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PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF SDR 50.8 MILLION
(US\$75 MILLION EQUIVALENT)

TO THE

REPUBLIC OF INDIA

FOR AN

ANDHRA PRADESH RURAL INCLUSIVE GROWTH PROJECT

NOVEMBER 26, 2014

Agriculture Global Practice
South Asia Region

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India

CURRENCY EQUIVALENTS

(Exchange Rate Effective October 31, 2014)

Currency Unit = INR
INR 60 = US\$1
US\$1.5456 = SDR 1

FISCAL YEAR

April 1 – March 31

ABBREVIATIONS AND ACRONYMS

ANC	Antenatal care	MCTS	Mother and Child Tracking System
AP	Andhra Pradesh	MDG	Millennium Development Goal
APDPIP	Andhra Pradesh District Poverty Initiatives Project	MIS	Management Information System
APRIGP	Andhra Pradesh Rural Inclusive Growth Project	MMR	Maternal Mortality Ratio
APRPRP	Andhra Pradesh Rural Poverty Reduction Project	NCB	National Competitive Bidding
ASHA	Accredited Social Health Activist	NGO	Non-Governmental Organization
BPL	Below Poverty Line	NHFS	National Health and Family Survey
CA	Chartered Accountant	NRLM	National Rural Livelihoods Mission
CAS	Country Strategy	ORAF	Operational Risk Assessment Framework
CHC	Community Health Center	PAD	Project Appraisal Document
CPS	Country Partnership Strategy	PD	Project Director
FM	Financial Management	PDO	Project Development Objective
GDP	Gross Domestic Product	PDS	Public Distribution System
GP	Gram Panchayats	PHC	Primary Health Centers
GoAP	Government of Andhra Pradesh	PMU	Project Management Unit
GOI	Government of India	PNC	Post Natal Care
GSDP	Gross State Domestic Product	PwD	Persons with Disabilities
HD	Human Development	PRI	Panchayati Raj Institutions
HDI	Human Development Indicators	RF	Results Framework
HR	Human resources	SC	Scheduled Castes
IAS	Indian Administrative Service	SCSP	Scheduled Caste Sub-plan
ICT	Information and Communications Technology	SERP	Society for Elimination of Rural Poverty
IDA	International Development Association	SHG	Self-Help Groups
IMR	Infant Mortality Rate	SHS	State Health Society
IVRS	Interactive Voice Response System	ST	Scheduled Tribes

KRuSHE	Knitting Rural Self Help Enterprise	THE	Total Health Expenditure
M&E	Monitoring and Evaluation	TSP	Tribal Sub-Plan
MCH	Maternal and Child Health	WHO	World Health Organization

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PAD DATA SHEET*India**Andhra Pradesh Rural Inclusive Growth (P152210)***PROJECT APPRAISAL DOCUMENT**

Report No.: 90483-IN

Basic Information			
Project ID P152210	EA Category B - Partial Assessment	Team Leader Parmesh Shah Robert S. Chase (Co- Task Team Leader)	
Lending Instrument Investment Project Financing	Fragile and/or Capacity Constraints []		
	Financial Intermediaries []		
	Series of Projects []		
Project Implementation Start Date Feb 1, 2015	Project Implementation End Date Feb 1, 2020		
Expected Effectiveness Date Feb 1, 2015	Expected Closing Date June 30, 2020		
Joint IFC No			
Practice Manager Shobha Shetty	Senior Global Practice Director Juergen Voegele	Country Director Onno Ruhl	Regional Vice President Philippe H. Le Houerou
Borrower: Department of Economic Affairs, Ministry of Finance, Government of India			
Responsible Agency: Society for Elimination of Rural Poverty (SERP)			
Contact: Telephone No.:	H. Arun Kumar, IAS 91-40-23298469	Title: Email:	CEO Ceo.serp.ap@gmail.com
Project Financing Data(in USD Million)			
[] Loan	[] Grant	[] Guarantee	
[X] Credit	[] IDA Grant	[] Other	
Total Project Cost:	107.00	Total Bank Financing:	75.00

Financing Gap:	0.00								
Financing Source					Amount				
BORROWER/RECIPIENT					32.00				
International Development Association (IDA)					75.00				
Total					107.00				
Expected Disbursements (in USD Million)									
Fiscal Year	2015	2016	2017	2018	2019	2020			
Annual	5.00	10.00	20.00	20.00	15.00	5.00			
Cumulative	5.00	15.00	35.00	55.00	70.00	75.00			
Proposed Development Objective(s)									
<p>The PDO is to enable selected poor households to enhance agricultural incomes and secure increased access to human development services and social entitlements.</p> <p>The “selected poor households” will include households that are geographically & socially excluded and have low income levels. The incomes for these households will be enhanced by ensuring increased incomes from agriculture and allied sectors through increased productivity and enhanced market access. The “human development services” include services related to health, nutrition and sanitation. The “social entitlements” mainly include social safety nets like the wages from National Rural Employment Guarantee Scheme, pensions and insurance benefits that are provided by the government</p>									
Components									
Component Name						Cost (USD Millions)			
Value Chain Development						44			
Human Development						19			
Access to Social Protection Services & Entitlements						13			
Mission Support, ICT and Partnerships						20			
Project Implementation Support						11			
Total Cost						107			
Institutional Data									
Sector Board									
Agriculture and Rural Development									
Sectors / Climate Change									
Sector (Maximum 5 and total % must equal 100)									

Major Sector	Sector	%		
Agriculture, fishing, and forestry	General agriculture, fishing and forestry sector	60		
Health and other social services	Health	20		
Social Protection services	Other social services	20		
Total		100		

I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.

Themes

Theme (Maximum 5 and total % must equal 100)

Major theme	Theme	%
Rural development	Rural policies and institutions	20
Rural development	Rural markets	20
Social dev/gender/inclusion	Gender	20
Human development	Nutrition and food security	20
Social Protection	Participation and civic engagement	20
Total		100

Compliance

Policy

Does the project depart from the CAS in content or in other significant respects?	Yes []	No [X]
Does the project require any waivers of Bank policies?	Yes []	No [X]
Have these been approved by Bank management?	Yes []	No [X]
Is approval for any policy waiver sought from the Board?	Yes []	No [X]
Does the project meet the Regional criteria for readiness for implementation?	Yes []	No [X]

Safeguard Policies Triggered by the Project

	Yes	No
Environmental Assessment OP/BP 4.01	X	
Natural Habitats OP/BP 4.04	X	
Forests OP/BP 4.36	X	
Pest Management OP 4.09	X	
Physical Cultural Resources OP/BP 4.11		X
Indigenous Peoples OP/BP 4.10	X	
Involuntary Resettlement OP/BP 4.12		X
Safety of Dams OP/BP 4.37		X

Projects on International Waterways OP/BP 7.50			X
Projects in Disputed Areas OP/BP 7.60			X
Legal Covenants			
Name:	Recurrent	Due Date	Frequency
Institutional Arrangements (I): Steering Committee and Project Implementation & Review Committee	Yes	One (1) months after the Effective Date	Throughout implementation
Description of Covenant			
GoAP to establish and thereafter maintain: (i) a Steering Committee chaired by the Chief Secretary and convened by the Principal Secretary (Rural Development) and comprised of the Principal Secretaries from the various line departments (ii) a <i>Project Implementation and Review Committee</i> chaired by the Principal Secretary (Finance) and comprised of the Secretaries of various line departments. It will be convened by CEO – SERP.			
Name:	Recurrent	Due Date	Frequency
Institutional Arrangements (II): Project Management Unit	Yes	N/A	Throughout implementation
Description of Covenant			
GoAP to cause SERP to maintain a Project Management Unit, headed by SERP's CEO and staffed with specialists with experience, qualification and terms of reference acceptable to the Association.			
Name:	Recurrent	Due Date	Frequency
Project Documents	Yes	N/A	N/A
Description of Covenant			
GoAP to cause SERP to implement the Project in accordance with the Project Implementation Plan, the HR Guidelines & Manual, the FM Manual, the Procurement Manual, the Community Operations Manual, and the GAC; and refrain from amending, altering or suspending the application of such documents without the prior written concurrence of the Association.			
Name:	Recurrent	Due Date	Frequency
Business Plan Grants and Village Human Development Plan Grants	Yes	N/A	N/A
Description of Covenant			
GoAP to cause SERP to screen all Business Plans Grants and Village Human Development Plan and select the respective beneficiaries of BP Grants and VHDP Grants pursuant to the Community Operations Manual and the safeguard documents (EMF, EMPs and SM/TDP)			
Name:	Recurrent	Due Date	Frequency
Sub-Financing Agreements	Yes	N/A	N/A
Description of Covenant			

Upon selection of beneficiaries and Business Plan proposals and VHDPs, GoAP to cause SERP to enter into Sub-financing Agreement with those selected beneficiaries on terms and conditions approved by the Association.

Name:	Recurrent	Due Date	Frequency
Safeguard Documents	Yes	N/A	N/A

Description of Covenant

GoAP to cause SERP to implement the Project in accordance with the Safeguard Documents (i.e. EMF, EMPs and SM/TDP), and to refrain from unilaterally amending, suspending, voicing or waiving any provision of said documents.

Name:	Recurrent	Due Date	Frequency
Governmental Permits	Yes	Prior to commencing any civil works	N/A

Description of Covenant

GoAP to cause SERP to ensure that prior to commencing any civil works all necessary governmental permits have been obtained, and any conditions for such permits met/fulfilled.

Name:	Recurrent	Due Date	Frequency
Contractors compliance with Safeguard Documents	Yes	N/A	N/A

Description of Covenant

GoAP to cause SERP to ensure that the contracts for civil works include the obligation of the relevant contractor to comply with the relevant Safeguard documents applicable to such civil works.

Name:	Recurrent	Due Date	Frequency
Implementation Reviews of Safeguard Documents and compliance therewith	N/A	September 30, 2017 & June 30, 2019	N/A

Description of Covenant

GoAP to cause SERP to maintain monitoring and evaluation protocols for the assessment of compliance with Safeguard Documents and to: (i) carry out an internal review on safeguard compliance and (ii) an external audit on safeguards compliance by an independent consultant.

Name:	Recurrent	Due Date	Frequency
No-Resettlement	Yes	N/A	Throughout implementation

Description of Covenant

GoAP to cause SERP to ensure that the Project activities do not entail any land taking nor give rise to displaced persons. And, any land needed for the Project to be financed exclusively with counterparts or beneficiary's own resources.

Name:	Recurrent	Due Date	Frequency
Grievance Redressal Mechanism	Yes	N/A	N/A

Description of Covenant

GoAP to cause SERP to maintain and operate a grievance redressal mechanism for stakeholders and/or project beneficiaries to file any complaints arising out of, or in connection with, the Project.

Conditions			
Source Of Fund	Name	Type	
Description of Condition			
Team Composition			
Bank Staff			
Name	Title	Specialization	Unit
Parmesh Shah	Lead Rural Development Specialist	Team Lead	GFADR
Robert Chase	Lead Human Development Economist	Co-TTL	GSPDR
John Blomquist	Lead Economist	Social Protection	SACIN
Ramesh Govindaraj	Lead Health Specialist	Human Development	GHNDR
Vinay Kumar Vutukuru	E T Consultant	Agribusiness Management	GFADR
Sitaramachandra Machiraju	Senior Water and Sanitation Specialist	Water and Sanitation	GNASP
Samik Sundar Das	Senior Rural Development Specialist	Institution Building and Human Resources	GFADR
Tripti Chopra	Financial Management Specialist	Financial Management	GGODR
Priti Jain	Senior Procurement Specialist	Procurement Management	GGODR
Martin Serrano	Senior Counsel	Legal	LEGES
Varun Singh	Senior Social Development Specialist	Social Development and Safeguards	GFADR
Ruma Tavorath	Senior Environment Specialist	Senior Environment Specialist	GENDR
Shashank Ojha	Senior ICT specialist	Transport and ICT	GTIDR
Harsh Vivek	Investment Officer	Agribusiness Investments	CSASB
Mohini Kak	E T Consultant	Health & Nutrition	GHNDR
Shweta Banerjee	Communications Associate	Financial Inclusion	GFMGP
Oleg Petrov	Senior Program Officer	ICT and Open Data	GTIDR
Prasanna Lal Das	Lead Program Officer	ICT and Open Data	CTRLS
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Sandra Ursula Sousa	Program Assistant	Operational Support	SACIN
Venkatakrishnan Ramachandran	Program Assistant	Operational Support	GFADR
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Abhishek Gupta	Consultant	Monitoring & Evaluation	
Megha Phansalkar	Consultant	Governance & Accountability	
Vanitha Kommu	Consultant	Environment Management	
Shruti Gaur	Consultant	HR	
Ireena Vittal	Consultant	Agribusiness	
Hema ramaswamy	Consultant	ICT & MIS	
Rajesh Singh	Consultant	Retail Chain	
L.K.Vaswani	Consultant	Agribusiness	
Amir Syed Hamza	Consultant	Financial Inclusion	

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I. STRATEGIC CONTEXT

A. Country Context

1. Poverty Context in India: India has achieved significant economic growth and substantial reduction in absolute poverty¹ in the last decade. Shared prosperity – defined as the growth rate of the bottom 40 percent of the population – has also improved, with the gap between growth rates of the less well-off and average growth narrowing considerably between 2005 and 2010². However, 400 million people (mostly rural) are living on less than \$1.25/day in PPP terms³ and the benefits of rapid growth need to be shared more equally across all sections of the population. Inequality indicators like the Gini coefficient (0.34 in 2012) are on the rise, with widening disparities between urban and rural areas. Furthermore, in spite of accelerated social mobility and urbanization, Indian society remains fragmented, and economic indicators do not sufficiently reflect the depth and range of social inequities. The economic and human development indicators for marginalized groups such as so-called scheduled castes, scheduled tribes, and women, lag behind those of the general population⁴.

2. Human Development Context: Despite significant achievements in reducing absolute poverty, progress in India on achieving various human development outcomes has not been commensurate, especially for nutrition. India currently has one of the highest malnutrition rates in the world. One-third of the children are born with low birth-weight, 43 percent of children under five are underweight (this is double the rates in Sub-Saharan Africa and five times the rate in China), 48 percent are stunted, and 20 percent are wasted⁵.

B. Sectoral and Institutional Context

3. Poverty Context in Andhra Pradesh: Andhra Pradesh⁶, a southern state in India, is the tenth largest state in terms of population (49.38 million) and eighth largest in terms of its geographical spread (160,200 square kilometers). Its Gross State Domestic Product (GSDP) was USD 39.5 billion (at constant prices) in 2012-13⁷. The state is divided into thirteen districts and is commonly grouped into two regions: Rayalaseema⁸ and Coastal Andhra. Despite significant economic growth and poverty reduction, prosperity is unevenly distributed in Andhra Pradesh. For instance, the poverty ratio amongst the scheduled tribes, scheduled castes, and Muslims is quite high (23 percent) when compared to the rest of the population (12

¹ India has already achieved its MDG1 target of halving the proportion of people living under extreme poverty to under 30 percent (defined as income of less US\$1.25 per day).

² Country Partnership Strategy 2013-2017

³ Country Partnership Strategy 2013-2017

⁴ Poverty rates are especially high among scheduled tribes (46.1 percent in 2009–10), and scheduled castes (40.8 percent)

⁵ Underweight means that they have low weight for their age; stunted means they are short for their age; wasted means that they are too thin for their height.

⁶ Andhra Pradesh is the one of the two new states created post the bifurcation of the erstwhile state of Andhra Pradesh: the other state is Telangana.

⁷ AP State Statistical Abstract May 2014, Chapters 1 and 4. http://www.ap.gov.in/Pages/State_Profile.aspx

⁸ Rayalaseema has a poverty ratio of 28 percent and the poverty ratio has declined by 42 percentage points during the period 1983 to 2007. Coastal Andhra has a poverty ratio of 15 percent, and it recorded a 38-percentage points decline in poverty from 1983 to 2007.

percent)⁹. A more equitable distribution of the growth (or higher shared prosperity) is a key challenge going forward.

4. Overview of the Agriculture Sector in Andhra Pradesh: In 2012-13, the agriculture sector contributed about 23.1 percent of the GSDP of new state of Andhra Pradesh, while employing 37.3 percent of its workers.¹⁰ In the recent period, there has been a significant shift in the cropping patterns towards cash crops¹¹ from cereal crops (both in terms of area¹² and value¹³). The greatest potential for growth in the agriculture sector comes from cash-crops, livestock, and fisheries. For instance, between 2004 and 2012, the fisheries sub-sector grew at 8.7 percent, while the agriculture sector as a whole grew only at about 3.9 percent.¹⁴ However, most of the small and marginal farmers are not able to access opportunities from the growth in these sectors because they have limited access to extension services, good quality inputs like improved seeds, market services, and institutional credit.¹⁵

5. Human Development context in Andhra Pradesh: In spite of the strong economic growth, Andhra Pradesh lags behind other southern states like Tamil Nadu and Kerala in health related MDGs. The new state of Andhra Pradesh is ranked eleventh in terms of per capita income but has a much lower ranking (fifteenth) for the Human Development Index (HDI). In the erstwhile state, over 30 percent of women between 15 and 49 years of age had a Body Mass Index (BMI) below normal and 63 percent were anemic, while 38 percent of children under three were stunted, 15 percent wasted, and 30 percent were under-weight¹⁶. Indicators are far worse for people belonging to Scheduled Castes (SC), Schedule Tribes (ST) and the poorest. Furthermore, the Infant Mortality Rate (IMR) at 41 per 1,000 live births and Maternal Mortality Rate (MMR) at 110 per 100,000 live births was much higher than the other southern states, e.g. IMR was 21 for Tamil Nadu and 12 for Kerala¹⁷. The access to sanitation service is also low compared to southern states, as 65 percent of the rural households in erstwhile Andhra Pradesh defecate in the open, while only 5.6 percent households in Kerala defecate in the open¹⁸. Similarly, in education the state lags behind: its literacy rate (67.4 percent)¹⁹ is much lower than Tamil Nadu (80.3 percent) and Kerala (93.2 percent)²⁰. Furthermore, despite the continuous increase in enrolment and school completion rates, the dropout ratio for SC and ST boys and girls (73 percent) was much higher than the state averages (46 percent).²¹ The state also had relatively poor learning outcomes (reading

⁹ Source: Srikrishna commission report, 2012

¹⁰ AP Statistical Abstract May 2014.

¹¹ Cash crops mainly include cotton, oil seeds, vegetable and fruit crops

¹² Share of area under cereals decreased from 59 percent to 43 percent of gross cropped area, while the share of area increased for cash crops from 10 percent to 18 percent: pulses cultivation area increased from 11 percent to 14 percent; and for oilseeds it increased from 18 percent to 23 percent.

¹³ In terms of value, the reduction was much more significant in cereals (from 49% to 36%) with a significant increase for cash crops (from 27% to 43 %.)

¹⁴ AP Statistical Abstract May 2014.

¹⁵ Baseline data collected for the project preparation shows that the productivity for these poorest communities is less than the average of commodities like paddy, red gram, and livestock products like milk and poultry

¹⁶ Source: National Family Health Survey-3 (2006)

¹⁷ Sample Registration Survey 2012, <http://pib.nic.in/newsite/PrintRelease.aspx?relid=103446>

¹⁸ Ministry of Drinking Water and Sanitation, <http://pib.nic.in/newsite/PrintRelease.aspx?relid=101749>

¹⁹ Andhra Pradesh Statistical Abstract, May 2014

²⁰ Census of India, http://censusindia.gov.in/2011-prov-results/data_files/india/Final_PPT_2011_chapter6.pdf

²¹ Sarva Sikhsha Abhiyan, Educational Statistics 2011-12, AP

and arithmetic abilities)²² for children attending government schools. To summarize, economic growth has not translated to human development outcomes in health, sanitation, nutrition and education; especially for the most marginalized communities such as SC and ST households.

6. State commitment to Rural Livelihoods programs and World Bank support: An important component of the Government of Andhra Pradesh's (GoAP) poverty reduction strategy, alongside broad-based growth, has been the development of women-based community institutions. With the support of the state's Society for the Elimination of Rural Poverty (SERP) and assistance from the World Bank²³, women in rural areas began to form self-help groups in the early 2000s. These programs²⁴ have reached significant scale-11 million poor households have been mobilized into multi-layered community institutions. Today, nearly 90 percent of poor households in the state are members of these community institutions.²⁵

7. This network of Community Based Organizations (CBOs) helped leverage and promote financial inclusion, which was then expanded to include skills training, livelihoods support (farming, dairy, small-scale enterprises), access to government programs, and initiatives to improve health and education outcomes. Some of the key outputs include: (i) Total savings and corpus of SHG members is about USD 743 million and about USD 950 million respectively.²⁶ Cumulative borrowing in the last ten years has been more than about USD 10.5 billion; (ii) 3.8 million acres of land (~1.2 million farmers) have been brought under sustainable agricultural practices²⁷; (iii) 257,000 dairy farmers in 3,800 villages have been linked to formal dairy markets; and (iv) 4,264 community-managed health and nutrition centres (covering about 100,000 households) have been established leading to improved access to services and improved health and nutrition outcomes.²⁸

8. Recent evaluations²⁹ have documented significant impacts in terms of higher access to credit, investments in education and productivity-enhancing assets, higher consumption (5-8 percent increases in calorie intake and 10-13 percent increases in protein intake and 24-44 percent increases in consumption for program participants, depending upon poverty category), and greater empowerment of women. The central lesson learnt in the last ten years has been

²² Source: 2011 Annual Survey of Educational Report (ASER),

²³ The two key operations in the state have been: Andhra Pradesh District Poverty Initiatives Project (APDPIP) and Andhra Pradesh Rural Poverty Reduction Project (APRPRP).

²⁴ Towards the end of APRPRP there were about 929,000 SHGs that had been linked to banks, accessing credit worth USD 7.8 billion.

²⁵ As on January 2014, there are 11.6 million SHG members in 1.05 million SHGs organized into 43,597 Village Organizations (VOs) and 1098 Mandal Samakhya (MSs).

²⁶ Updated till Jan, 2014

²⁷ Kumar et al. 2009. "Ecologically sound, economically viable: community managed sustainable agriculture in Andhra Pradesh, India". Washington DC: The World Bank.

²⁸ Chava & Shah, 2012. Community-run Centers Improve Nutrition for Women and Children- Andhra Pradesh Rural Poverty Reduction Project. In Innovations in Development - 6 New Delhi: The World Bank in India

²⁹ See: Deininger & Liu, 2013. "Evaluating Program Impacts on Mature Self-help Groups in India." The World Bank Economic Review no. 27; Prennushi, Giovanna, and Abhishek Gupta. 2014. "Women's empowerment and socio-economic outcomes: impacts of the Andhra Pradesh rural poverty reduction program." Policy Research Working Paper 6841, World Bank SASDA.

that significant investment in building institutional platforms can lead to very strong economic outcomes. Government of India (GoI) has also modelled their rural livelihood strategy around National Rural Livelihoods Mission building (NRLM³⁰) on the lessons from erstwhile Andhra Pradesh.

9. Inclusion Challenge: Despite considerable state and other support efforts, inclusion remains a challenge. There are two main aspects of the inclusion challenge that are primarily responsible for the current status of economic and human development outcomes in the state. First, there is an income deficit since the small and marginal farmers, especially SC and ST households, have not adequately benefitted from the potential growth in the agriculture. This is primarily because they have not been able to take advantage of the potential benefits from the sub-sectors like horticulture, livestock and fisheries. The other deficit is the human development deficit, as most health and nutrition indicators are worse for SCs and STs. For instance, based on data for former Andhra Pradesh, the underweight ratio for STs (45.9 percent), SCs (43.4 percent) is much higher than the state average (38.4 percent).³¹ Going forward, the income deficit and the human development deficit need to be addressed jointly to ensure shared prosperity and a greater pace of poverty reduction.

