



Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 28-Apr-2022 | Report No: PIDC33868

**BASIC INFORMATION****A. Basic Project Data**

Country India	Project ID P178418	Parent Project ID (if any)	Project Name Tripura Rural Economic Growth and Service Delivery Project (P178418)
Region SOUTH ASIA	Estimated Appraisal Date Dec 09, 2022	Estimated Board Date Mar 30, 2023	Practice Area (Lead) Agriculture and Food
Financing Instrument Investment Project Financing	Borrower(s) India	Implementing Agency Department of Tribal Welfare, Government of Tripura	

Proposed Development Objective(s)

Increase the agricultural incomes of rural households and improve governance and service delivery by state institutions for delivery of enhanced transport connectivity and learning environment in the targeted tribal-dominated blocks.

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	175.00
Total Financing	175.00
of which IBRD/IDA	140.00
Financing Gap	0.00

DETAILS**World Bank Group Financing**

International Bank for Reconstruction and Development (IBRD)	140.00
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Non-World Bank Group Financing

Counterpart Funding	35.00
Borrower/Recipient	35.00



Environmental and Social Risk Classification

Substantial

Concept Review Decision

Track II-The review did authorize the preparation to continue

Other Decision (as needed)



A. Introduction and Context

Country Context

- 1. Growth rebound in FY22 has been quick, pulled up by investment, recovering consumer demand and, more importantly, a low base.** Real GDP growth moderated from an average of 7.4 percent during FY15/16-FY18/19 to an estimated 3.7 percent in FY19/20¹, mostly due to (i) shocks to the financial sector, and (ii) decline in private consumption growth². Against this backdrop, the outbreak of COVID-19 had a significant impact, with real GDP contracting by 6.6 percent in FY20/21³. On the fiscal side, the general government deficit widened significantly in FY20/21, owing to higher spending and low revenues⁴. However, with the easing of Covid-19 restrictions, Goods and Services Tax (GST) collections have crossed INR 1.1 trillion mark every month since July 2021. The robust GST revenues are expected to continue as the economic recovery gathers momentum. The real GDP growth⁵ for FY21/22 is likely to be in the range of 7.5 to 12.5 percent, on the back of increased capital expenditure by the government and recovering consumer demand. The real GDP in FY21/22 is expected to reach the FY19/20 level. Given the global concerns on significant uncertainty around the pandemic, elevated inflation, geo-political tensions and extended supply disruptions, growth in FY22/23 is expected to be 8 percent⁶. Nonetheless, the expected recovery will put India among the world's fastest-growing economies over the next two years.
- 2. Although India has made remarkable progress in reducing absolute poverty in recent years, the COVID-19 outbreak has delayed the course of poverty reduction⁷.** Between 2011-12 and 2020-21, India's poverty rate is estimated to have declined from 22.5 percent⁸ to values estimated to range between 9 to 12.3 percent.⁹ However, recent projections of GDP per capita growth, taking into account the impact of the pandemic, suggest that poverty rates in 2020 have likely reverted to estimated levels in 2016.¹⁰ Labor market indicators from high frequency surveys -including from the Centre for Monitoring Indian Economy (CMIE)- suggest that vulnerability has increased, particularly for urban households. Overall, the pandemic and its economic impacts are estimated to have raised urban poverty, creating a set of "new poor" that are relatively more likely to be engaged in the non-farm sector and to have received at least secondary education.
- 3. Tripura is the third smallest state in India with a population of 3.7 million people (Census 2011),** of which 74 percent reside in rural areas. It is largely landlocked and hilly with more than 50 percent of the total area covered by forests and very little cultivable land (27 percent). Situated in the Northeast Region (NER), the state is surrounded in the north, west, and south by an international border (84 percent or 856 km of the state's perimeter) with Bangladesh. The state borders the Indian states of Assam and Mizoram to the east and is connected with the rest of India by a single 22 km national highway which sees frequent disruptions due to rains and landslides. The state is also prone to frequent floods, winds, and cyclones.
- 4. Tripura has shown strong economic growth in the past decade, albeit from a low base.** Its average annual growth rate in its net state domestic product (NDSP) was 16.3 percent between 2012–2013 to 2019–2020. This places Tripura on par with several of the other northeastern states, given the relatively small size of the states. However, Tripura's unique geographic position presents several challenges such as poor infrastructure, especially transport and markets; low levels of industrialization; high unemployment rates; communication bottlenecks due to hilly terrain; and abridged natural trade routes. Despite these challenges, Tripura (more broadly NER) is geopolitically important for India's strategic shift to the important Act East Policy in deepening trade relations with Bangladesh and the Southeast Asian nations as well as for

