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IMPLEMENTATION COMPLETION AND RESULTS REPORT

IDA 48590

ON A

LOAN/CREDIT/GRANT

IN THE AMOUNT OF SDR106.7 MILLION

(US$122.84 MILLION EQUIVALENT)

TO THE

REPUBLIC OF INDIA

FOR THE

RAJASTHAN RURAL LIVELIHOODS PROJECT (RRLP)

MARCH 25, 2019

Agriculture Global Practice
South Asia Region

CURRENCY EQUIVALENTS

Exchange Rate Effective February 25, 2019

Currency Unit =	Indian Rupees
71.13=	US$1
US$1 =	SDR 1.39

FISCAL YEAR
April 1- March 31

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ABBREVIATIONS AND ACRONYMS

CBO	Community-Based Organization
CDO	Community Development Organisation
CIF	Community Investment Fund
CLF	Cluster Level Federation
CPF	Country Partnership Framework
CRP	Community Resource Person
DPG	Disabled People’s Group
DPMU	District Project Management Unit
EMF	Environment Management Framework
GoI	Government of India
GoR	Government of Rajasthan
INR	Indian Rupee
IRI	Intermediate Results Indicator
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Scheme
NRLM	National Rural Livelihood Mission
NRLP	National Rural Livelihood Project
PDO	Project Development Objective
PFT	Project Facilitation Team
PMU	Project Management Unit
PO	Producer Organization
PWD	Person with Diability
RF	Revolving Fund
RGAVP	*Rajasthan Grameen Aajeevika Vikas Parishad*
RRLP	Rajasthan Rural Livelihood Project
SHG	Self-Help Group
SPMU	State Project Management Unit
SSO	Sector Support Organisation
ToC	Theory of Change
TPP	Technical Paraprofessional
VO	Village Organization

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BASIC INFORMATION

Product Information

Project ID	Project Name
P102329	Rajasthan Rural Livelihoods Project (RRLP)
Country	**Financing Instrument**
India	Investment Project Financing
Original EA Category	**Revised EA Category**
Partial Assessment (B)	Partial Assessment (B)

Organizations

Borrower	Implementing Agency
Republic of India	Rajasthan Grameen Ajeevika Vikas Parishad (RGAVP)

Project Development Objective (PDO)

Original PDO

To enhance economic opportunities and empowerment of the rural poor, with a focus on women and marginalized groups, in the 17 targeted districts of Rajasthan.

FINANCING

	Original Amount (US$)	Revised Amount (US$)	Actual Disbursed (US$)
World Bank Financing			
IDA-48590	162,700,000	117,671,737	109,905,125
Total	**162,700,000**	**117,671,737**	**109,905,125**
Non-World Bank Financing			
Borrower/Recipient	21,100,000	15,804,000	12,670,875
Total	**21,100,000**	**15,804,000**	**12,670,875**
Total Project Cost	**183,800,000**	**133,475,737**	**122,576,000**

KEY DATES

Approval	Effectiveness	MTR Review	Original Closing	Actual Closing
11-Jan-2011	22-Jun-2011	15-Jul-2014	31-Oct-2016	15-Oct-2018

RESTRUCTURING AND/OR ADDITIONAL FINANCING

Date(s)	Amount Disbursed (US$M)	Key Revisions
28-Jan-2014	19.68	Change in Components and Cost Cancellation of Financing
19-Apr-2016	45.30	Change in Results Framework Change in Components and Cost Change in Loan Closing Date(s) Change in Implementation Schedule
06-Mar-2018	104.96	Change in Results Framework Change in Components and Cost

KEY RATINGS

Outcome	Bank Performance	M&E Quality
Moderately Satisfactory	Moderately Satisfactory	Modest

RATINGS OF PROJECT PERFORMANCE IN ISRs

No.	Date ISR Archived	DO Rating	IP Rating	Actual Disbursements (US$M)
01	11-Jul-2011	Satisfactory	Satisfactory	13.20
02	12-Dec-2011	Moderately Satisfactory	Moderately Satisfactory	13.20
03	05-Jun-2012	Moderately Satisfactory	Moderately Satisfactory	13.31
04	14-Sep-2012	Moderately Satisfactory	Moderately Satisfactory	13.37
05	19-Feb-2013	Moderately Unsatisfactory	Moderately Unsatisfactory	13.89
06	24-Aug-2013	Moderately Unsatisfactory	Moderately Unsatisfactory	15.62
07	17-Oct-2013	Moderately Unsatisfactory	Moderately Unsatisfactory	15.62
08	13-Apr-2014	Moderately Unsatisfactory	Moderately Unsatisfactory	23.62
09	11-Oct-2014	Moderately Unsatisfactory	Moderately Unsatisfactory	23.99
10	08-Jun-2015	Moderately Unsatisfactory	Moderately Unsatisfactory	28.09
11	23-Oct-2015	Moderately Unsatisfactory	Moderately Unsatisfactory	30.25
12	17-Jan-2016	Moderately Unsatisfactory	Moderately Unsatisfactory	35.02
13	04-May-2016	Moderately Unsatisfactory	Moderately Unsatisfactory	45.30
14	29-Jun-2016	Moderately Satisfactory	Moderately Satisfactory	49.37
15	22-Dec-2016	Moderately Satisfactory	Moderately Satisfactory	64.24
16	20-Jun-2017	Moderately Satisfactory	Moderately Satisfactory	83.75
17	12-Sep-2017	Moderately Satisfactory	Moderately Satisfactory	89.35
18	27-Mar-2018	Moderately Satisfactory	Moderately Satisfactory	104.96
19	02-Sep-2018	Moderately Satisfactory	Moderately Satisfactory	107.43

SECTORS AND THEMES

Sectors

Major Sector/Sector	(%)
Agriculture, Fishing and Forestry	**45**
Public Administration - Agriculture, Fishing & Forestry	8
Other Agriculture, Fishing and Forestry	37
Industry, Trade and Services	**55**
Agricultural markets, commercialization and agri-business	55

Themes

Major Theme/ Theme (Level 2)/ Theme (Level 3)	(%)
Private Sector Development	**100**
Jobs	100
Finance	**22**
Finance for Development	22
Agriculture Finance	22
Urban and Rural Development	**72**
Rural Development	72
Rural Markets	22
Rural Non-farm Income Generation	45
Rural Infrastructure and service delivery	3
Land Administration and Management	2

Environment and Natural Resource Management	**14**
Climate change	10
Mitigation	4
Adaptation	6
Renewable Natural Resources Asset Management	4
Biodiversity	2
Landscape Management	2

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I. PROJECT CONTEXT AND DEVELOPMENT OBJECTIVES

A. CONTEXT AT APPRAISAL

Context

1. At appraisal, the State of Rajasthan was experiencing slowing economic growth after two decades of strong economic performance. During 1980 – 2000 the Gross State Domestic Product (GSDP) grew at 6.2 percent on average, which was one of the highest in the country. However, growth had started declining, and Rajasthan's per capita income growth rates for 1999 – 2004 were half of those in 1980 – 2000. Rajasthan was overwhelmingly rural with three quarters of the population living in rural areas and had one of the highest proportions of Scheduled Caste (SC) and Scheduled Tribe (ST) populations, who in 2001 accounted for 17.2 percent and 12.6 percent of the total population and were disproportionately represented in poverty figures in the state. As of 2005, the poverty rate in the general population was 19 percent, with the corresponding rate in the ST population at 59 percent and SC population at 49 percent. Recurring drought, a worsening ground water supply, falling investment rates and decreasing public investment in infrastructure were among the key factors that had contributed to declining growth rates and increasing economic volatility of the state.

2. Poverty had declined from 50 percent in 1970 to 24 percent in 2005, but since the state had the eighth largest population in the country at that time, the absolute number of the poor remained considerably high. In 2000, an estimated 8.65 million people were living below the poverty line. Almost two-fifth of the population were still illiterate in 2001, and out-migration was at a high level. Incidence of poverty was highest in southern and eastern parts of the state. Southern Rajasthan had the lowest human development indicators, high rates of seasonal migration due to periodic droughts, and a rural population which included vulnerable groups, such as female-headed households, agricultural laborers and tribal communities. The geographical disparity of poverty in the state and the recognition that economic growth alone may not be sufficient to reduce poverty pointed toward the need for interventions that directly targeted the poor.

3. A key poverty reduction strategy of the Government of Rajasthan (GoR) was to promote projects and programs that focused on jobs, skills development, and wage and self-employment. Many government programs for the rural poor were implemented through community-based organizations and sought to promote Self-Help Groups (SHGs). The state had more than 350,000 SHGs created under different government programs. Their performance, however, was found to be mixed particularly in terms of financial linkages and sustainability. Only about 60 percent of them were able to even open a bank account; they were expected to meet only once a year to be termed functional; and about 44.1 percent of them received loans from commercial banks. Insufficient focus on and resources allocated for SHG institution-building was considered the main reason for their organizational weaknesses. In parallel, lessons from the recently closed Rajasthan District Initiatives Project (DPIP) highlighted weakness of the Common Interest Group (CIG) model from the poor's empowerment point of view, which, together with the Bank's implementation experience from other livelihood projects in South Asia, led the RRLP design to adopt the affinity-based SHG model and to focus on strengthening institutional quality and sustainability.

4. It was in the above context that the GoR requested the World Bank to finance a new project targeting the rural poor based on successes and lessons learned from the DPIP. The proposed project was to promote social

inclusion and empowerment of the poor, and to facilitate linkages to commercial bank financing. The GoR committed to creating an independent society under its Department of Rural Development to implement the project. By the time of the appraisal, the Ministry of Rural Development of the Government of India (GoI) had launched a National Rural Livelihood Mission (NRLM), and the World Bank's support to NRLM through a major project operation – the National Rural Livelihoods Project (NRLP) - was being discussed. The independent society in Rajasthan was to provide an overarching framework for implementation, supervision and monitoring of all livelihood interventions including those under the proposed NRLP and NRLM.

