

World Bank Provides More Support to Rural Poverty Program in Madhya Pradesh, India

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WASHINGTON, June 24, 2009 — The World Bank today approved a US\$100 million IDA credit to India, designed to address rural poverty in Madhya Pradesh, one of the country's poorest states.

Madhya Pradesh is India's second largest state in terms of geographical size. More than 60 million people live there - some 16 million of them below the poverty line. The state has the third highest incidence of poverty and the lowest rate of poverty reduction among the major states of the country.

The **Second Madhya Pradesh District Poverty Initiatives Project (MPDPIP-II)** is designed to empower the poor by organizing them into Self Help Groups (SHGs) and facilitate their federation into cluster-level organizations, to enable them to access higher value markets, formal financial intermediaries, among other things. It will develop the capacity of SHGs to start or enhance their livelihoods activities and strengthen their business operations through producer based federations, companies, and cooperatives.

The project builds on the original MPDPIP, approved by the Bank in 2000, which covered over 2,900 villages spread across 14 districts. It has helped organize some 325,000 poor rural households into over 52,000 Common Interest Groups (CIGs), providing them with financial and technical assistance.

"This project has achieved some very impressive results," said **Roberto Zagha, World Bank Country Director for India**. *"For example, we have seen an increase in annual household income as well as value of agriculture production covering 300,000 poor rural households. This project will now scale up its activities to 5,000 villages."*

An impact evaluation conducted at the end of the MPDPIP-I showed it has improved livelihoods, reduced vulnerability, and enhanced social empowerment. These results include 65 percent increase in annual household income of project participating families, 149 percent increase in value of agricultural production, and 27 percent increase in irrigated land for project families investing in agricultural activities.

"Women's participation in household decision making and attendance in Gram Sabha meetings has been enhanced substantially, through this project, and has had profound impact on their overall livelihoods," said **Nathan Belete, World Bank Senior Rural Development Economist and project task team leader**. *"For example, around 80 percent of Village Development Committees established under the project have all women in their executive committees – this has enabled them to make critical decisions regarding funds allocations among their members in a transparent, productive, and sustainable manner."*

The credit from the International Development Association (IDA), the World Bank's concessionary lending arm, carries a 0.75 percent service fee, a 10-year grace period, and a maturity of 35 years.

For more information on the Bank's work in India, visit <http://www.worldbank.org.in>

For more project information, please visit: <http://www.worldbank.org.in/external/projects/main?pagePK=64283627&piPK=73230&theSitePK=295584&menuPK=295617&Projectid=P102331>

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