¹ National Accounts Data, National Statistical Office, Ministry of Statistics and Program Implementation (MOSPI).

² National Accounts Data, National Statistical Office, MOSPI.

³ National Accounts Data, National Statistical Office, MOSPI.

⁴ Union budget 2021, 2022, Ministry of Finance.

⁵ World Bank Global Economic Prospects, January 2022.

⁶ World Bank real GDP forecasts for FY22/23 published in April 2022.



inclusive development. Recent transport infrastructure and regulatory initiatives are in fact unlocking opportunities for the NER

5. **Tripura has a substantial tribal population.** The scheduled tribes (STs) comprise roughly 30 percent of the state’s population and live mostly in 23 of the 58 blocks in Tripura, classified as the Sixth Schedule areas. While a total of 19 tribes live in Tripura, the two largest tribes are the Tripuri and Reang. Kokbrok, a tribal language, is the official language of the state, along with Bengali. Despite its geographical constraints and large ST numbers, Tripura’s poverty rates have remained below the national average. However, more recent estimates suggest that levels of food insecurity are high and more so in the tribal-dominated blocks in the state. STs in the state also demonstrate high dependency on public works (Mahatma Gandhi National Rural Employment Guarantee Act 2005) for all job cards issued in the state. Additional studies have confirmed that, generally, tribal populations and areas are worse off in terms of infrastructure, basic service delivery, child nutrition, anemia, and educational attainment. Poorer outcomes for tribals need to be viewed in the context of geographic isolation as tribals in Tripura tend to live in remote, scattered settlements. This means poor connectivity and poor access to facilities such as markets and schools.

Table 1. NSDP, Average Annual Growth, and Poverty for Select Indian Northeast States

State	NSDP (INR crore) (2019–2020)	Average Annual Growth (%)	Population Who Are Multidimensionally Poor (%)
Mizoram	22,442	19.7	9.80
Nagaland	26,116	13.8	25.23
Sikkim	26,905	15.6	3.82
Manipur	29,148	14.2	17.89
Meghalaya	31,050	8.1	32.67
Tripura	50,421	16.3	16.65
Assam	299,569	12.7	32.67

Source: NSDP and growth: Directorate of Economics & Statistics of the respective state governments and for all-India, National Statistical Office; poverty rate: NITI Aayog Multidimensional Poverty Index Baseline report 2021 (based on 2015–16 National Family Health Survey)

Sectoral and Institutional Context

6. **Tripura is primarily an agrarian state, with about 42 percent of the population depending on agriculture and allied activities.** Paddy is the primary crop in the state, followed by maize; pulses; oilseeds; horticulture crops such as banana, mango, pineapple, and citrus; and several summer and winter vegetables and spice crops. However, productivity is low, compounded by water shortage during dry months, resulting in suboptimal marketable surplus. Tripura’s climate is suitable for a variety of horticultural and plantation crops, including pineapple, jackfruit, tea, rubber, bamboo, and oranges, among others. Climate change impacts (warming trends and high rainfall variability) impose stress on the productivity of the agriculture sector. In some areas of the state, mostly tribal, *jhum* (slash and burn) methods of cultivation continue to be practiced resulting in soil degradation. Small and marginal farmers constitute about 96 percent of the total farmers in the state against 78 percent in the country, with the average size of land holding of 0.49 ha in 2015–16, against a national average of 1.08 ha.