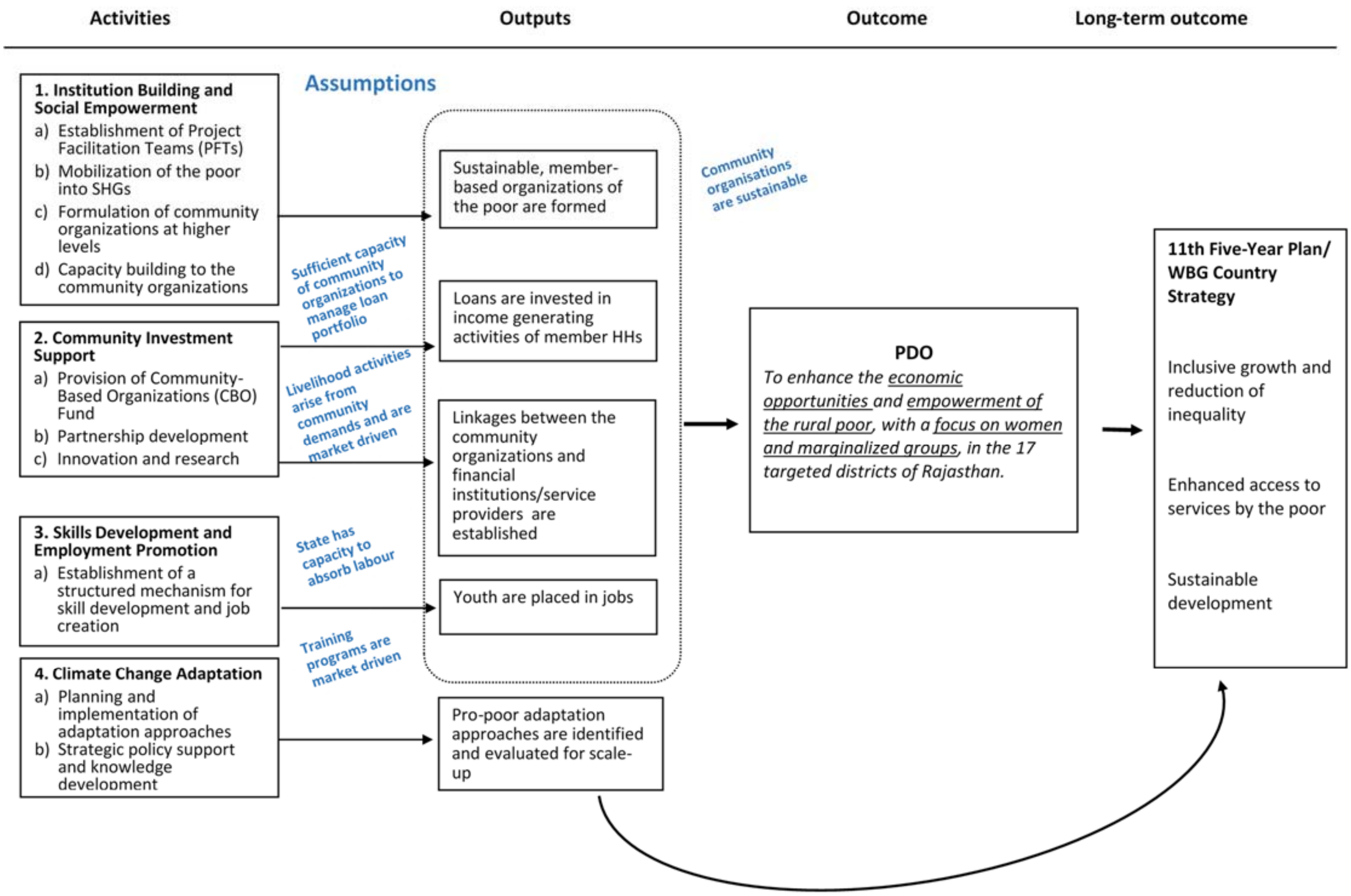
5. The project design was in line with the then Country Assistance Strategy of the World Bank Group (2009 – 2012) in all its three main elements: (i) achievement of rapid, inclusive growth; (ii) ensuring sustainable development; and (iii) enhancing access to services by the poor. It was also closely aligned with the 11th Five-Year Plan (2007 – 2012) of the GoI which put inclusive growth at the core of its vision, reflecting a recognition that a high growth rate during the previous Five-Year Plan period was not sufficiently inclusive of disadvantaged groups, particularly SC and ST populations, and women. The 11th Five-Year Plan called for equality of opportunity for all and acknowledged that individuals belonging to disadvantaged groups should be provided with "special opportunities to develop their skills and participate in the growth process".

Theory of Change (Results Chain)

6. The Theory of Change of RRLP is presented in Figure 1 below. RRLP aimed at: (1) enhancing economic opportunities of the rural poor in target districts with a focus on women and marginalized groups; and (2) empowering them. Increased economic opportunities and empowerment of the rural poor, particularly for disadvantaged groups, were to contribute to reducing income disparity in the state and, in the long-run, to inclusive growth and poverty reduction in the country.

7. Economic opportunities of the rural poor were to be enhanced through improved access to credit and increased investment in livelihoods activities which was to be facilitated by access to necessary technical services. Empowerment of the rural poor was to be achieved by mobilizing them into community institutions "owned" and managed by themselves, with project interventions and financing support being routed through these community institutions. Economic opportunities were to be additionally enhanced for youth from poor households who would receive skills training and would gain income from newly obtained jobs.

Figure 1: Theory of Change (Results Chain)



Project Development Objectives (PDOs)

9. The Project Development Objective in the Financial Agreement is: *to enhance the economic opportunities and empowerment of the rural poor, with a focus on women and marginalized groups, in selected districts of Rajasthan.* PDO in the PAD mentions 17 districts as the target area.

Key Expected Outcomes and Outcome Indicators

10. The PDO encompasses two outcomes: (i) enhanced economic opportunities of the rural poor in selected districts; and (ii) their empowerment. Three of the four PDO level indicators were to measure outcomes on enhanced economic opportunities:

- Increase in numbers of sources of household income reported in at least 70 percent of the targeted households;
- Reliance on informal credit sources drops by 90 percent among members of grade 'A' SHGs; and

- At least 70 percent of the 33,000 SHGs supported by the project are financially viable and institutionally sustainable.

The empowerment outcome was to be measured by:

- At least 50 percent of grade 'A' SHG members routinely participate in Gram Sabha and other village meetings

Components

11. RRLP had five components. Their titles, allocated costs and key activities are presented below:

12. **Component 1 - Institution Building and Social Empowerment (US$51.2 million):** The objective of the component was to help the poor mobilize themselves into SHGs, and gradually develop their own capacity to initiate and expand sustainable livelihood activities. Project support was to focus on facilitating the process of community mobilization and capacity building of the poor and providing necessary technical expertise and financial resources. The component consisted of four sub-components:

    (a) Establishment of Project Facilitation Teams (PFT) to support and facilitate activity implementation at the village level
    (b) Community Mobilization to initiate area and village entry, identify the beneficiaries, and help the poor organize themselves into SHGs)
    (c) Facilitating Community Institutions to support the formation of SHGs, Cluster Development Organizations (CDO), producer organizations and Area Federations
    (d) Capacity Building of Community Institutions to facilitate knowledge dissemination and systems development to enhance the development and sustainability of community institutions formed.

13. **Component 2 - Community Investment Support (US$100.8 million):** The objectives of this component were to support asset creation of SHGs and their federations and identify and support innovative approaches to improve the livelihoods of the rural poor. The component consisted of the following sub-components:

    (a) Community Based Organization (CBO) Funds to provide grants to SHGs to be further loaned to members to undertake productive livelihood enhancing initiatives; and to support federations to acquire facilities, equipment and other assets to operate sustainably and to leverage additional resources for SHGs from financial institutions, the private sector and other government sources.
    (b) Partnership Development to engage Sector Support Organizations (SSOs) to enhance viability of activities, linkages with the banking sector, sector support and value chain development.
    (c) Innovation and Research to provide support for innovative pilot activities that have potential for scaling-up and replication such as improved seed varieties, agro-processing and agricultural insurance.

14. **Component 3 - Skills Development and Empowerment Promotion (US$6.3 million):** The objective of this component was to support unemployed youth in project districts to capture new employment opportunities through the establishment of a structured mechanism for skill development and access to jobs.

15. **Component 4 - Climate Change Adaptation (US$10.6 million):** The objective of this component was to develop and implement drought adaptation mechanisms and institutional models for more effective delivery of assistance to drought-affected communities through improved coordination and leveraging various programs currently delivered by the Government of Rajasthan. It also aimed to assess and recommend specific measures

to strengthen the policy and incentive framework for supporting the process of adaptation in Rajasthan. This component had two sub-components:

(a) Planning and Implementation of Adaptation Approaches to design and implement adaptation approaches at the field level that can leverage additional financial support from governmental programs such as the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), and watersheds and social forestry programs.
(b) Strategic Policy Support and Knowledge Development to provide inputs for the development of a strategic framework on climate change adaptation for Rajasthan through (i) review of the state's priorities on climate change and develop guidance for state policy support; and to (ii) identify a framework of opportunities for developing synergies in the ongoing government and non-government programs towards strengthening climate resilience.

16. **Component 5 - Project Implementation Support (US$14.9 million)** was designed to facilitate implementation, coordination, learning and quality enhancement efforts. It comprised the following three sub-components:

(a) Project Management to establish an efficient, effective and responsive entity for successful project implementation at the state, district and sub-district level
(b) Governance Management and Accountability to develop a governance and accountability framework to ensure that adequate and appropriate mechanisms are in place to monitor and support project implementation
(c) Monitoring and Evaluation to develop a system that will support and inform project implementation.

B. SIGNIFICANT CHANGES DURING IMPLEMENTATION (IF APPLICABLE)

17. The project underwent three restructurings during implementation. Table 1 below summarizes dates, changes made and level of disbursements when each restructuring was affected.

Table 1: Project Restructuring Dates and Summary

	Date	Summary of Changes	Project Disbursement percent
1.	January 27, 2014	Cancellation of US$40 million Reduction in Component 4- Climate Change Adaptation – costs. Reallocation of costs between components.	10.33 percent
2.	March 30, 2016	Dropping of Component 4 on Climate Change Adaptation. Extension of project closing date by two years. Reallocation of costs between components. Addition of PDO indicator.	34 percent
3.	March 6, 2018	Revision of PDO indicators. Reallocation of costs between components.	89.5 percent

Revised PDO Indicators

18. PDO indicators were revised during both the second and third project restructurings. At the second restructuring (approval March 30, 2016), a new indicator to directly measure the number of beneficiaries (‘At least 300,000 beneficiaries access SHG loans, of whom at least 90 percent are women’) was added as a fifth PDO indicator.

