urgently address financial and business survival issues faced by enterprises due to the COVID-19 lockdown and associated restrictions.
2. On January 17, 2022, when the amount disbursed was US\$35.39 million, in order to cancel the exchange rate savings amounting to US\$13.38 million, revise project activities in light of the evolving pandemic situation and to include a new project sub-component (Nano Enterprise Financing Fund) to integrate CAP elements into the project design, reallocate funds among project components and categories, and update target numbers, and revise selected intermediate results indicators to reflect changes in project activities.
3. On September 18, 2023, when the amount disbursed was US\$55.80 million, in order to extend the project closing date by 12 months from November 30, 2023 to November 30, 2024; partially cancel US\$3.31 million accrued on account of exchange rate gains; and reallocate the funds among components and categories.
4. On November 13, 2024, when the amount disbursed was US\$71.45 million, in order to extend the project closing date of the Project by seven months from November 30, 2024 to June 30, 2025; and reallocate the funds among components and categories.

While the PDO statement and PDO indicators were not revised; the PDO level outcome/indicator targets were amended following the Mid Term Review (MTR) and in the project's second restructuring (January 2022). The PDO level target for "Project direct beneficiaries" was increased from 411,620 to 483,682; the unit of measure for the indicator "Enterprises (individual and collective) supported by the project leveraging funds from financial institutions" was changed from percentage (original target 75%) to a number (new target: 5,753) – as at appraisal the pool of enterprises from which to draw the percentage was not explicitly defined; and the target for the indicator "Enterprises (individual and collective) with ongoing operations after two years of project support" was reduced from 60 to 50%. These changes did not alter the theory of change of the project.

3. Relevance of Objectives

Rationale

Context at Appraisal. At the time of appraisal, the Government of India (GoI) had set an agenda to double farmers' income through productivity enhancement, diversification, and value addition. Tamil Nadu's position as India's second-largest state economy with the country's highest concentration of Micro, Small, and Medium Enterprises (MSMEs) and comparatively strong institutional capacity—provided a unique opportunity to address stagnating rural enterprise growth and persistent constraints faced by women-led microenterprises. The MSME sector contributed about 10% to Tamil Nadu's Gross State Domestic Product but faced a US\$60 billion credit gap, highlighting the need to boost enterprise competitiveness and financial



inclusion. This project aimed to build a comprehensive rural enterprise ecosystem by combining data-driven planning, business development services, blended finance instruments, and localized skills training.

Previous World Bank Group (WBG) Experience. This project built on the WBG's and GoI long standing engagement in poverty reduction and the successful experience of the Tamil Nadu Empowerment and Poverty Reduction Project (TNEPRP1, 2005–2016), and the National Rural Livelihoods Project (NRLP, 2011) which adopted a demand-driven, community-led approach with a strong focus on women's empowerment, SHG, financial inclusion, and livelihood diversification. While substantial gains had been realized through previous projects, TNRTP aimed to accelerate the growth of micro-enterprises through a more market-oriented and institutionally anchored approach. Overall, the WBG was in a strong position to design and oversee the implementation of this project given its long standing engagement in India in similar projects, and the rich in-house expertise that brings with it the best international experience in this field.

Consistency with the WBG's Strategies. At appraisal, the PDO was in line with the WBG's Country Partnership Strategy for India (CPS, FY2013–FY2017). Specifically, the project supported the CPF's three pillars: integration, transformation, and inclusion. It contributed to Outcome 1.3 by promoting demand-driven skills and employment for rural youth, and to Outcome 2.4 by strengthening agricultural value chains and facilitating access to finance for rural enterprises to enhance productivity and profitability.

At completion, the PDO continued to be in line with the WBG's Country Partnership Framework for India (FY2018- FY2022; extended). Specifically, the project activities were in line with the CPF's Objective 1.1 (to promote more resource-efficient, inclusive, and diversified growth in the rural sector) and its focus area 1 (to promote resource-efficient growth) as well as Objective 2.5 (to enable more quality jobs for women) and its focus area 2 (to enhance competitiveness and enable job creation). The project also emphasized the CPF's catalytic engagement tools by leveraging the expertise of the IFC to expand formal finance access for women's enterprises; and through strengthening public sector institutions by increasing capability as well as strengthening core government systems through digital inclusion, multi-stakeholder partnerships, and grassroots institutions. Lastly, ICR (paragraph 19) noted that the relevance of the PDO was further emphasized through a follow-on project (TNRTP 2.0, P508565), which aimed to scale up the successful models demonstrated under TNRTP and strengthen the state's institutional mechanisms to institutionalize and sustain project interventions and their impacts.

Consistency with the Government/State Priorities/Strategies. At appraisal, the PDO was in line with the India's Twelfth Five-Year Plan (FY2013–FY2017), which set ambitious growth targets and called for faster, sustainable, and more inclusive growth focusing on poverty reduction, group equality, regional balance, empowerment, environmental management, and employment. The project supported the plan's focus on the private sector by fostering various public–private partnership (PPP) models to achieve a higher level of sustainable economic growth, which would benefit all sections of society in the project blocks. The PDO was also in line with GoI's agenda to double farmers' income through productivity enhancement, diversification, and value addition.