10. Enabling policies and legislation to aid inclusive growth: The government of Andhra Pradesh has adopted a mission-based approach focusing on inclusive growth and poverty alleviation. As part of this approach, the government has launched seven missions: Primary Sector, Social Empowerment, Industry Sector, Infrastructure, Urban Development, Service Sector, and Knowledge and Skill Development. Each mission has a Governing Body chaired by the Chief Minister and a Mission Support Unit (MSU), led by one of the Secretaries of the departments concerned serving as Mission Coordinator. These missions are intended to enhance inter-departmental synergy, enable an effective planning and delivery mechanism, and improve departmental capacity. APRIGP is closely aligned with several of these Missions. In particular, the Social Empowerment Mission (SEM), which aims to ensure quality education, healthcare and nutrition for all, and the Primary Sector Mission, which aims to improve agricultural incomes, are both synergistic with the Project. These missions would provide the policy framework and enabling eco system for the initiatives proposed in the project. It will also ensure that data analytics and feedback systems proposed under the project will be used for converged service delivery and benchmarking of performance. The government is also launching new corporations that target the empowerment of farmers and women. Along with the new missions, Government is proposing to try new institutional arrangements through these corporations and these offer new opportunities for more effective service delivery and an approach to work in an inclusive manner.

11. Another key enabling legislation is “*The Andhra Pradesh Scheduled Castes Sub-Plan and Tribal Sub-Plan (Planning, Allocation and Utilization of Financial Resources) Act*”, introduced by the Government of erstwhile Andhra Pradesh in 2013. Its primary aim was to

³⁰ The National Rural Livelihoods Project is supporting the implementation of NRLM in nearly 100 districts and 400 blocks of 13 high poverty states (Bihar, Chhattisgarh, Jharkhand, Gujarat, Maharashtra, Madhya Pradesh, Orissa, Rajasthan, Uttar Pradesh, West Bengal, Karnataka, Tamil Nadu and Assam), accounting for 85 percent of the rural poor in the country.

³¹ Source: National Family Health Survey – III. Figures are presented as percent of children under 3 years who are below 2 standard deviations from the median growth indicator value calculated from the WHO reference population

ensure accelerated development of Scheduled Castes and Scheduled Tribes with emphasis on achieving economic, educational and human development along with ensuring security, social dignity and promoting equity. This legislation, which will be continued in the new state, is one of the first in India to ensure allocation of funds to these marginalized sections in proportion to their population.

12. Rationale for Bank involvement: There are four reasons for the World Bank's involvement in this inclusive rural growth project in Andhra Pradesh. First, the World Bank has supported development of institutional platforms of rural women at the state and national level, and achieved significant outcomes as discussed above. However, to achieve further increases in income, households need to access economic opportunities through value chain development and improved market access. APRIGP is a new generation rural transformation program that will improve access to entrepreneurial and market opportunities in agriculture and allied sectors. Second, in spite of large fund flows to the social and human development sectors, improvements in outcomes have been less than hoped for, especially for service delivery indicators. This is an opportune moment to invest in both citizen's demand for better local services and the supply of those services in a multi-sectoral manner. Hence, this project will work on integrating demand, supply and enterprise aspects for last mile delivery of human development services (health, nutrition and sanitation) to achieve higher human development outcomes. Third, the Government of Andhra Pradesh has also shown encouraging signs by launching the seven missions. These create a policy environment conducive to convergence across sectors, taking advantage of potential within the World Bank to adopt a multi-sectoral approach that draws on expertise across the World Bank's Global Practices. Last, lessons from this project will be applicable to several low income states like Bihar, Madhya Pradesh, Orissa, Jharkhand and Chhattisgarh, where similar institutional platforms of the poor are currently being built through dedicated livelihood programs at the state and national level.

C. Relationship to CPS

13. The project is fully consistent with India CPS (FY2013-2017) (Report No. 76176-IN; April 11, 2013), contributing to the transformation and social inclusion engagement areas. Supporting transformation, the project will integrate the small and marginal producers to urban markets by making them competitive through value addition and creating jobs for the youth in semi-urban and urban locations. The operation also supports inclusion. Improving access to services such as health, nutrition, and water and sanitation and increasing coverage and effectiveness of social safety net and social risk management programs help poor people to share benefits of economic growth. Further promoting inclusion, the project is implemented in the 150 most backward mandals of the state and focusses on the low-income communities that are socially and geographically excluded. In a broader context of country support, the project also supports the Government of India's "Finance Plus" approach by enabling convergence with major govt. scheme such as Integrated Child Development Services (ICDS) and National Rural Health Mission (NRHM). It will also invest in ICT and social accountability mechanisms for improving service delivery in a sustainable manner.

II. PROJECT DEVELOPMENT OBJECTIVES

14. The PDO is to enable selected poor households to enhance agricultural incomes and secure increased access to human development services and social entitlements. The “selected poor households” will include households that are geographically and socially excluded and have low income levels. The incomes for these households will be enhanced by ensuring increased incomes from agriculture and allied sectors through increased productivity and enhanced market access. The “human development services” include services related to health, nutrition and sanitation. The “social entitlements” mainly include social safety nets like the wages from National Rural Employment Guarantee Scheme, pensions and insurance benefits provided by the Government.

A. Project Beneficiaries

15. Priority program beneficiaries would be targeted small and marginal farmers and the SC/STs from communities in the 150 most backward mandals in the newly created state of Andhra Pradesh, covering about 5,000 villages. These mandals³² were identified based on the following parameters:

1. SC/ST population within the mandal³³
2. Female illiteracy in the mandal³⁴
3. Mandals having more unirrigated land³⁵

B. PDO Level Results Indicators

16. The key results indicators for the proposed project would be as follows (with detailed results framework and indicators in Annex 1):

1. Diversified and enhanced source of income of 250,000 producers in selected project mandals
2. 250,000 poor households adopt appropriate health, nutrition and sanitation behaviors for improved human development
3. 500,000 poor households have enhanced access to systems that deliver improved information, enrollment and payment for social protection and entitlement programs.

The beneficiaries under the project would constitute more than 50 percent of the small and marginal farmers and the SC/STs living in the target 150 mandals.

III. PROJECT DESCRIPTION

17. This project has a spatial focus on the most backward mandals in the State with the lowest economic and human development indicators. It will strive to increase economic opportunities for small and marginal farmers who have not been able to access economic services and markets across the value chains. To boost human development, investments will be made in

³² All the Urban Mandals notified as Class 1 & 2 towns (Municipalities) are excluded from the list

³³ Based on census 2011 data

³⁴ Based on census 2011 data

³⁵ Data taken from Department of Economics & Statistics, Government of Andhra Pradesh-2011

increasing the nutrition content of the agricultural production (milk, vegetables and poultry) and also to use innovative access to rural retail chains and enterprises to improve the local food environment. Concurrently, investments will be made to test new ways of ensuring access to human development, nutrition and sanitation services with a combination of demand, supply and enterprise approaches. Further, there will be dedicated investments to supplement the current investments in social mobilization for human development, in conjunction with local governments (panchayats) to develop innovative solutions for service delivery through public and private efforts. These efforts will also be underpinned by significant investment in ICT and mobile based service delivery systems for social accountability, better targeting, increased transaction efficiency and increased effectiveness. Details of components are in Annex 2.

A. Project Components

18. Component 1: Value Chain Development (US\$ 44 million): The objective of this component is to increase the income of 250,000 small and marginal farmers by at least 50 percent through productivity enhancement and improved market access. This component will work with those small and marginal producers who have built up productive assets, have previously participated in productivity improvement, and have the potential to exploit growth opportunities for high value commodities such as red gram, milk, poultry, small ruminants, fisheries, turmeric, cashew, and coffee. The other key aspect of this component is to invigorate and create local markets by connecting rural producers and enterprises with the rural consumers and also thereby enhance the quality of consumption of the poor households. It has two subcomponents.

19. Subcomponent 1.1 -Rural Value Chains: This subcomponent includes investments aimed at increasing the incomes of producers by enabling them to a greater share in and move up the value chain. The key activities under the sub-component include: (i) Building and strengthening economic organizations of the small and marginal producers around an anchor commodity as a platform for providing technical and market linkages for small and marginal farmers; (ii) Establishing community based productivity enhancement systems such as farmer field schools (FFS); (iii) Improve supply of planting material, seed and breed development services in collaboration with government departments, research institutions and private sector; (iv) Creation of small scale productive infrastructure for local value addition to promote agri-service centers; (v) Enabling access to financial services for producer organizations³⁶ by entering into strategic partnerships³⁷ with NABARD and commercial banks and for enhancing financial access to producer groups/organizations; and (vi) Technical assistance (through specialized agencies) to support implementation and to facilitate value chain relationships. Promotional and TA activities for facilitating private sector participation will be taken up jointly with International Finance Corporation (IFC)³⁸ to enable backward and forward

³⁶ Here, “producer organizations” means a group of individuals organized around a common economic activity, a cooperative thereof and/or a registered company formed for the purpose of enhancing sustainable agri-business production and access to services and markets.

³⁷ Some of the products/services that will leveraged from the partner agencies include (a) Kisan Credit Cards, (including mKCC/AePS) for production finance; (b) value chain finance by providing direct credit to /producer groups/organizations based on tie-up with input or output marketing agencies, (c) commodity finance using warehouse receipts (d) digital payments systems

³⁸ As IFC already has an investment profile in the state, the World Bank team would partner with them.

linkages with the larger private sector agribusiness companies, through support from the partnerships subcomponent of component 4.

20. Subcomponent 1.2 Rural Retail Chains: This sub component includes investments aimed at connecting rural producers and enterprises with the rural consumers and enhances incomes and the quality of consumption. It will include the following; (i) Transforming traditional *kirana* stores into a network of rural retail outlets (Knitting Rural Self Help Enterprises (KRuSHE) Marts); (ii) Promoting clusters of home based KRuSHE Enterprises; (iii) Capacitation and business development services; (iv) Facilitating an association of KRuSHE Marts; (v) Expanding the product offering at marts and investments in technology platforms.

21. Component 2: Human Development (US\$ 19 million): This project takes a very innovative approach towards human development, which is very different from the work previously done by SERP in this area and focuses on convergence with the line departments. The vast network of women's groups has the ability to converge both nutrition sensitive and nutrition specific interventions at the village level to reach beneficiaries. The focus of the project interventions is to enable the demand side of these citizen organizations to hold the supply side of service providers accountable for service delivery in the Human Development (HD) sector, as well as to improve HD service delivery by strengthening the existing public systems to deliver quality services. This will have three sub-components:

22. Sub-component 2.1: Strengthening the demand for quality nutrition, health, sanitation and pre-school education services by undertaking specific mobilization at the village level, centered on HD outcomes (nutrition, sanitation, health and pre-school education). Specific activities under this component will include: (i) Development and financing of village HD and Water, Sanitation and Hygiene (WASH) plans³⁹; (ii) Communication for behavior and social change to support the above and (iii) Community monitoring for demand generation using tools such as community score cards.

23. Sub-component 2.2: Strengthening service delivery by supporting the Social Empowerment Mission in spearheading convergent community monitoring, training and ICT based monitoring systems, with investments in the following activities; (i) Strengthening the training architecture under the departments of women and child development and health and family welfare working closely with mission support unit under the social empowerment mission, specifically on the issue of community mobilization, early childhood education and growth monitoring and promotion; and (ii) Supporting the establishment of community monitoring systems using an IT enabled system.

24. Subcomponent 2.3 Linkages with value chains to improve household level food consumption patterns with investments in the following activities: (i) Making nutrient rich snacks available through nutri-shops and to create awareness on the benefits of these products; (ii) Counseling and encouraging farmers, through Farmer Field Schools (FFS) to grow and

³⁹ The project will use community led approaches to improve access to water and sanitation services in about 1000 targeted villages adopting saturation approach to cover all households and rural institutions like schools, anganwadi centers, health centers, etc. and helping them achieve Open Defecation Free (ODF) status.

consume diversified food crops with a follow up with women members through Nutrition Field Schools (NFS).

25. Component 3: Access to Social Protection Services and Entitlements (US\$ 13 million):

As a complement to the Government of Andhra Pradesh program to strengthen technology-enabled services, this component aims to improve the coverage and service delivery of social protection entitlements to 500,000 of the poorest households. This component will be in alignment with the roll out strategies of the respective line departments that are responsible for those entitlements. Leveraging existing e-government initiatives to address last mile service delivery issues, it will establish technology-enabled 'One Stop Shops' (OSS) within PRI offices, strengthening their role as an interface between citizen demands, organized by SHGs, and suppliers of crucial social services. It will also establish a facility to explore improved service deliveries for People with Disabilities (PWDs) and women. It will have two main sub-components.

26. Subcomponent 3.1: Improved service delivery at the Gram Panchayat (GP) level- Key activities would be: (i) Establishing One Stop Shop (OSS) service points at the panchayat level with digital connectivity to improve the outreach and quality of access for select services, including in particular payments for NREGA, social pensions, and SC/ST scholarships; (ii) Establishing convergence and system integration between various government departments in order to provide through a single window information, enrollment and payments for this range of services; (iii) Setting up an entitlements cell at the state level for coordinating multiple stakeholders, particularly across government departments; and (iv) Capacity building and training of community institutions, community professionals, project staff, and field functionaries to provide these outreach, enrollment and payment services.

27. Subcomponent 3.2: Pilots on Improved access to Specialized Services on Gender and Persons with Disabilities: This subcomponent seeks to achieve an improved access to specialized services for Persons with Disabilities (PwDs) and gender related services on a pilot basis. The activities under this subcomponent are aimed at promoting good practices and innovations that can provide lessons for other activities to reach these vulnerable groups.

28. Component 4: Mission Support, ICT and Partnerships (US\$ 20 million): This component will support the missions recently launched by the government to ensure real time analytics, open data systems and feedback-based policy development at the state level. It will also create an enabling ecosystem for innovation and transformation in delivering good quality last-mile services planned under the other components 1, 2 and 3. It will have the following 4 main sub components. Sub Component 4.1: Mission Support: The project will support the establishment of the mission support units (MSU) for the government's Social Empowerment Mission, Primary Sector Mission, and Knowledge & Skills Development Mission as agreed by the Bank. The MSU will support the mission through real time feedback, analytics, and expertise, at both the policy level and the implementation level. Technical assistance will also be extended to the new institutional arrangements like the corporations created by the government of Andhra Pradesh; Sub Component 4.2: Information and Communication Technologies (ICT): The project will make strategic investments in ICT and m-Governance

systems to develop an IT platform for hosting and delivering variety of project services⁴⁰, which will be Aadhaar⁴¹ (UID) enabled; Sub Component 4.3: Partnerships: Solutions and innovations marketplaces will be organized for identifying high impact innovations and developing productive alliances between beneficiaries and other external stakeholders. Project will also encourage productive partnerships with public, private and social enterprise sectors to increase the integration of poor in remunerative value chains; Sub Component 4.4: Centre of Excellence and Knowledge Management: A Centre of Excellence and Knowledge Management will be set up to share lessons with other low income states and NRLM.

29. Component 5: Project Implementation Support (US\$ 11 million): The objective of this component is to strengthen the project implementation. It will finance dedicated staffing for the project activities, consultancies, training and related material, office equipment, and operational costs. It will also support establishing Monitoring, Evaluation and Learning (MEL) systems, Financial Management systems, Procurement Management, Governance and Accountability Systems, and Knowledge Management and Communication. Further, the expertise of the Project Staff and the Technical Support Agencies engaged for this component will be available to the government’s Missions.

B. Project Financing

30. The lending instrument will be Investment Project Finance (IPF), and the implementation period for the project is five years. IPF provides the flexibility to build human and institutional capacity, construct infrastructure, and to support the gradual design and implementation of a reform agenda in the agriculture and rural development sector and in convergence of local human development and social protection services. Under IPF close follow-up of defined activities and procedures will be carried out, making adjustments where necessary, on the part of both the Government and the World Bank.

31. The total project cost for the proposed Project has been estimated at US\$107 million, out of which the Government share would be US\$32 million. The remaining US\$75 million would come in the form of an IDA Credit. The following table summarizes the overall project costs.

	Components	IDA Contribution	Govt. Contribution	Total (USD)
1	Value Chain Development	29	15	44
2	Human Development	14	5	19
3	Access to Social Protection Services and Entitlements	9	4	13
4	Mission Support, ICT and Partnerships	15	5	20
5	Project Implementation Support	8	3	11
	Total	75	32	107

⁴⁰ Including for example management information system (MIS), decision support systems (DSS), financial management system (FMS), etc.

⁴¹ Aadhaar is the name given to India's unique identification number (UID) being issued by the Unique Identification Authority of India (UIDAI) where individuals are assigned a specific number linked to their biometric information.

C. Lessons Learned and Reflected in the Project Design

32. While building on the very extensive and deep experiences in the erstwhile state of Andhra Pradesh, the proposed project has incorporated lessons from global and national practice and analytics drawn from both the World Bank and other development agencies. For each component, preparation involved systematic learning through analytic studies, national level visits and workshops and cross-country, South-South learning. To develop the objectives and approaches for human development and social protection, the project has systematically incorporated lessons from flagship global programs including Progressa in Mexico, Bolsa Familia program in Brazil. It has built on experiences on value chains from the Productive Alliances Program in the Latin America and Caribbean region. Global experience on the use of open data systems was also integrated into the project design. The project also learnt from other state level programs on market linkages and agricultural competitiveness, including Tamil Nadu IAMWARM project and other agricultural competitiveness programs supported by the World Bank in India. In addition, it gained many valuable lessons for design of the value chain development component from a round table organized on innovative solutions for enhanced income for small and marginal farmers in tribal areas and the experiences from wide range of state, private sector and civil society agencies. Successful experience from the previous initiatives implemented by line departments in the state have also been incorporated

33. For design of the component on local governance and entitlements, lessons from Tamil Nadu Rural Poverty Reduction Project and Kudumbshree program in Kerala were incorporated. CGAP, World Bank and SERP also conducted since 2007 a study on the Electronic Benefit System ecosystem in Andhra Pradesh. In addition some of the activities proposed in the design of Single Window service delivery approach were piloted as part of CGAP supported TF on ICT for Financial Inclusion and Services and lessons learnt. A more detailed description of the lessons learnt is provided in Annex 2.

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

34. The primary agency responsible for the project implementation will be the Society for the Elimination of Rural Poverty in Andhra Pradesh (SERP- AP). Formed to focus on AP when the state bifurcated, SERP-AP is based on the erstwhile AP state SERP, which played a central and successful role in managing previous poverty reduction programs and World Bank projects in erstwhile Andhra Pradesh. The Government of Andhra Pradesh is in the process of restructuring and consolidating institutions like SERP. Technical assistance for such a process has been included under the Component 4. In that case, the successor entity would be re-appraised by the Bank. A dedicated *Project Management Unit* (PMU) will be created for project implementation headed by the CEO, SERP (AP). Apart from the CEO, the PMU would comprise of combination of staff, consultants and agencies to support project implementation. The strategy is to retain a lean structure at the PMU with a defined number of core staff and engage short term consultants and agencies as and when required. The overall implementation arrangements are summarized below with more details in Annex 3.

35. Governance and Management Framework under APRIGP: For the overall project governance and policy guidance, a *Steering Committee* will be constituted under the Chairpersonship of the State Chief Secretary. This committee will be convened by the Principal Secretary (Rural Development) and it will be comprised of the Principal Secretaries from the various line departments. However, as the project is multi-sectoral in nature there will be significant coordination and intensive dialogue required between line departments on a regular basis. For this specific reason, it was discussed and agreed that there is a need to establish a *Project Implementation and Review Committee*. This Committee will be chaired by the Principal Secretary (Finance) and will comprise of the Secretaries of various line departments. It will be convened by CEO – SERP.

36. Organization Structure and Sourcing of Staff: The PMU would be governed by a RIGP customized HR Guidelines and Manual, which will lay out the principles of staff management. The *HR Guidelines and Manual* will include provisions for staff deployment on secondment through technical support agencies, and hiring of consultants on a retainer basis. The *HR Guidelines and Manual* may provide for performance-based incentives. The management of staff will be outcome oriented, and the project will be setting up a result based performance management system from the beginning. The staffing pattern(s) for each component at various levels would be based on a service area approach that will be derived based on geography, number of mandals taking up each commodity, population density, roll-out strategy and phasing. The PMU will comprise of eight distinct functional units or cells (i) Value Chain Development Cell; (ii) Human Development Cell; (iii) Entitlement Cell; (iv) Concurrent Evaluation Cell; (v) Information, Communication and Technology Cell; (vi) Program Support Cell; (vii) Knowledge Management Cell; and (viii) Governance Cell. It was agreed that the PMU would comprise of a multi-disciplinary team of experts as per required competency and skills for achieving the project outcomes. It was agreed that these experts with adequate experience in the relevant competencies and skills would be drawn from the existing SERP staff based on a competency test and accreditation process, from the open market and government departments on contractual basis for the life of the project. The details of the human resources to be placed at the district and mandal level are provided in Annex 3.

B. Results, Monitoring and Evaluation

37. APRIGP will be underpinned by a solid monitoring, learning, and evaluation system, which will feed into decision support systems, business analytics, and rigorous studies. The monitoring, evaluation and learning systems of APRIGP will be designed to provide concurrent feedback to the key stakeholders about progress towards achieving the project's key results (see Annex 1 for more details about the Results Framework). The project will strengthen the overall monitoring and evaluation capacity of SERP by investing in technological infrastructure, capacity, and evaluation systems. Beyond progress and exception reports produced automatically and associated online dashboards with real time monitoring, the project will invest in systems and capacity so that data from MIS can support decision-making based on more in-depth analysis, especially where systems identify persistent problems. This analytical work on quantitative data from MIS will be complemented by process monitoring, as was done during previous phases of rural livelihoods project in erstwhile AP.

38. For evaluation, the project would exploit the phased rollout to assess the overall impact of its multi-sectoral approach through various rigorous analytical approaches. The first two years of the project will be its learning phase, when various proposed interventions will be piloted and evaluated, through randomized evaluations where possible, and scaled -up based on their effectiveness. These small, quick turn-around and rigorous evaluations around will be accompanied by a formal impact evaluation (based on baseline, mid-term and end-term surveys), which will help assess the overall impact of the project. In addition, the project will support a follow-up survey of the panel data that was collected from households surveyed in 2003, 2006, 2008 as part of an the impact evaluation of APRPRP. Thus providing an additional data point to the panel, this additional data will provide useful insights on changes over time in wellbeing. Finally, the quantitative impact evaluations will be accompanied by qualitative studies.

39. Implementing these monitoring and evaluation activities will require building in-house monitoring and evaluation capacity in the various departments. To support this effort, a Concurrent Evaluation Cell will be established. Its primary objective will be to reinforce the culture of results-based management and evaluation in the project and provide the basis for evidence-based decision-making processes. (See Annex 3 for the key M&E activities).

C. Sustainability

40. The project will assist communities and support institutions to strengthen their skills and organizational capacities to manage and diversify benefit flows. The experience globally and nationally shows that, once organized into producer organizations and provided with market access, the poor take-up higher value adding activities. Further, they, capitalize on the urbanization and other growth opportunities in the economy, As a result, they generate additional cash flows that will enable them to hire local professionals and other resource persons, and make further private sector linkages, that will support the self-management of the producer organizations. The project will build on the unprecedented scale and sophistication of the existing community institutional platforms in the State.