19. The third restructuring (approval March 6, 2018) revised PDO indicators substantially. The changes were triggered when the implementing agency requested a joint review of the results framework in 2017 citing ambiguity in the way the previous PDO indicators were worded which, it was concerned, left room for different interpretations and made measurement difficult. Based on a joint review, and on discussions and review within the World Bank, the indicators were revised to better capture the PDO outcomes of enhanced economic opportunities and empowerment of the rural poor. The restructuring involved replacing all the four original PDO indicators at appraisal with two indicators that more clearly measured impacts along economic opportunities and empowerment parameters: (i) measuring productive asset creation by project beneficiary households and (ii) funds managed and being on-lent by functioning apex community institutions. The indicator on number of project beneficiaries was amended to reflect the project’s exclusive focus on women and a sub-indicator capturing the share of project beneficiaries from marginalized groups was added (‘Number of women project beneficiaries, of which proportion belonging to marginalized groups.”) The target for this indicator on number of beneficiaries – defined as those accessing loans through project support - was increased from 300,000 to 350,000. The final set of agreed PDO indicators and their target values are listed in Table 2 below. The original Intermediate Results Indicators (IRIs) were almost completely retained, with only one indicator which was replicated in the Results Framework (RF) dropped and an additional 3 IRIs added. Annex 5 gives a list of changes in PDO indicators and a more detailed rationale.

20. The Theory of Change (ToC) of the project remained unchanged. There was no change in the scope of the project and activities being implemented with regards to the two PDO outcomes of enhanced empowerment and economic opportunities. The PDO indicators revised and improved measurement of the economic opportunities outcome from the earlier focus on reduced ‘reliance’ on informal credit, increase in sources of household income and viable SHGs formed to the more robust and measurable indicators of numbers of project beneficiaries accessing formal sources of credit through the project, and the proportion of them that were able to build productive assets. The empowerment PDO indicator was revised from the earlier focus on ‘participation’ in village meetings to sustainability of apex community-owned and run institutions formed and funds being managed by them.

21. The project does not present a case for split ratings. Firstly, neither the PDO nor the ToC was changed. The indicators were refined to better capture the intent of the PDO. The revised indicators focused on the PDO outcomes more directly and supporting IRIs remained unchanged. Secondly, the ambition and scope of the project remained unchanged, with the number of beneficiaries to be covered by the project actually being increased from 300,000 to 3,50,000.

Table 2: Final PDO Indicators

Revised PDO Indicator	Target
1. Number of women project beneficiaries, of which proportion belonging to marginalized groups	350,000, 55 percent
2. Percentage of SHG members that have developed additional productive assets	50 percent

3. Total funds managed by functioning apex community federations (Cluster Level Federations)	US$35 million

Revised Components

22. At the first restructuring (dated January 27, 2014) the scope of Component 4 on Climate Change Adaptation was narrowed substantially. The component suffered from almost no implementation progress and disbursement in the initial years (2012 – 2013). The first important action of the component, which was procurement of a specialized agency to design pilot interventions, had been proceeding very slowly. During the period, what the component was to achieve under the project was increasingly questioned by the implementing agency – the Rajasthan Grameen Ajeevika Vikas Parishad (RGAVP). Subsequently a decision was made that, instead of implementing pilot interventions as envisaged in the design, the component would only support research to identify best practices in climate change adaptation and develop a framework for pilot interventions. Change in the scope was accompanied by a substantial cost reduction – from the original allocation of US$10.6 million to US$1.0 million – as part of the restructuring.

23. No progress was made on the component implementation after its scope was reduced. The eighth implementation support mission in November 2016 organized a review workshop, in which it was agreed that the component would be dropped as part of the planned second restructuring on the grounds that: the RGAVP did not have the necessary technical capacity to complete implementation of the component; and the GoR had consolidated all climate change adaptation related work under the Department of Environment which had the required technical expertise, mandate and existing financing to undertake such activities. Accordingly, Component 4 was dropped at the second restructuring in March 2016.

Other Changes

24. As noted above, the project underwent three restructurings which were approved respectively in January 27, 2014; March 30, 2016; and March 6, 2018. The second restructuring extended the project by two years on the grounds that a substantial delay in implementation at the outset along with continued slow implementation progress made it impossible to achieve expected outcomes by the initial project closing date. Accordingly, the closing date was extended from October 31, 2016 to October 15, 2018.

25. All three restructurings entailed changes to component cost allocations as presented below in Table 3**.**

Table 3: Changes in Component Cost (US$ million)

Component	**Appraisal**	**Re-structuring**		
		1st (2014)	**2nd (2016)**	**3rd (2018)**
1. Institution Building and Social Empowerment	51.20	39.00	25.44	34.56
2. Community Investment Support	100.80	82.60	92.00	81.76
3. Skills Development and Employment Promotion	6.30	6.30	6.30	7.42
4. Climate Change Adaptation	10.60	1.00	0.00	0.00
5. Project Implementation Support	14.90	14.90	14.90	14.90
Total	183.8	143.80	138.64	138.64

26. At the first restructuring (January 27, 2014) a total amount of US$40 million equivalent of IDA Credit was cancelled due to substantial exchange rate savings since project effectiveness. Cumulative disbursement at the end of December 2013 was approximately US$15.6 million against US$25.0 million anticipated for the period. Substantial savings earned by depreciation of the Indian Rupee (from INR 44 to the dollar at appraisal to INR 62 in January 2014) resulted in an additional expected rupee outlay for the project equivalent to approximately US$54 million based on the undisbursed balance. Part of the additional expected exchange rate savings was cancelled as reviews showed that the project would not be able to utilize the additional amount. Table 2 above lists the changes in component costs effected as part of this restructuring. Counterpart financing was not adjusted at this restructuring; hence the total project cost was only reduced by US$40 million and became US$143.8 million. The reason for Component 4 cost reduction was discussed earlier (see paras 20 and 21). The scope of the project with regards to Components 1 and 2 and its expected outcome remained the same as projected project expenditures in rupees remained largely unchanged.

27. At the second restructuring (March 30, 2016), adjustment of the counterpart contribution (set at 11.5 percent of the total project cost) according to the earlier IDA Credit cancelation was affected, reducing the total project cost to US$138.64 million, of which IDA Credit was US$122.70 million. The allocation to Component 2 was increased to support scaling up of livelihoods activities and pilot efforts on convergence with selected Government programs and on digital financial inclusion. The third restructuring (March 06, 2018) reallocated costs across Components 1-3 based on actual expenditures incurred by then as well as expenditure projections until project closure, while keeping the total project cost unchanged. Component 2: Community Investment costs were reduced as 70 percent of the SHGs formed had already been financed and it was decided by RGAVP that the rest would be financed by the CLFs formed through rotation of loan funds. This was in line with the design adopted by NRLP and NRLM to ensure repayment discipline and sustainability of community institutions formed. Component 1: Institution Building costs were increased to provide more capacity building support to VOs and CLFs to enhance their sustainability. The allocation to Component 3: Skills Development and Employment Promotion was increased to provide continued support to interventions on non-farm employment and on convergence efforts targeting the rural poor.

Rationale for Changes and Their Implication on the Original Theory of Change

28. Cancellation of US$40 million credit was justified considering substantial exchange rate savings, with the total amount cancelled being less than the projected exchange rate savings. Changes to component cost allocations were relatively minor, reflecting the status of the disbursement and future projections, as well as responses to emerging needs and priorities as jointly agreed between the client and the Bank. These changes did not affect the project's Theory of Change as the project's scope of activities and expenditures in Indian Rupees remained largely unchanged.

29. Dropping of Component 4 (Climate Change Adaptation) was necessitated in light of the policy shift by the GoR to consolidate all adaptation interventions under the Department of Environment, which was not foreseen at design. In the design, this component was not adequately integrated to the other, main components (Components 1 and 2) and its linkage with the PDO was weak. For this reason, cancellation of this component did not affect the project's Theory of Change.

30. The change of PDO indicators sought to better capture impact relating to PDO outcomes by replacing ambiguous and difficult to measure indicators with more clearly worded and measurable indicators. There was no change in the PDO outcomes to be achieved, scope of the project and project activities relating to the PDO outcomes being implemented. Intermediate Results Indicators (IRIs) also remained almost completely unchanged – with only an

indicator that was repeated twice and an IRI relating to the dropped Climate Adaptation component being dropped.

II. OUTCOME

A. RELEVANCE OF PDOs: High

Assessment of Relevance of PDOs and Rating

31. Relevance of the PDO is **High**. In addition to alignment with the existing Country Partnership Strategy (CPS) at appraisal (see Para 5), the project is in close alignment with the World Bank Group's current CPF. Rajasthan is a Low Income State (LIS) and LIS states were a specific focus areas of the FY12-17 CPS. Improving economic opportunities of the poor is prerequisite to inclusive growth in rural areas, which remains a priority of the World Bank Group under the current CPF for the period of FY 2018 – 2022 and is reflected in Focus Area 1 - Resource Efficient Growth: Objective 1.1: Promote more resource-efficient, inclusive, and diversified growth in the rural sector.

32. The PDO's emphasis on targeting women and marginalized groups directly relates to the Objective's focus on the inclusion of vulnerable groups (landless, women, youth, and Scheduled Castes and Tribes) in enterprise development and job creation as part of inclusive rural growth. Empowerment of poor rural women is in direct support of the CPS's cross-cutting theme on gender, which calls for addressing gender gaps.

33. The PDO remains highly relevant to the latest Five-Year plan of the Government of India (12th Five-Year Plan for the period 2012 - 2017) in its objectives on economic opportunities for the rural poor ('Create economic opportunities to improve rural livelihood of poor households'), financial inclusion ('Provide access to banking services to 90 percent of Indian households') and skills development ('Develop demand driven, skilled workforce by providing increased opportunities skills training'). The PDO also aligns with key focus areas of the "Strategy for New India@75" - which replaced the Five-Year Plans and is now the GoI's national development strategy for the period leading to 2022 - including socio-economic development of deprived social groups, and promotion of gender equity.

34. The GoI through its National Rural Livelihood Mission (NRLM) continues its efforts to improve the livelihoods of the rural poor through building and strengthening institutions of the poor. RRLP's objectives are directly aligned with the goals of the NRLM. RRLP implemented several pilots to demonstrate aspects of social and economic empowerment – including pilots on access to entitlements, digital financial inclusion and gender justice – that can inform interventions under NRLM.