At completion, the PDO continued to be in line with GoI's initiative on Rural Prosperity and Resilience which aimed at catalyzing enterprise development, employment and financial independence for rural women; accelerating creation of new employment and businesses for young farmers and rural youth. The PDO also continued to be in line with Tamil Nadu's Vision US\$1 Trillion Economy by 2030, which highlighted the need for inclusive and regionally balanced growth, with a focus on rural entrepreneurship, women-led businesses, and skill and vocational training as critical enablers.



Summary of Relevance of Objectives. The PDO statement was clear, focused, and pitched at an adequate level of ambition relative to the Bank's experience and set targets. At completion, the PDO continued to be in line with the WBG's Country Partnership Framework for India and with the GoI and State priorities as noted above. The relevance of the PDO at completion was further emphasized through a follow-on project (TNRTP 2.0, P508565) which aimed to scale up the successful models demonstrated under TNRTP and strengthen the state's institutional mechanisms to institutionalize and sustain project interventions and their impacts.

Therefore, Relevance of Objectives is rated High.

Rating

High

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

To promote rural enterprises in selected blocks of Tamil Nadu.

Rationale

Theory of Change (ToC). To achieve the outcome of promoting rural enterprises, the project supported rural enterprise ecosystem development through data driven identification and planning; development of business services; and establishing startup grants. These activities were expected to result in the following outputs: number of enterprises provided services for business plans; loan application; and business development, number of Producer Groups (PGs), Producer Collectives (PCs), and Enterprise Group (EGs), formed and supported with startup grants, and number of entrepreneurs trained in foundational business skills. These outputs would contribute to the following intermediate outcomes: strengthened enterprise support system at the community level, and improved enterprise performance. The successful implementation of the project activities were expected to directly contribute to the outcome of promoting rural enterprises. The anticipated long-term outcome was establishing an enabling ecosystem for rural enterprise development.

The achievement of the PDO was underpinned by the following critical assumptions: 1. Strong engagement and interest on part of financial institutions to engage in micro-enterprise sector; and 2. Availability of appropriate technical expertise and human resources to provide services and run the project.

Overall, the ToC included relevant activities that were connected to the outputs, intermediate outcomes and outcome in a plausible causal chain. Also, the stated critical assumptions were logical and realistic.

Outputs/Intermediate Results

- A total of 131,899 project promoted enterprises (individual and collective) that were availed of technical and business development services facilitated by project exceeding the end target of 99,732.



Individual enterprises reached 117,899 exceeding the end target of 93,682, and Collective Enterprises, Producer Groups and Producer Collectives reached 6,089 slightly exceeding the end target of 6,050 (all IRI targets exceeded).

- 14 innovation pilots were approved exceeding the end target of 5 (IRI target exceeded).
- 22,456 people were using digitally enabled services of which 19,533 were females and 385 were youth (no IRI targets provided).
- 9,831 service providers were trained and deployed exceeding the end target of 5,000 (IRI target exceeded). The ICR (paragraph 24) explained that service delivery systems were strengthened through a decentralized advisory architecture.

Outcomes

- After two years of project support, 89% of enterprises (individual and collective) had ongoing operations exceeding the end target of 50%. While the overall target was exceeded, the project achieved 87% of the end target for the COVID-19 Assistance Package (CAP) (70,774 compared to end target of 79,612) and 100% of the end target for Matching Grant Programs (MGPs) (1,067).

Summary of Efficacy Assessment. The project achieved its outcome through an integrated approach focusing on the full enterprise development cycle—from diagnostics and design to enterprise creation, growth support, and enterprise monitoring. This included district diagnostic studies across 31 districts, 26 value-chain analyses, and 3,994 Village-level Participatory Growth Plans (PGPs). This provided evidence to identify enterprise potential and constraints in infrastructure, finance, technology, and markets, and informed technical assistance and investment plans and tailor interventions to local opportunities (ICR, paragraph 23). The project also strengthened collective enterprises by deploying Technical Support Agencies (TSAs) to provide business planning, technical assistance, and market integration support ICR (paragraph 25). Also, multiple surveys confirmed high satisfaction with project-supported services. For example, the impact evaluation by the Institute of Rural Management, Anand (IRMA), found high satisfaction among entrepreneurs using OSF services, and a survey by Prime M2i reported 77% of MGP beneficiaries rated ECP support “very helpful”, and 61% were satisfied with loan-processing efficiency (ICR, paragraph 26). Lastly, the project exceeded its PDO outcome target as well as its end targets for three intermediate results indicators (IRIs) as noted above.

Therefore, the efficacy of the project in achieving this objective is rated Substantial.

Rating

Substantial

OBJECTIVE 2

Objective

To promote access to finance in selected blocks of Tamil Nadu.

Rationale

Theory of Change (ToC). The enterprise promotion ecosystem developed under Objective 1—anchored by ECPs and OSFs—played a pivotal role in translating financial access into sustainable enterprise outcomes.