41. Convergence between CBOs and different service provider programs allows the poor to reduce both vulnerability and enhance their capitalization process. Convergence with all such programs will allow for both substantial further leveraging of resources and sustainable financial flows after the project period. Convergence of social protection schemes like Mahatma Gandhi Nation Rural Employment Guarantee Scheme (MGNREGS), Public Distribution Systems (PDS), Social Insurance, Pensions, etc. with value chain development will generate cash flows at the household level which will help them accumulate assets. At the state level, the GoAP has ensured full ownership and commitment to the proposed project. It upholds inclusion and convergence as the two critical themes in the state-led rural poverty reduction program.

V. KEY RISKS AND MITIGATION MEASURES

42. Reduced human and management capacity: The key risk for the project as a result of the bifurcation of the state is the depletion in the capacity of the implementing agency, SERP. Because of this bifurcation, SERP has been re-organized into two units namely, SERP (Telangana) and SERP (Andhra Pradesh). The implementation capacity of the two new agencies has been reduced as staff (especially senior staff) has been distributed among the two new agencies and moved to other agencies within the two states. To mitigate this risk, SERP (Andhra Pradesh) has commenced the process of hiring additional staff for the most crucial positions required for the project. The required human resource will be mobilized from both the open market as also from the current pool of staff with SERP. It will hire an HR agency for mapping competency and skills sets of the existing staff for taking them on board, besides recruiting experienced/expert professionals from the open market. A separate HR policy has been developed for the project and incentives at each level of project implementation have been drawn to drive the agreed outcomes. Also, at the state government level as well, a number of senior officials are new on the job due to reallocation of departments. This will be mitigated by a systematic process of learning and exposure for senior government officials as soon as they are appointed.

43. Complexity in management due to multi-sectoral nature of project interventions: The project seeks to implement multiple interventions in diverse sectors such as agriculture, health, nutrition, water and sanitation, and social protection, etc. The risk in undertaking such an approach is the inability of the implementing agency to have a multi sectoral HR system to accompany the project. Given this, SERP (Andhra Pradesh) will (i) Realign its HR to bring in required skill sets and competencies for achieving project outcomes; (ii) Create dedicated thematic verticals managing each component/subcomponent agreed under APRIGP; and (iii) Simplify intervention design for enabling greater community involvement and synchronize interventions to minimize implementation challenges. The task team will also include members from relevant cohorts within the Bank, including a Co-TTL from the Human Development Sector. It will also actively seek expertise from IFC.

44. Linkages with Local Government Institutions: The local government system is not developed adequately in the State. Historically, there is limited experience of linkages between local governments and SHG Federations. Limited convergence between the local governments and the institutional platform of SHG federations leads to poor quality of service delivery of human development services at the last mile. This risk has been mitigated in the past few years, by SERP actively facilitating convergence between Panchayats and community institutions for implementing entitlement schemes and programs such as MGNREGS, sustainable agriculture development on private lands. In addition, by virtue of their functional leadership skills a number of women belonging to poorest SHG households from SC and STs and poorest communities have contested the recent local government elections. Many of them have been elected. The project will leverage existing relationships to develop complementarity of the two structures for effective delivery of public services and entitlements. A learning exchange program with “Kudumbshree” in Kerala and elsewhere will be arranged to systematically learn lessons in convergence strategies at various levels of governance. Specific capacity building of Panchayats and integrated HD planning at village level has been proposed

in the project coupled with strengthening of service delivery through e-governance delivery architecture at the Panchayat level.

45. Convergence agenda: One of other key risks is the likely inability of the implementing agency to develop a multi-institutional, convergence service delivery architecture and governance architecture. This would be essential for implementing the convergence agenda under the project. This risk could arise because the relevant departments and other stakeholders involved in the program may not demonstrate the required commitment /capacity to bring about the proposed convergence. In order to mitigate this risk, the project will work very closely with the Government’s recently constituted Missions on Primary Sector, Social Empowerment, and Knowledge and Skills Development, so as to ensure the required coordination and convergence between the different departments. The Mission Support Units whose establishment would be supported through this project have been given the specific mandate of ensuring such coordination: the project will leverage this fully.

46. Partnerships with the public, private and social enterprise sector: A key risk in implementing the partnership agenda under the project is the inability to develop modalities for partnerships. As a mitigation measure, the project will periodically organize innovation forums and knowledge events to identify best practices and innovators (including those in Government and public sector) that allow sourcing of partnerships on a systematic basis. The project will also develop a partnership management framework for supporting this effort. It will leverage the experience of organizing the innovation forums in Bihar and the subsequent partnerships developed. In addition, partnerships with the agencies that have already been identified through the recently held Bihar Innovation Forum will be facilitated.

47. Risk Ratings Summary Table: A summary table is provided below with details of the Operational Risk Assessment Framework (ORAF) provided in Annex 4.

Risk Rating Summary

Risk	Rating	Risk	Rating
Project Stakeholder Risks		Project Risks	
- Stakeholder Risk	Moderate (High)	- Design - Implementation	Substantial
Implementing Agency (IA) Risks (including Fiduciary Risks)		- Other (Optional)	Low
- Capacity	Substantial	- Other (Optional)	High
- Governance	Low		
- Fraud and Corruption	Low		
Overall Preparation Risk	Substantial	Overall Implementation Risk	Substantial

48. The overall risk to achievement of the PDO is likely to be substantial. While the overall project design and institutional arrangements build on the proven experience of the previous state-level and national livelihood projects in India which have mostly been successful in achieving their development objectives, the multi-sector nature of the proposed project requires significant efforts for effective convergence between CBOs and service providers

Also, in view of the reduced capacity of the state government in view of bifurcation of the state additional efforts are required to supplement capacity of the implementation architecture.

VI. APPRAISAL SUMMARY

A. Economic and Financial Analysis

49. This multi sectoral project will address some key income and human development indicators across a number of sectors amongst the poorest and most marginalized people in the State. The analysis focusses on some core benefits from major subcomponents: from value chain development, human development interventions and access to entitlements. These benefits streams have been dealt with separately and then combined with and analyzed in conjunction to overall project costs. The project is also expected to result in a number of other benefits arising in terms of inclusion, leverage of a range of funds – including commercial bank loans, increased State system efficiencies. These were seen under the APRPRP⁴² and the earlier erstwhile AP government program on which the project builds on. From Component 1 on Value Chain development, which forms nearly 40 percent of project costs, there are expected to be input cost reduction, production gains, marketing and value added processing benefits along the value chain for key commodities important to the marginal, often tribal households of the State. The financial analysis was done for the major commodities with standard agriculture economic analysis at field level based on the value gains and component investment costs along the chain.⁴³ This shows considerable potential in increasing household income streams through the value chain for a large number of project beneficiary households.⁴⁴ The analysis does factor in that not all farmers will gain from all the interventions to the same degree. The overlap of farmers between the commodity groups is minor; hence the benefit distribution is good.

Commodity	Baseline annual income (Rs)	Addl. Annual Income (Rs)	Estimated number of farmers
Rice	10,000 (per acre)	12,920 (per acre)	20,000
Red Gram	8,840 (per acre)	11,359 (per acre)	25,000
Coffee	10,000 (per acre)	35,600 (per acre)	25,000
Cashew	15,000 (per acre)	29,783 (per acre)	50,000
Pine apple	7000 (per acre)	30,500 (per acre)	5000
Dairy	24,000 (per 2 animals)	39,700 (per 2 animals)	50,000
Backyard Poultry	NA	25,000 (per household)	50,000
Small ruminants	NA	68,000 (per household)	25,000

50. Analysis for Component 2 on Human Development considers methodology applied to World Bank health projects in India with emphasis on nutrition, especially ISSNIP⁴⁵. Human development economists recommended not using rates of return, but focusing on increased

⁴² ICRR of APRPRP in particular, and PADs and ICRRs of other livelihoods projects in India and South Asia.

⁴³ Value added benefits along the value chain were examined in detailed by commodity teams in the project preparation, and findings included in the project implementation manuals.

⁴⁴ Even if only half the farmers get additional potential income, the gross incomes in one year would nevertheless be around twice the overall project investment cost for the component.

⁴⁵ In particular, World Bank. 2012. *India - Integrated Child Development Services (ICDS) Systems Strengthening and Nutrition Improvement Program (ISSNIP) Project*.

efficiency of ICDS program with improved coordination, which the project aims to achieve. The core element of analysis concerns assessing improved cost effectiveness and leverage of state medical and education systems arising from convergence activities. Considering the large government resources in question, the potential benefits of leverage effects even compared to risks, is notable. Further, some estimates of returns to improved nutrition/health conditions of mother and children are noted from the literature (Horton 2010 quoted in ISSNIP PAD). Such estimates include effects on reduced future household medical costs and increased productive time available for work. For preschool education, benefits are in the form of better academic achievements at later stages due to improved attendance at primary school. Overall, the component will provide improved targeting, lower leakage, more saved resources, and possible reduced costs in administration, which will be monitored and valued.

51. Similarly the main quantified direct benefits from project activities Component 3 on access to entitlements, will be the improved cost effectiveness of the delivery of a range of social safety nets, due to improved mechanisms for delivery of services. The analysis has been used on similar but dedicated World Bank projects in India on social safety nets, e.g. BISPS⁴⁶. Such analysis focuses on key safety nets such as MGNREGS and social pensions. Key immediate benefits that will accrue overall are increased coverage, and reduced leakage per unit public resource spent on delivering these services. BISPS analysis focuses on MGNREGS, which has the most data readily available, assessing the increased coverage, and resulting increased household expenditures. Based on this, the project is estimated to improve resource use efficiency and reduce poverty. Receipt of timely transfer benefits will enable households to invest more effectively in children's health and education, to diversify their livelihood earnings and to manage economic shocks more smoothly. Improving public care services for persons with disability will increase household care givers time for other activities.

52. For the purposes of the EFA, Component 4 on TA, ICT and partnerships, and Component 5 on Project Implementation Support are considered support costs in delivering Components 1 to 3, and therefore not considered additional, separate benefit streams. In particular the ICT and management information systems development will be critical in delivering convergence of various project and public services under Components 2 and 3, and in monitoring service delivery to ensure the effective targeting, reduced leakage, efficient resource use, etc. Nevertheless, the TA and MIS will also put in place capacities that may provide more effective implementation of programs beyond the project, and effective ICT systems can contribute to reducing overall state costs for delivering public services, with future requirements for monitoring reduced.

B. Technical

53. The technical design for the project has been finalized based on analytics undertaken during the preparation stage, pilots on the ground, and consultations with key stakeholders and based on the national and global best practices, and lessons learned, discussed elsewhere. The design for rural value chains has been developed based on the detailed analytics carried out for the existing key value chains in the state, by specialist teams. Similarly the design for the rural retail chains has been developed based on the initial pilots carried out in five project mandals.

⁴⁶ World Bank 2013. Bihar Integrated Social Protection Strengthening Project (BISPS). Project Appraisal Document

The interventions to be undertaken as part of the human development and access to entitlements components have been finalized based on a series of consultations with the line departments, convergence with whom would be a key implementation strategy. Similarly best practices and evidence from other HD and social protection programs both nationally and globally have also been incorporated into the design of the project.

C. Financial Management

54. SERP- AP housed in the Department of Rural Development, GoAP will be the implementing agency for this project and therefore as part of project preparation, an assessment of the financial management (FM) arrangements of the implementing entity, has been carried out. Erstwhile SERP, which had experience of implementing earlier IDA operations, viz. APDPIP and APRPRP and was acquainted with the requirements of the Bank, has now been divided into SERP (AP) and SERP (TS) as per the AP Reorganization Act, 2014. The new society continues to use the existing financial management systems.

55. The Annual Works and Finance Plan (AWFP) has been the primary financial system in use at SERP. The fund disbursement process is currently being supported by the electronic fund management system (e-FMS) system. The project will be using these two systems which were developed during earlier projects, for planning, budgeting, fund flows (e-FMS) and accounting and reporting. These systems have been effectively functional in SERP for the past few years and would be used for this project as well. For the purposes of this project, a separate bank account will need to be used. The annual external audit of the project financial statements for the credit will be carried out by a firm of Chartered Accountant appointed based on selection criteria acceptable to the Bank and their TOR will also be agreed with the bank and included in the FM manual. The audited PFS will be made available to the Bank within nine months from the close of the financial year. In line with the Bank's Access to Information policy the annual audit report and project financial statements issued by the auditors will be disclosed on the project's website. The proposed FM and oversight arrangements at SERP and CBO level have been documented in FM and community operations manual. Nevertheless, the overall financial management risk is assessed as Substantial. Details are provided in Annex 3.

D. Procurement

56. Procurement for the proposed project would be carried out in accordance with the World Bank's "Guidelines: Procurement of Goods, Works and Non-Consulting Services under International Bank for Reconstruction and Development (IBRD) Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 revised in July 2014 (Procurement Guidelines); and "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 revised July 2014 (Consultant Guidelines) and the provisions stipulated in the Financing Agreement.

57. Procurement Risk Assessment and Mitigation: The implementation responsibility of the proposed project lies with SERP which has carried out APRPRP project funded by Bank. Our procurement risk and capacity assessment of SERP indicates significant weakness in handling procurement of the complexity of APRIGP, given the multi sector engagement. The summary

of risk mitigation measures to address the residual risks are: i) Establishment of dedicated procurement cell at SERP comprising of staff of requisite qualification and experience and procurement consultant firm who will help the cell to handle all procurement activities under the project; ii) Appropriate procurement staffing at SERP procurement cell; iii) Appropriate and regular procurement training of selected procurement staff in “Procurement in Bank financed Projects” to speed up complex procurement envisaged under APRIGP; iv) Procurement manual prepared in line with Bank Procurement Guidelines and agreed with Bank for consistency which shall be followed for procurement under APRIGP; v) Procurement plan for 18 months of project implementation enlisting all procurement activities to be taken up by all IA has been prepared. The procurement plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity. It will also be posted on the SERP website and on the Bank’s external website; vi) Developing an online procurement information system which will track and provide required information in regard to all procurement activities and contracts; vii) Putting in place a robust complaints handling mechanism duly disclosed on the SERP website and maintain a complaint and action taken database ; vii) Use of agreed model Bidding Documents which shall be based on Standard Bidding documents agreed with GOI for procurement of goods and works following NCB and the Bank SBDs for ICB and consulting services. The Bank encourages use of e-procurement and has recommended it to SERP. The project will consider using the e-procurement system, subject to the Bank’s review and recommendations; and (viii) maintain throughout the period of implementation of the Project, a fully operational procurement documentation and record keeping system, in a manner and substance acceptable to the Association. The project procurement arrangements are detailed in Annex 3.

58. Procurement risk: Based on procurement assessment overall procurement risk is considered to be high.

E. Social (including Safeguards)

59. Given the strong and explicit focus on targeting and covering the most excluded and backward mandals, women, girls and men from scheduled castes and scheduled tribes households, and other vulnerable groups are likely to be significant beneficiaries of the project.

60. Given that APRIGP would be implemented in large number of Mandals with significant presence of Scheduled Tribes, as well as scheduled castes, the World Bank Operational Policy (OP4.10) on Indigenous Peoples has been triggered. In updating its social management and tribal development plan (SM & TDP), SERP has leveraged its long-standing experience and institutional learning of working with poorest of the poor tribal and scheduled caste households for 15 years. The main safeguard issue is to ensure effective outreach, coverage and inclusion of tribal, as well as scheduled caste, habitations and households with respect to project supported interventions, institutions and investments. SERP has integrated several measures into the APRIGP project design such as selection of high tribal presence areas as project mandals, incorporating appropriate rural value/retail chains and enterprises for tribal areas and landless SC households, expansion of health and nutrition and water sanitation services in SC and ST habitations, linkages with SC/TSP programs of tribal and social welfare departments and Integrated Tribal Development Agencies (ITDAs). The SM & TDP includes strategies for

targeting and inclusion of tribal, SC and vulnerable households in the context of the project interventions and consolidates gender, social inclusion and tribal development strategies for the project. These will be backed up by comprehensive monitoring and mapping systems. The Project interventions are not expected to involve any adverse impacts related to involuntary land acquisition and displacement.

F. Environment (including Safeguards)

61. While the project activities have a potentially low-medium environmental risk, cumulative impacts, if not well managed can leave a larger adverse footprint. Therefore the project requires some due diligence measures to be put in place during project implementation. SERP has undertaken an Environmental Assessment (EA) of the project to ensure that the planned activities are environmentally sustainable. The study was conducted with an objective of understanding environmental implications of project activities, and to define remedial measures to mitigate any negative impacts, in line with the national and state legal and regulatory framework and the World Bank Operational Policies.

62. The project has developed an Environmental Management Framework (EMF) which identifies the possible environmental implications of each interventions proposed under each component and sub component and suggests environment friendly alternatives or mitigation measures for each. Details are given in Annex 3. It includes ‘environment guidelines’ or ‘environment friendly alternatives’ for all the components and provides a strategy to manage negative environmental impacts of the value chain and human development activities to ensure sustainability of the interventions. It also provides the institutional mechanism to operationalize the EMF and encourages Green Business Opportunities on the critical environmental issues identified in the proposed activities. The EMF strategy is to integrate activity specific environment guidelines into the business plans (value chains) and Human Development plans right at the inception stage. The system of Environment Appraisal will ensure appropriate environmental due diligence measures are undertaken and also ensure compliance with applicable laws and regulations of the GoI and the triggered safeguard policies of the World Bank. It details the capacity building, monitoring and institutional arrangements to ensure that safeguard issues are adequately addressed and environmental guidelines are effectively integrated into the project components. The EMF also includes a negative list of activities which could potentially lead to larger environmental risks and therefore cannot be funded under the project. In addition, the project will support climate-adapted agricultural livelihoods by assisting the producers to diversify and enhance their production base in a climate compatible manner so that people have several options that may be drawn upon at any one time, thereby increasing their flexibility to respond to a variety of shocks and stresses.

Annex 1: Results Framework and Monitoring

PDO Level Results Indicators	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection
				YR 1	YR 2	YR 3	YR 4	YR 5			
PDO Indicator One: <i>Enhanced income of 250,000⁴⁷ producers in selected project mandals.</i>											
Indicator 1: 50% incremental income increase of the target households ⁴⁸	<input type="checkbox"/>	%	0	0	10	20	30	50	Mid Term/EOP	Household Survey	Implementing agency supported by technical partners
Indicator 2: 70% of the producers benefiting are from poorest and SC/ST households	<input type="checkbox"/>	%	0	0	15	30	50	70	Mid Term/EOP	Household Survey	Implementing agency supported by technical partners
PDO Indicator Two: <i>250,000 poor households obtain improved human development status</i>											
Indicator 1: % increase in pregnant and lactating women who practice core child nutrition and health care behaviors ⁴⁹	<input type="checkbox"/>	%	0	0	5	10	15	20	Mid Term/EOP		Implementing agency supported by technical partners
Indicator 2: % increase in use of HD services (ICDS, health and sanitation services) by households	<input type="checkbox"/>	%	0	0	10	15	20	30	Annual	Household Survey	Implementing agency supported by technical partners
PDO Indicator 3: <i>500,000 poor households have enhanced access to systems that deliver improved information, enrollment and payment for social protection and entitlement programs.</i>											

⁴⁷ The project will intervene in 150 mandals and about 5000 villages. It is expected that nearly 50 households from each of the village would be covered

⁴⁸ % increase in income from the selected value chain

⁴⁹ In this context, core child nutrition and health behaviors are defined as: (1) initiation of breastfeeding within one hour of birth; (2) exclusive breastfeeding up to 6 months of age; (3) immunizations; (4) complementary feeding which includes breastfeeding up to 2 years of age and feeding with 3+ food groups a minimum number of times per day; (5) diarrhea management; and (6) hand washing.

Indicator 1: Where one stop shop has been established, percentage of eligible households with access to at least three entitlement programs or key services	<input type="checkbox"/>	%	0	0	50	60	70	80	Yearly	Survey	Implementing agency supported by technical partners
Intermediate Level Results Indicators		Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection
				YR 1	YR 2	YR 3	YR 4	YR 5			
Component 1: Value Chain Development											
Indicator 1 : % of targeted households organized into producer organizations ⁵⁰		%	10	10	20	40	60	70	Monthly	Project MIS	Implementing Agency
Indicator 2: % increase in productivity from improved practices among target farmers		%	0	0	10	20	30	30	Annual	HHs survey	Implementing agency supported by technical partners
Indicator 3: % increase in per unit price realization		%	0	0	10	15	20	20	Annually	HHs survey	Implementing agency supported by technical partners
Indicator 4: % Increase in quality and size of consumer basket purchased at a KRuSHE Mart		%	0	0	10	20	30	40	Monthly	Project MIS and Agreed Index	Implementing Agency
Component 2: Human Development											
Indicator 1: % of villages in the target mandals that have prepared and are implementing Village HD/WASH plans		%	0	0	20	60	80	90	Quarterly	Project MIS	Implementing Agency
Indicator 2: % of exception reports generated by the Mother and Child Tracking system acted upon by the field functionaries		%	0	0	50	80	90	95	Monthly	Project MIS	Implementing Agency

⁵⁰ Broadly refers to a group of individuals organized around a common economic activity, a cooperative thereof and/or a registered company

Indicator 3: Percentage of villages reporting data in the integrated Mother and child tracking system		%	0	0	60	80	90	95	Monthly	Project MIS	Implementing Agency
Indicator 4: Number of VHNSC, PRI members and field functionaries of the line departments trained		No.	0	125	1000	5000	9000	10,000	Monthly	Project MIS	Implementing Agency
Component 3: Access to Social Protection Services and Entitlements											
Indicator 1: No. of targeted panchayats that have operationalized ⁵¹ one stop shop services for safety nets and entitlements		No.	0	0	250	500	750	1000	Monthly	Project MIS	Implementing Agency
Indicator 2: % of enrolled beneficiaries in targeted gram panchayats who receive payments on time for key entitlements (NREGA, Social pensions, Insurance)		%	15	15	20	30	50	80	Quarterly	MIS	Implementing Agency
Component 4: Mission Support, ICT & Partnerships											
Indicator 1: Extent of utilization of ICT for measurement and decision support (index to be developed)			0	40	60	80	80		Periodically	External Studies	External Agency
Indicator 2 : Number of good quality technical support agencies working with project			0	4	6	8	8	8	Periodically	External Studies	External Agency
Indicator 3: No of partners working with project in providing market access for producers			0	4	6	8	8	8	Annually		
Component 5 : Project Implementation Support											

⁵¹ Includes those that have reliable connectivity and are providing package of select services

Indicator 1: Project Monitoring, Evaluation and Learning (M,E & L) System including MIS established		NA	NA	Baseline completed MIS established	MIS fully automated Feedback from Monitoring studies and MIS operationalized			Evaluation studies completed. Credible Project Information Available	Periodic	External Studies	External Agency
Indicator 2: Project Implementation procedures and agreed business standards ⁵² are followed for at least 80% of the project interventions		%	NA	20	30	50`	70	80		External Studies	

⁵² Project shall develop business standards for the services being delivered by the project

Annex 2: Detailed Project Description

Introduction: Key lessons incorporated in project design

In design of the project components, the project and World Bank teams drew on a range of lessons from other projects and initiatives nationally and globally.