B. ACHIEVEMENT OF PDOs (EFFICACY): Substantial

35. The PDO " . . . to enhance the economic opportunities and empowerment of the rural poor, with a focus on women and marginalized groups" covered a number of aspects including mobilization of rural poor women from marginalized communities and their inclusion in all project interventions; formation of sustainable community-managed institutions; and provision of a range of services to rural poor beneficiaries including financial services, livelihoods technical services and capacity building. Achievement of the two outcomes was assessed separately by examining achievements of PDO indicators and IRIs relevant to each outcome. For this purpose, the PDO and IRIs of the three investment components are summarized below in Tables 4 and 5 according to the two PDO

outcomes. Like for similar livelihoods projects in India, the outcomes were analyzed according to the following framework:

- **Empowerment** (project level) consisting of **(i)** social inclusion of rural poor women from marginalized communities in community institutions and accessing project benefits (covered in PDO indicator 1)**;** and **(ii)** development of self-managed community institutions managing funds (covered in PDO indicator 3).

- **Enhanced economic opportunities** consisting of (i) financial inclusion (covered in PDO indicator 1); and improved livelihoods through creation of productive assets (covered in PDO indicator 2).

36. The main data sources for analysis of the PDO indicators were: MIS data; regular third-party process monitoring studies that conducted sample surveys of beneficiary households and cross-checked MIS data being reported; a mid-term evaluation survey and study conducted by the project; a third-party study and survey of livelihoods activities; and financial and bank loan records of community institutions.

Table 4: Achievement of PDO Indicators

PDO Indicator	**Target**	**Actual value at closure**	**Achievement**
1. Number of women project beneficiaries, of which proportion belonging to marginalized groups	350,000 55 percent	654,123 65 percent	187 percent 118 percent
2. Percentage of SHG members that have developed additional productive assets	50 percent	40 percent	80 percent
3. Total funds managed by functioning apex community federations (Cluster Level Federations)	US$35 million	US$58.01 million	165 percent

Table 5: Achievement of Intermediate Results Indicators

Outcome/Intermediate Results Indicator	**Target**	**Actual value at closure**	**Achievement**
Empowerment			
1.2 At least 70 percent of grade 'A' SHG members avail credit from inter-loaning within their groups	**70 percent**	**85 percent**	**121 percent**
1.3 At least 80 percent of the VOs in the project villages also manage (project) funds efficiently	**80 percent**	**92 percent**	**115 percent**
1.4 At least 70 percent of the VOs report receiving services from their respective PFT-level area federations (CLFs)	**70 percent**	**93 percent**	**132 percent**
1.5 Number of functioning SHGs established	**40,000**	**50,167**	**125 percent**
1.6 Number of functioning VOs established	**4,000**	**4,884**	**122 percent**
1.7 Number of functioning CLFs established	**120**	**208**	**173 percent**
Enhanced economic opportunities			
1.1 At least 50 percent of grade A SHGs obtain financial assistance/credit from banks	**50 percent**	**62 percent**	**124 percent**

2.1 At least 80 percent of Grade A SHGS have accessed credit support from the CDO	**80 percent**	**80 percent**	**100 percent**
2.2 At least 40 percent of grade A SHG members obtain credit support for productive activity	**40 percent**	**63 percent**	**157 percent**
2.3 At least 10 viable and sustainable Producer Organizations (POs) are established	**10**	**0**	**0 percent**
3.1 At least 17,000 youth (including more than 33 percent women) from the project villages are placed in appropriate jobs as a result of project efforts	**17,000**	**11,273**	**66.3 percent**

Achievement of the Empowerment Outcome

37. At closure, the empowerment outcome of the project was fully achieved.

38. **Social inclusion of rural poor women from marginalized communities.** The project mobilized over 654,123 women from poor households across 18 districts in Rajasthan and organized them into SHGs. The members belonging to scheduled tribes and scheduled castes account for 65 percent of the total (48 percent ST, and 17 percent SC). These achievements well exceeded the set targets of PDO Indicator 1 (350,000 women beneficiaries and 55 percent as the proportion belonging to the marginalized groups). The project was also particularly successful in targeting marginalized populations: the ST population comprised approximately 13 percent of the overall population of the state, but accounts for 48 percent of project beneficiaries.

39. **Formation of functioning community institutions providing services to members.** RRLP succeeded in creating functioning community-based organizations (CBOs) owned and managed by the poor, which provide services to members in response to their needs. Three levels of CBOs were created by RRLP: SHGs, Village Organizations (VOs), and CLFs. VOs are equivalent to what the PAD refers to as Community Development Organizations (CDOs) or *Utthan Sansthan* (US), and CLFs are called Area Federations in the PAD and other early project documents. Rural poor women were mobilized and organized into 55,562 SHGs and further federated into 4,884 VOs at the village level and 208 CLFs at the cluster level. Total funds managed by the CLFs amounted to US$58 million at closure, exceeding by 65 percent the target of PDO Indicator 3 (US$35 million). On average, each CLF is managing over US$279,000 through trained and empowered community members and leaders and on-lending that money to rural poor women SHG members.

40. **Community institutions formed are of good quality and are providing a range of services to the rural poor.** The project sought to ensure performance and sustainability of all the organizations created. In doing so, RRLP relied on the standard approach to SHG formation and their federation which had already proven successful in Andhra Pradesh. The approach incorporated a set of project actions - such as mandating regular savings and group meetings, and provision of grants to the groups at certain stages of organizational development - that were designed to gradually and effectively build the capacities of beneficiaries and their organizations. Organizational capacities of CBOs at all levels was assessed and monitored through regular grading exercises. At the SHG level - each SHG comprised 10-12 poor women – the grading criteria and assessment exercise looked at compliance with the five key guiding principles of SHG operation and sustainability: regular meetings, regular savings, regular inter-lending, regular repayments and maintenance of up-to-date financial records. Of the total SHGs formed, 93 percent (50,167) were functioning well at closure in terms of meeting all assessment criteria and being Graded

"A"[1], surpassing the target (40,000) of the corresponding IRI 1.5. These SHGs were successfully providing financial services to members with 85 percent of Grade A SHGs borrowing from group funds, again exceeding the 70 percent target of the corresponding IRI 1.2.

41. VOs are village-level federations of SHGs tasked to perform functions and provide services for the benefit of SHGs and their members. These services include managing revolving funds for on-lending to SHGs, aiding conflict resolution, and highlighting issues faced by the community in various public and government forums. By project closure 4,884 VOs were formed. VOs were further federated into CLFs – with 10 to 12 VOs in each CLF. A total of 208 CLFs were created and are functioning as of project closure. VOs and CLFS were assessed and graded periodically to monitor and enhance their operational quality and sustainability. Grading criteria for VOs and CLFs assessed the following key parameters: regular meetings; regular inter-loaning of funds; repayment by SHGs of funds loaned; technical committees overseeing access to credit, livelihoods promotion, financial audits and advocacy on social issues are functioning and carrying out community-support activities; and books of accounts are maintained and are of good quality. According to the latest grading exercise, over 90 percent of CLFs were rated as being active and were functioning well; and 92 percent of the VOs were active and functioning well[2], exceeding the target of IRI 1.3 ('At least 80 percent of the VOs in the project villages also manage (project) funds efficiently').

42. CLFs are formal institutions registered under the Rajasthan Cooperative Society Act providing a wide range of services to members. CLF's core services include support to VOs and SHGs on organizational management; facilitating members' access to financial services through rotation of on-lending funds across SHGs and VOs and facilitating loans from commercial banks; provision of technical assistance to support members' livelihood investments; and handholding and technical assistance to members to support access to entitlements. To provide these services, CLFs employ a range of staff and community technical paraprofessionals (TPPs), identified from among SHG members and provided training through the project. Each CLF has an executive team comprising a Cluster Level Manager, 4 – 6 Cluster Coordinators, an accountant and a data entry specialist. TPPs employed and providing services to SHG members include Master Book Keepers (MBKs) providing support on accounting and financial record-keeping to SHGs and VOs; Bank *Sakhis* providing support for commercial loan applications and other bank transactions; agricultural and livestock TPPs (*Krishi Sakhis* and *Pashu Sakhis*) providing extension services to members; and *Yojna Sakhis* providing support for access to government schemes and entitlements. CLFs generate revenues to cover their operating costs from interest rate spreads from on-lending funds to VOs and SHGs and are expected to become financially self-reliant after three years. The project supported their operational budget on a declining basis (75 percent, 50 percent and 25 percent of annual budget each year).

Enhanced Economic Opportunities Outcome

43. The outcome on enhanced economic opportunities was partially achieved. While there is evidence of significant access to additional financial resources through the project and livelihoods technical services were provided to a large number of households, the project did not meet the target of productive asset creation as measured by PDO Indicator 2 (40 percent against the target of 50 percent).

44. **Financial inclusion and leveraging of commercial bank financing.** The CBOs established by RRLP provided an

[1] 4 percent SHGs were graded B meeting more than three assessment criteria. 3 percent were graded C and D meeting less than three assessment criteria.
[2] 71 percent of VOs were rated A – meeting all assessment criteria – and 24 percent were rated B - meeting at least 3 assessment criteria.

avenue for access to credit for the poor. Once households were integrated into SHGs and had sufficient experience of regular savings and inter-loaning within the groups, they could access funds for on-lending to members from the project in two phases in the form of Revolving Funds (RF) – of INR 15,000 (US$214) - and Community Investment Funds (CIF) – of INR 1,10,000 (US$1,571) for each SHG. Total funds disbursed by the project to SHGs for on-lending was US$60.20 million (Tranche 1 – US$10.2 million and Tranche 2 – US$50 million). In addition, SHG members mobilized their own savings of US$0.4 million. As listed in Table 6 below, rotation of these funds– through loans to members and repayments to the SHGs and federated community institutions – resulted in total credit accessed by members of US$221 million, more than three times the project investment of US$60 million in the credit-access funds. As of closure date, 654,123 SHG members had accessed credit through the project, well surpassing the target of PDO Indicator 1 (350,000). Based on the experience from similar livelihoods projects in Andhra Pradesh and Bihar, access to formal sources of finance was expected to enhance incomes of target households through two pathways: retiring earlier high-cost debt from informal sources and increased investment into livelihoods activities.