7. **Tripura’s location in Northeast India makes it prone to extreme weather events, which are likely to exacerbate.** The region faces a high risk of cyclones, intense precipitation, flooding, and resultant landslides. With the state’s distance from the Bay of Bengal being less than a hundred kilometers, the entire landmass is a high-risk zone for strong winds and cyclones. With overall rising temperatures, dry spells have become common in the state. Incidents of forest fires owing to rising temperatures and practices of *jhum* cultivation have also increased. These climate-induced events increase the burden on the poor since a large part of them primarily depend on forests and other natural resources for their livelihoods.



8. **Farmers and other value chain actors still face many constraints in furthering diversification and the development of value chains.** Currently, the Agriculture Technology and Management Agency (ATMA) and the Krishi Vigyan Kendra (KVK), which are the primary extension agencies, lack the capacity to mainstream new technologies among farmers, who remain dependent, largely, on subsidies as incentives to take up new practices. The near absence of postharvest infrastructure and processing facilities further limits the storage and marketing options. There are many unregulated wholesale markets and rural primary markets that bring together suppliers and buyers, but the status of their infrastructure and facilities are often poor. Access to remunerative markets is limited by poor road connectivity with the mainland and rest of the world, thereby increasing the overall price and product losses. Allied sectors such as livestock (poultry, piggery, and dairy) and fisheries are key to rural livelihoods, especially in tribal areas. In case of fish, the state produces 80 percent of its requirements and imports the rest from other states and Bangladesh. Despite many structural disadvantages, NER farmers and traders have developed an important agriculture sector in the region. The state government needs to focus on diversification towards high value cultivation and an enabling environment (efficient extension, minor irrigation, small-scale storage and processing facilities, market intelligence, and quality assurance) for offering potential for inclusive development and competitiveness.

9. **The road and transportation network needs improvement, particularly to connect remote tribal blocks and improve market connectivity.** While Tripura has 23,792 km of roads (853 km national highways, 1,057 km state highways, 461 km other district roads, 834 km border roads, and 20,587 km village roads), it lacks all-weather connectivity to many habitations particularly in the tribal blocks. Existing roads are not well maintained as the budget only covers about 65 percent of the maintenance financing demand. Besides improving road infrastructure, investment to enhance transportation services is also required. Transportation of agricultural products to markets and processing facilities in Tripura is primarily provided by informal cartels networked with intermediaries. This is particularly challenging for marketing, especially from remote tribal locations, as the poor quality of roads and the high transportation costs impede efficient connectivity for moving goods between collection points, wholesale markets, and terminal markets. Complementary investments in digitally enabled rural multipurpose transportation hubs in identified clusters can significantly remove impediments to accessing wholesale markets and processing facilities, as well as expand rural school education. However, for the above, institutional capability of the Tripura Department of Transportation and Tripura Public Works Department needs to be strengthened.

10. **While Tripura has done well on enrollment, dropout rates from secondary school are high and overall learning outcomes are poor, more so in the tribal blocks accentuated by access and connectivity issues.** While Tripura boasts some of the highest literacy rates in the country (86 percent), there are two key challenges in Tripura's education sector. First, while Tripura has reported a 100 percent Gross Enrollment Rate for all social groups in 2019–20, nearly one-in-four students drop out before completing their secondary schooling. This is due, in part, to the lack of schools especially at the secondary level that are accessible especially to the students residing in remote areas. Second, learning levels are poor, especially for ST students. With many tribal youths increasingly wanting to move away from subsistence forest-based or agricultural activities, there is an increasing need to move toward market-oriented vocational education in schools. Progress in improving the quality of school and vocational education, however, seems constrained by (a) multigrade teaching, (b) limited availability of subject teachers, (c) absence of opportunities for foundational learning in the mother tongue, (d) poor capacity of nodal educational institutions (such as the State Council of Education Research and Training and District Institutes of Education and Training) to train teachers, and (e) lack of information and communication technology (ICT)-enabled systems for academic and/or administrative management.