ECP/OSF coordination with financial institutions and project management structures ensured accessibility. To achieve the outcome of promoting access to finance, the project supported enterprise business plans financing through supporting partnerships with financial institutions, blended financing products for micro-enterprises, and supporting business innovation competitions; mentoring; and seed funding for selected pilots. These activities were expected to result in the following outputs: matching grant program (MGP) launched and enterprises financed through MGP, and number of incubated high-potential ventures and innovation pilots. These outputs would contribute to the following intermediate outcomes: enhanced enterprise credit access, enhanced banking discipline and financial skills, improved market linkages, institutionalized and mentorship support, and improved uptake of business development skills. The successful implementation of the project activities were expected to directly contribute to the outcome of promoting access to finance. The anticipated long-term outcome was establishing an enabling ecosystem for rural enterprise development.

The same critical assumptions under Objective 1 apply. Overall, the ToC included relevant activities that were connected to the outputs, intermediate outcomes and outcome in a plausible causal chain.

Outputs/Intermediate Results

- 26,372 individual enterprises received Nano Enterprises Financing Fund (NEFF) from community institutions (Village Poverty Reduction Committee-VPRC / Panchayat Level Federation-PLF) exceeding the end target of 15,000 (IRI target exceeded).
- 510 business correspondents were working in the field exceeding the target of 500 (IRI target exceeded).
- 82 approved Village Investment Plans (VIPs) were leveraging finance through convergence exceeding the end target of 50 (IRI target exceeded).
- 31 enterprises were run by differently able and vulnerable members of the community financed under Nano Enterprise Financing Fund (NEFF) slightly exceeding the end target of 30 (target exceeded).
- Notable achievements not directly captured by the RF: 1. A total of 255,289 beneficiaries received financial support through CAP. Impact evaluation findings showed that CAP significantly enhanced short-term enterprise survivability, with treatment enterprises maintaining higher operational continuity, profits, and revenues during the immediate post-intervention period (ICR, paragraph 31). 2. Over 16,892 entrepreneurs were trained and post-training diagnostics showed that 72% of Entrepreneurship Development Program (EDP) graduates prepared viable business plans and 28% accessed follow-on credit through MGP or NEFF within six months, indicating improved financial literacy, credit readiness, and business planning capacity among rural entrepreneurs (ICR, paragraph 36).

Outcome

- 10,880 enterprises (individual and collective) supported by the project were leveraging funds from financial institutions exceeding the end target of 5,753 (target exceeded). The project supported a Matching Grants Program as a blended financial instrument, developed with IFC advisory services and designed to address the lack of collateral and credit history among rural entrepreneurs, especially women by targeting the first-time formal loan borrowers. The ICR (paragraph 29) explained that "MGP helped build bankers' confidence in new borrowers, improved repayment behavior, and strengthened linkages between entrepreneurs and financial institutions."



Summary of Efficacy Assessment. To achieve this outcome, the project identified key challenges, designed financial products by developing partnerships with formal financial institutions, facilitated convergence credit linkages, and provided a range of technical assistance to enhance both access to and performance of these products. The ICR (paragraph 30) reported that impact evaluations found strong positive effects on enterprise survival, profitability, and investment among MGP beneficiaries. For example, enterprises receiving MGP support were 39% more likely to survive compared to non-MGP firms and were 4.1% more likely to adopt innovations such as new products, logistics, or marketing models. Also, MGP participation led to 9% higher profits, 11.4% higher revenues, and 57.4% greater investment levels than comparable enterprises. The ICR (paragraph 30) also noted that "the evaluation, employing rigorous difference-in-difference analysis with propensity score matching, confirmed that these outcomes were statistically significant and directly attributable to MGP support—underscoring the validity of the impact estimates." Additionally, impact evaluation results showed that NEFF-supported firms experienced profit increases of 0.14–0.9 standard deviations and revenue growth of 0.11–0.7 standard deviations relative to control groups, which were statistically significant improvements in enterprise performance (ICR, paragraph 33). Lastly, the project significantly exceeded its PDO outcome target as well as three IRIs targets as noted above.

Therefore, the efficacy of the project in achieving this objective is rated Substantial.

Rating
Substantial

OBJECTIVE 3

Objective

To promote employment opportunities in selected blocks of Tamil Nadu.

Rationale

Theory of Change (ToC). To achieve the outcome of promoting employment opportunities, the project supported the establishment of targeted skills development programs that sought to address the lack of market-relevant vocational training in rural areas and business management training for micro-entrepreneurs. Specifically, the project provided youth and migrant support, supported community skills program, and developing cadre of skilled service providers. The expected outputs included: number of youth trained and gained employment, trainer-trainee linkages established, Community Skills School (CSS) and Community Farm School (CFS) designed and conducted, and individual and group enterprises formed by trainees. These outputs would contribute to the following intermediate outcomes: ecosystem for the localized skilling and jobs created, improved productivity, higher employability/placement rate and income. The successful implementation of the project activities were expected to directly contribute to the outcome of promoting employment opportunities. The anticipated long-term outcome was establishing an enabling ecosystem for rural enterprise development.

The same critical assumptions under Objective 1 apply. Overall, the ToC included relevant activities that were connected to the outputs, intermediate outcomes and outcome in a plausible causal chain.