45. The regular savings and inter loaning within SHGs helped improve their credit worthiness and the project assisted SHGs to apply for commercial loans from formal financial institutions. The project identified, trained and deployed a special community cadre called Bank *Sakhis* in bank branches that had more than 30 SHG accounts to facilitate SHG member transactions and commercial loan applications. 770 Bank Sakhis were trained and deployed by the project. Another initiative that promoted bank linkages was the promotion of Business Correspondents who facilitated doorstep transactions for the SHG members. The project entered into an MoU with two banks, under which 203 Business Correspondents served 62,534 households. In addition, RGAVP undertook risk mitigation initiatives such as formation of Credit Risk and Banking Management committees that monitored bank loan defaults, resolved operational issues and acted as a mediator between SHGs and Banks. A total of 285 Credit Risk and Banking Management committees were functional in the project at closure. Through these concerted efforts, the project successfully leveraged an additional INR 2,062.2 million (US$29 million) as credit to SHGs from the formal financial sector. Of the 41,158 'A' graded SHGs, 25,455 SHGs (61.8 percent) were credit linked once and 11,165 SHGs (27.13 percent) were credit linked twice to banks - that is, they received two rounds of loans from commercial banks. IRI 1.1 ('at least 50 percent of grade A SHGs obtain financial assistance/credit from banks') was fully achieved.

Table 6: Funds managed by SHGs

	INR Million	US$ Million
SHG Savings	30.9	0.4
Revolving Funds to SHGs	724.8	10.2
Community Investment Funds to SHGs	3,549.1	50.0
CIF and RF rotation within SHGs	3,966.7	55.9
Credit linkages with banks	2,062.0	29.0
SHG inter-lending to members (from all sources excluding banks)	15,512.0	221.6

46. **Loans and repayments are ongoing and sustained through the three-tiered community institutional structure resulting in sustained access to credit for SHG members**. A core feature of livelihoods intervention models implemented across a number of projects, and implemented successfully in this project as well, is the rotation of

funds between the three tiers of community institutions created – SHGs, VOs and CLFs. Regular loans and repayments between these community institutions strengthens loan repayment discipline; and contributes to sustainability of the CBOs by embedding them in a larger institutional framework – with higher-level federated institutions overseeing operations of the CBOs below - and generating operational revenues from the spread on interest rates from loan funds managed. 32,850 (79.8 percent) Grade 'A' SHGs availed further credit support from the VOs through rotation of funds achieving the related IRI [At least 80 percent of Grade A SHGS have accessed credit support from the CDO; and 93 percent of VOs reported accessing financial services from the CLFs exceeding the related IRI [At least 70 percent of the VOs report receiving services from their respective PFT-level area federations (CLFs)]. Repayment rates were high across all levels of community institutions, with member repayment of loans to SHGs at 93.1 percent; SHGs to Banks for bank loans taken at 98.3 percent; SHGs to VOs at 86.7 percent; and VOs to CLFs at 87.92 percent.

47. **Credit accessed was used for productive activities and for consumption smoothening.** The latest Process Monitoring study[3] showed that IRI 2.2 (At least 50 percent of grade 'A' SHG members obtain credit support for productive activity) was achieved as 63.3 percent of the households have availed loan for livelihood activities (the remaining households took loans for consumption). 50 percent of those who obtained loans for livelihood activities did so for purchase of livestock, followed by 32 percent for agricultural investments and 16 percent for non-farm activities. Table 7 below lists the distribution of loans taken by SHG members by loan sizes.

Table 7: Distribution of Loans by Size

loan size (INR)	Loan size (US$)	Share (percent)
less than 5,000	Less than 72	13.5
5,001 - 20,000	73 - 285	33.4
20,001 - 35,000	286 - 500	26.2
35,001 - 50,000	501 - 714	12.7
50,001 and above	Above - 714	14.2

Source: Process Monitoring Q8 (2017).

48. **Livelihoods technical services were provided to a large number of households.** Through TPPs in agriculture and livestock (*Krishi Sakshis and Pashu Sakhis*), the project sought to promote adoption of improved package of practices (POPs) that focused on reducing costs, enhancing productivity of agricultural crops, and reducing mortality rate and enhancing productivity for dairy and small ruminants. Overall, 60,734 households engaged in agriculture, 29,980 households engaged in dairying and 22,002 households engaged in small-ruminant (goat) rearing were provided technical services through 3,350 TPPs trained and deployed through the project. Annex 6 details the technical services provided by TPPs and outreach to households.

49. **Increase in productive assets was not fully achieved**. While the project substantially enhanced access to formal credit and a bulk of such credit (63 percent) was invested in productive activities, the project only partially met the target of PDO indicator 2 with 40 percent of beneficiary households developing productive assets as against the target of 50 percent. The relatively high proportion of credit invested in productive activity not resulting in the level of enhanced productive asset creation envisioned can be attributed to two reasons. Firstly, part of the

[3] June 2018

credit invested in productive activities included working capital loans to scale up livelihoods activity, that did not necessarily include creation of a productive asset. Secondly, the project's interventions on focused livelihood activities were implemented late in the project implementation period and did not sufficiently stress the role of productive asset creation and graduating beneficiaries into higher-order economic activities. Due to delays in hiring livelihoods technical support organizations – called Sector Support Organisations in the PAD - and ongoing difficulties in procurement functions, the project's approach for promoting livelihood activities pivoted to using trained TPPs at the community-level providing extension services to SHG members, targeting enhancement of their main sources of livelihoods: agriculture and animal husbandry. In the case of agriculture-related livelihood activities, the PoPs did not lay enough stress on acquiring of assets through SHG loans. Interventions such as farm mechanization through custom hiring centers were on a pilot basis and were restricted to a few blocks. Similarly, the project's initiative on convergence with MNREGA for improvements on farmland such as farm bunding, land levelling, etc. was limited in outreach and had limited overlap with technical interventions provided through the TPPs. Livelihoods interventions that explicitly focused on asset building could have better contributed to achieving PDO indicator 2. The project also did not attempt a range of higher order livelihoods interventions envisioned in the PAD such as bringing in a range of technical service providers, undertaking value-chain interventions and promoting structured market linkages. Marketing support was only provided on a limited scale as a pilot in a few goat-rearing clusters.

50. **Producer Organizations (POs) formed were not sustainable.** IRI 2.3 (At least 10 viable and sustainable producer organizations (POs) are established) was not achieved. The project established 12 POs in the agriculture sector and 2 in the non-farm sector. Each PO was provided a grant of INR 500,000 (US$7,142) as startup funds and substantial technical assistance through project staff and CRPs. However, none of the POs were found to be viable and sustainable at project closing with some yet to start transactions. As part of the exit strategy of the project, based on a detailed assessment commissioned by the World Bank, RGAVP will be merging the 12 POs in the agriculture sector into four POs to enhance commercial viability and sustainability. They will also be provided with additional capital from NRLM to kick-start and sustain their operations.

51. **Skills training and job placement goals were not fully achieved.** Gainful wage employment of youth from SHG member families through skill development was considered another aspect of income generation for the beneficiary households. However, IRI 3.1 (At least 17,000 youth (including more than 33 percent women) from the project villages are placed in appropriate jobs as a result of project efforts) was not achieved. The project trained 17,594 youth of whom 11,273 were placed. Among youth placed, 49 percent were women, which was higher than the stated goal (33 percent). The project directly initiated partnerships with specialized agencies such as the Central Institute of Plastics Engineering & Technology and Nettur Technical Training Foundation to provide specialized skills training. 1,735 youth were trained through these partnerships. After project appraisal and effectiveness, the GoR mandated that all skill development programs in the state would be conducted under a nodal agency of the government set up for that purpose – the Rajasthan Skills and Livelihoods Development Corporation. RGAVP therefore entered into a Memorandum Of Understanding with Rajasthan Skills and Livelihoods Development Corporation, with RGAVP identifying and mobilizing youth for training and Rajasthan Skills and Livelihoods Development Corporation responsible for matching youth to appropriate training opportunities and providing training through its network of training providers. A bulk of the skills training was to be provided through this route but, of the 26,700 youth to be trained by Rajasthan Skills and Livelihoods Development Corporation under the Memorandum Of Understanding, only 9,007 were eventually trained. In addition, the project partnered with Rural Self Employment Training Institutes in project districts for training of youth in selected self-employment trades including as tailors and electricians.

52. **The project implemented several successful pilots and innovations**. As part of Subcomponent 2 (c): Innovations and Research, the project implemented several pilots and innovations relating to livelihoods promotion, access to entitlements, social inclusion and financial inclusion. These included a large pilot on convergence with the government's flagship Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA); a partnership with J-PAL to test an asset-grant approach to enhancing incomes of the ultra-poor; a digital financial inclusion pilot with Vodaphone M-PESA; a pilot on enhancing economic opportunities for People with disabilities; a partnership with UN Women to set up Gender Justice Centers in selected blocks; and a community-owned company selling solar-energy products. These pilots are detailed in Annex 7 and demonstrate the effectiveness of using community institutions to scale up innovative technical models and approaches.

Justification of Overall Efficacy Rating

53. The overall project efficacy is rated **Substantial**. The project was successful in empowering rural poor women from marginalized communities by mobilizing them into community organizations and building their social capital; and enhancing their access to credit and other entitlements. While the PDO indicator of enhanced productive asset creation was only partially achieved, the project did substantially enhance economic opportunities for rural poor women by linking them to a large amount of credit from formal sources, with a bulk of such credit being invested in productive activities.

C. EFFICIENCY: **Modest**

Assessment of Efficiency and Rating

Economic and Financial analysis:

54. The economic analysis conducted at appraisal estimated that the project supported livelihood investments alone generated an ERR of 10.2 percent, which improves to 15.3 percent when benefits from improved access to credit for 70 percent of the SHGs are included. Project ERR further improved to 17.1 percent with the inclusion of benefits from improved integration with markets and institutions targeting 10 percent of the SHGs. Livelihood funds would be utilized by 33,000 SHGs, managed by 2,200 CDOs, and supported by field functionaries, to ensure higher probability of livelihood activities being continued/expanded/diversified during the project implementation period and beyond. Capturing CDD-led sustainability benefits further improved the project ERR to 21.8 percent.