11. **Tripura's institutional arrangements reflect its unique history and local self-governance structures.** The state is currently organized into eight districts and 58 blocks. The STs live mostly in 23 of the 58 blocks which are governed by the Tripura Tribal Areas Autonomous District Council (TTAADC). Of the remaining blocks, 6 are under traditional *Panchayati Raj* Institutions (PRIs), and 29 blocks have both PRIs and tribal councils (village committees), considered mixed blocks. The TTAADC administers the tribal areas of the state (present in nearly 70 percent of the blocks in Tripura) including mixed



blocks, and has responsibility for planning and implementing schemes and programs in line with the local needs and tribal customs.

12. **Stakeholder consultations suggest institutional bottlenecks impede economic growth and service delivery in the tribal blocks.** The tribal areas face challenges from their remoteness and lack of basic infrastructure and services. This compounds challenges related to connectivity and results in poor access to facilities such as schools or health centers. However, constraints in institutional capacity as well as challenges in coordination further impede the delivery of key services. The TTAADC receives budgets to implement sectoral programs through tribal sub-plans; however, this funding is inadequate to overcome the significant infrastructure and human capital challenges. The capacity of village committees, communities, and other relevant stakeholders to fully engage in the effective planning and utilization of special budget allocations is currently weak. Coordination and convergence between the TTAADC structures and state departments are also needed to improve planning and deliver on the critical services more effectively. State departments face capacity constraints, especially in reaching sparsely distributed tribal populations in the hilly regions of the state. Similarly, data-driven systems for beneficiary selection, monitoring, grievance redress, and citizen engagement need to be strengthened to ensure citizen satisfaction.

13. **The Government of Tripura (GoT) aims to target the tribal blocks for convergence in investments for inclusive growth and human capital development and has requested the World Bank for a multi-sector investment operation.** The targeting of the tribal blocks as backward or 'aspirational' blocks is in line with the GoT's plan of identifying specific areas that need more emphasis both in planning and delivery. However, it is also strategic as many of the ambitious goals set out by the GoT in its Vision 2030 and Vision 2047 may be difficult to accomplish unless it achieves improvements in incomes and development outcomes in its most challenging areas. It also ties with the political economy of supporting tribal development, which is an effort by the GoT to proactively strengthen tribal inclusion and empowerment since the early 1980s with the formation of the TTAADC, inclusion of Kokbrok as an official state language, establishment of land reforms to benefit tribal owners, incentivization of tribal children to attend schools, and emphasis on road construction and improved livelihoods in the tribal areas. The proposed project will leverage lessons learned from agriculture, rural livelihoods, rural transport connectivity, and education investment operations in India, in particular Northeast India, to create a transformative impact to unlock regional growth

Relationship to CPF

14. **The project is consistent with the World Bank Group Country Partnership Framework (CPF) FY18–22** as it (a) supports resource-efficient growth by using climate-resilient agriculture, encouraging diversification, lowering production costs, managing water and natural resources, and sourcing local materials for road infrastructure that reduce carbon footprint (CPF Pillar 1); (b) enhances competitiveness and enables job creation by economic integration through improved efficiency of agriculture via reduced transport costs and value addition and skills. (CPF Pillar 2); and (c) invests in human capital and improves service delivery by improving road connectivity in rural areas of underserved populations and enhancing the quality of education in schools (CPF Pillar 3). The project utilizes the 'how's' of the India CPF specific to 'strengthening public sector institutions' through its emphasis on strengthening public agencies (Public Works Department [PWD], as well as agencies/departments overseeing the transport, education, agriculture, and allied sectors and tribal welfare in particular) and 'supporting a Lighthouse India' and 'engage with Federal India' by potentially showcasing multi-sector interventions in a Special Category State. Finally, the project design is consistent with the GoT's Vision 2030/2047, the GoT's Doubling Farmers' Income Policy, National Education Policy 2020, Strategy for New India, and Act East Policy, which emphasize transport connectivity for NER and improvement of regional connectivity. The project has special relevance to the special economic recovery package (titled *Aatma Nirbhar Bharat Abhiyan – Self-Reliant India*) to address the economic slowdown due to the COVID-19 pandemic crisis and to refocus on future growth.