Producer Organizations and Market linkages: The project has drawn lessons from the experience of IAMWARM project in Tamil Nadu; MP Rural Livelihood Projects implemented by the bank and other work done by other producer companies and organizations in India. The key lesson which has been incorporated is that significant investment in producer organizations, their business plans and capacitating them to build linkages with market enables significant increase in agricultural income. These investments should include access to extension services, financial services, and technology and market access opportunities. “Productive Alliances and Partnerships” between producer organizations and private sector agribusiness companies to enable market linkages in Latin America: In addition to lessons from national projects, the project draws lessons from the experience of the Rural Productive Partnerships projects that have been successfully implemented by the World Bank in Latin America. The approach creates favorable conditions and incentives for buyers and small-holders to establish mutually beneficial relationships by ensuring consistent production of a particular quality, delivered reliably. It thus enables small and marginal farmers to overcome market barriers and gain stability through consistent and higher prices while buyers receive consistent supply of goods of a particular quality.

Lessons from Global Poverty Reduction Program: The project has also learnt from the successful poverty reduction programs from across the world such as Oportunidades/Progresá (Mexico) and Bolsa Familia (Brazil). These programs have been able to address intergenerational transfer of poverty through health care and universal education. They carry lessons and insights that can be replicated in AP for addressing poverty at the grassroots level. Some key lessons are:

Buy in from the line departments of the state government: Progresá and Bolsa Familia have an intensive focus on buy- in from all government departments related to their projects. This exercise had started in the respective countries *before* the projects had even been announced to the public. Extensive measures were taken to define the roles and responsibilities of all government stakeholders very clearly which not only helped in reducing task redundancy but also brought down administrative costs to a mere 6 percent. The team building exercise also led to the creation of a clear value chain system where each department knew its duties, expected outputs and respective budgetary allocations. This demarcation was instrumental in decreasing intra- government conflicts between sister departments. A similar approach will be used in the project to ensure the buy in from the line departments.

Capacity building of line departments: Services such as health and education needs specialized expertise and behavioral change without building capacity of the line ministry will not be totally successful in AP. The project would channel investments in services through the line ministries

Technology. Progresa and Bolsa Familia leveraged Information and Communication Technology for reaching *its* audience in a way that had never been done before. Starting from knowledge campaigns, to monitoring of compliance, tracking beneficiaries, making payments and incorporating user feedback, each arm of ICT was integrated into a central system to process data and disburse payments with minimal human intervention. The project will incorporate all of these aspects related to ICT into the project design.

Focus on rigorous monitoring and evaluation: Progresa has reformed itself several times in the past decade. These reforms were designed based on user feedback, internal monitoring systems and independent external evaluations. It has also developed internal analytical capabilities that support its intensive focus on monitoring. Progresa is a great example of how monitoring and evaluation systems have contributed to a national policy and improved its efficiency with each reform.

Linking with Panchayats and local governments. The livelihood projects help people create their own private sector through federations of organized community institutions. Even while working on the private goods agenda, they linked more effectively up with Panchayats for public good interventions, local infrastructure and access to services and entitlements. This was achieved by integrating social accountability and good governance measures into project DNA based on the principles of transparency, equity, accountability and performance. The project will also learn from the successful experience of Kudumbshree project in Kerala that has demonstrated successful partnership between the Panchayats and the community institutions of the poor.

Lessons from Open Data initiatives: To ensure the maximum impact and sustainability of the ICT and data collection systems implemented by the project the non-personal data will be published online as “Open Data”. Experience globally shows that this has very low additional costs and making the data available enables its re-use by other actors in business and civil society in additional, innovative ways for economic benefit, job creation, transparency, government efficiency and increasing citizen engagement in public service standards and improvement.

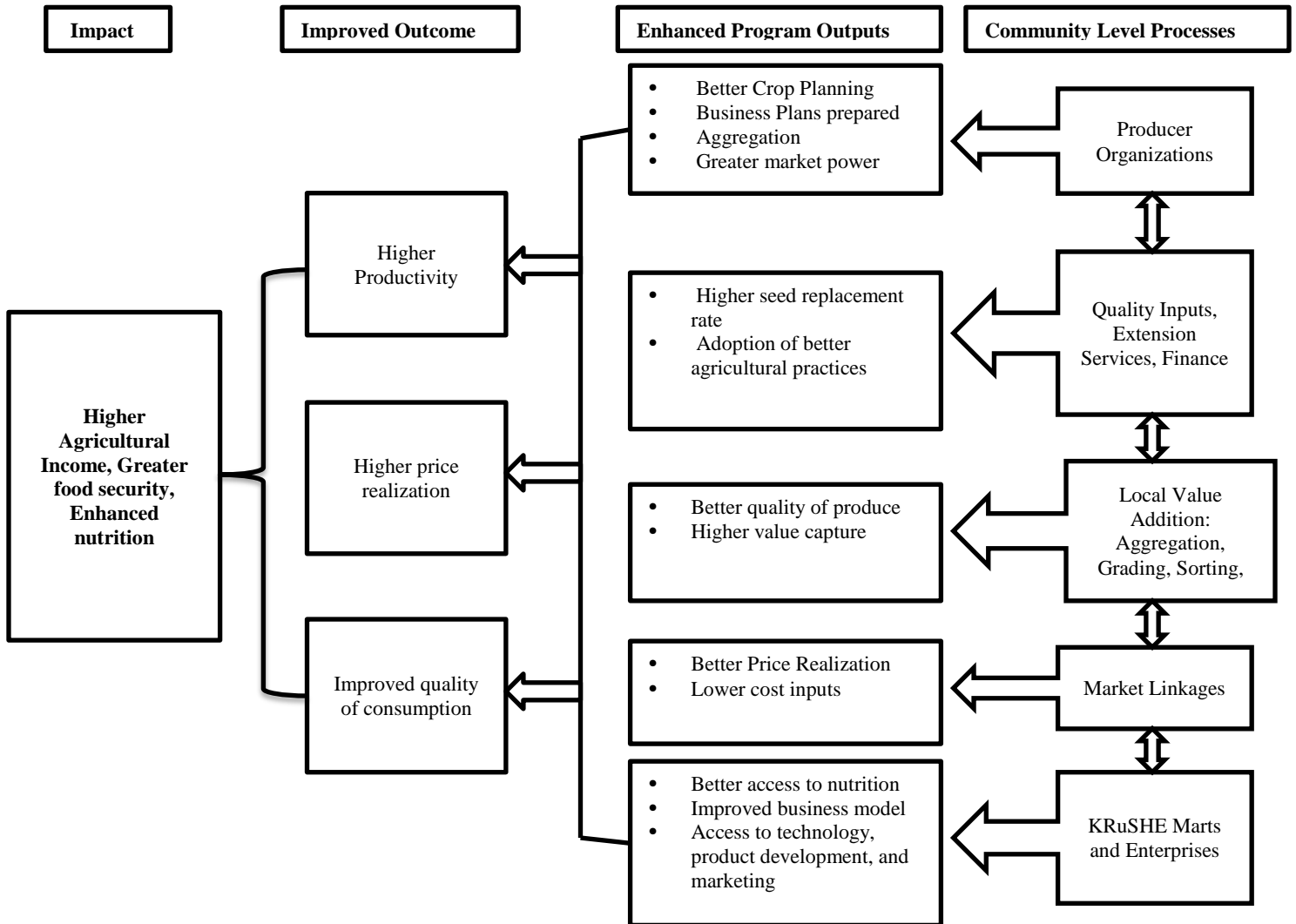
Detailed Component Descriptions

These national and global lessons have shown the importance of linkages and integration between value chains, human development and entitlement elements supported by a backbone of strong IT systems and these have been incorporated into the components of the projects

Component 1: Value Chain Development

This component will work with those small and marginal producers who have built up productive assets and have previously participated in productivity improvement, cropping technology and market access programs in select livelihoods/sectors. The project now proposes to work with these producers and help them move up the value chain and appropriate the growth opportunities. This will be achieved by organizing them into economic organizations (producer groups/organizations/companies); ensuring high service quality of support services like technology, credit, extension, marketing, etc.; and sustainable access to markets. This approach will be followed to exploit growth opportunities for high value commodities such as red gram,

milk, poultry, small ruminants, fisheries, turmeric, cashew, and coffee. The other key aspect of this component is to create local markets by connecting rural producers and enterprises with the rural consumers and also thereby enhance the quality of consumption of the poor households. In other words, the project will create ecosystem for inclusive growth of small and marginal producers. The component will also support the work of the GoAP's Primary Sector Mission, which focuses on enhancing agricultural income. The theory of change for this component is described in the figure below



This component will have two sub-components viz. Rural Value Chains and Rural Retail Chains/Social Enterprises.

Sub Component 1.1: Rural Value Chains: The objective of this sub-component is to increase income of 250,000 small and marginal farmers by at least 50 percent through productivity

enhancement and improved market access. The key investments supported under this sub-component are:

a. *Building and strengthening economic organizations of the small and marginal producers:* The project will invest in organizing producer groups/organizations as a platform for providing technical and market linkages for small and marginal farmers. The producer groups at the village level will be organized around an anchor commodity even while working on farming system covering both *kharif* and *rabi* crops. These groups will facilitate input supply, technology, extension, crop/weather advisory, market information and output market marketing services for their producer members.

b. *Establishing Community based Productivity Enhancement Systems:* developing scientific package of practices founded on the Community Managed Sustainable Agriculture (CMSA) and organic agriculture techniques. The producer organizations will set up farmer field schools (FFS), undertake front line demonstrations, support demonstration plots and develop a cadre for Community Extension Workers, Paraprofessionals, etc. Digital platforms like Digital Green, Agromet, Reuters Marketlight, etc. will be leveraged for delivering knowledge and advisory services to the member producers.

c. *Supply of planting material, seed and breed development services:* The project will be linked with Government departments, research institutions and private sector for ensuring supply of good quality seed, planting materials and breed improvement services (in case of livestock sector). The producer organizations will organize seed villages, community nurseries and production/trading enterprises for bio-fertilizers, bio-pesticides, etc. Similarly, it will partner with organizations like BAIF, JK Trust, etc. for establishing livestock development centers for providing breed improvement and para-vet services to the poorest producers.

d. *Creation of small scale productive infrastructure for improving labor productivity local value addition:* The producer groups/organizations will invest in using digital equipment like (mobiles, tables, pico projectors, etc.) for managing their core business functions. The project will also promote agri-service centers for custom hiring tools and equipment (drudgery reduction tools, markers/weeders, sprayers, and small irrigation and energy devices). The village level processing and value addition infrastructure (like threshers, decorticators, dall mills) will be created at the village/cluster level. Similarly distribution logistics (like grading, sorting, packing, storing) and last mile marketing infrastructure (like digital moisture meters, electronic weighing equipment, milk-analyzers and milk collection equipment, etc.) will be established under the project.

f. *Building financial sector linkages for producer organizations:* The project will enter into strategic partnership with NABARD, commercial banks, Stree Nidhi⁵³, and payment firms for enhancing financial access to producer groups/organizations. Some of the products/services that will leveraged from the partner agencies include (i) Kisan Credit Cards, for production finance; (ii) joint liability groups for investment finance; (iii) value chain finance by providing direct

⁵³ Stree Nidhi is a credit cooperative promoted by Mahila Samakhyas and the state government. It supplements credit flow to SHGs from banks. In addition, it acts as a Business Correspondence for banks, thus enabling last-mile financial inclusion.

credit to /producer groups/organizations based on tie-up with input or output marketing agencies, (iv) commodity finance using warehouse receipts, etc.; and (v) digital payments systems.

e. Technical assistance for organizing producer organizations, value chain relationships and building viable business models: The project will engage services of technical agencies for provision of Technical Assistance in organizing producer organizations for different commodity groups, support project implementation in select commodities and facilitating value chain relationships.

In addition, Promotional and TA activities for facilitating Private Sector participation will be taken up jointly with International Finance Corporation (IFC)⁵⁴ to enable backward and forward linkages with the larger private sector agribusiness companies, through support from the partnerships sub component of component 4.

In preparation for the project, the project has undertaken a very detailed situation analysis of the pro-poor sub-sectors that they would focus on, viz. paddy, red gram, milk, poultry, small ruminants, fisheries, turmeric, cashew, and coffee. The analysis has enabled the project to capture the baseline income, understand the key constraints being faced by the poor in each of the value chains, and the potential areas of intervention.

The project will initially work on mobilizing poor and marginal producers at the Village level as informal Producer's Group (PGs) around one anchor commodity per mandal. The mobilization of the producers will be done by dedicated spearhead teams. Each spearhead team will bring together expertise in institution building; production and productivity management; and marketing and logistics. Spear head teams will be created for each of the commodity sectors such as food grains, plantation crops, fresh fruits and vegetables, milk, fisheries, etc. Spearhead teams will also systematically develop community resource persons from among the best practicing producers to facilitate and coordinate activities of the PGs. Alongside, they will build a cadre of para-professionals like community extension workers, para-vets, milk collection agents, etc. who will provide fee-based services to the member producers. A technical agency will be hired for initial period of two years to provide handholding support to the spearhead teams in mobilizing PGs and higher level producer organizations, creating institutional, financial and commercial systems in them, building governance capacities, activity/business planning, credit linkage, MIS, etc. Similarly, sector/commodity specific support organizations from civil society, public or private sectors will be partnered with to arrange provision of end-to-end services to the producer groups.

Sub Component 1.2: Rural Retail Chains: The objective of this sub-component is to connect rural producers and enterprises with the rural consumers and enhance the quality of consumption of the poor households. This will done by transforming the product mix and business models of nearly 7500 traditional rural retail (*kirana*) stores to enable the provision of a range of products related to nutrition, hygiene and alternate energy. In addition, enterprises linked to the processing of the agriculture produce and manufacturing of nutrition products will be promoted and linked to the retail stores. These traditional stores and enterprises will be organized into a network of

⁵⁴ As IFC already has an investment profile in the state, the World Bank team would partner with them.

rural retail marts (Knitting Rural Self Help Enterprises (KRUSHE) Marts) and home-based enterprises (KRUSHE Enterprises).

The key investments supported under this sub-component are:

a. Transforming traditional kirana stores into a network of rural retail outlets (KRUSHE Marts):

The project would work on developing a brand of KRUSHE Marts and will be positioned as convenient and affordable access point for good quality, safe and standard products. A template for KRUSHE Mart including external signage with unique color scheme, store design and shelf arrangements, etc. will be developed to create visibility across the stores. Use of uniforms, promoting personal behavior norms and ethical code will be other softer elements of the brand. The community institutions of SHGs, VOs, and MS will be leveraged to promote the brand KRUSHE through word of mouth, cultural events, and folk theatre.

b. Promoting clusters of home based KRUSHE Enterprises: The project will promote clusters of home based enterprises called KRUSHE Enterprises with particular emphasis on processing and value addition of agriculture produce, manufacturing of nutrition products like chatua mix, nutribars, etc. and personal hygiene products like soaps, detergents, phenyl, sanitary napkins, etc. which will feed into the supply chain of KRUSHE Mart network. These enterprises will be support to conform to the design standards, material quality, safety and performance of the products. KRUSHE enterprises will receive support for technical and business development services, technology upgrading branding and market development, including strategic tie-ups with marketing agencies.

c. Capacitation and business development services: A cadre of Community KRUSHE Consultants (CKCs) will be developed to provide entrepreneurship and retail management training; capacitation and business development services to KRUSHE Marts and KRUSHE Enterprises. CKCs will be identified from among enterprising members of the Self Help Groups selected by the Village Organization.

d. Facilitating an association of KRUSHE Marts: KRUSHE Marts that are homogeneous in size, financial stature, purchasing frequency from the market will be formed into an Association. This Association will be positioned as aggregate level institution of KRUSHE Marts at the mandal level. The scope of its activities will include managing CKCs, aggregation of demand, bulk purchase of commodities and storage/distribution logistics and common transportation support, thereby lowering costs through bulk discounts and shared overheads at the same time enhancing the bargaining position of retail outlets in the supply chain. The project will tie-up with commercial banks and Stree Nidhi to ensure timely and adequate working capital for these marts.

e. Expanding the product offering at Marts and Investments in technology platforms: The project will promote dedicated shelf spaces in each Mart to sell nutritious food items and personal hygiene products. It will build partnerships with suppliers, including KRUSHE Enterprise Clusters, wholesalers, FMCG companies and leading manufacturers. The Marts will also link up with players in bottom-of the pyramid for market activations services earning additional streams of income. An ecommerce portal for KRUSHE has been designed. The portal envisages use of internet; IVRS and SMS based technologies to source, aggregate and execute orders. CKCs will be provided GPS enabled Tablets for geo tagging KRUSHE Marts

The above investments will be backed up by a range of technical assistance for building rural retail chain and building viable business models. The project will take assistance of strategic consulting firms with rural retail expertise to develop both the front end and back ends of the rural retail chain. Expertise will also be sourced for product improvement and product standardization of KRuSHE Enterprises and offer strategic advisory to make the business model of 'KRuSHE Enterprises' viable.

The above activities will be spearheaded by a dedicate team of professionals with expertise in rural retail and manufacturing and operations. Situation analysis will be carried out on home based enterprises and kirana shops that will help define entry points for the project in different geographies. The project will hire a technical agency to develop business template for K-Marts and provide handholding support to the KRuSHE vertical on building new rural retail channel and building sound supply chain linkages. A cadre of Community KRuSHE Consultants (CKCs) will be developed to provide business development and strategic advisory services will be provided to retail enterprises to improve their profitability and expand their product offering. CKCs will be identified from among enterprising members of the Self Help Groups selected by Village Organization/Mandal Samakhya which will play crucial role in market development of the new retail channel. CKC will also facilitate organizing retail enterprises into a syndicate for collective buying of supplies and arranging cost efficient distribution logistics. Syndicate will identify and manage an aggregation point for the syndicate to organize its distribution and transportation logistics. The aggregation points will not only source supplies from wholesalers and distributors of quality goods and services but also establish clear linkages with K-Enterprise clusters. Spear head team will help in capacity building of CKCs and the Syndicates. Working with K-Enterprises (including home based enterprises and producer organizations), a separate team will help in product standardization, efficient and quality manufacturing/production, value chain development. The spearhead team members will be organized around specific industry sectors/clusters depending upon the local requirement.

The key performance indicators for this sub-component will include enhanced and diversified consumption of better quality products, savings in cost of staple food purchases, employment through new farm/non-farm microenterprises, increased return on investment for K-Marts and K-Enterprises

Component 2: Human Development

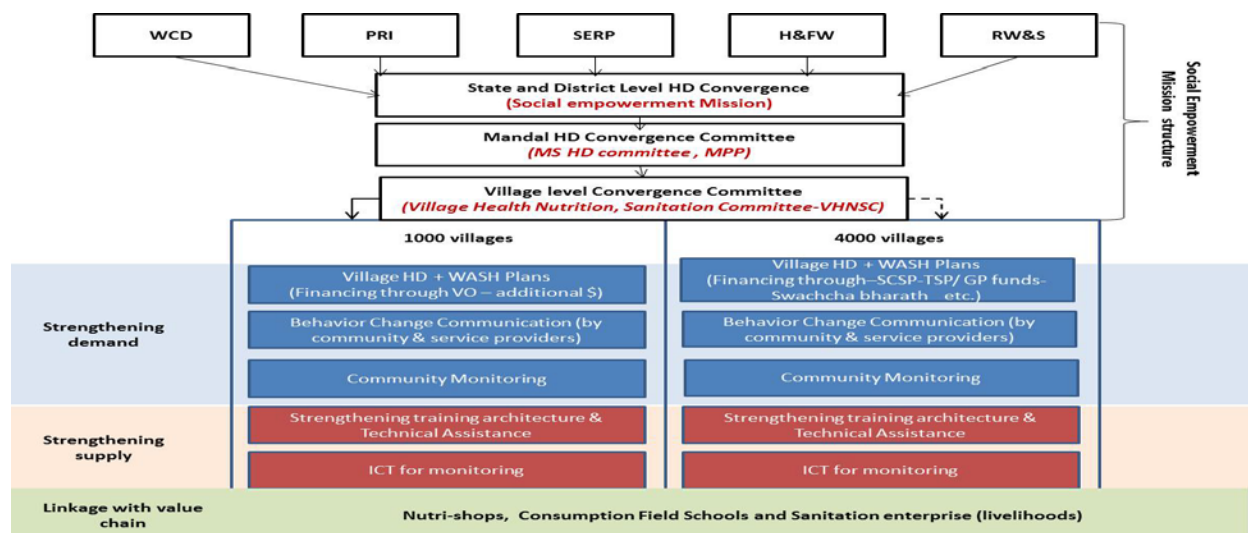
Child development is a multi-sectoral issue and optimum fetal and child growth is affected by underlying food security, caregiving resources, and environmental conditions, which in turn are shaped by economic and social conditions (Lancet, 2013). The potential of the combined benefit of multi-sectoral interventions, especially, nutrition and sanitation interventions, was highlighted in a recent econometric analysis that found stunting rates in India in children under 2 years with adequate feeding, care and environmental health were almost half those of children who were adequate only in feeding and care (19 percent versus 40 percent), and far lower compared to children without access to feeding, care or environmental health (Nutrition in India e-Book). The same trends were seen in Bangladesh and Peru (Newman, 2013). The Lancet 2013 series too pointed to the relevance of multi-sectoral engagement in overcoming child development issues, stating that while nutrition-specific interventions were known to address the immediate causes or

determinants of suboptimum growth and development, the potential effects of nutrition-sensitive interventions that address the underlying determinants of malnutrition were equally important, especially if malnutrition is to be addressed at scale with lasting consequences.

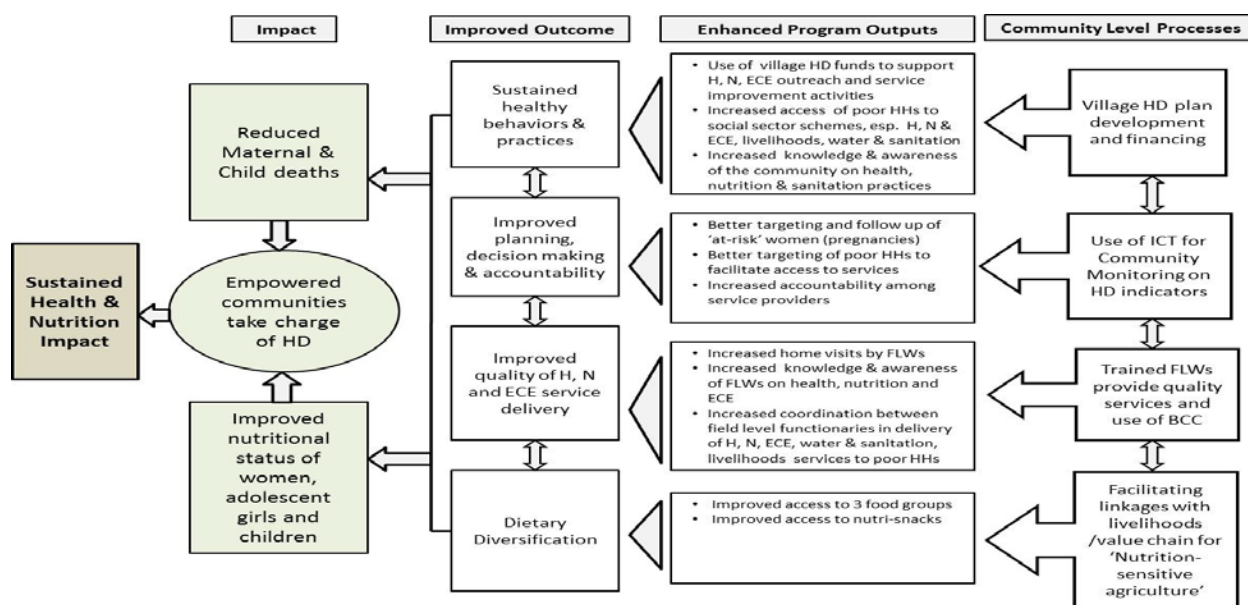
SERP, through its vast network of women's groups, has the potential to converge both nutrition sensitive and specific interventions at the village level, thus creating an enabling environment for optimum child development, where each household has access to both nutrition specific and nutrition sensitive interventions and programs. The project aims to leverage SERP's social capital, in the form of a federation of women's groups, to demand and ensure quality access to nutrition specific interventions. This will not only involve building community capacities to demand and access ICDS, health, water and sanitation services, but also involve investing in strengthening the capacity of existing systems and platforms to deliver.