55. An ex-post cost benefit analysis re-assessed the project's economic viability at closure for all the project benefits put together. The EFA was carried out based on analysis of activities promoted by the project, where reliable and sufficient information was available to measure project benefits. The project generated a variety of benefits through: (i) improvements in productivity in agriculture and animal husbandry; (ii) gainful employment through skill training; and (ii) promotion of enterprises in the non-farm sector. Returns to agriculture productivity were estimated through nine representative crop models and four models on goat rearing and dairy production. Returns to skill training were estimated based on the data on placements and average monthly salaries of youth placed. Returns from enterprise promotion in the non-farm sector was estimated based on the data collected by the Project Management Unit (PMU). The Implementation Completion Review EFA estimated an ERR of 25.1 percent and an ENPV of INR 3,474 million which is higher than the appraisal estimates of 21.8 percent ERR and INR 2,806 million ENPV. The improved economic returns are primarily due to the increased gross incomes realized by the beneficiaries. Additionally, the EFA at Implementation Completion Review could not capture the economic benefits generated due to microfinance activities, due to paucity of data on income generating activities that can

be attributed to the microfinance activities promoted by the project. Hence, the IRR calculations are conservative estimates. Please see Annex 4 for further details.

Table 8: Appraisal and ICRR Financial and Economic Returns

Description	Unit	At Appraisal	At completion	Achievement
Costs	INR million	8,164.4	8,014.2	98.2 percent
FRR	percent	22.60 percent	21.8 percent	96.5 percent
FNPV	INR million	3,369.0	2,937.7	87.2 percent
ERR	percent	21.80 percent	25.1 percent	115.0 percent
ENPV	INR million	2,806.0	3,474.1	123.8 percent
Agriculture	beneficiaries	80,000	60,744	75.9 percent
gross income	INR	8,120	17,068	210.2 percent
Goat rearing	beneficiaries	120,000	22,003	18.3 percent
gross income	INR	5,780	16,417	284.0 percent
Dairy	beneficiaries	80,000	28,916	36.1 percent
gross income	INR	13,410	26,725	199.3 percent
Skills and non-farm	beneficiaries	120,000	27,037	22.5 percent
gross income	INR	10,800	87,786	812.8 percent

Administrative Efficiency

56. The project's original credit was reduced by US$40 million due to exchange rate savings and costs were reallocated across components with one of the components was dropped. At closure, the project disbursed 95.3 percent, of the total allocated financing. The project was extended for two years after restructuring in 2016. The rationale for the extension was the utilization of the exchange rate gains and to give the project more time to complete activities that were delayed due to the initial slow implementation. Almost all project targets were achieved, as detailed in the Efficacy section above, with project expenditures totaling to only approximately two-thirds of the original commitment amount in US dollars, although expenditures in Indian Rupees remained almost the same due to exchange rate gains.

57. The project faced substantial implementation delays due to changes to the state government's regulations and legal complications related to hiring of staff, with more than a full year lost at the outset due to this reason. The project continued to have high attrition rates amongst senior technical staff periodically throughout the life of the project. Changes in senior staff positions during key periods of the project created a challenging environment for implementation of project activities. Attrition of technical staff in the last year leading up to project closing also hampered and slowed down the ICRR information collection process. A review of Aide Memoires and Management Letters shows that key agreed actions, especially on livelihoods, skills training and strengthening procurement functions were not implemented or implemented after delays of up to a year. For example, hiring of technical agencies ('Sector Support Organizations') was delayed – and eventually dropped as a project strategy - which resulted in rolling out of livelihood support activities to be delayed till the last two years of the project. It should be noted that without the two-year extension, the project would not have achieved a substantial outcome of enhanced economic opportunities for the target beneficiaries.

58. After a slow start, the project substantially scaled up the pace of implementation, with approximately 70 percent of project expenditures being incurred in the last three years of project implementation. This was primarily due to the project changing implementation strategies to respond to implementation bottlenecks, particularly on CBO formation, transfer of RF and CIF, and credit linkages to banks. At the initial stage of project implementation, SHG formation was undertaken by Community Resource Persons (CRPs) provided from Andhra Pradesh by the Society for Elimination of Rural Poverty (SERP), which had a longer experience in implementing community-based poverty alleviation program using the SHG model. The project implementation strategy called for these outstation CRPs to mobilize SHGs in ten selected “Resource Blocks”. Subsequently, women with leadership potential from functioning SHGs in these blocks were to be trained and used as CRPs to scale up SHG formation in other project areas (Intensive Blocks and Expansion Blocks). This strategy of using outstation CRPs was a bottleneck on scaling up SHG formation, which was the basis for all other project activities.

59. Starting in 2015, the project scaled up identification, training and deployment of “home-grown” CRPs from within SHG groups in Rajasthan, in addition to the outstation CRPs, resulting in an increased pace of SHG, VO and CLF formation in the project. The use of homegrown CRPs from within project beneficiary communities not only accelerated the speed and efficiency – in terms of lowering mobilization costs - of SHG formation, but also helped VOs and CLFs internalize responsibilities of helping other poor women and expanding institutional coverage. The project also emphasized timely transfer of RF and CIF – which accounted for a bulk of project expenditures - to SHGs formed, regularly tracking and reporting performance on this parameter at the district level. The project also began implementing credit camps, mobilizing groups of SHGs to meet with banks at the district level and submit commercial loan applications, resulting in a substantial scaling up of SHG-commercial bank linkages. Improvements in SHG formation and transfer of RF and CIF to SHGs formed substantially enhanced the pace of implementation and disbursements in the project.

60. The project built a substantial training and capacity building program both for staff and for functionaries of SHGs, VOs and CLFs resulting in relatively good quality of community institutions formed as captured by the results of regular grading exercises. CRPs, after being selected, received intensive trainings including in Participatory Identification of the Poor and on various other aspects of community-driven development approaches. Extensive training delivery capacity developed and implemented by the project was a key factor in the enhanced pace and quality of implementation in the last three years of the project. The project also undertook several innovative pilots that were recognized by state and national government bodies.

61. Overall efficiency is rated **Modest**. The project was slow to start implementing its planned activities and needed an extension to complete its activities. The project fell short of achieving targeted outreach for livelihood activities and sustainability of the livelihoods activities initiated is not assured given the limited time for which the activities have been implemented.

D. JUSTIFICATION OF OVERALL OUTCOME RATING

Moderately Satisfactory

62. Despite high relevance of its PDO, the overall outcome of the project is rated Moderately Satisfactory due to its substantial efficacy and modest efficiency.

E. OTHER OUTCOMES AND IMPACTS (IF ANY)

Gender

63. The project exclusively supported poor women in rural areas, who had been weakly organized and faced higher constraints than men to accessing information and services necessary to strengthen their livelihoods and increase income. The project enabled them to drive their own poverty alleviation agenda by making them part of self-owned and managed institutions with a common vision and capacity for social and economic empowerment. The project was successful in developing skills of poor women and enabling them to take up tasks and functions essential for managing the community organizations formed. All office bearers of the VOs and CLFs were chosen internally among the members and intensively trained to fulfill necessary functions. In addition, the project identified and trained more than 10,000 women as Community Cadres across various functions including 2,000 CRPs for mobilizing poor women into SHGs; 723 Bank Sakhis to help women with bank transactions; 203 Business Correspondents to provide financial services in rural areas; 3,350 *Pashu Sakhis* and *Krishi Sakhis* providing livelihoods technical services; and 330 Yojana Sakhis to assist poor women members with accessing government schemes. These trained women cadres and service providers represent a significant resource for the community and, as part of the project exit strategy by RGAVP, they will continue to be supported through NRLM financing with the objective of eventually making them self-financing through a fee-for-service model.

64. The project entered into a partnership with UN Women on a Gender Justice pilot which promoted a trained cadre of women (*Samta Sakhi*s) to engage women's SHGs on issues of gender rights, justice and access to entitlements. The intervention resulted in increasing women's voice and agency as farmers and owners of land/ productive assets; as more assertive members of the Gram Sabha; and beneficiaries of social entitlements and services. It also enabled the SHGs to identify and deal with gender- based violence. A more detailed summary of the pilot is given in Annex 7. The project also trained and deployed more than 4,000 women SHG members as 'technical mates' under MNREGA to enhance SHG members' access to scheme entitlements and improve implementation efficiency.

Institutional Strengthening

65. The Project had an ambitious objective to create sustainable community organizations for the poor and succeeded in achieving it. CLFs are owned and managed by poor women, including those from marginalized social groups, who had long been neglected in public decision-making processes and lacked opportunities to demand and receive types of support that would help them escape poverty. All CLF leaders and functionaries, depending on their responsibilities, received intensive and focused trainings on such topics as fund management, governance, roles and responsibilities of sub-committees, and preparation of annual action plans through both exposure visits as well as classroom-based training programs. The extensive institutional structures developed, and capacity-building efforts supported by RRLP made it possible for CBOs to be owners and drivers of the poverty reduction agenda.

66. RRLP contributed to improving GoR's capacity to address rural poverty through community-driven development projects and through support for implementing pilots that could inform implementation across schemes. RGAVP, a state society under the Rural Development and Panchayati Raj Department, was constituted primarily for the project, but subsequently started implementing other poverty reduction projects and programs supported by core technical staff who were involved in RRLP implementation.

67. RRLP helped commercial banks strengthen and deepen their client base and disburse loans to the poor in a low-risk environment. Community-based Recovery Mechanisms committees were formed at the bank-branch level to monitor and curb non-performing loans by SHG members. Bank *Sakhis*, community cadres employed by CLFs and deployed at bank branches, served as intermediaries between the bank and SHG member customers to help facilitate transactions and access to the bank's services.