B. Proposed Development Objective(s)

15. Increase the agricultural incomes of rural households and improve governance and service delivery by state institutions for delivery of enhanced transport connectivity and learning environment in targeted tribal-dominated blocks.

16. **Project beneficiaries.** The project will directly benefit rural residents in the tribal-dominated blocks especially those living in the vicinity of the rural road network, which will be improved under Component 1. The rural communities engaged in agriculture and entrepreneurship activities (including women) will benefit through the enhanced agro-logistic infrastructure and services and the resulting improvements in supply chain efficiency under the same component. The program will, in particular, benefit the rural communities made vulnerable by the COVID-19 pandemic by enhancing livelihood opportunities. Resident students and teachers associated with government-managed schools in the tribal areas will benefit from access to improved school complexes and learning environments and capacity building support, which will be improved under Component 2. The opportunities offered for building capacity and the development of innovative plans and strategies will help the tribal councils and public agencies responsible for roads, education, agriculture, and tribal welfare to strengthen their institutional capacities for evidence-based decision-making and sustaining the investments under Component 3.

17. Key Results

- (a) Percentage increase in agriculture income (in real terms) in the targeted households
- (b) Percentage of population benefited with improved transport connectivity and services to be measured by (i) percentage increase in the Rural Accessibility Index (RAI), (ii) percentage of roads in good and fair condition, (iii) number of collection points for farm produce connected by all season roads, and (iv) reduction in travel time from collection points to wholesale/remunerative markets
- (c) Improved retention rate at the secondary level
- (d) Number of targeted tribal Village Development Committees (VDC) that has used the performance-based grants
- (e) Number of direct beneficiaries (disaggregated by gender and SC/ST).

C. Concept Description

18. The proposed project aims to promote socioeconomic development and improve the quality of life of rural communities living in tribal geographies in Tripura through a multi-sectoral approach). More specifically, the project aims at improving the economic opportunity and transport connectivity for rural populations, including tribal women. Transport connectivity will be improved through a statewide rural road improvement program in support of rural road efficiency and accessibility to social and economic amenities such as markets, schools, and other services. As a direct contribution to rural economic opportunity and enhanced inclusivity, the project will improve rural livelihoods via diversified production clusters and agriculture logistics including aggregation, storage facilities, and supply chain markets. Additionally, the project will support human capital development in these geographies by enhancing school complexes and learning environments, improving access to these facilities, addressing retention of secondary students, and improving early grade teacher capacities. Finally, the project will strengthen the state institutional capabilities for improved service delivery and governance in the tribal areas making use of incentive-based tools and capacity improvements. Other interventions aimed at gender equality and empowerment, women entrepreneurship, and vocational development programs will be included.

19. The project activities in the three thematic areas of (a) economic development, (b) human capital development, and (c) institutional capability development are expected to produce outputs resulting in mutually reinforcing intermediate outcomes. Improved road infrastructure will help connect tribal school-age children to improved school complexes and tribal farmers to collection points and agriculture markets. This will open new economic opportunities and



learning environments in the tribal areas. The project’s outputs are expected to result in increased jobs and income levels, reduced travel times, higher retention in secondary education, and institutional capabilities in the tribal blocks in the medium term, whereas economic development, human capital, and improved governance and service delivery in the state will be enhanced in the long term.

20. The project would have four components which, taken together, would aim to address key challenges in Tripura’s development.