Outputs/Intermediate Results



- 7,059 beneficiaries accessed support services through the Migration Support Centers (MSC) exceeding the end target of 4,000 (IRI target exceeded). 9,831 providers were trained and deployed exceeding the end target of 5,000 (target exceeded).
- 420 business correspondents were deployed substantially achieving the end target of 500 (target substantially achieved).
- 51,288 rural youth trained across 75 trades, 2,526 Community Skills Schools were established, and 2,319 CSS trainers engaged (no targets provided). Across CSS and convergence training programs, 61% of trainees achieved self-employment, while 25% secured wage employment, reflecting strong alignment between training content, local demand, and financing access (ICR, paragraph 39).
- 6,000 Community Farm Schools established each with a selected lead farmer that reached 182,000 small farmers and 4,326 Producer Groups (no target provided).
- 2 physical migrant hubs established, and online migrant support center service presence established (no targets provided).
- Notable achievement not directly captured by the RF: Under the project, 5,909 lead farmers provided continuous training and advisory support to 182,000 smallholders (of which 88% were women) across 4,326 Producer Groups. Community Farm School participation contributed to improved price realization, with many farmers reporting higher earnings due to better production practices, quality improvements, and stronger market linkages. These gains were especially notable in horticulture—where 58% of vegetable growers and 53% of fruit growers reported higher prices—and in dairy, over 60% of participants cited increased earnings linked to improved feeding and management practices.

Outcomes

- 90,268 project beneficiaries were engaged in self or wage employment following training facilitated by the project exceeding the end target of 60,000, and 34,050 female beneficiaries accessed convergence services through the project exceeding the end target of 16,000 (both outcome targets exceeded).

Summary of Efficacy Assessment. To achieve this outcome, the project supported the establishment of targeted skills development programs that sought to address the lack of market-relevant vocational training in rural areas and business management training for micro-entrepreneurs. According to the ICR (paragraph 40) approximately 17,768 new jobs were created through MGP-supported enterprises, particularly among larger group enterprises. Also, impact evaluation analysis found that MGP enterprises achieved 19.9% (2022 cohort) and 14.3% (2023 cohort) higher total employment relative to comparable non-MGP firms, with number of permanent labor days rising by 21%, indicating both job expansion and work intensification effects (ICR, paragraph 40). These employment gains were broadly distributed across demographic and economic groups with no significant gender or sectoral disparities observed (ICR, paragraph 40). Lastly, the project significantly exceeded its PDO outcome targets as well as its IRI target as noted above.

Therefore, the efficacy of the project in achieving this objective is rated Substantial.

Rating
Substantial



OVERALL EFFICACY

Rationale

Overall Efficacy is rated Substantial. The project's employment-focused interventions proved effective in bridging the gap between skill acquisition and economic opportunity. The CSS provided the foundation for employability, while MGP and NEFF served as pathways to entrepreneurship and formal credit access. Together, these interventions generated new jobs, enhanced financial inclusion, and contributed to broad-based rural livelihood diversification and resilience. While the project exceeded all of its outcome targets, those were conservatively estimated at appraisal based on limited evidence (ICR, paragraph 42). Lastly, the supporting evidence provided in the ICR is assessed to be valid and justified the attribution of the reported achievements to the project activities.

Overall Efficacy Rating

Substantial

5. Efficiency

Economic and Financial Analysis (EFA)

Ex-ante

- At appraisal an EFA was conducted following a cost–benefit methodology. The overall internal rate of return (IRR) was estimated at 37%, under a net present value (NPV) of US\$253.70 million, using a discount rate of 10%, and a period of analysis of 20 years to account for the phasing and gestation of the proposed interventions.
- Economic analysis. Indicative returns to investment and employment generation within the farm, off-farm, and non-farm sectors were calculated and aggregated with equal weight to ensure appropriate balance of representation of economic sectors in the overall project benefit stream.
- Financial analysis. Ten enterprise models were prepared to illustrate potential activities likely to be supported by the project in the context of three different value chain types (millet, dairy and coir fiber). The analysis showed that all NPV of incremental incomes were positive, and for most cases considerably above the initial investment cost. Cost–benefit ratios showed values ranging between 1.01 and 1.52.
- Sensitivity analysis. A sensitivity analysis was conducted to assess the variations in benefits and costs and for the various lags in the realization of benefits. Under the worst-case scenario (20% cost increase, 30% benefits decrease or two years lag in the realization of benefits), IRRs remained within acceptable values, well above the discount rate used for the analysis.

Ex-post

- The overall economic internal rate of return (EIRR) of the project was estimated to be 24.5% with a Net Present Value (NPV) of US\$ 123.00 million, and using a 10% discount rate. According to the ICR (paragraph 46) "the *ex-post* EIRR is lower than the *ex-ante* EIRR because (a) at appraisal the



survivability of enterprises during the project period was not considered and it was assumed that all project supported enterprises would continue to survive throughout the project period; and (b) the estimates assumed a simple before-after comparison of enterprises unlike the *ex-ante* analysis that is based on a difference-in-difference methodology."

- The *ex-post* economic analysis was based on a cost-benefit analysis conducted for each of the key project interventions that result in quantifiable financial benefits, namely: (i) enterprises (individual and collectives) supported by MGP; and (ii) jobs created under the community skills training program and the entrepreneurship development program.