Mobilizing Private Sector Financing

68. The project strengthened the financial discipline of the SHGs by capitalizing them with RF and CIF. A total of 48,316 SHGs received project support of INR 724.7 million (US$10.3 million) as RF (also called 'Tranche 1 financing') and 38,099 SHGs availed INR 3,549.1 million (US$50 million) as CIF. The CLFs rotated this money to other SHGs through regular lending and borrowing among VOs/SHGs. Leveraging the credit discipline built through rotation of the project funds, the SHGs were linked with formal financial institutions. The project engaged intensively with commercial banks and promoted measures that helped ease transactions between such banks and SHGs. The project identified, trained and deployed a special community cadre called *Bank Sakhis* in bank branches that had more than 30 SHG accounts to facilitate SHG member transactions. 770 Bank Sakhis were trained and deployed by the project. Another initiative that promoted bank linkages was the promotion of Business Correspondents who facilitated doorstep transactions for the SHG members. The project entered into a Memorandum of Understanding with two banks, under which 203 Business Correspondents served 62,534 households. RGAVP also undertook risk mitigation initiatives such as formation of CRBM committees that alerted the SPMU on bank loan defaults, resolved operational issues and acted as a mediator between SHGs and Banks. Through these concerted efforts, the project successfully leveraged an additional INR 2,062.2 million (US$29 million) as credit to SHGs from the formal financial sector**.**

Poverty Reduction and Shared Prosperity

69. RRLP had positive impacts on poverty reduction of its target beneficiaries, who were socially empowered and had their income earning opportunities improved by becoming members of community organizations that offered responsive services and represented their interests. The project succeeded in creating 'institutions of the poor' in Rajasthan which, with its scale of membership and operation, total funds managed, and strong capacities of leadership and staff, has gained significant visibility and importance. RRLP design articulated the need to include women from marginalized groups (ST and SC), and not only ensured their participation in project interventions, but also nurtured them to become community leaders. ST and SC members constituted 58 percent, 57 percent and 68 percent of the leadership in SHGs, VOs and CLFs.

70. The project developed and mainstreamed an effective approach to identifying poor households. The Below Poverty Line-plus strategy of the RRLP was based on a recognition that official BPL lists were often subjective to elite capture and not the most reliable tool to identify the project beneficiaries. At the center of the BPL-plus strategy was a community-level process called Participatory Identification of Poor. Participatory Identification of

Poor was designed to make the selection of the poor (SHG members) methodical, transparent and participatory, and incorporated village surveys, mobilization of the poorest settlements and wealth ranking exercises.

Other Unintended Outcomes and Impacts

71. The project implemented a number of pilots and innovations under Component 2. The most significant of these was the MNREGA convergence pilot. The project also undertook support for non-farm livelihoods activities under both Component 2 and Component 3.

72. **Convergence with MNREGA**: MGNREGA, under Category B works, grants up to INR 380,000 (US$5,500) towards material and labor costs for improvement of individual land and assets belonging to SC, ST, and other vulnerable households. Works such as cattle sheds, horticulture plantations, irrigation facilities, and other land development works can be availed by eligible households under the scheme. RGAVP saw an opportunity for SHG members to access MGNREGA Category B works and started providing technical support to eligible households in 2016. An important feature of such interventions was to have CLFs authorized as Project Implementation Agencies under the scheme in 50 clusters of 16 blocks, a function previously undertaken exclusively by the Gram Panchayat. Where CLFs were authorized to become Project Implementing Agency (PIAs), the project facilitated them to hire necessary human resources (Consultant Technical Assistants, data entry specialists, accountants, and facilitators from within the community) and provided training to them. Besides this, the project extended support through its existing staff in 157 clusters of 58 blocks, where GPs continued to be the PIA. A total of 17,253 Category B works of SHG member households processed by CLFs received financial sanction; of which 15,401 (~89 percent) were initiated on the ground till project closure. In areas where the GP continued to be the PIA, 17,989 category B works were sanctioned for SHG member households, of which 7,221 (~40 percent) works were initiated. The CLF-led processing of MNREGA Category B works was successful in increasing awareness and transparency in the process, enhancing access to the scheme for poor women, and recognized as an innovation by NRLM. A more detailed summary of this pilot and its outputs are given in Appendix 7.

73. **Promotion of Non-farm livelihood activities**: Rajasthan is known for its handicraft and cottage industries. Non-farm livelihoods interventions were taken up on a pilot basis in 16 blocks of five districts of the state to leverage skills of the rural communities and augment household incomes. The non-farm interventions were of three kinds: the Micro Enterprise Consultant (MEC) project; and promotion of *bandhej* (tie and dye) and leather clusters. In partnership with Kudumbashree (the Kerala State Rural Livelihoods Mission) that provided technical support, the MEC project trained a pool of 40 master trainers who further trained 141 women as MECs to provide continuous support to micro enterprise across 16 blocks. A total of 16,242 entrepreneurs engaged in various trades such as tailoring, general trading, etc. were provided technical support and counseling by the MECs. These entrepreneurs reported an average additional monthly income through the enterprise of INR 3,207 (US$40). The *Bandhej* crafts cluster was promoted in one district and involved training of 23 master trainers who further trained 231 women. A producer company was incorporated in the cluster, as one of the projects supported POs and it achieved sales of INR1 million (US$14,280). However, the sustainability of the company is uncertain due to limited sales growth and high inventory stocks. The third project under the non-farm sector was the promotion of a leather cluster that trained 120 women organized into 15 producer groups and provided technical support and training for new product development and skills upgradation. These groups primarily used trade fairs and local exhibitions to sell their products. The women reported an increase in income of INR 30,000 (US$428) per household annually due to additional productions and sales.

III. KEY FACTORS THAT AFFECTED IMPLEMENTATION AND OUTCOME

A. KEY FACTORS DURING PREPARATION

74. By the project appraisal, the World Bank had several livelihood projects under implementation in India, including the Andhra Pradesh Rural Poverty Reduction Project and the Bihar Rural Livelihoods Project. Together with lessons from the DPIP, implementation experience from these projects informed and strengthened key features of the RRLP design, including the SHG-centered institutional model and approach to capacity building of the poor and their organizations. Creation of the dedicated society (RGAVP) as the implementing agency with strong support by the GoR was a critical positive factor as the implementation of a large-scale project across a number of districts would require very strong and dedicated management of the project by the client.

75. The PDO of the project was well aligned with both GoI and World Bank Group's priorities. The overall project structure was straightforward and coherent for the main area of investment with Component 1 focusing on capacity building and support to develop functioning community institutions and Component 2 supporting the investment channeled through these institutions. Component 4 (Climate Change Adaptation was not sufficiently integrated in the Theory of Change. The design also did not adequately consider the capacity of the counterpart department to implement this component. The project Results Framework had a number of PDO indicators that were ambiguous or did not effectively capture the essential thrust of the PDO, prompting a significant change during implementation.

76. The project suffered a slow start due to a long delay in recruiting staff. The delay in setting up project teams was caused by a restriction on direct recruitment of contract staff stipulated in GoR regulations that were contested in court. Eventually, the project recruited staff through an HR agency and through deputation from other government agencies, but establishment of a functioning State PMU was not complete before mid-2012. Filling the positions of District Project Management Units (DPMUs) and Project Facilitation Teams (PFTs) took longer, and the recruited staff required training and orientation to become familiar with their roles and responsibilities, which added to the delay before the units became fully functional. The project picked up the speed of implementation only in early 2013.

77. RGAVP formulated a policy to engage fresh university graduates in project implementation and recruited about 100 Young Professionals on two-year contracts. They were deployed at the block level to coordinate and support the work of PFTs and to liaise with the DPMU and SPMU. Overall performance of Young Professionals was highly regarded: their professionalism, commitment to work and empathetic attitudes toward the beneficiaries were noted by the project staff and the Bank Task Team.

78. As mentioned earlier, the GoR decided to consolidate all climate change adaptation interventions under the Department of Environment, leading to the cancellation of Component 4. Another relevant institutional factor was the GoR's decision to integrate all skills development initiatives under the Rajasthan Skills and Livelihoods Development Corporation, which was affected after project implementation started. Under this policy, Rajasthan Skills and Livelihoods Development Corporation was assigned to take primary responsibility to implement Component 3 (Skills Development and Employment Promotion) through an Memoradum of Understanding with RGAVP. Implementation was significantly delayed due to delays in signing of the MOU between RGAVP and RSLDC, with the MOU finally being signed only in 2014. The MOU suffered from continued slow implementation progress.

B. BANK PERFORMANCE, COMPLIANCE ISSUES, AND RISK TO DEVELOPMENT OUTCOME

A. QUALITY OF MONITORING AND EVALUATION (M&E)

M&E Design

79. The SPMU was responsible for the project M&E and supported by the DPMUs. The M&E framework for the RRLP was expected to serve as a tool for better management and decision-support and learning and accountability throughout the project period. The M&E system consisted of (i) a baseline study (ii) web-based online monitoring and Management Information System (iii) regular process monitoring studies (iv) thematic studies (v) a mid-term review; and (v) an impact evaluation. The M&E system was designed to operate at the village, district and state level. Furthermore, at the district level, M&E coordinators were given the responsibility to check compliance of project activities with agreed project rules and principles.

80. The theory of change that set out the project activities and their relation to the outcomes outlined in the PDO was clear. However, the PDO indicators that form the basis for the monitoring framework were not sufficiently robust. As noted above (see para 18) a number of PDO indicators were ambiguously worded, leaving room for substantial differences in tracking and interpretation, necessitating a change during restructuring. The Results

Framework also lacked specific indicators on livelihoods and did not sufficiently track adoption and transformation of economic activities.

M&E Implementation

81. In addition to developing community-based Management Information System in the initial stages of the project, the project developed and implemented a robust online Management Information System system that provided data for monthly reports. The online Management Information System developed by RGAVP was one of the earlier ones to be put in place amongst State Rural Livelihoods Missions (SRLMs) and served as a template for the MIS system of the Bank-supported North East Rural Livelihoods Project. However, thematic studies and other results assessments that inform the Implementation Completion Report were delayed considerably and are of poor quality. Most of these studies restated the data from the MIS rather than focusing on capturing outcomes and other qualitative aspects around project achievements. An independent impact evaluation – for PDO indicator 2 on productive assets - could not be completed in time for the Implementation Completion Report due to delays in procurement. PDO 2 was tracked only through the process monitoring agency, which submitted its last report in June 2018 for project activities implemented up to July 2017. There were also considerable gaps in the data captured by the Management Information system especially around livelihoods activities. Many aspects of livelihoods interventions, especially around income impacts, were not well substantiated and lacked robust assessment. Similarly, there was not much information available for the skills development component on placement and retention rates. While placement data was sought from the training agencies from time to time, the project did not attempt to track retention rates of youth trained through project efforts.