The project interventions will therefore focus on enabling the demand side to hold the supply side accountable for service delivery in the Human Development (HD) sector, as well as to improve HD service delivery and overall information architecture by strengthening the existing public systems to deliver quality services. Given that the ICDS (a nutrition and pre-school education program), NHM (health) and the NBA (sanitation) together cover key inputs that are essential for better health, nutrition, sanitation and early childhood education outcomes, priority will be placed on strengthening these government programs. This is particularly important, given the resources, reach, and untapped potential of these programs to improve maternal and child nutrition and health. Furthermore, clear focus will be placed on the 1000 day window of opportunity (i.e. from pregnancy to 2 years of age) for nutrition, health and sanitation interventions, and on children 3-6 years of age for strengthening early childhood education services.

Approach: This project takes a very innovative approach towards human development, which is very different from the work previously done by SERP in this area and focuses on convergence with the line departments. It will build on the States recent effort to bring about convergence for human development through its Social Empowerment Mission. The project will support the state operationalize this Mission, which aims to enhance inter-departmental synergy for effective and convergent planning and service delivery among line departments working towards human development. It will do so by supporting the establishment of the Mission Support Unit, providing relevant technical support for strengthening monitoring and evaluation mechanisms and developing related innovative IT solutions. It will also finance the implementation of a multi-sectoral pilot focused on improving human development outcomes in the most backward mandals, as a proof of concept on how to bring about convergence on the ground.



The multi-sectoral pilot will be rooted within the Social Empowerment Mission, but facilitated by SERP. It will entail the development of village HD plans by the Village Organization, in collaboration with PRIs and government field functionaries, and the use of innovative tools for effective and joint monitoring of key HD indicators by convergence committees from the village to the *mandal* and district level. In some Mandals, an incentive model will be tested with the village level convergence committee being provided additional financing to address gaps in service delivery identified through village HD plans. In other Mandals, the committees will be encouraged to leverage and tap funds from existing government programs to address identified gaps. . Intensive capacity building of village organizations and government field functionaries, behavior change communication efforts and community monitoring will form an integral part of this model, and all these efforts together are expected to lead to an improvement in HD outcomes (Refer Causal Chain below).



As lessons learnt from such a convergence model will have implications for HD efforts across the country, a robust evaluation of this model will be undertaken. An important element of this

evaluation will be to see the variation in impact when this model is implemented with and without incentives, both from a perspective of effectiveness and from a sustainability angle. A mid-term evaluation which will include both systematic process monitoring to enable mid-course corrections and outcome monitoring to provide early results will be used to advocate its further scale up in the remaining mandals in the state through the government's own funds.

Interventions: The outlined approach has been broadly classified under two components (1) strengthening and building awareness and a demand for quality services and (2) strengthening the quality of health, ICDS and WASH program service delivery (or supply side strengthening). The activities under these components will supplement SERP's nutrition sensitive value chain interventions such as livelihoods (agriculture and food security) and social safety nets, and efforts will be made to establish operational linkages between the different interventions at the field level.

Sub-component 2.1: Strengthening the demand for quality nutrition, health, pre-school education and sanitation services. The project, through focused efforts on building community capacity and awareness on the relevance of health, nutrition, water, sanitation, hygiene, and education seeking behaviors and supporting communities in planning, accessing, demanding and monitoring delivery of quality services will attempt to generate a community movement towards the achievement of nutrition and learning outcomes. Specific interventions to facilitate this demand include:

a. Development and financing of Village HD (including WASH) plans: The project will support the Village Health, Nutrition and Sanitation Committees (VHNSC) to develop village HD plans, implement activities proposed under the plan, monitor progress and review the outcomes. Village HD (including WASH) plans are expected to make the communities aware about the HD and sanitation status of their village and encourage them to develop an action plan to further improve it. The VHNSCs will be provided with an indicative menu of activities or actions that they can undertake to improve the HD status of their village, and will be provided guidance on the same by Community Resource Persons (CRPs) who will be well versed in the implementation of various interventions. Examples of activities that could be financed include engagement of additional nutrition counselors/ECCE teachers to improve ICDS and health service delivery if required, support to poor households for building toilets, providing performance based incentives for workers, play material for children at the AWC/Balwadis, promotion of improved nutrition, health, hygiene and sanitation practices through behavior change communication (BCC) and participatory planning techniques. As the plan will primarily focus on health, nutrition, water, sanitation, hygiene, and preschool education services, gaps identified and activities to be financed will specifically be in these areas.

Roll out of the HD plans will be in a phased manner to enable a rigorous impact evaluation of the same. In some pilot mandals, the development of village HD plans will be facilitated by a team of specially trained Community Resource Persons (CRPs) and the VHNSCs in these mandals will be provided funds of up to Rs.5 Lakhs to take up priority activities and fill gaps identified in the plan. In other project mandals the same capacity building and orientation process for development of village HD plans will be followed, except no additional funds will be provided.

Instead, VHNSCs will be encouraged to access available government funds and solicit financial support, if required, from the Panchayats.

To ensure that the funds provided to the VHNSCs are utilized in an effective manner, the VHNSC (following the development of the village HD plan) will first be educated about the financial resources already available under various government schemes and encouraged to tap them. They will also be provided with a menu of solutions best suited to address these problems or gaps. If no requisite schemes or funds are available to address the problem or gap, the villagers will be encouraged to use the HD Investment Funds after carefully drafting an action plan in a pre-designed simple format. The request for funding will be sourced through the Mandal Samakhya (MS) who in turn will appraise the proposals and release funds within 10 days. The funds will be released to the VOs through MS and will be available for the first 2-3 years.

Learning from the first few years will be systematically documented and a mid-term evaluation carried out to assess the effectiveness of the two models, enable mid-course correction and also provide concrete information for advocacy with the government to scale up this endeavor in the remaining mandals with its own resources.

Under this sub-component, special focus will be placed on developing WASH plans. Water, Sanitation and Hygiene (WASH) improvements have been shown consistently to result in better health, as measured by reduced incidence of diarrhea, reduction in parasitic infections, increased child growth, and reduced morbidity and mortality. Similarly, increasing the quantity of water allows for better hygiene i.e. hand washing, food washing, and household cleaning. Improving the quality of water reduces the ingestion of pathogens. Experiences with hygiene education indicate that the potential signs of health impacts due to behavior change programs take time to materialize, because it is not only the potential users of facilities who need to change their behavior; behavioral changes are also needed at all levels - household, neighborhood and the entire community. The project will therefore use community led approaches to improve access to WASH services in about 1000 targeted villages adopting saturation approach to cover all households and rural institutions like schools, anganwadi centers, health centers, etc. and helping them achieve Open Defecation Free (ODF) status. The approach would include strengthening linkages between Village Organizations with Gram Panchayats and Village Water and Sanitation Committees to effectively plan, organize, implement and manage community led WASH services for the poorest households. Participatory learning tools and diagnostic instruments will be developed along with relevant IEC material to support triggering actions and participatory planning exercises for the development of WASH plans. Construction and rehabilitation of institutional water and sanitation facilities in schools and health facilities will be considered under the WASH plans to serve as demonstration sites.

b. Communication for Behavior and Social Change. To influence household level behavior change, various activities will be carried out to effect health and nutrition outcomes. On the supply side, capacity building of field level functionaries to enhance their counseling skills will be carried out (this will be an integral part of the training component outlined in sub-component 2.2). Additionally, the VO and VHNSC will be motivated to carry out targeted home-visits and follow up of priority households i.e. households with children below 2 years and pregnant and

lactating women to reinforce messages delivered by the field level functionaries. The IT enabled MIS supported by the project will help in the identification of at risk and priority households. At the same time a technical agency will be hired to develop a communication strategy and material/tools to sensitize the community on critical health, nutrition and sanitation issues and support VOs, VHNSC members and other identified community members in carrying out effective home visits and counselling sessions on these issues.

The communication strategy will be an integral part of the Village HD action plan, and at the village level, the HD investment funds will be tapped to undertake village level campaigns.

Box 2: Key areas for BCC

- Early registration of pregnancy
- Ante and post natal check ups
- Identification of high risk cases (*follow up and support by VOs, motivating and educating both the pregnant women and household companion on key care practices*)
- Counselling for maternal nutrition
- Birth planning
- Institutional delivery
- Early initiation and exclusive breastfeeding
- Infant and young child feeding practices
- Immunisation
- Growth monitoring and promotion
- Management of ARI and Diarrhea
- Adolescent health and education
- Sanitation and Hygiene

c. *Community monitoring for demand generation using tools such as community score cards and Badipanduga (ECCE day)*. Community led tools for use by the VOs and CRPs such as community score cards will be developed for creating awareness and generating demand for quality services. This will provide communities an independent mechanism of reviewing service delivery.

For pre-school education, in order to facilitate a better understanding and interest among parents on the learning outcomes of their children, a monthly ECCE day or 'Badipanduga' will be organized at the ICDS/pre-school centre where a monthly performance report will be shared with the parents and the children will demonstrate their learning abilities to their parents.

Sub-component 2.2: Strengthening the supply of key nutrition, health, sanitation and pre-school education services. This sub-component aims at supporting the Social Empowerment Mission fulfil its mandated role and addressing identified gaps outlined by the line departments in the delivery of their programs, tapping SERP's expertise in capacity building for community engagement, community monitoring and IT based monitoring systems. Interventions include:

a. *Strengthening the training architecture under the departments of women and child development and health and family welfare.* Existing district training teams under the *Mahila Pranganas* of WCD will be capacitated through intensive training of trainers and development of training modules on key themes, such as, pre-school education and community mobilization for HD outcomes. A technical agency will be hired to facilitate both the development of the required curriculum and the delivery of trainings. The agency will support the trainers in the delivery of trainings for field functionaries i.e. AWWs, ASHAs, ICDS supervisors and ANMs; PRI members; Community Resource Persons; VOs, VHNSC and Mandal level convergence committee members. In case of pre-school education, where the training architecture is weaker, additional support in the form of establishment of district resource centres within the *Pranganas* will be provided. The specifics of the proposed training support will be shared, agreed and updated in collaboration and consultation with the line departments.

In addition to regular trainings, the project will facilitate cross-learning through exposure visits for mid-level and top level management staff from the line-departments to national and international best learning sites. Similarly, community members, such as, PRI, VO, and MS members will be supported to visit best practice sites both within the state and in other states.

Some of the successful models include the BRAC health and nutrition program and the Community-Led Total Sanitation (CLTS) program in Bangladesh, Ghadge-Baba Abhiyan and the Community Management of Acute Malnutrition program in Maharashtra, MANTRA (Gram Vikas) in Odisha etc.

b. Community monitoring supported by an IT enabled system. The project will support the development and implementation of a convergent mother and child focused (health, nutrition and sanitation) monitoring and management information system that would enable joint monitoring of progress along human development indicators by VHNSC members and functionaries at the field level as well as the state level MSU officials. This will enable the community to monitor progress along key interventions related to health, nutrition, water and sanitation and facilitate behavior change among the community and service providers to improve these indicators.

A tablet based MIS will be explored for this, and the software programed to send auto-generated 'Alerts' to both the service providers as well as the VHNSC members on critical occasions, such as, identification of high risk pregnancy, missed vaccine shots, delivery due date, etc. to enable follow –up action. Any exception or inaction after an alert notification will be investigated in community meetings to take remedial action.

Sub-component 2.3: Linkages with value chains. The project will also capitalize on the strengths of the livelihoods/agricultural projects that SERP has been implementing for a long period to change the household level food consumption patterns. These additional efforts with the agro-based projects will also contribute to enhancing the nutritional status of the community. The specific activities linked to Component 2, that will be supported by Component 1 (Value chain development through producer organizations) include:

a. Nutri-shops/Krushe Marts: Nutrient rich snacks will be made available to the community through nutri-shops in the project mandals. The HD component (through the CRPs/AWW/VLCC) will educate the community members on benefits of consuming such snacks.

b. Farmer Field Schools (FFS) with staff specialized in the field of nutrition for counseling and encouraging farmers to grow and consume diversified food crops during the season. The Nutrition Counseling and Extension Advisory Services (EAS) provider at the mandal level will participate in the discussions organized with farmer's groups every month. The counselor will also conduct sessions with the SHG members to influence their spouses on the growing and consumption of diversified food crops.

Component 3: Access to Social Protection Services and Entitlements

This component aims to improve the coverage and service delivery of social protection entitlements to 500,000 of poorest households mainly belonging to the SC/STs. Overall, building on existing initiatives of the Government of Andhra Pradesh to provide and improve services through expansive and innovative use of technology, in 1000 gram panchayats in the 150 project mandals it will seek to ensure that households in targeted villages have access to services to which they are entitled that help to protect them from risks and vulnerabilities. To address last mile service delivery issues, it will support an integrated mission mode approach, establishing One Stop Shops to provide comprehensive information dissemination, counselling, enrollment, and disbursement services. These One-Stop Shops will provide an interface that will bring together citizen demand for services, organized through existing self-help groups, and the supply of these services, provided by local service delivery access points. In addition, the component will establish a facility that explores opportunities to overcome the particular difficulties of gaining access to services that the most vulnerable people face, particularly People with Disabilities (PWDs) and women. The component will consist of 2 main sub-components.

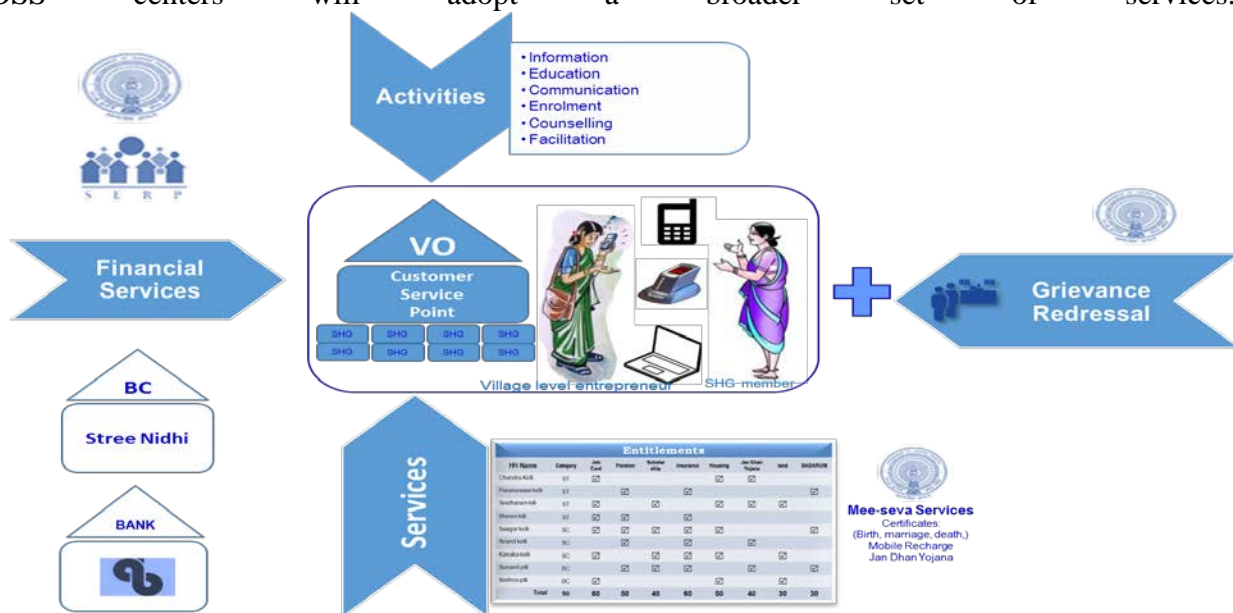
Subcomponent 3.1: Improved delivery of service and entitlements at the Gram Panchayat (GP) level: Key activities under this component will include:

a. Establishing One Stop Shop (OSS) service points at the panchayat level: This sub-component will support the establishment of One Stop Shop (OSS) or Suvidha service points by the Village Organizations to improve the outreach and quality of access for select services and entitlements by the SC/ST and most vulnerable communities. Facilitating convergence of local services, the One Stop Shops (OSS) shall bring together several existing initiatives to provide a broad range of services, including

- Information, education and communications for enrollment, counselling and facilitation;
- e-Governance services provided through the Mee-Seva program;
- Financial services based on the financial network organized through Stree Nidhi that provides funds for specific entitlement program payments, including NREGA, social pensions, and SC/ST scholarship payments; and
- Access to independent grievance redressal mechanisms.

These One-Stop Shops/ Suvidha centers will be organized through collaboration between village organizations and the local Gram Panchayat, which will provide a customer service point for access to these services, operated and managed by a village level entrepreneur (VLE). The roll-out of these OSS centers will be phased according to local capacity, including connectivity. Each will offer a core set of basic services as a minimum. In areas where capacity is higher,

OSS centers will adopt a broader set of services.



b. Establishing convergence and system integration between various government departments: The project would also set up a convergent Information Technology platform and develop an application suite for various services offered by the OSS / Kiosk.

c. Setting up an entitlements cell at the state level for coordinating multiple stakeholders, particularly across government departments: An Entitlements Cell would also be set up at the State level for coordinating multiple stakeholders at different levels including government departments, commercial banks, post offices, banking correspondent companies, technology service providers and last mile agents. This cell would lead on integration of beneficiary databases across departments, negotiate with banks and BC companies, coordinate with line agencies on payment delays, ensure real time monitoring and identification of hot spots and set service standards for the range of stakeholders.

A dedicated Call Center for accountability and grievance handling for the services offered by OSS through effective coordination between various Government departments involved in the project will also be set up.

d. Capacity Building and Training: Systematic capacity building and training of community institutions, community professionals, and project staff. There will be particular focus on capacity building and training of field functionaries to disburse transfer payments, provide financial services in SC/ST communities, and offer counselling and facilitation services.

Subcomponent 3.2: Pilots on Improved access to Specialized Services on Gender and Persons with Disabilities: This subcomponent seeks to achieve an improved access to specialized services for Persons with Disabilities (PwDs) and Gender related services. This subcomponent is a pilot window that has been created within the project that builds upon the work already undertaken by SERP on gender and disability. The activities under this subcomponent are primarily aimed at promoting good practices and innovations that can provide lessons for other

activities to reach these vulnerable groups. The activities covered may include (among others) (i) enhancing disability assessment and certification to cover 100 percent population; (ii) expanding the reach of therapy services for persons with disabilities; (iii) creating a cadre of professionals for early detection and intervention by supporting module development or relevant Rehabilitation Council of India accredited courses. Similarly activities related to access to gender services may include (among others) (i) setting up a grievance redress mechanism and options for counselling and facilitation at the community level such as establishing a call centre, IVRS system for registration of grievances etc; (ii) capacity building and strengthening of Social Action Committee (SAC) structures; (iii) identification of all gender based vulnerable families and ensuring access to entitlements to all female-headed vulnerable families.

Component 4: Mission Support, ICT and Partnerships

This component will support the missions recently launched by the government to ensure real time analytics, open data systems and feedback based policy development at the state level. It will also create an enabling ecosystem for innovation and transformation in delivering good quality services in the last mile planned under the other components. 1, 2 and 3. It will have the following four main sub components:

Sub Component 4.1: Mission Support: The project will provide support to the establishment of the mission support units (MSU) for the Primary Sector Mission, Social Empowerment Mission, and the Knowledge and Skill Development Mission launched by the government. As part of this sub component Technical assistance will also be extended to the new institutional arrangements like the corporations created by the government of Andhra Pradesh.

The MSU will support the mission through real time feedback, analytics, and expertise, at both the policy level and the implementation level. The Primary Sector Mission aims to enhance agricultural income, while the Social Empowerment Mission aims to ensure quality education, healthcare and nutrition for all citizens and the Knowledge and Skill Development Mission targets the improvement of productivity through capacity building. Each Mission will be coordinated by a Principal Secretary, and will have a Mission Support Unit (MSU) to assist it to achieve its goals, which are:

- to enhance inter-departmental synergy
- to provide an effective planning and delivery mechanism
- to augment the capacity of the line departments

Role of the Mission Support Unit

- The MSU will support the mission through real time feedback, analytics, and expertise, at both the policy level and the implementation level.
- Through real time feedback, the MSU will enable tracking and comparing the real-time performance of functionaries, facilities and interventions across the state. It will help establish a decision support system that enables corrective action based on concurrent feedback both at the policy level and the implementation level. The MSU will also support the deployment of ICT equipment that improves data integrity and facilitates data analytics. A mission dashboard, including Visual Analytics will be created for mission meetings. This will highlight the worst and best performers, helping to derive learnings and to focus action.

The MSU will also enhance capacity for Data analytics from existing MIS within the line departments.

- The MSU will establish a robust Monitoring and evaluation system. This system will be able to inform policy through rigorous qualitative and quantitative studies. This unit will come out with periodic reports on the performance of programs. The MSU will also organize Solution Forums to showcase high-quality innovations (both IT and non-IT) relevant to the mission. This will provide an opportunity to build partnerships with the agencies and entrepreneurs to enable them to be implemented in Andhra Pradesh
- The MSU will help to constitution of a high level expert advisory team that will provide periodic inputs to the mission including sharing of global/national best practices. This network of experts will provide strategic inputs to the mission.

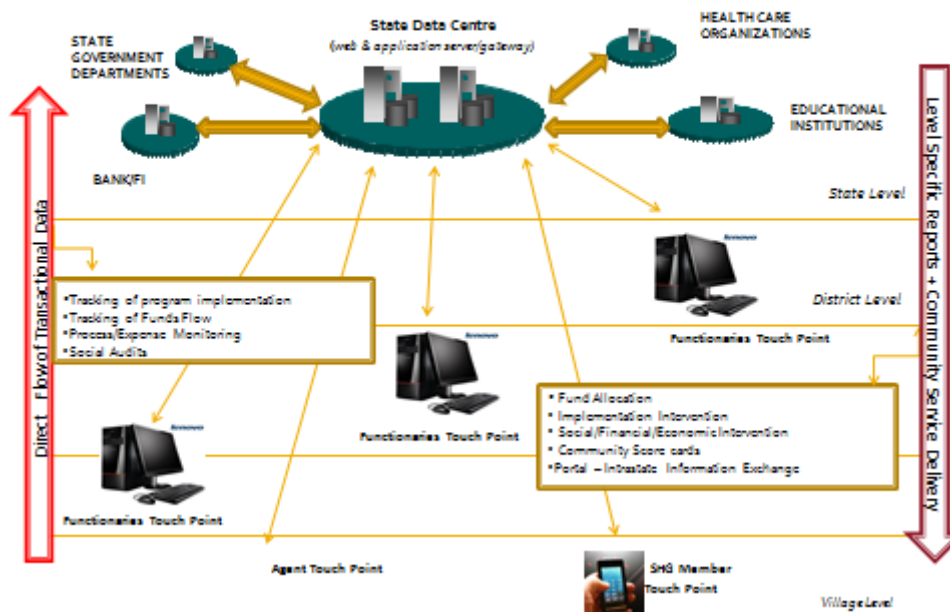
To support the MSU the project will identify and bring on board a Technical Support Agency (TSA). The TSA will include subject matter experts, and experts in Change Management, Monitoring and Evaluation, IT, Data Analytics, and Data Visualization.