Implementation/Administrative Efficiency. The project exceeded its original implementation phase by 19 months, with a total implementation period of 91 months compared to 72 months at appraisal. The project experienced a slow start, in part due to delays in staffing decisions, which affected early implementation. The total project expenditure was 79.6% of the appraisal estimate. The project cancelled US\$16.70 million (16.7% percent of project budget) through various restructurings. This was in line with the devaluation of INR during the project period by 17%, from an exchange rate of INR 64.47 at appraisal to a weighted average exchange rate of INR 78.64. While at appraisal the project management component was expected to account for 20.4% of the total budget, the cost was only 11.5% of total expenditures. The ICR (paragraph 48) attributed this significant reduction to the Bank's partnership with IFC. This saved the expense related to hiring a fund manager for the MGP and technical service agencies for developing the MGP portal. However, the project faced a two-year delay in onboarding key staff due to procedural issues in contracting a recruitment agency. Also, M&E implementation and financial reporting both faced initial delays. Lastly, the lockdowns and restriction of movement that came with the out break of COVID-19 pandemic in early 2020 constrained mobility, slowed procurement and disbursement, and consequently the implementation of project activities experienced delays.

Summary of Efficiency Analysis. While the *ex-post* EIRR was lower the one estimated at appraisal (24.5% compared to 37%), it was still above the 10% discount rate. The ICR also provided a logical explanation for the difference between the *ex-post* and *ex-ante* EIRRs. The project experienced a lengthy delay of 19 months, but this was partially due to reasons beyond the control of the project. The lower disbursement was justified due to the devaluation of INR during the project period by 17%.

On balance, the project efficiency is rated Substantial.

Efficiency Rating

Substantial

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal	✓	37.00	0 <input checked="" type="checkbox"/> Not Applicable
ICR Estimate	✓	24.50	0 <input checked="" type="checkbox"/> Not Applicable



* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

Relevance of Objectives was rated High. Overall Efficacy was rated Substantial. The project interventions generated new jobs, enhanced financial inclusion, and contributed to broad-based rural livelihood diversification and resilience. While the project exceeded all of its outcome targets, those were conservatively estimated at appraisal based on limited evidence. Efficiency was rated Substantial. While the *ex-post* EIRR was lower than the one estimated at appraisal (24.5% compared to 37%), it was still above the 10% discount rate.

Based on the assigned ratings for the three Outcome criteria (i.e. Relevance of Objectives, Efficacy, and Efficiency), the Outcome of this project is rated Satisfactory.

a. Outcome Rating Satisfactory

7. Risk to Development Outcome

The following risks could potentially impact the Development Outcome:

1. Project-specific risk. This relates to sustaining the Enterprise Community Professional - One-Stop Facility (ECP–OSF) enterprise-promotion ecosystem post completion. OSFs were envisioned as project-funded entities to provide competent and accessible business development services—both paid and unpaid—to enterprises. OSF sustainability became a project priority only after the model proved its effectiveness in delivering enterprise development services and facilitating credit access. While OSFs initially relied heavily on revenue from processing Matching Grant Program (MGP) applications, a strategic shift in the final project year—mandating promotion of non-MGP and convergence products—enabled them to generate nearly 30% of annual revenue from convergence loan applications, indicating possibilities of long-term viability of the OSFs. The village-level cadre of ECPs and specialized technical service agencies may not continue project-related activities without new funding. This risk is partially mitigated by strong commitment from the GoTN, including plans for a follow-on phase (TNRTP 2.0) and integration of the model into the State Rural Livelihoods Mission (SRLM) framework.

2. Financial risk. This relates to the Nano Enterprise Financing Fund's (NEFF) access to finance. The NEFF has largely maintained its initial capital and has been managed effectively at the village level, with high repayment rates. As NEFF is fully embedded within village institutions, it is likely to continue providing financial support beyond project closure. The NEFF corpus of US\$27.2 million has generated nearly US\$1.5 million in interest to date, bringing the total NEFF value to approximately US\$28.7 million. Although the MGP was a one-time grant, it facilitated new linkages between participating financial institutions (FIs) and rural enterprises. The FIs are therefore expected to continue financing well-performing enterprises that emerged through the MGP initiative.

3. Institutional risk. This relates to the long term growth prospects for project supported enterprises. Impact evaluations indicate that TNRTP supported enterprises demonstrate a higher likelihood of survival and innovation compared to control groups, suggesting continued operation and growth potential. While COVID-



19 Assistance Package (CAP) beneficiaries did not show significant long-term gains in profits or revenues relative to control groups, they sustained enterprise operations post-support and are expected to be fully sustainable. While some newly formed Producer Collectives (PCs), which relied heavily on technical assistance, may face challenges without continued support, these are expected to be nurtured by the Tamil Nadu State Rural Livelihoods Mission (TNSRLM) and are relatively limited in number.