Component 1: Strengthening Foundations for Economic Development (US\$90 million)

21. The overall objective of this component is to address the critical barriers to economic development through two subcomponents, focusing on the strategic investments in the agriculture sector complemented with investments in improving connectivity through road construction and rehabilitation. The component will also support human capital development through capacity building in the agriculture and transport sectors.

Component 2: Investing in Human Capital Development (US\$35 million)

22. The objective of this component is to focus on improving access to schools (secondary and primary, under a hub-and-spoke arrangement) with better facilities and improve foundational learning and vocational education for secondary school students. It would do this by (i) developing school complexes and learning environments by investing in improvements to the accessibility and quality of secondary schools; and (ii) strengthening professional development support for early grade teachers, through building the institutional capacity for in-service professional development.

Component 3: Strengthening Institutions for Service Delivery and Economic Development (US\$15 million)

23. The objective of this component is to strengthen institutions for service delivery and economic development in the tribal blocks by enhancing incentives and capacities of the tribal councils and the line departments. Components 1 and 2 are also expected to contribute to Component 3. This would include support to tribal councils to strengthen their capacity for planning and coordination in service delivery; and (ii) support to the overall project management, technical assistance and monitoring of the project activities.

Component 4: Contingent Emergency Response (US\$ 0m)

24. Following a natural disaster event, the GoT may request the Bank to re-allocate project funds to support response and reconstruction. This component could also be used to channel additional funds should they become available as a result of the emergency.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	Yes
Projects in Disputed Areas OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

25. **The overall E&S risk rating is Substantial**, given that the project involves multi-sector interventions in ecologically sensitive and significantly tribal areas, and that the implementing agencies (IA) lack experience in E&S management practices. The proposed construction and upgrade of rural roads, school buildings, postharvest facilities and minor irrigation infrastructure involve potential E&S risks related to biodiversity conservation, resource efficiency, indigenous peoples (STs), land acquisition, community health and safety, cultural heritage, and stakeholder engagement. Environmental impacts are expected largely due to the sensitive environmental settings of rural roads, as well as



construction stage impacts on forests, biodiversity, waterbodies, landscape, and tribal communities. OP 7.50 (Projects on International Waterways) is expected to be applicable, due to the expected use of water, including groundwater, for agriculture/horticulture/aquaculture (Subcomponent 1.1) from the watersheds of state rivers that drain into Bangladesh and the Bay of Bengal. The key social risks relate to land acquisition and the resultant loss of land, livelihoods, and common property resources. Other social risks relate to community health and safety; labor management; protection of tribal cultural heritage; and the need to factor social and cultural compatibility, informed consultations in local tribal languages, and community support of tribal communities and their leaders during planning and implementation. GoT has weak institutional capacities for E&S management, and therefore institutional and skill gaps will be addressed through the deployment of E&S specialists in the PMU/PIUs and technical assistance provision. E&S risks will be identified through early screening as part of subproject selection, scoping, and management. The risks for Sexual Exploitation and Abuse and Sexual Harassment (SEA/SH) are rated moderate at concept stage. SEA/SH risks will be assessed during detailed project design as part of the social assessment and stakeholder consultations and a suitable rating and risk mitigation measures will be finalized. The documents to be prepared and disclosed before appraisal are (a) Environment and Social Assessment Report, including Environmental and Social Management Framework; (b) Stakeholder Engagement Plan; (c) Environment and Social Commitment Plan; and (d) site-specific Environmental and Social Impact Assessments, Environmental and Social Management Plans, Resettlement Action Plans, Resettlement Policy Frameworks, and ESS-specific plans.

26. **Stakeholder risk is rated Substantial.** The multisectoral scope of the program requires engagement of and coordination between stakeholders both across the state departments and down to the local agencies and citizens. However, since this program is seen as a state priority, overseen by the strategic Steering Committee headed by the Chief Secretary, the stakeholder coordination risk may be significantly mitigated.

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APPROVAL

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