This project will act as a proof of concept on enhancing human development outcomes in the most backward 150 mandals of the state. These mandals can be used for piloting and evaluating the impact of interventions, and the findings could be fed back to the Mission.

Technical Assistance to new institutional arrangements: This sum component will also include technical assistance (TA) to be provided to the new institutional arrangements related to the project being put in place by Government of Andhra Pradesh like the farmers corporation. TA will also be provided for the proposed restructuring and consolidation of SERP-AP.

Sub-Component 4.2: Information and Community Technologies (ICT): SERP and GOAP have a long tradition of promoting digital empowerment among rural poor women and their institutions at scale. Nearly 37 ICT applications are currently implemented in the project. Building on this foundation, the project will make strategic investments in ICT and m-Governance systems to develop state of the art IT platform for hosting and delivering variety of project services like management information system (MIS), decision support systems (DSS), financial management system (FMS), etc.; financial services (like savings, credit, G2P, pensions); and livelihoods services (like weather and crop advisory, price discovery, etc.) This digital grid connecting village to the State level will be Aadhar (UID) enabled and will be leveraged to deliver ICT based services to rural poor households in the last mile. The grid will connect partner Government departments, service providers and host of enterprises in the last mile for providing information and transaction based services to poor households.

Visualization of ICT Architecture



The key activities supported by the project include the following:

- Promoting extensive use of IT devices and enabled mechanisms:* The project will promote extensive use of variety of front end and handheld devices by providing tablets, mobiles, pico projectors, digital moisture meters, electronic value chain equipment like milkometers, milk analyzers, electronic weighing machines, etc. for transforming the manner in which last mile services are delivered.
- Application Suite Development:* Each handheld device will have pre-loaded customized application suites mapped to each role in the project hierarchy. The suite will have array of embedded applications for MIS data capture, community videos for capacity building and knowledge dissemination, market information and crop advisory, branchless banking transactions, GPS enabled device for spatial coordination, etc.
- Setting up of information bureau:* The proposed project will hire a system integrator to develop a data warehouse through re-engineering the existing stand-alone applications and integrating them into an integrated, real-time system with higher efficiency and robustness. Further, Business Intelligence (BI) and data analytics capability will be built into the proposed integrated system for the operational making, performance management and predictive analytics.
- Business intelligence services and data analytics support:* A specialized BI and Analytics agency will be hired for managing the analytics by extracting data from the current databases, design and build data marts, transform and load the data and then generate requisite reports, dashboards and scorecards for various levels in the SERP for strategic, tactical and operational decision making.

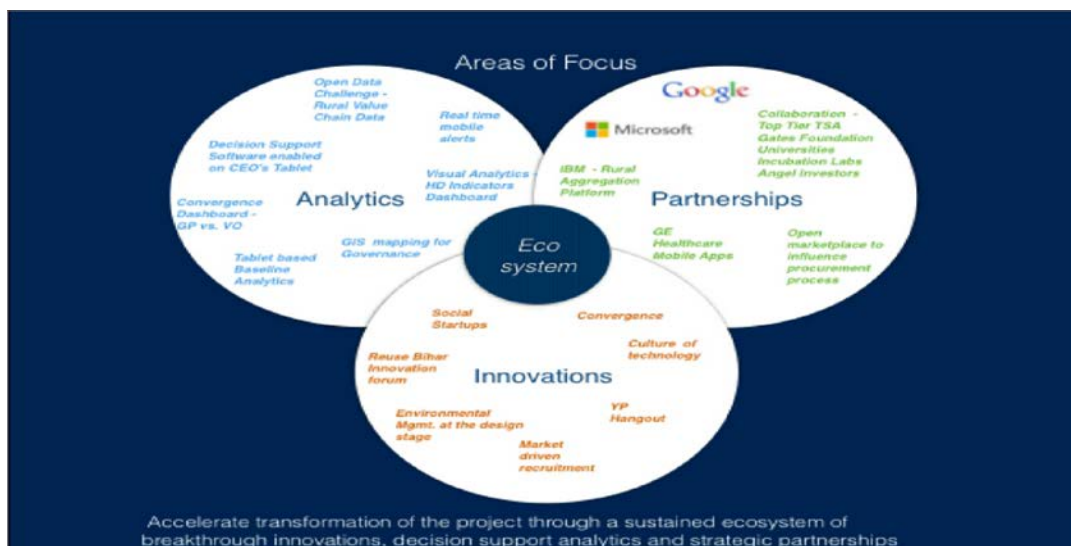
- e. *New application development*: The project will also develop need based applications specific MIS modules for APRIGP and bring together host of ICT based applications that support the project activities and improve their efficiency and effectiveness. For e.g. Producer Group formation and management is one of the key investments under the project. MIS should be able to actively support the basic objectives of PGs encompassing production activity planning, productivity enhancement, provision for advisory on crop, weather and marketing information besides acting as a transaction platform for collective input procurement and distribution and output marketing.
- f. *Knowledge, information and transaction services*: A number of ICT initiatives exist in the industry and quite a few of them are already being used in development sector in the country. Digital Green, Reuters Market Light, eSagu, Community Radio, Airtel money are some of the ICT based initiatives that can be dovetailed into the APRIGP programme. A number of market information websites, agri-business portals, e-chaupal, e-trading portals, commodity exchanges etc. could provide relevant information for the PGs.

Although Open Data approaches will be woven into the mainstream of the other components of the project - particularly Component 4 - there will be a distinct stream of activity to ensure that Open Data principles and practices are applied to maximum benefit across the project. The overall goal will be the development and incubation of an *Open Data "ecosystem"* Maximizing the benefits of using data requires not only its publication online as Open Data but also bringing together suppliers and users of data, promoting key data-using skills such as application development and data journalism, and nurturing an "ecosystem" of capabilities, skills and supporting services both inside and outside public agencies. The project will assist SERP, GoAP and the partners to grow this ecosystem. There will be specific activities on supporting open data approaches:

- (i) Capacity building – for policy makers and line departments, media, entrepreneurs, academics, social impact practitioners, and more to deepen understanding about how open data can help improve service delivery and improve development/economic outcomes
- (ii) Data collection and sharing – Technical assistance in the design and implementation of ICT systems and an Open Data "portal" for SERP (and possibly GoAP), and on how to publish the publication, together with new ICT tools to capture data faster and then disseminate relevant data through the open data portal or platform that supports machine readability and where data is free to reuse
- (iii) Innovation and new solutions and services using open data – in a public private partnership mode, designed to bring new entrepreneurs and investors into the ecosystem and to help them, and existing businesses, use data in innovate and sustainable ways.
- (iv) Monitoring and evaluation – to constantly measure the impact of open data for service delivery, and also as a data driven channel to monitor overall program performance

(v) Engagement – to help better communicate open data results and make the program more inclusive, including sponsorship of civic technology events, including developer days (“hackathons”), data journalism bootcamps and data use training

Sub-Component 4.3: Partnerships: The project recognizes that the partnerships as key implementation arrangements and accordingly develop a partnership framework which will allow it to enter into partnerships with innovators, social entrepreneurs and reputed agencies. A shortlist of agencies pre-identified during project preparation from among the finalists of World Bank’s Development Marketplace (DM), Bihar Innovation Forum – 2, Maharashtra Rural Livelihoods Innovation Forum and other similar competitive events for selecting high impact poverty solutions for scaling up in the project areas. The focus is to create an ecosystem, to strengthen an outside-in perspective and leverage market knowledge in technology for development purposes and thereby create an environment of innovation, convergence, sharing, quick informed decision making and open data. The figure below describes the above approach.



This sub-component will finance the following:

- a. *Solutions Marketplaces, Knowledge Events:* The project will organize solutions and innovations marketplaces for identifying high impact innovations and developing productive alliances between small and marginal producers and the public, private and social enterprise sector aimed at improving technical service provision and market linkages in the project areas. First round table on high impact solutions for improving livelihoods of tribal poor was held at Visakhapatnam during the project preparation. Participants at the round table included successful IFAD/JICA projects, nationally reputed NGOs, winners from Development Marketplace/Times Impact Awards, and private sector (including IFC partners). These include PRADAN, Harsha Trust, RCDC, Kovel Foundation, JK Paper Mills, BAIF, JK Trust, Keggfarms, Streenidhi, SAVE, HDFC Bank, etc.
- b. *Financing Public-Private-Community Partnerships:* The project will encourage productive partnerships with public, private and social enterprise sectors to increase the integration of poor in performing and remunerative value chains. Broadly, three kinds of partnerships are

envisaged under the framework. A framework for Public-Private-Community Partnerships (PPCP) will be developed that allows the community institutions to form productive alliances at the local level. This framework will elaborate, inter-alia, the identification process, technical appraisal, capacity assessment, implementation arrangements including financial management and fiduciary systems, price discovery, performance indicators and outcome measurement systems and the same will be shared with the Bank for concurrence by June 30, 2014. The project will enter into a MoU with at least two partners from private, social enterprise or civil society sectors by Appraisal.

Sub Component 4.4: Centre of Excellence and Knowledge Management : One of the key rationales for undertaking this project is that the lessons from the new approaches (value chain approach, linking value chains to nutrition, TA for line departments etc.) that will be implemented of the under the project shall be widely shared with the state rural livelihood missions (SRLMs) in low income states like Bihar, Odisha, Madhya Pradesh, Rajasthan, Jharkhand and Chhattisgarh where similar rural livelihood projects are implemented through the National Rural Livelihood Mission. Therefore, as part of this sub component, a Centre for Excellence and Knowledge management shall be set up which will enable the project to share lessons with other low income states and NRLM. The key objective is to strengthen implementation capacity of other SRLMs in piloting some of the innovative approaches to be tried out under this project. Some of the key activities to be undertaken by the center are as follows:

1. Holding Knowledge events for senior SRLM staff and other key stakeholders from the low incomes states
2. Training and developing staff, community professionals and other stake holders through
 - a. Induction training and immersion
 - b. Learning and exposure visits
2. Developing knowledge management and learning systems
 - a. Training need assessment and formulating training plans
 - b. Capacity building tool kits including training modules, case studies, training materials, audio video aids etc.
 - c. Training of trainers and other resource persons
3. Developing best practice sites and immersion locations inside the project
 - a. Developing resource mandals
 - b. Generating internal social capital like Community Resource Persons (CRPs)
4. Providing Implementation support in specific activities/locations in other SRLMs through secondment of staff and Professional Resource Persons (PRPs)

Annex 3: Implementation Arrangements

1. Project Institutional and Implementation Arrangements

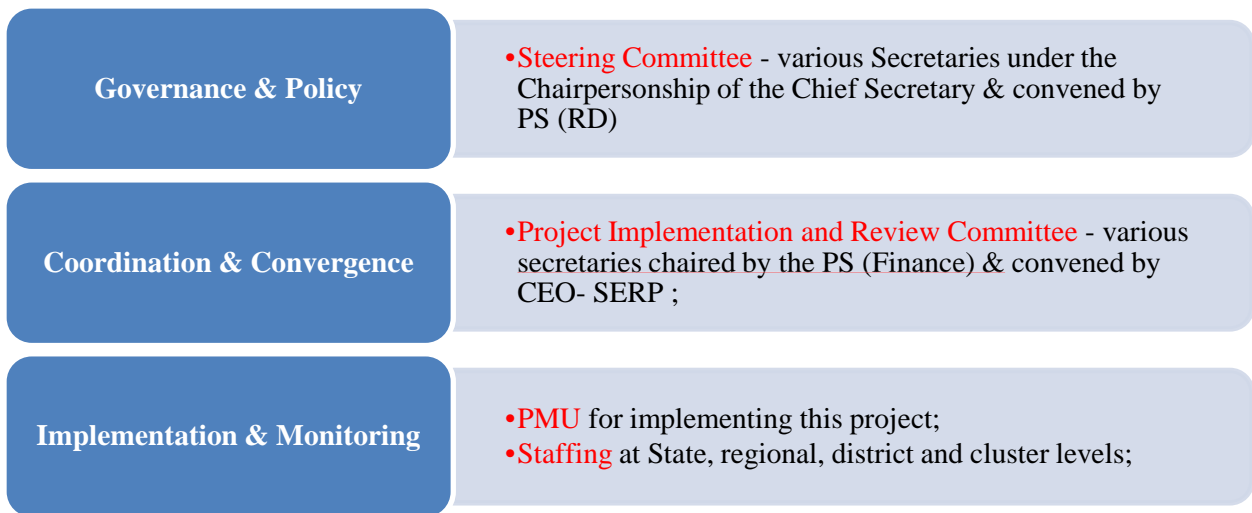
The primary agency responsible for the projects implementation will be the Society of elimination of poverty (SERP) established by the GoAP. The Government of Andhra Pradesh is in the process of restructuring and consolidating institutions like SERP. Technical assistance for such a process has been included under the Component 4. In that case, the successor entity would be re-appraised by the Bank.

Under SERP there will a dedicated **Project Management Unit** (PMU) which will be headed by the CEO of SERP Andhra Pradesh. Apart from the CEO, the PMU would comprise of combination of staff, consultants and agencies to support the implementation of the project, and perform different functions. The strategy is to retain a lean structure at the PMU with a defined number of core staff and engage short term consultants and agencies as and when required.

Governance and Management Framework under APRIGP: For the overall project governance and policy guidance, a *Steering Committee* will be constituted under the Chairpersonship of the State Chief Secretary. This committee will be convened by the Principal Secretary (Rural Development) and it will be comprised of the Principal Secretaries from the various line departments. However, as the project is multi-sectoral in nature there will be significant coordination and intensive dialogue required between line departments on a regular basis. For this specific reason, it was discussed and agreed that there is a need to establish a *Project Implementation and Review Committee*. This Committee will be chaired by the Principal Secretary (Finance) and will comprise of the Secretaries of various line departments. It will be convened by CEO – SERP

The figure below describes the governance and management arrangements to be put in place under the project

Governance and Management Framework under APRIGP



The roles and responsibilities of the governance related committees are as follows:

Level	Committees and Membership	Roles and Responsibilities
STATE	Steering Committee	
	<ul style="list-style-type: none"> • Chief Secretary – Chairperson • Principle Secretary (RD) – Convener • Principal Secretaries of Lien departments 	<ul style="list-style-type: none"> • Providing overall vision to RIGP • Providing guidance and setting priorities for RIGP • Policy guidance on implementation of the project • Review progress of activities and provide strategic support for program implementation • Advocacy role to ensure relevant policies for the government are issued.
	Project Implementation and Review Committee	
	<ul style="list-style-type: none"> • Principle Secretary (finance) – Chairperson • Chief Operating Officer - Convener • Secretaries of Women and Child Development, Health, Education, Social Protection Department 	<ul style="list-style-type: none"> • Providing overall policy guidance and direction to the project • Coordinating and convergence with different line departments and agencies. • Approving annual implementation plans • Providing strategic support and guidance to program implementation. • Approving HR policies • Representing the project at the state government level.

Organization Structure: The PMU would be governed by a RIGP customized HR Guidelines and Manual, which will lay out the principles of staff management. The HR Guidelines and Manual will include provision of deployment of staff on secondment through technical support agencies and hiring of retainer consultant. The HR Guidelines and Manual will ensure better remunerations with rigorous performance based accountabilities. The management of staff will be outcome oriented and the project will be setting up a result based performance management system from the beginning. The staffing pattern(s) at various levels would be based on a service area approach that will be derived based on geography, number of mandals taking up each commodity, population density, roll out strategy and phasing of the project. The PMU will comprise of eight distinct functional units or cells. These are: (i) Value Chain Development Cell; (ii) Human Development Cell; (iii) Entitlement Cell; (iv) Concurrent Evaluation Cell; (v) Information, Communication and Technology Cell; (vi) Program Support Cell; (vii) Knowledge Management Cell; and (viii) Governance Cell;

Competency assessment for sourcing staff from SERP: It was agreed that apart from the CEO, PMU would comprise of multi-disciplinary team of experts as per required competency and skills for achieving the outcomes of the project. It was agreed that these experts with adequate experience in the relevant competencies and skills would be drawn from the existing SERP staff based on a competency test and accreditation process, from the open market and government departments on contractual basis for the life of the project.

Implementation Arrangements for the value chain component: The implementation at the state level will be headed by a Value Chain Development Cell that will coordinate and manage the activities under Components 1 and ensure their scaling up of livelihood activities in value

and retail chains. The cell will have two separate verticals- Rural Value Chains and Rural Retail Chains which will be headed by the Chief operating Officer (COO) and will consist of commodity leaders and agri business experts. Technical support agencies will be hired at different levels, through different arrangements.

Rural Value Chains

The Rural Value Chain sub-component will be headed by a COO and supported by a commodity leader at the state level. At the mandal level, a spear head team will be established comprising of high quality professionals with the domain expertise in mobilization of producer groups, agri business etc. which will be created to meet specific outputs and will service 25-30 producer groups. 10-15 SHT's will be supported by a commodity team which will be placed at a district or a supra district level, depending on the number of producer groups formed. The commodity team will have experts in agri- business, production enhancement and producer group mobilization.

Rural Retail Chains

The Rural Retail Chain sub-component will be headed by a COO (Chief Operating Officer) and supported by a KRUSHE anchor at the state level. At the district or the supra district level there will be two units, one for production and the other for enterprise. The KRUSHE enterprise will be supported by an enterprise specialist and nutrition product specialist. The KRUSHE Mart would be supported by an operation specialist, supply chain specialist and marketing specialist. The mandal level activities will be supported by a community professional called the community KRUSHE consultant.

Implementation Arrangements for the Human Development component: At the state level, to support implementation of Component 2, six technical experts will be hired. These will be in the field of Public Health, Nutrition, WASH, Capacity Building, Communication and Documentation, Data management and analytics. They will be responsible for ensuring technical quality, providing supportive supervision support to mandal and field level staff, facilitating coordination with relevant line departments and for monitoring project implementation. Furthermore, a technical agency will be engaged to build capacities and skills of field functionaries, village organizations, panchayat representatives and women's groups in the area of community mobilization, early childhood education and behavior change communication for nutrition. It will also be responsible for strengthening the existing training teams and programs of the line departments, specifically, the Department of Women and Child Development and Health and Family Welfare.

At the district level, a community mobilization officer, an ECE coordinator and a computer operator will be engaged for project monitoring and implementation at the mandal level. They will be supported by a number of young professionals, currently working with SERP as part of its YP program. The district staff will be responsible for supervising and guiding the mandal level HD coordinator, Capacity Building Coordinator, and ECE supervisor, who in turn will facilitate implementation at the village level through community resource persons (CRPs).

Implementation Arrangement for Access to Social Protection Services and Entitlements:

State and district level: A cell comprising of 4-5 members will support SERP (AP) on implementing connectivity, convergence with Mee-Sewa. The cell will also undertake real time monitoring and data analytics to identify problem spots.

One Stop Shop Project Management Unit (or Entitlements Unit) comprising of a team that will manage the roll out of OSS, monitor quality, coordinate with Strinidhi line departments and also manage the grievance redressal unit. A small district level team of two to three persons will be responsible for providing hand holding support and monitoring of OSS.

Village Level: The OSS will be housed in the panchayat. A village entrepreneur (VLE) will be identified based on certain selection criteria who will manage the services offered. A committee comprising of members from VO, the panchayat representatives and other key stakeholders will provide oversight, and links to other community initiatives and awareness campaigns.

Tribal Areas: Although the unit of implementation is the panchayat, in a context of dispersed habitation, pilots can be initiated to test different models of delivery of OSS services. For example, the fixed position may be defined at the panchayat, but the VLE could travel to habitations for delivering of old age pensions on fixed days.

Implementation Arrangement for Mission Support, ICT and Partnerships: For the mission support sub component, as already mentioned, a technical support agency will be brought on board to be embedded within the mission support units established by the government. The TSA will include subject matter experts, and experts in Change Management, Monitoring and Evaluation, IT, Data Analytics, and Data Visualization.

The implementation of the ICT part of the component 4 implementation will be led by the Director, ICT. The director will be supported by an MIS expert, Infrastructure expert, Analytics specialist and 2 young professionals at the state level. A technical support agency will be hired to provide technical support and handholding to the ICT team at the state level. Six district resource persons will be placed to provide technical support at the district level.

Implementation Arrangements for Monitoring and Evaluation: The activities planned under the project need significant investment in human resources in each department, especially for evaluation. The project will build this capacity by channeling investments through the [ML&E] component by funding two key activities: (1) a concurrent evaluation cell to be housed within SERP, and (2) additional resources for monitoring and knowledge management activities, if needed.

Concurrent Evaluation Cell: The concurrent evaluation cell will help embed a culture of regular evaluations in the project. Its primary objective will be to reinforce the culture of results-based management and provide the basis for evidence-based decision-making processes, of both strategic and operational nature, at all levels. An external agency will be hired to run the cell, which will be responsible for providing key personnel. The cell will play a critical role in ensuring that the key evaluation activities are being carried out as laid out. It will also collaborate with the MIS and Analytics agencies to utilize their datasets to generate preliminary evidence.

Program Support Cell: The cell will be responsible for all systems related to procurement and financial management administration, and human resource. The financial management cell will ensure flow of financial resources at the right time to the project locations and track the end use of the financial resources.

Human Resource Strategy: The project intends to build up a team consisting of the best available human resource in existing SERP through a competent testing and accreditation process and the best available from the open market. Hence it becomes imperative to design a testing and accreditation process for existing staff which not only judge the existing SERP staff on their technical knowledge but also their skills and competencies to work in a project like AP RIGP. The project would thus, hire an agency for conducting competency and screening test for existing SERP staff for fulfilling the staffing requirement for RIGP, which needs to be conducted during the preparatory stage.

The recruitment process for staff to be hired from open market, should be focused on selecting the competent individuals who get multi-sectoral experience and should be striving on outputs and performance. To, achieve this; a rigorous staff selection process will be adopted by RIGP. The recruitment of these staff shall be executed by a national level experienced and reputed human resource agency, to be hired through a competitive process. Apart from recruitment from these sources, the RIGP shall have a detailed strategy on hiring retainer consultants as and when required, hiring professional from technical support agencies at various levels, and

The staff hired will be on contract for the project period and will have clear outputs defined. The RIGP will have a separate staff policy which would have clear guidelines in place. The HR manual is proposed to be developed by the project during its preparatory phase. The manual is expected to establish procedures related to contract policy, output based compensation and incentive structures, system of staff capacity building needs, performance appraisal to be linked to existing SERP MIS etc.

The project will focus on the capacity building and skill enhancement for the staff at state, district, mandal and cluster level to implement the project effectively. It is well acknowledged that the success of the project will depend to a large extent on the quality of human resource that the project can attract and retain. The project will fund finance the induction of new staff joining in the project, concurrent trainings for enhancing staff skills and knowledge, private partnerships with institution to provide knowledge in the gap recognized, thematic training programs as per the need of the project and exposure visits for staff members to learn from best practices, nationally and internationally.

2. Monitoring, Learning, and Evaluation

APRIGP will be underpinned by a solid monitoring and evaluation system, which will feed into decision support systems, business analytics, and more in-depth learning exercises. SERP already has a very strong culture of monitoring; however, evaluation capacity needs to be strengthened.