8. Assessment of Bank Performance

a. Quality-at-Entry

- **Strategic Relevance and Approach.** The PDO was in line with the Government priorities and the WBG strategies (see section 3). This project builds on the government's and the World Bank-supported Tamil Nadu Empowerment and Poverty Reduction Project (TNEPRP) and National Rural Livelihoods Project (NRLP), which supported the National Rural Livelihoods Mission (NRLM).
- **Technical and Financial Aspects.** The project design reflected a realistic and focused PDO that was pitched at an adequate level of ambition. The design reflected relevant activities that were directly connected to the PDO. However, the design was complex covering 3,994 villages spread across 120 blocks in 31 districts. It also included a wide range of inter-related interventions that required a new institutional framework which subsequently took time to refine and put in place during implementation. The PAD included a detailed EFA that provided an adequate justification of the project investments.
- **Social and Gender Aspects.** The project design focused on households represented by women as the unit of planning. The design also ensured that eligible households were from socially and culturally disadvantaged groups (scheduled castes (SC) and scheduled tribes (STs), persons with disability and destitute). The PAD (paragraph 23) reflected a clear targeting methodology that used several approaches to ensure inclusion of women and culturally disadvantaged groups.
- **Environmental and Fiduciary aspects.** The project design reflected adequate environmental aspects. FM/procurement arrangements for this project were built on existing arrangements of the ongoing Pudhu Vaazhvu Society Project (P079708/P107688), with modifications and enhancements related to new activities that were included in the TNRTP. The project was an early adopter of the World Bank's New Procurement Framework, which was introduced in 2016.
- **Implementation Arrangements.** The project was implemented by the Tamil Nadu Rural Transformation Society (TNRTS), which is already established by GoTN as the implementing agency. The TNRTS incorporated learning, implementation experience and capacities from Tamil Nadu 'Pudhu Vaazhvu' Society Project. The PAD (paragraph 44) reflected a detailed description of the project's governance and implementation structure.
- **Risk Assessment.** The overall risk rating of the project was rated Substantial because of the technical design and institutional capacity required for the implementation of the envisaged design. Nine risk areas were identified at appraisal, four of which were rated Substantial. The PAD reflected a thorough identification of potential risks and reflected adequate mitigation measures. This included a focus on developing strong linkages to the private sector and contracting outside expertise that did not exist in current government programs. However, the institutional risk proved more challenging as the project faced an initial two-year delay in onboarding key staff due to procedural issues in contracting a recruitment agency.



- **M&E Arrangements.** The project design reflected a designated sub-component for M&E that was comprised of a diverse and interconnected set of activities. M&E also relied on an external M&E consultancy firm operating from within the project to develop and operationalize the M&E strategy. M&E design reflected a results framework that included quantitative indicators to measure component outputs and PDO outcomes. Overall, M&E design reflected a robust RF with clearly defined institutional roles for data collection and reporting by the PMU and an independent M&E agency.

Summary of Quality at Entry (QAE) Assessment. The PDO was in line with the Government priorities and the WBG strategies, and the project was built on the Government's and the World Bank-supported operations as noted above. While the project design reflected relevant activities that were directly connected to the PDO, it was complex with a wide range of inter-related interventions. This required a new institutional framework which subsequently took time to refine and put in place during implementation. The design reflected a clear targeting methodology that used several approaches to ensure inclusion of women and culturally disadvantaged groups. Overall, social, gender, environmental, and fiduciary aspects were adequate. The design reflected a detailed description of the project's governance and implementation structure. The implementing agency had relevant experience from another WB project. The PAD reflected thorough identification of potential risks and reflected adequate mitigation measures. However, the institutional risk proved more challenging as the project faced an initial two-year delay in onboarding key staff due to procedural issues in contracting a recruitment agency. Lastly, M&E design reflected a robust RF with clearly defined institutional roles for data collection and reporting by the PMU and an independent M&E agency.

On balance, QAE is rated Satisfactory.

Quality-at-Entry Rating

Satisfactory

b. Quality of supervision

- The project experienced a challenging implementation environment with the outbreak of COVID-19 and the associated disruption due to lockdowns. The WB conducted 19 implementation support missions over the 91 months implementation duration.
- While the project experienced a slow start, in part due to delays in staffing decisions, the Bank team and the client demonstrated strong responsiveness to address this situation. Most notably through the rapid rollout of CAP and the innovative repurposing of CAP repayments to establish the NEFF.
- The task team included sectoral experts who engaged technical service agencies, academic institutions, and private consultants to support implementation. This included the design of digital tools to strengthen M&E and MGP implementation.
- A "OneWBG" approach was adopted, with collaboration from IFC to assist participating financial institutions, upgrade systems, and integrate data into the project MIS.
- The Bank team used the MTR and four restructurings to realign activities with emerging priorities and contextual challenges, including the formalization of CAP, introduction of NEFF, and extension of implementation timelines. Also, implementation benefited from leveraging the Digital Payments



Interface and an integrated MIS, which enabled coordination, timely course correction, and aggregation of results across 31 districts.

Summary of Quality of Supervision Assessment. The project team successfully addressed an initial slow start and managed to guide the adapt activities with the outbreak of COVID-19. Implementation benefited from regular implementation support missions, along with timely technical inputs and follow-up, all of which contributed to sustained progress. The project team effectively used the MTR and four restructurings to realign activities with emerging priorities and contextual challenges. The team also oversaw successful collaboration with IFC which assisted participating financial institutions, upgraded systems, and integrated data into the project MIS.

Overall, the Quality of Supervision is rated Satisfactory.

Based on the ratings assigned for QAE and Quality of Bank supervision, the Overall Bank Performance is rated Satisfactory.

Quality of Supervision Rating

Satisfactory

Overall Bank Performance Rating

Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

- The PAD did not include a ToC since it was not yet required by the Bank at appraisal. Nonetheless, the ICR (Annex 6) included a ToC that outlined the connections between project activities, outputs, intermediate outcomes and outcomes in plausible causal chains. This Review outlined a ToC for each objective each objective based on the detailed project description in the PAD and the ToC reported in the ICR.
- The PDO was measured through four PDO outcome indicators: 1. Percentage of enterprises (individual and collective) with ongoing operations after two years of project support; 2. Percentage of enterprises (individual and collective) supported by the project leveraging funds from financial institutions; 3. Project beneficiaries engaged in self or wage employment following training facilitated by the project (number); and 4. Project direct beneficiaries (number) of which percentage of female beneficiaries. The outcome indicators were quantitative, directly connected to the PDO, and measurable. However, end targets were on the conservative side due to limited prior evidence.
- The RF included 19 intermediate results indicators (IRIs) to track the progress of the project activities towards achieving the PDO. The IRIs were relevant, measurable and connected to the stated activities.
- The PAD reflected a detailed RF that clearly defined institutional roles for data collection and reporting by the PMU and an independent M&E agency. M&E design also featured participatory monitoring by community-based institutions



supported by third-party verification; thematic and process studies; and independent impact evaluations.

- Overall, M&E design was robust and RF reflected adequate indicators to capture the linkages between activities, outputs, and PDO outcomes.

b. M&E Implementation

- M&E implementation experienced initial delays as weak performance of the third-party M&E agency and COVID-19 disruptions delayed the baseline survey.
- The project adopted an adaptive approach, commissioning an independent evaluation of CAP that provided evidence on enterprise resilience. By 2022, the Integrated Digital Platform (IDP)– ICT-based MIS – became the project's core results management system. Data collection was largely community-driven, with trained Enterprise Community Professionals (ECPs) and Panchayat Level Federations (PLFs) using digital tools. This was a shift from manual data reporting and resulted in improved data quality and timeliness; enhanced reliability, transparency, and accessibility (ICR, paragraph 63).
- IRMA conducted two impact evaluations using counterfactual and panel data designs, along with thematic and sustainability studies on community collectives and OSFs. According to the ICR (paragraph 63) the impact evaluations produced "robust evidence on enterprise viability, women's entrepreneurship, market access, and social capital."
- However, M&E implementation experienced initial delays as weak performance of the third-party M&E agency and COVID-19 disruptions delayed the baseline survey. Also, process monitoring and participatory community-based monitoring envisioned in the PAD were only partially realized.
- Overall, M&E implementation was effective and generated reliable data to assess the project outcomes and track activities. However, there were some shortcomings as noted above.

c. M&E Utilization

- Utilization was facilitated with the digital platform instituted under the project. This strengthened progress tracking, course corrections, and targeted interventions in the project. For example, bi-weekly performance alerts enabled the PMU to support underperforming clusters and reassign ECPs as needed.
- Also, a digital database of over 400,000 rural youth was integrated with the IDP. This allowed real-time tracking of training and placement outcomes and alignment with state skilling programs. This data stream allowed linking individual skill trajectories with employment and enterprise indicators, enhancing evidence-based planning and convergence with state initiatives (ICR, paragraph 64). M&E findings also informed project restructurings and the institutionalization of NEFF.
- Lastly, the project M&E data was used in the ICR to substantiate the project achievements, track and demonstrate linkages between activities and outputs, and PDO outcomes.

Summary of M&E Quality. M&E design was robust and RF reflected adequate indicators to capture the linkages between activities, outputs, and PDO outcomes. M&E implementation was effective and generated reliable data to assess the project outcomes and track activities. However, there were some shortcomings as process monitoring and participatory community-based monitoring envisioned in the



PAD were only partially realized. Lastly, utilization was evident and M&E data was used to inform management decisions and to report on the project achievements in the ICR.

Overall, M&E Quality is rated Substantial.

M&E Quality Rating

Substantial

10. Other Issues

a. Safeguards

- **Environmental Category and Safeguards.** The Project was classified as an environmental Category B (Partial assessment) as the project interventions related to value-chain development and support for setting up of MSMEs were expected to have moderate environmental impacts/footprint. The project triggered four environmental and one social safeguard policies: Environmental Assessment (OP/BP 4.01), Natural Habitats (OP/BP 4.04), Forests (OP/BP 4.36), Pest Management (OP 4.09), and Indigenous Peoples (OP/BP 4.10). A Social Assessment (SA), a Tribal Development Plan, Environmental Assessment (EA), and an Environmental and Social Management Framework (ESMF) were prepared as required by the WB. The EA and ESMF were both cleared and disclosed both in-country and in the WB's Info Shop.
- **Compliance with the World Bank's safeguard policies.** According to the ICR (paragraph 66) the project was "fully compliant with relevant environment and social (E&S) requirements throughout implementation," with "no major E&S issues reported during the project period." The project benefited from dedicated trainings on environmental and social safeguards for 585 staff and 3,824 ECPs. The ICR (paragraph 66) also noted that the project reinforced climate-responsive and environmentally responsible rural enterprise development by adopting a 'Safeguard +' approach.