Monitoring: SERP has solid operational Management Information Systems (MISs) with a wealth of data publicly available and with several tools that provide analytical reports to assist

decision-making. APRIGP will build on these systems and invest in their improvement. First, the project will invest in integrating various SERP databases and build on their earlier efforts. Second, the project will invest in ICT infrastructure to link the monitoring systems of the Rural Development Department with those other relevant departments. One example is the Mother and Child Tracking System Plus (MCTS+) pilot, which is being jointly conducted by DoH, DoWC, and SERP and aims to integrate the collection of data on services provided and key outcomes for mothers and young children. The pilot will be expanded throughout the project area by investing in tablets and other IT infrastructure, as well as capacity building of front-line staff.

Learning/Analytics: Beyond progress and exception reports, data from MISs can be used to conduct more in-depth analysis, especially where systems identify persistent problems. This type of data analysis is not well established in SERP, and the project will build capacity by investing in three different types of analytics: (1) Business Analytics for the value chain components, which can be used for decision-making at all levels; (2) MIS Analytics to build simple and easy-to-understand dashboards and reports for decision support at all levels (covered under the ICT section under subcomponent 4.1); and (3) analysis of secondary data sources to understand progress under the project vis-a-vis overall progress in the state.

Evaluation: The key philosophy of the evaluation activities planned under the project is to provide rigorous analysis of impacts to key stakeholders. The first two years of the project will be its learning phase, when various proposed interventions will be piloted and evaluated (through randomized evaluations where possible) by exploiting the phased rollout. Specific quick-turnaround IEs will be carried out to assess the many innovative approaches for nutrition, value-chain development and access to entitlements that will be tested and identify which ones to drop, revise, or scale up. This would be typically done through quick-turnaround evaluation studies. These IEs would cover smaller samples and shorter timeframes, with results available in a timely manner to inform decisions. These thematic evaluations will be complemented by a rigorous project evaluation (based on baseline, mid-term and end-term surveys). As random placement of all project interventions, as would be required to carry out a rigorous RCT evaluation, is unlikely to be feasible under the project, the strategy to evaluate the overall impact of the project will explore various analytical options.

Other Monitoring Activities: Some of the interventions in the project have specific needs. The following additional activities will also be carried out:

- Panel data on a sample of about 4,500 households were collected in 2003, 2006, 2008 as part of the impact evaluation of APRPRP. The data provided useful insights into the impact of the program and the project will invest in a re-survey of these households for insights into longer-term changes in wellbeing among RPRP/IKP program participants.
- Tracking survey based to for regular feedback.
- Analytical work on quantitative data from MISs could very usefully be complemented by process monitoring, as was done during the APRPRP as well as in other livelihoods projects such as Bihar's.

3. Financial Management, and Procurement

Financial Management

Planning and Budgeting: SERP has an Annual Works and Finance Plan (AWFP) system wherein each of the function head enters the annual action plan. Based on the annual plans, allocations are made to the budgetary lines. Each budgetary line is linked to cost centers (SPMU/DPMU/TPMU/MS) and authorizing authorities are designated to each of the budget lines. Budgeting lines follow the structure of Component- Major Head (linked to sub component) - Minor Head (linked to activities) - Sub Activity. For this project, the budget lines/chart of accounts has been created to be in alignment with the components, sub components, activities and sub activities of the project.

Funds Flow: Based on the annual action plan, the society receives funds from GoAP through a single budget line item under the Department of Rural Development. The budget from the GoAP is transferred into a Personal Deposit account and from there money is transferred into a savings/reserve bank account. From these nodal bank accounts, the money is then electronically transferred through eFMS to the decentralized levels based on the debit voucher generated through AWFP. eFMS has not only made the fund management efficient but also allowed real time monitoring of fund flows and utilization across accounting units. These systems have been effectively functional in SERP for the past few years and would be used for this project as well. For the purposes of this project, a separate bank account will need to be used.

Grants to the CBOs (VOs, Producer Groups) for certain components/ sub- components will be released as per the pre-agreed conditions and eligibility criteria for fund release which needs to be defined in the FM Manual as well as the Community Manual. The CBOs will maintain appropriate supporting documentation evidencing the actual expenditure and provide necessary Utilization Certificates to the MS.

Accounting and Reporting: SERP follows cash based double entry system. It has a computerized accounting system (AWFP) in respect of its activities which will be used for recording and monitoring the funds and expenditure under this project, with suitable alignment with the components and needs of the project. In respect of CBOs, there have been various technology initiatives such as e-bookkeeping to m-bookkeeping to t-bookkeeping at VO and MS accounting software at MS level. Since, each of these systems are still in stabilizing stage, for the project funds EFMS will be used at the MS level and a pilot may be done to bring VOs also as a cost center under EFMS.

The project will finance two groups of activities - (a) activities undertaken by CBOs (VOs, Producer Groups etc.), and (b) activities that are implemented by state or district level project units (PMU, DPMUs). In respect of activities undertaken by the CBOs, the actual grant amounts received by CBOs directly from SERP will be reported as "eligible expenditures" in quarterly Interim Financial Reports (IFRs), and disbursement will be made on the basis of these expenditures reported in the IFRs. In respect of the activities implemented by state or district level project units (all other sub- components), the IFRs will capture actual expenditures incurred by the SPMU/ DPMU/TPMU and disbursement be made on the basis of these. The CBOs will provide utilization certificates (UCs) to MS on the actual end use of funds as defined in the Grant

Agreements. The format and timing of the UCs will be defined in the FM manual/Community Manual. The format of the IFRs will be agreed at negotiations and included in the FM Manual.

Internal Control: Processes and internal controls as laid out in the Financial Manual of SERP need to be adhered to and the compliance of the same will be monitored through a combination of internal and external audits. The Financial Manual will need to be appropriately linked to the operational/community manuals and also reviewed and updated on a regular basis. For the project, the use of a separate bank account by every beneficiary is advised in order to maintain full transparency and visibility of project funds. SERP will be using the EFMS for all transfers. Daily Bank and periodic (weekly) inter-unit reconciliations would be an important control mechanism in the project.

Internal Audit: The internal audit of the Bank project will be done quarterly by a firm of Chartered Accountant to be agreed with the Bank and under TOR to be agreed with the Bank. They need to use the work of the community auditors in making an audit plan for a given period. The suggested method for selection of the internal auditor is QCBS and period of appointment can be for three years with financial proposal requested separately for each year. As a next action step the project needs to start the process of hiring of the internal auditor and sent revised TOR for Bank's agreement.

Community Auditors: There is a District Monitoring Group at the ZS level, whose responsibility is to ensure that all books of accounts of MS are updated and ready for audit at any point in time. The DMGs participate in a monthly review meeting at SERP HO where issues and observations are discussed / reviewed. The CBOs are audited by an external auditor and community auditor. External audit is in nature of compliance audit under APMAACS Act and community auditor (audit CRPs) performs the role of internal audit of SHGs and helps build capacity at SHG level. As part of next level of institution, there is a plan to integrate these highly successful community auditors into a community managed audit institution.

Community Audit System - SERP has recently developed and implemented new software, which provides access to external auditors of MSs/ZSs/VOs – which records observations of auditors as well as key financial and other data of MSs/ZSs/VOs. The level of use for year 2012-13 is low and SERP is working hard with district level teams to enhance this in the year 2013-14. This will be a valuable solution for monitoring and control of these downstream organizations. This may be made more monitoring friendly for SERP by adding fields for capture of significant exceptions, alerting when such exceptions are ordered and reports to SERP management on a periodic basis.

The current financial governance structure segregated between Finance and IB needs to be unified via a Governance Steering Committee comprising representation of both Finance and IB. This will facilitate end to end internal controls.

External Audit: The annual external audit of the project financial statements for the credit will be carried out by a firm of Chartered Accountant appointed based on selection criteria acceptable to the Bank and their TOR will also be agreed with the bank and included in the FM manual. The audited PFS will be made available to the Bank within nine months from the close of the

financial year. These auditors will be different from those engaged for the internal audit. The external audit will cover the expenditures at the level of the SERP SPMU, DPMUs, TPMU, a sample of CBOs/ beneficiary institutions and correspond with internal auditors of the MS/ZS and review of their audit reports and a report on important observations, exceptions, deviations.

Staffing and Training at Implementing Agency: At present, the finance function at SERP is headed by a senior officer from the Central/State finance cadre. The officer is supported by two deputy project managers and two drawing and disbursing officer (for pre audit of bills) and two consultants (one to assist for audit and other for IT developments). Each of the DPMU/TPMU has DPM and APM Finance for managing the operations at the decentralized level. A village office assistant is also provided at Village Organization level.

For APRIGP project, SERP needs to appoint or identify from existing staff a dedicated project finance manager, who will be qualified chartered accountant with experience of 8-10 years. The finance manager will be supported by an accountant and accounts assistants to form team at SPMU who will be responsible for the day to day financial management of the operations. All the positions at DPMU/TPMU/VO should be filled in at all times to ensure smooth financial management at the various levels.

Community level finance staff: In the existing CBO structure ZS, MS, VO has a ZS Accountant, MS Accountant and VOA respectively who are responsible for maintaining accounts at the community level. These are selected by the respective Executive Committee, which in turn are selected by the ZS members. In earlier projects capacity has been built at the various levels, however due to staff movement training has to be a continuous effort. The finance training module should be made part of the community manual and training needs to be carried out as part of the capacity building plan at different points in the project cycle.

Disbursement Arrangements: GoAP will pre-finance all the project expenditure through its own funds (through the budget line). The expenditures will be subsequently reimbursed from the credit based on the actual expenditure reported in the quarterly IFRs, subject to audit certification at the end of each financial year. Expenditure categories eligible for financing under the credit agreement and as per the disbursement percentage will be financed out of the proceeds of the credit. The actual expenditure will be reimbursed to the project and no advances will be provided and hence the need of the designated account has to be agreed at the time of negotiations. The project will submit withdrawal application to CAAA in DEA for onward submission to the World Bank for reimbursement.

Retroactive Financing: Retroactive financing up to a limit of 5 percent of the credit will be available to the project to cover eligible project expenditures as agreed with the Bank, provided (a) the payments are made not more than 12 months before the expected date of signing of the legal agreements; (b) the activities financed by retroactive financing are related to the DOs and are included in the Project description; (c) the payments are for items procured in accordance with the applicable Bank procurement procedures. Retroactive financing of all expenditure would be based on a separate, stand-alone IFR which will be audited by a firm of Chartered Accountant appointed based on selection criteria acceptable to the Bank and their TOR will also be agreed with the bank and included in the FM manual.

Public Disclosure: In line with the Bank's Access to Information policy the annual audit report and project financial statements issued by the auditors will be disclosed on the project's website.

Financial Covenants: 1) Submit quarterly IUFRR to the World Bank within 45 days from the end of each calendar quarter months; 2) Submission of annual audit report within nine months of the close of the financial year.

Procurement Management

Procurement for the proposed project shall be carried out in accordance with the World Bank's "Guidelines: Procurement of Goods, Works and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" dated January 2011 revised July 2014(Procurement Guidelines); and "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" dated January 2011 revised July 2014 (Consultant Guidelines) and the provisions stipulated in the Financing Agreement. For each contract to be financed by the Bank, the different procurement methods or consultant selection methods, the need for prequalification, estimated costs, prior review requirements, and time frame are agreed between the Borrower and the Bank project team in the Procurement Plan. The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

Items to be procured:

Procurement of Goods: Goods procured under this project would include office equipment, furniture, IT equipment, Tablets, UPS, Data cards, Solar chargers etc. While some software being proprietary in nature will be procured by direct contracting, other goods and software will be procured by ICB, NCB, shopping and or using Directorate General of Supply and Disposal (DGS&D) rate contract within shopping threshold. The NCB standard bidding documents of the Bank as agreed with GoI task force (and as amended from time to time) will be used for procurement of all NCB Goods. For ICB/LIB contracts, the Bank's latest SBDs will be used.

Procurement of Works: While no major operational works are envisaged under this project there may be some small works, not exceeding NCB threshold and may involve shopping in some cases. No ICB civil works are envisaged under the project. The NCB Standard Bidding documents of the Bank as agreed with GOI task force (and as amended from time to time) would be used for procurement of all NCB civil works.

Selection of Consultants: Some major consultancies are likely to be procured by SERP are technical support agency for various activities , and M&E agency ,Short lists of consultants for services estimated to cost less than \$800,000 or equivalent per contract may be composed entirely of national consultants in accordance with the provisions of the Consultant Guidelines. The Bank's Standard Request for Proposal Document will be used as a base for all procurement of consultancy services to be procured under the Project.

The procurement of any goods and consulting services from any government department/agency which does not fulfill provisions of Para 1.7 (c) of Procurement Guidelines and Para 1.13 (b) of

Consultant Guidelines, payment of centage charges to any agencies, if any, will not be eligible for the Bank financing. It was agreed that such expenditure will be met from SERP own funds. During implementation also if such requirements arise, those will be financed from SERP's own resources.

Assessment of the agencies' capacity to implement procurement

The implementation responsibility of the proposed project lies with SERP. While SERP has been previously engaged in APDPIP and APRPRP projects funded by Bank but given the State bifurcation the staffing and capacity has significantly reduced. For executing multi sector engagement and complex IT procurement under the project requires adequate and qualified staffing arrangement which has been agreed as part of mitigation measure.

Presently no other partner or implementing agency is envisaged to carry out any procurement under the project. Should the need arise for engaging any IA for carrying out procurement a procurement assessment shall be carried out to determine the risk and capacity of that IA.

Procurement Risk Mitigation: The main procurement risks that can be perceived at this stage, based on the general public financial management in the country and in the states where project is likely to be implemented and the assessment carried out at SERP are: (i) procurement of goods and works at SERP/MS level has normal fiduciary risks of transparency, fairness and varying capacity, (ii) varying capacity in designing appropriate qualification requirements as per Bank's SBD Goods and Works with an ability to influence the market in receiving appropriate pricing and delivery commitments, (iii) inadequate complaint monitoring system, (iv) lack of established system of public disclosure of information on procurement actions, and (v) possible collusive practices in procurement of works.

The above and the other applicable deficiencies have been addressed in the ORAF risk mitigation measures. The overall project risk for procurement is 'High I'. After mitigation measures implemented, the residual risk will be 'Substantial'.

Procurement Arrangements and Mitigation measures

Nodal agency and supervision of the project: SERP will act as the nodal agency, a single point of contact for the Bank for the purpose of appropriately implementing the agreed procurement processes and procedures. SERP will be coordinating with other IA if applicable for all procurement activities and related information, as and when required and will proactively engage with all IA to ensure its appropriate implementation.

Procurement Staff and training: The Procurement Cell at SERP would have a procurement officer to handle and /or coordinate all purchases under the project. This cell would be supported by a consultant firm having experience in Bank funded procurement. Capacity building is an important aspect for the project. As part of sound governance and good project management, there is need for strengthening the capacity of SERP so that procurement is handled with efficiency and effectiveness. The pre-requisite for staff to handle project procurement would be attending procurement training following Bank Procurement Guidelines. SERP will discuss with

ASCI, Hyderabad for customized procurement trainings for all concerned officials in the project. A training plan shall be worked out for staff at SERP who will undergo training.

Procurement Plan (PP): Based on the agreed cost tables, SERP has prepared the procurement plan for project implementation for the first 18 months of the project which provides the basis for the procurement methods and review by the Bank. These initial procurement plans shall be agreed between the Borrower and the Bank's project team before negotiations and would also be published on the SERP website and on the Bank's external website. For certain specialized assignments SERP has envisaged hiring certain agencies on SSS basis. The sole source justification to be sent by SERP shall be reviewed by the Bank on case to case basis.

Procurement Manual: SERP has prepared a Procurement Manual which will have the objective of ensuring consistency in procurement activities and will be an integral part of the PIP. It will present clear understanding of the agreed procurement procedures, community participation in procurement and related processes and procedures and mitigation measures based on the lessons learnt from the predecessor project. The Manual shall also detail the internal control mechanism to ensure timely and regular oversight of project procurement. Once cleared by Bank it will provide necessary guidance for procurement under the project. The manual shall be reviewed and agreed prior to negotiations. Once agreed no amendment to the procurement manual shall be carried out without review and clearance from the Bank.

E-procurement: On receiving a request from SERP for carrying out assessment for e-procurement, the system shall be assessed by the Bank. Upon Bank clearance SERP and other IA shall be able to use e-procurement system for the project. On the basis of the Model Bidding Documents agreed with between the GoI and the Bank and updated from time to time, Bidding Documents for all critical procurements during first 18 months will be prepared by SERP and submitted for review by Bank. Once cleared by Bank, these can be used as model documents for other similar procurement under APRIGP. In case e-procurement is agreed then SERP shall prepare the draft e-bidding document for works and goods and the draft RFP document for consultancy services for the project and send them to Bank for clearance.

NCB Conditions: The following conditions must be met in order for the bidding process under NCB to be acceptable to the Bank

- (a) only the model bidding documents for NCB agreed with the GoI Task Force (and as amended from time to time) shall be used for bidding;
- (b) invitations to bid shall be advertised in at least one widely circulated national daily /newspaper, at least 30 days prior to the deadline for the submission of bids;
- (c) no special preference will be accorded to any bidder either for price or for other terms and conditions when competing with foreign bidders, state-owned enterprises, small scale enterprises or enterprises from any given state;
- (d) except with the prior concurrence of the Bank, there shall be no negotiation of price with the bidders, even with the lowest evaluated bidder;

(e) extension of bid validity shall not be allowed without the prior concurrence of the Bank for the first request for extension if it is longer than four weeks; and for all subsequent requests for extension irrespective of the period;

(f) re-bidding shall not be carried out without the prior concurrence of the Bank. The system of rejecting bids outside a pre-determined margin or “bracket” of prices shall not be used in the project;

(g) rate contracts entered into by DGS&D will not be acceptable as a substitute for NCB procedures. Such contracts will be acceptable however for any procurement under Shopping procedures; and

(h) two or three envelop system shall not be used.

Disclosure: The following documents shall be disclosed on the SERP website: i) Procurement plan and updates, ii) Procurement manual iii) invitation for bids for goods and works for all ICB and NCB contracts, iv) request for expression of interest for selection/hiring of consulting services, iv) contract awards of goods, works and all consultancy services, v) list of contracts following DC or Single Source Selection (SSS), vi) short list of consultants, (vii) contract award of all consultancy services, (viii) list of contracts following DC or CQS or SSS on a quarterly basis, and (ix) action taken report on the complaints received on a quarterly basis,.

The following details shall be sent to the Bank for publishing in the Bank’s external website and United Nations Development Business (UNDB): (a) invitation for bids for procurement of goods and works using ICB procedures, (b) request for expression of interest for consulting services with estimated cost more than \$300,000, (c) contract award details of all procurement of goods and works using ICB procedure, (d) contract award details of all consultancy services with estimated cost more than \$300,000, and (e) list of contracts/purchase orders placed following SSS or CQS or DC procedures on a quarterly basis. Further SERP will also publish in their websites, any information required under the provisions of suo motu disclosure as specified by the Right to Information Act.

Complaint Handling Mechanism: To deal with the procurement complaints received by the SERP, a complaint handling mechanism for the project shall be developed and will be published in the SERP website. On receipt of complaints, immediate action would be initiated to acknowledge the complaint and redress in reasonable time frame. All complaints would be dealt at levels higher than that of the level at which the procurement process was undertaken. Any complaint received would be forwarded to the Bank for information and the Bank would be kept informed after the complaint is redressed.

Methods of Procurement

The table below gives highlight of the various procurement methods to be used for this project. These along with agreed thresholds would be reproduced in the procurement plan. The thresholds indicated in the following table is for the initial 18 months period and is based on the procurement performance of the project, these thresholds would be modified as and when required.

Procurement Methods

Category	Method of Procurement	Threshold (US\$ Equivalent)
Goods and Non-consultant services	ICB	>3,000,000
	LIB	wherever agreed by Bank
	NCB	Up to 3,000,000 (with NCB conditions)
	Shopping	Up to 100,000
	DC	As per para 3.7 of Guidelines
	Force Account	As per para 3.9 of Guidelines
	Framework Agreements	As per para 3.6 of Guidelines
Works	ICB	>40,000,000
	NCB	Up to 40,000,000 (with NCB conditions)
	Shopping	Up to 100,000
	DC	As per para 3.7 of Guidelines
	Community Participation in Procurement	As per para 3.19 of the guidelines
	Force Account	As per para 3.9 of Guidelines
Consultants' Services	CQS/LCS	Up to 300,000
	SSS	As per para 3.9-3.11 of Guidelines
	Individuals	As per Section V of Guidelines
	QCBS/QBS/FBS	for all other cases
	Shortlist may comprise national consultants only	Up to 800,000

Review by the Bank: The Bank will prior review following contracts:

Procurement	Prior review Threshold	Post review threshold
Works	All contracts more than US\$5 million equivalent	All contracts below US\$5 million
Goods	All contracts more than US\$0.5 million equivalent	All contracts less than US\$0.5 million equivalent
Services (Other than consultancy)	All contracts more than US\$0.5 million equivalent	All contracts less than US\$0.5 million equivalent
Consultancy Services	> US\$200,000 equivalent for firms; and > US\$100,000 equivalent for individuals	< US\$200,000 equivalent for firms; and < US\$100,000 equivalent for individuals

The first contract issued by SERP for each category i.e Goods, works and consultancy will be prior reviewed by the Bank, irrespective of value. In addition, the justifications for all contracts to be issued on LIB, single-source (>US\$10,000) or direct contracting (>US\$10,000) basis will be subject to prior review. These thresholds are for the initial 18 month period and are based on the procurement performance of the project could be modified over the course of

implementation. The prior review thresholds would also be given in the Procurement Plan. The Procurement Plan would be updated at least annually and would reflect the change in prior review thresholds, if any.

Post Review by the Bank: For all contracts for contracts not covered under prior review, the Bank would conduct an annual ex-post procurement review of the procurement falling below the prior review thresholds mentioned above

Frequency of Procurement Supervision: The Bank will normally carry out the implementation support mission on semi-annual basis. The frequency of the mission may be increased or decreased based on the procurement performance of the Project.

Government owned enterprises or institutions in India may be hired for unique and exceptional nature if their participation is considered critical to project implementation. In such cases the conditions given in clause 1.10 of Procurement of Goods, works and non-consulting guideline and clause 1.13 of Consultant Guidelines shall be satisfied and each case will be subject to prior review by the Bank. Similarly goods, non-consultancy services or works supplied/carried out by a government-owned unit that is not managerially, legally or financially autonomous shall be considered as a Force Account for which paragraph 3.9 (Force Account) of the Procurement Guidelines will be applicable with prior review of the Bank.

4. Governance and Accountability (GAC)

The vision of Governance and Accountability (GAC) in APRIGP is to facilitate efficient governance of resources (human and financial), with a foresight to undertake assessments of risks and vulnerabilities and tackling them. It will also put up a governance architecture to improve the services delivery in the project and create accountable institutions This will be achieved through effective tools of decentralised transparent monitoring and deployment of mechanisms for timely response to address grievances. GAC is important for the benefit of the stakeholders, mainly the target households under the project. This can be achieved only by integrating social accountability and good governance measures into project DNA based on the Governance and Accountability principles of transparency, equity, accountability and performance.

Appropriate Governance and Accountability arrangements will be put in place both at the community level – including all community institutions (SHGs, federations, producer groups, etc.) and at the project level – including the project machinery and the participating agencies/departments (SERP, line department, District and Mandal facilitation teams, community facilitators, etc.).