b. Fiduciary Compliance

- **Financial Management (FM).** The project funds were transferred and released by the State of Tamil Nadu in a timely manner, which ensured adequate financial resources throughout implementation. The ICR (paragraph 67) reported that "accounting and internal control systems were robust, and both internal and external audits found no major weaknesses, with audit observations resolved promptly." Financial audits were submitted on time. Accounting systems at both state and district offices had well-trained staff who effectively supported FM. While financial reporting faced initial delays, the process was streamlined, resulting in timely submission of interim financial reports for most of the implementation period. FM performance was rated Satisfactory in the final ISR.
- **Procurement.** The project adopted the World Bank's New Procurement Framework in 2016. Procurement performance under the project was an important case study for applying the framework's principles, focusing on strategic procurement planning and enhancing development outcomes. Procurement activities benefited from prior experience under the Tamil Nadu



Empowerment and Poverty Reduction Project (TNEPRP - P079708) which was reinforced further through engaging well-trained procurement officers as the implementation progressed. The project also competently handled complex consultancy procurements, and a successful partnership model for the project's association with startups and innovation partners was developed. The ICR (paragraph 68) reported that "the procurement post reviews carried out by the Bank did not report any instances of non-compliance." Procurement performance was rated Satisfactory in the final ISR.

c. Unintended impacts (Positive or Negative)

None were reported in the ICR.

d. Other

Climate impacts. The ICR (paragraph 56) reported that "the project promoted green enterprises and generated measurable energy efficiency gains and GHG reductions. The project supported 379 green enterprises on energy efficiency, pest management, eco-friendly products, water conservation, and waste management. Green audits conducted by the District Mission Management Units for 300 plus enterprises found GHG emissions were reduced by 10%, 4 tons of CO2 equivalent. The project further encouraged the PCs to adopt green, climate-resilient practices in agricultural production and value addition. The efforts were recognized by conferring green awards to the deserving PCs (50 out of 53) who were qualified through an internal assessment undertaken using a green rating tool. In addition to the recognition, financial incentives were provided to the qualifying PCs through a grant (called as climate smart fund) to a tune of INR 5 lakh (~US\$6,358) per PC, which was used to further encourage / strengthen the green initiatives."

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Satisfactory	
Bank Performance	Satisfactory	Satisfactory	
Quality of M&E	Substantial	Substantial	
Quality of ICR	---	High	

12. Lessons

The ICR included eight lessons. The following three are emphasized with some adaptation of language:



1. To support climate-responsive rural enterprise development, projects could benefit from adopting a climate resilient and ‘safeguard +’ approach. The project experience demonstrated that environmental and social safeguards can function as drivers of enterprise innovation rather than mere compliance. The project systematically screened and supported greener enterprises, financed multiple green innovations under TN-RISE, and institutionalized monitoring through district Green Audits and PC green ratings—demonstrating how safeguards can meaningfully shape climate-responsive rural enterprise development.

2. To effectively mobilize private capital for rural enterprises, projects need to include powerful catalysts such as well-structured, back-ended matching grants. The project experience showed that linking matching grants to commercial credit expanded financial access, strengthened risk-sharing, and promoted disciplined borrowing by making the grant contingent on loan repayment. While reliance on Participating Financial Institutions introduced coordination and appraisal risks, these were mitigated through pre-negotiated terms, standardized procedures, and targeted capacity building for bank officers. Robust data systems further enhanced transparency and confidence, with bankers citing reliable enterprise data as a key enabler of their participation.

3. To promote the achievement of milestones and contribute to enterprise growth, projects could use a performance-based tranche disbursement approach. The project applied a layered and tranche-based disbursement for startup grants to incentivize performance and support viable Producer Collectives. The project provided startup funds for new individual enterprises and enterprise groups but utilized a phased disbursement based on performance.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

- Quality of Evidence. The evidence base in the ICR was adequate to assess the project outcomes.
- Quality of Analysis. The analysis of the project achievements benefited from reliable data generated by the project's M&E system. The analysis of outcomes was balanced reflecting the project achievements against its outcome targets and what was achieved on the ground.
- Internal Consistency. Various parts of the ICR were internally consistent and logically linked and integrated.
- Lessons. Lessons reflected the project experience and were based on evidence and analysis.
- Consistency with guidelines. The ICR used the standard structure defined in the Guidelines and used available evidence to justify the assigned ratings.
- Conciseness. Overall, the ICR was well written, concise yet thorough.

Summary of Quality of the ICR Assessment. Overall, the ICR was well written. It candidly reported on most project shortcomings, and provided a thorough assessment of project outcomes. The ICR reflected



relevant lessons and noted key events that impacted implementation. Most sections were concise and reflected relevant information.

Therefore, the Quality of the ICR is rated High.

a. Quality of ICR Rating
High