Principles for GAC framework in APRIGP

An overall Governance framework encompassing multiple departments is developed for APRIGP with the following key principles:

- a. **Governance and Accountability for Service Delivery Improvement:** The key services of the project have to be standardized with due consultation with line departments. This would

include defining the service delivery standards, capturing the present delivery, capturing the deviation and improving the service delivery. The standardization of the service delivery will be as per Citizen Charter and Sevottam standards. The GAC framework includes technical assistance to each component in APRIGP by the districts to identified mandals and the villages/SHGs directly based on their needs. It is also important to establish link between the villages and technical providers during implementation.

- b. Community Accountability for participatory monitoring, transparency and social accountability:** All budgets and decision making under the project are to be publicly announced and available on information boards. High service standards and the role of participatory M&E for service delivery, social accountability and transparency tools like community score cards, social audits, budget notice boards, and grievance redress systems, will be recognized as an important determinant for the success of APRIGP. Mechanisms for making community institutions accountable will also be developed.
- c. Feedback mechanism for correction action:** A feedback loop to capture community perception will also be established. A robust grievance redress mechanism is important for community driven development. This system is for use by the community members to report on any form of corruption or graft, and complain in case the selection and planning process was not participatory or inclusive. This redress system will operate independently of the project implementation setup and local government structure.

Overall GAC framework

The APRIGP being a multi department, convergence project will have a GAC framework that is risk informed and results oriented so that it can serve as a management tool, rather than seen as a 'compliance' or 'checklist' type instrument. The five governance principles of transparency, equity, accountability, performance and honesty would serve as the overall objectives of the GAC framework. The GAC framework will provide the structure for all the participating departments viz. health, education, water supply sanitation, tribal welfare and, social welfare to follow basic principles of governance and accountability across the service delivery being attempted by the respective departments. Given that each department may have its existing Governance and Accountability plans / systems, the aim of the APRIGP GAC framework will be to build on the strengths of these by outlining minimum core requirements to be maintained by each partner department, but also allowing enough flexibility for each department to allow for innovation in their respective domains.

The GAC framework identifies each of the key GAC vulnerabilities and risks that are likely to arise at each of three levels above. These risks correspond to those highlighted in the project's Operational Risk Assessment Framework (ORAF) as well as discussions with various project stakeholders. It is expected that this part of the GAC framework would be updated annually along with changes in the ORAF.

The GAC framework articulates the various GAC mechanisms that will be employed to address each risk/vulnerability. These mechanisms have been classified into those that are meant for (a) Prevention (e.g. business processes, disclosure mechanisms, HR systems, and capacity

building/participatory processes), (b) Detection (e.g. monitoring, grievance redress, fiduciary controls), and (c) Response (e.g. sanctions, performance incentives).

Components of GAC Framework

S.No	Component	Details
A.	Overall Governance and Accountability	
	Service Efficiency and Effectiveness	<ul style="list-style-type: none"> • Business Process Re-engineering and Systems Development • Governance Structures, Roles and Responsibilities
	Performance Management	<ul style="list-style-type: none"> • Development of Key Performance Indicators /Service standards and Performance measurement systems • Performance Review mechanisms • Awards/ Rewards mechanisms
	Risk Assessment and Mitigation Plans	<ul style="list-style-type: none"> • Fiduciary, Procurement, Convergence and Governance Risks
	Financial Management	<ul style="list-style-type: none"> • Budgeting, Double-entry Accounting, Budget and Expenditure Tracking • Internal Audits and Financial Audits
	Procurement Management	<ul style="list-style-type: none"> • Procurement Guidelines, Procurement Manuals , E-Procurement
	Staffing Support to Line Departments	<ul style="list-style-type: none"> • HR Support for Placing Professionals in Line Departments, Monitoring the Accountability and performance
	Grievance Redress Mechanism	<ul style="list-style-type: none"> • Grievance Redress System • Call Centre approach • Computerization / IVRS / Mobile technology
B.	Community Accountability	<ul style="list-style-type: none"> • Effective Information dissemination • Proactive Disclosure • Social Accountability • Participatory Monitoring
C.	Feedback Mechanism	<ul style="list-style-type: none"> • Creating a cadre of community professionals • Household Diagnostics • Community perception on service delivery • Trainings for making community institutions accountable.

5. Environment Management Framework and Climate Change Adaptation

The project interventions will be on selected rural value chains, rural retail chains (Small scale enterprises and rural marts) and Human Development (Nutrition, deflouridation plants for safe drinking water and Sanitation). The expected impacts are of this nature:

- Possible over exploitation of the resources such as ground water for irrigation to enhance the productivity
- Introducing high yielding varieties which need intensive irrigation, fertilization that have negative impact on soil and water and biodiversity
- Setting up mills, processing units and storage structure which need high energy requirement and may release wastes that are harmful to the environment
- Water and sanitation interventions may lead to environmental issues like contamination of water resource if safe distance is not maintained and disposal of fluoride from deflouridation plants etc.

The EMF consists of protocols for environmental screening and appraisal of value chain interventions, guidelines for environmental management of interventions in the value chain and human development components, as well as description of institutional arrangements, capacity building, monitoring and audits.

The project will enhance the environment benefits by organizing an innovation forum or solution market place to address the critical issues identified through environment assessment which will be identified during the project period. The theme of the innovation forum or solution market place will be – Green Business Opportunities’ and the objective will be to identify high impact environment management related innovations on value chains and to form productive partnership with Technical Agencies that can provide support on energy efficient processing, improving water use efficiency, waste utilization and recycling, green labeling and marketing etc.

The benefits accrued through implementation of ‘environment guidelines’ and ‘innovation forum’ will be measured by green rating tools through green audits developed by a technical agency. The EMF includes a Capacity building plan and a robust monitoring system: External audits will be conducted by hiring a third party external agency once every year from year 2 or 3 onwards for Value Chains and for HD Plans. Annual green audits and certification will be done by a third party agency which may help the Producer Groups to access premiums under climate friendly agriculture practices (energy efficiency, water use efficiency), fair trade and ethical farming. This Green rating will be done after every audit against an established criteria developed by third party agency during year 1. A sample of 10 percent (or a selected number) of PGs of all commodities or sectors will be field visited as part of the external audit. The external audit will follow by certification of the products and setting up traceability mechanism for marketing as green products.

Climate Change Adaptation in APRIGP

An earlier bank funded project implemented by the erstwhile SERP, the Andhra Pradesh Rural Poverty Reduction Project was the first livelihoods project in India that supported a sub-project on drought adaptation entitled Andhra Pradesh Drought Adaptation Initiative from 2007-2010 which piloted a comprehensive field testing and implementation of adaptation packages on diversified farming and sustainable natural resource management. Learning lessons from the state of Andhra Pradesh, this activity contributed to the proposed Sustainable Livelihoods and Adaptation to Climate Change Project financed by the GEF-administered Special Climate Change Fund which aims to integrate and scale up community-based climate risk management

approaches in Government of India's National Rural Livelihoods Mission (NRLM). In the AP RIG Project, the core concept of the rural value chains entails empowering and strengthening the capacity of poor rural households to self-organize and supporting the higher economic federations of small and marginal farmers at village level and above, thereby increasing their relative bargaining power through market exchange in commodity value chains. Such investments in local-level institutional capacity also contribute to building adaptive capacity for dealing with climate-related shocks and stresses. So in some sense the project is already helping the small holders to adapt to climate change uncertainties. But while taking actions to retain a greater share of total value within commodity value chains at the level of the household is likely to increase the returns to natural resource exploitation, it may not reduce sensitivity to climate risk if the production of those commodities is itself climate-sensitive, unless the household also has other, less climate-sensitive livelihood options on which to draw.

Recognizing the above, the AP RIG Project will support climate-adapted agricultural livelihoods by assisting the producers to diversify and enhance their production base in a climate compatible manner so that people have several options that may be drawn upon at any one time, thereby increasing their flexibility to respond to a variety of shocks and stresses. In general, such options, or adaptation strategies, can be linked to the following five analytical risk management categories:

- *Diversification and enhancement* – the distribution of risk within and across asset classes;
- *Communal pooling* – the distribution of risk among households; and
- *Mobility* – the distribution of risk across space;
- *Processing and storage* – the distribution of risk over time;
- *Market exchange* – the purchase and sale of risk via contracts, which may substitute for any of the other four categories when households have access to markets

All of the above strategies are inherently woven into the design of the APRIG Project in Component 1. However, putting these concepts together, a strategy for building climate resilience for poor households in AP RIG Project would entail providing the following menu of *options* for support in a coordinated manner. None of these individual options is new; however, it is the explicit attention to building synergies by *combining* options that may be new, and approaching each of them within a wider climate adaptation planning framework *at two scales*: on-farm and at wider landscape level beyond the immediate locality. Such options include:

- Climate vulnerability analysis based on the secondary data and literature from the ICAR and other institutions of the project geography of 150 mandals and 13 districts to better understand the current and future climate stresses faced in the implementation space;
- Farmer-oriented *climate-adapted production plans* for producer companies which explicitly incorporate ongoing and future climate risks and vulnerabilities and taking into account the above analyses;
- *On-farm climate-smart measures* to enhance climate resilience and achieve mitigation co-benefits, including adoption of drought-adapted crop varieties, quality seed production, more water-efficient crop mixes and irrigation technologies, greater use of integrated crop-livestock systems, seeds and fodder pooling strategies, and climate-smart rice, soil and livestock practices that reduce methane emissions;

- Community-based management of *common-pool resources*, including forests, pastures, groundwater, through strengthening of institutions for collective action within panchayats, and introducing innovations such as water budgeting and building upon the FAO-supported farmer climate schools in the state;
- *Participatory planning* at the level of producer companies in collaboration with the panchayati raj institutions to make optimum use of opportunities through public programs such as MGNEGRA to create common assets that contribute to *area-based resilience*;
- *Piloting and scaling weather-based agro-advisories* at the level of producer companies in at least 100-150 villages which brings weather and crop related information to the farm level and enables the use of the state-of-the-art weather technology and ICT for this purpose. Similarly also look at communized approaches for *weather-index insurance products*. Synergies with the SLACC Project will be established as it is also emphasizing such innovations eventually for national uptake.
- *High quality technical assistance and knowledge support* on climate change adaptation to the AP RIG Project on climate adaptation production planning for producer organizations/companies, climate-adapted technologies and weather-based agro-advisory support. This would also include learning from the relevant and ongoing national and international experiences through high quality and visible exchange mechanisms, such as South-South exchange and other national fora.

6. Social (Safeguards)

SERP has integrated several measures into the RIGP project design such as selection of high tribal presence areas as project mandals, rural value/retail chains and enterprises for tribal areas and landless SC households, expansion of health and nutrition and water sanitation services in SC and ST habitations, linkages with SC/TSP programs of tribal and social welfare departments and ITDAs. SERP has also prepared a Social Management and Tribal Development Plan (SM & TDP) to further strengthen the social impact of RIGP.

The SM & TDP include strategies for targeting and inclusion of tribal, SC and vulnerable households in the context of the project interventions and consolidates gender, social inclusion and tribal development strategies for the project. The SM & TDP covers details of implementation arrangements, capacity building, monitoring and budget. The SM & TDP also supports a crosscutting program on social inclusion analytics and technical assistance to departments of social welfare and tribal development. RIGP has Grievance redressal systems to provide effective services, coupled with counselling and facilitation services. These systems will ensure better implementation of the programs and also have increased outreach to the beneficiaries. The GRM and Feedback systems include One Stop Shops, Call Centres and GRM monitoring cell. The Project interventions are not expected to involve any adverse impacts related to involuntary land acquisition and displacement.

Annex 4: Operational Risk Assessment Framework (ORAF)
INDIA: Andhra Pradesh Rural Inclusive Growth Project
Stage: Negotiation

1. Project Stakeholder Risks						
1.1. Stakeholder Risk	Rating	Moderate				
Description:	Risk Management:					
<ul style="list-style-type: none"> The main stakeholder for the project is the new GoAP and SERP (A.P), the implementing agency. The key risk for the project as a result of the bifurcation of the state is the depletion in the capacity of the Government and the implementing agency, SERP. SERP has been reorganized into two units namely, SERP (Telangana) and SERP (Andhra Pradesh) as a result of the bifurcation of the state. The implementation capacity of the two new agencies has been reduced as staff (especially the senior staff) has been distributed among the two new agencies. 	<ul style="list-style-type: none"> Multiple rounds of stakeholder consultations have been held with the key SERP staff prior to conceptualizing and during the preparation of the project. To mitigate this risk, it has been decided that Andhra Pradesh State SERP will immediately commence the process of hiring additional staff for the important positions required for the project. A HR agency which will support both states in this process has been recruited. Also, a number of senior officials are new on the job due to reallocation of departments. This will be mitigated by a systematic process of learning and exposure for senior government officials as soon as they are appointed. 					
	Resp:	Stage:	Recurrent:	Due Date:	Frequency:	Status:
	Both	Implementation	<input type="checkbox"/>			In Progress

2. Implementing Agency Risks (including fiduciary)							
2.1. Capacity		Rating	Substantial				
Description:		Risk Management:					
<ul style="list-style-type: none"> Apart from the risk in terms of the depletion of the staff due to the split one of the key risks is that a different set of competency would be required for implementation of this project. These competencies may not be found in the existing staff in SERP 		<ul style="list-style-type: none"> The project will create a separate PMU for the implementation of this project and staff from SERP shall be source strictly based on a competency assessment. Thus only those staff that has the required competencies for the project only will be taken into the project. It has been agreed for certain key positions for which competencies may not be found in existing SERP staff, the PMU will recruit new professionals from the market with the support of a HR agency. A HR agency which will support in this process is being recruited. Also, a number of senior officials are new on the job due to reallocation of departments. This will be mitigated by a systematic process of learning and exposure for senior government officials as soon as they are appointed. 					
		Resp:	Stage:	Recurrent:	Due Date:	Frequency: Status:	
		Client	Implementation	<input type="checkbox"/>			Not Yet Due
<ul style="list-style-type: none"> Low capacity in terms of procurement management 		Risk Management:					
		<ul style="list-style-type: none"> In order to mitigate the risk arising due to low capacity of procurement management, SERP (AP) has initiated the creation of a procurement cell that will comprise of a designated procurement official supported by a procurement consultant firm and a procurement point person for each component 					
		Resp:	Stage:	Recurrent:	Due Date:	Frequency: Status:	
		Client	Implementation	<input type="checkbox"/>			In Progress
2.2. Governance		Rating	Low				
Description:		Risk Management:					
<ul style="list-style-type: none"> Governance and accountability issues compromise project 		<ul style="list-style-type: none"> Project Implementation Plan (PIP) for the implementation includes the responsibilities of implementing agency, service standards, eligibility criteria, eligible proposals, selection criteria, and negative list for funding, funds flow, procurement arrangement and other rules of the game. 					

<p>implementation and effectiveness.</p> <ul style="list-style-type: none"> Capture of the institutions and process further marginalizing the targeted group 	<ul style="list-style-type: none"> Existing governance and HR systems will be reviewed and strengthened. The project will encourage performance based management that aligns objective with results of the programs. Community institutions will develop and follow clear institutional norms for targeting, democratic governance, rotation of leaders, equity in flow of benefits, transparency and disclosure of project funded activities 					
	Resp:	Stage:	Recurrent:	Due Date:	Frequency:	Status:
	Client	Implementation	<input type="checkbox"/>			In Progress
3. Project Risks						
3.1. Design	Rating	Substantial				
Description:	Risk Management:					
<ul style="list-style-type: none"> The proposed project is designed around three pillars for inclusive growth viz. livelihoods promotion, human development, and access to entitlements and social development. The implementation requires coordination, collaboration and convergence. Coordination failure may adversely impact the project outcomes. Complexity of implementation arrangements 	<ul style="list-style-type: none"> Community institutions like SHGs and their federations created by SERP are leveraged for co-production and last mile service delivery for the poor. The project will develop framework for public-private-community partnerships and facilitate special purpose institutions like producer organizations/companies, community managed nutrition and day care centers, etc. to collaborate with government and markets. The project will also provide support to the missions that have been recently launched by the government of Andhra Pradesh with the objective of ensuring better inter departmental coordination and convergence. The project will initiate convergence with limited number of programs and entitlement schemes before expanding based on the field learning. The project will put in place accountability, internal controls and oversight rules which are well understood by staff and collaborating partners, particularly at the grassroots. 					
	Resp:	Stage:	Recurrent:	Due Date:	Frequency:	Status:
	Client	Implementation	<input type="checkbox"/>			In Progress

3.2. Social and Environmental	Rating	Low				
Description:	Risk Management:					
<ul style="list-style-type: none"> Project interventions aim to enhance livelihoods and the health, education and nutrition status of the rural poor, in addition to improving their access to social services and entitlements. Environmental and Social risks from such interventions tend to be low. 	<p>The EMF details guidelines and due diligence remedial measures to ensure that the project activities do not have significant adverse impacts. The reporting and monitoring mechanism is also robust to strengthen the feedback loop and implement remedial corrective measures in a timely manner.</p> <p>The main risk of excluding the poorest SC and ST households is mitigated by clear project focus on selecting and targeting most backward and excluded mandals, habitations and households of SCs and STs and other vulnerable groups. Strategies on beneficiary targeting, social inclusion and social accountability, along with dedicated project subcomponents on tribals, people with disability, gender equity will cumulatively reduce and mitigate any social risks.</p> <p>APRIGP has Grievance redressal systems to provide effective services, coupled with counselling and facilitation services.</p>					
	Resp:	Stage:	Recurrent:	Due Date:	Frequency:	Status:
	Client	Implementation	<input type="checkbox"/>			
3.3 Delivery Monitoring and Sustainability	Rating	Moderate				
Description:	Risk Management:					
<ul style="list-style-type: none"> Monitoring and evaluation capacity of the project does not adequately address the multiple programs and sector interventions planned for under the 	<ul style="list-style-type: none"> Design of the monitoring and evaluation (M&E) Framework will be tightly integrated with overall project design, to ensure that indicators of success defined for the overall project drive the design of the M&E and to enable the on-going development of the M&E Framework to inform the final project design. Rather than seeing M&E as an outside and largely inspectorial function, it will be tightly integrated with the project management processes so that it can serve to inform and improve project delivery on an on-going basis. A technical support agency that will set up a concurrent monitoring and evaluation cell will further strengthen M & E capacity. 					

project.	Resp:	Stage:	Recurrent:	Due Date:	Frequency:	Status:
	Client		<input type="checkbox"/>			In Progress
3.4 Other (Optional)	Rating	Low				
<p>Description:</p> <ul style="list-style-type: none"> • Linkages with Local Government Institutions: The local government system is not developed adequately in the State. Historically, there is limited experience of linkages between local governments and SHG Federations. Limited convergence between the local governments and the institutional platform of SHG federations leads to poor quality of service delivery of human development services at the last mile 	<p>Risk Management:</p> <p>This risk has been mitigated in the past few years, by SERP actively facilitating convergence between Panchayats and community institutions for implementing entitlement schemes and programs such as MGNREGS, sustainable agriculture development on private lands, etc. Resource persons from SHG networks have been actively participating in social audit of various Government programs. Another positive development in this regard has been the fact that a number of women belonging to poorest SHG households from Dalit and poorest communities by virtue of their functional leadership skills have contested the recent local government elections and many of them have been elected. The project will leverage existing relationship to develop complementarity of the two structures for effective delivery of public services and entitlements. Learning exchange program with “Kudumbashree” in Kerala and elsewhere will be arranged to systematically learn lessons in convergence strategies at various levels of governances. Specific capacity building of Panchayats and integrated HD planning at village level has been proposed in the project coupled with strengthening of service delivery through an e-governance delivery architecture at the Panchayat level.</p>					
	Resp:	Stage:	Recurrent:	Due Date:	Frequency:	Status:
	Client		<input type="checkbox"/>			In Progress

3.5 Other (Optional)	Rating	High				
Description:	Risk Management:					
<ul style="list-style-type: none"> Convergence and coordination with other Government Departments, public sector, private sector, social entrepreneurs and civil society will not be achieved. 	<p>The project has undertaken detailed consultations with the line departments and the missions that have been recently launched by the government of Andhra Pradesh on mechanisms to ensure convergence.</p> <ul style="list-style-type: none"> Solutions and innovations marketplace will be organized and consultations will be held with public, private sector and other stakeholders 					
	Resp:	Stage:	Recurrent:	Due Date:	Frequency:	Status:
	Both		<input type="checkbox"/>			In Progress
4. Overall Risk						
Preparation Risk Rating:	Substantial		Implementation Risk Rating:	Substantial		
Comments:			Comments:			
<p>Since the project is multi sectoral in nature and requires significant efforts at developing a convergence architecture and agreements to achieve agreement on project implementation and institutional arrangements, the preparation risk is rated as substantial</p>			<p>Since the project implementation has three components requiring building of partnerships and converged models of implementation, risk is rated as substantial.</p>			

Annex 5: Team Composition

Bank Staff			
Name	Title	Specialization	Unit
Parmesh Shah	Lead Rural Development Specialist	Team Lead	GFADR
Robert Chase	Lead Human Development Economist	Co-TTL	GSPDR
John Blomquist	Lead Economist	Social Protection	SACIN
Ramesh Govindaraj	Lead Health Specialist	Human Development	GHNDR
Vinay Kumar Vutukuru	E T Consultant	Agribusiness Management	GFADR
Sitaramachandra Machiraju	Senior Water and Sanitation Specialist	Water and Sanitation	GNASP
Samik Sundar Das	Senior Rural Development Specialist	Institution Building and Human Resources	GFADR
Tripti Chopra	Financial Management Specialist	Financial Management	GGODR
Priti Jain	Senior Procurement Specialist	Procurement Management	GGODR
Martin Serrano	Senior Counsel	Legal	LEGES
Varun Singh	Senior Social Development Specialist	Social Development and Safeguards	GFADR
Ruma Tavorath	Senior Environment Specialist	Senior Environment Specialist	GENDR
Shashank Ojha	Senior ICT specialist	Transport and ICT	GTIDR
Harsh Vivek	Investment Officer	Agribusiness Investments	CSASB
Mohini Kak	E T Consultant	Health & Nutrition	GHNDR
Shweta Banerjee	Communications Associate	Financial Inclusion	GFMGP
Oleg Petrov	Senior Program Officer	ICT and Open Data	GTIDR

Prasanna Lal Das	Lead Program Officer	ICT and Open Data	CTRLS
Priti Kumar	Senior Environmental Specialist	Climate Adapatation	GFADR
Janmajey Singh	Senior Strategy and Operations Officer	Community Driven Development	MNVAP
Luc Laviolette	Senior Nutrition Specialist	GHNDR	GHNDR
Grahame Dixie	Adviser	Agribusiness Specialist	GFADR
Sandra Ursula Sousa	Program Assistant	Operational Support	SACIN
Venkatakishnan Ramachandran	Program Assistant	Operational Support	GFADR
Non-Bank Staff			
Prasanth Regy	Resident Consultant	Livelihoods and Financial Inclusion	
Srinivas Vardhan			
Abhishek Gupta	Consultant	M & E	
Megha Phansalkar	Consultant	Governance & Accountability	
Vanitha Kommu	Consultant	Environment Management	
Shruti Gaur	Consultant	HR management	
Ireena Vittal	Consultant	Agribusiness	
Hema ramaswamy	Consultant	ICT & MIS	
Rajesh Singh	Consultant	Retail Chain	
L.K.Vaswani	Consultant	Agribusiness	
Amir Syed Hamza	Consultant	Financial Inclusion	