M&E Utilization

82. M&E data was used to inform project management and decision-making. Monthly progress reports highlighting project progress along key parameters was circulated to a wide range of stakeholders from 2014 onwards up to end of 2017. This served as a visible aid for communicating project results to stakeholders at all levels and focusing attention of policymakers on core project performance metrics. The project also used the Management Information System to develop “Performance Scorecards” that tracked improvement in key indicators by district for District Project Managers and by technical areas for State-level Managers. Regular process monitoring studies were commissioned by the project from an outside agency to cross-check adherence to procedures and guidelines and serve as a check the accuracy of the Management Information System.

83. However, in some cases M&E data was not effectively used. Introducing and updating key M&E indicators to measure indicators that aligned with the overall project RF would have enhanced the ability to track achievements along key parameters. For example, the project did not regularly track and report the velocity of rotation of CIF funds as well as delays in repayments. These are indicators crucial to the sustainability of CBOs, but the lack of an appropriate MIS tool, such as the one developed by Center for Microfinance and used in the IFAD-funded MPOWER project also under the RGAVP, hindered the project from tracking parameters such as non-payment, Portfolio at Risk, etc. Further, not tracking some of the key deliverables around livelihoods and skills development meant that issues faced by beneficiaries as well as benefits accruing to them were not adequately captured. Additionally, the independent process monitoring agency’s contract was not renewed beyond July 2017. Process monitoring reports could have improved the quality of data collection, analysis, and reporting especially when the quality of MIS reporting had started deteriorating toward the end of the project.

Justification of Overall Rating of Quality of M&E

84. The overall rating for M&E is **modest**. The initially conceived MIS system was used well between 2014 to 2017 to review and take decisions on a day-to-day basis for tracking of funds allocation, disbursements to targeted interventions and beneficiaries, and to assess the achievement of the stated objectives of the project. However, the implementation of the M&E system had significant challenges especially after 2017 and towards the project closing period that made it difficult to accurately make use of information to inform project decisions and the ICRR. Although the results framework was simplified at restructuring, the overemphasis on community mobilization and financial inclusion relative to livelihoods remained in the framework. Similarly, the lack of adjustments to the MIS as the project progressed had an adverse effect on the project's ability to monitor and validate project impacts relating to livelihoods enhancements.

B. ENVIRONMENTAL, SOCIAL, AND FIDUCIARY COMPLIANCE

85. **Environmental safeguards compliance**. The project is categorized as category 'B' and three safeguard policies (Environmental Assessment OP/BP 4.01, Natural Habitats OP/BP 4.04 and Forests OP/BP 4.36) were triggered. The project has developed and implemented an Environment Management Framework (EMF). The EMF proposed activity specific Environmental Guidelines for mitigating potential negative impacts of the project interventions on the surrounding environment. The project has integrated the environmental guidelines into the Package of Practices for agriculture and livestock. The *KSs* and *PSs* played a key role in dissemination of the guidelines and best practices. The integration of the guidelines was done at considerable scale in agriculture and livestock interventions. As part of convergence with MGNREGA, activities with positive environmental impacts including soil and water conservation (farm ponds, farm bunds), land leveling, orchard plantations and construction of cattle sheds were taken up.

86. The performance of environmental safeguards remained mostly **Moderately Satisfactory** through the project implementation period. While there were no negative impacts of the projects on natural habitats and forests, limited pesticide use, including the use of some non-permissible ones, was observed in agriculture clusters in combination with other Integrated Pest Management measures. The rating was upgraded at the ICRR mission when suggested remedial actions were taken, with training of the KSs on the use of pesticides and a list of non-permissible pesticides being circulated.

87. Social safeguard compliance: Compliance with OP/BP 4.10 (Indigenous Peoples) was **satisfactory**. The project prepared a Tribal Development Framework, which collected information on tribal populations in project districts and called for actions to ensure inclusion such populations in the project. As noted above, the project was successful in targeting marginalized groups for inclusion into project interventions. The project tracked data disaggregated by social groups, including SC and STs, and successfully included a much higher percentage (48 percent) of ST households in the total number of beneficiaries than the ST's share in the state population (13 percent). RGAVP collaborated with the Tribal Area Development Authority of the state to undertake a special project to provide market infrastructure in the districts with large tribal populations (Banswara, Dungarpur and Udaipur). The project was successful in promoting and establishing socially inclusive leadership among the SHGs, VOs and the CLFs, with about 58 percent, 57 percent and 68 percent of the office bearers of these institutions from SC and ST households. The project implemented multiple livelihoods interventions in areas with significant tribal coverage in the districts of Rajsamand, Chittorgarh, Dungarpur, Udaipur and Banswara districts**.**

88. The project developed and implemented an effective grievance redress mechanism. A toll-free hotline 'Hello Rajeevika' became operational in 2015 to address grievances from SHG members and cadres. A total of 143 cases were received, and all of them were acted upon. For example, of the 33 cases received in 2018, 29 cases had been resolved and the rest were being followed up by RGAVP for appropriate actions at the time of ICRR mission. Starting in 2016, Hello Rajeevika transitioned from waiting to receive complaints to actively make calls to a subset of project staff, community cadres and beneficiaries to ask if they faced any issues, particularly related to payments and sexual harassment (see below).

89. RGAVP was aware of potential vulnerabilities to sexual harassment amongst women community cadres working away from home. It adopted a policy of zero-tolerance for sexual harassment as per the Sexual Harassment of Women at Workplace Act, created a formal mechanism to prevent and handle cases if reported, and widely disseminated information through awareness campaigns and trainings. A state-level complaints committee as well as Internal Complaint Committees at the district level were created and all committee members were trained in provisions of the Act.

90. Procurement ratings were consistently Moderately Satisfactory or Moderately Unsatisfactory. Procurement issues were a significant factor that affected implementation of the project and the project was found lacking in capacity in this function through significant periods of implementation. The project was not able to hire SSOs in a timely manner leading to delays in implementation of livelihoods support activities and the climate change component. In addition, attrition of the Procurement Specialist staff position at the State PMU only added to capacity constraints.

91. Financial Management rating was consistently Moderately Satisfactory or Moderately Unsatisfactory. The GoR ensured adequate provision in the state budget to facilitate transfer of resources to the project society and there were no delays in release of funds. However, as was the case with the other project components, the staffing for the financial management function was considerably delayed and suffered from high attrition at both the state and district levels. Additionally, there were delays in hiring of internal and external auditors. This was highlighted repeatedly by the supervision teams. There was limited attention to community level finances, with scope to improve coordination between the various State PMU teams of Financial Inclusion, Institution and Capacity Building and Financial Management – these issues were highlighted by the supervision team. The project undertook the initiative of conducting Community Audits to strengthen the internal controls at the CBOs. However, this initiative lost traction subsequently. The project also started auditing of books of all CLFs by independent Chartered Accountants – which was underway at the time of project closure.

C. BANK PERFORMANCE

Quality at Entry

92. The World Bank performance in terms of identification, facilitation of the project preparation, and appraisal is rated Moderately Satisfactory. The project design was aligned with the World Bank Group's priorities in India and was in response to the GoR's request to support its rural poverty reduction agenda after the completion of DPIP. The design adopted the SHG-model as lessons from the predecessor DPIP suggested that the Common Interest Group (CIG) model fell short of truly empowering poor women as it did not lead to the creation of sustainable institutions.

93. However, the design had some weaknesses. One was the inclusion of the Climate Change Adaptation component which had to be reconsidered after a long period of inaction by the project and delay in procuring a technical agency. The rationale of the component was relatively weak in the Theory of Change, and a thorough assessment of the willingness and capacity of RGAVP to implement the component did not seem to have been undertaken.

94. Second, while the design mirrored that of livelihoods projects successfully demonstrated in other states, and subsequently adopted by NRLM and NRLP, it did not sufficiently elaborate on how technical assistance will be provided to the beneficiaries after they obtained access to capital. Livelihood support was to be defined and implemented by Sector Support Organizations and was not sufficiently internalized in the design. While the design envisaged that each SHG will prepare a livelihood plan, how such a plan will inform and define TA support members would receive was not clearly spelled out. The design was also not specific in terms of project support to Producer Organizations (POs) to be formed and global experience on the systemic support required to create sustainable POs could have been more explicitly delineated.

Quality of Supervision

95. Quality of supervision is rated Moderately Satisfactory. The Bank fielded regular implementation support missions (twice a year) which had the necessary skills composition. The project experienced a long period of poor performance in critical initial years: it had 'substantial' risk flags for almost three years until the mid-term review due to slow implementation progress and low disbursements. There were significant challenges on project implementation with project staffing delayed by almost two years, partially due to litigation relating to the hiring of contract staff by the Government of Rajasthan, and consistently weak procurement performance leading to substantial delays in key procurements of SSOs to scale up livelihoods support. During this period, the Bank missions consistently flagged critical issues to the counterpart and urged remedial actions.

96. Disbursements remained relatively low until late in the project, with 36% disbursed as of Quarter 3 – 2016. Regular support and interim technical missions assisted the project in improving implementation and disbursements. The project was also restructured thrice in response to changes in implementation context and to address implementation challenges (as detailed in paras 17-30 above). Starting in 2015, the Bank team intensified support and fielded more than 10 interim missions in addition to formal implementation support missions in this period to assist in accelerating the pace of implementation. A Resident Consultant was also hired and placed in Rajasthan to provide additional technical support to the project. In October 2016, the Bank team assisted the project in organizing a livelihoods workshop in Jaipur bringing together leading domestic and international livelihoods technical support organizations to present intervention models and to explore collaborations. The team also emphasized strengthening MIS as a tool to provide real time information on implementation; and strengthening technical human resource capacity at the State PMU. However, an impact assessment survey – focusing on the development of productive assets - for the project is still ongoing and the results not submitted due to delays in procurement of the impact assessment agency. Such delays were formally flagged by the Bank team in March 2019, seven months before project closing.

Justification of Overall Rating of Bank Performance

97. The Bank's overall performance is rated Moderately Satisfactory.

D. RISK TO DEVELOPMENT OUTCOME

98. Risk to Development Outcome is assessed from three different angles: (i) sustainability of the community organizations (SHGs, VOs and CLFs); (ii) sustainability of livelihood investments; and (iii) sustainability of Producers Organizations.

99. Sustainability of the community organizations created with the project support would largely depend on the sustainability of the CLFs, which function as apex entities providing support services to SHGs through rotation of funds and monitoring operations of SHGs; and livelihoods technical services to SHG members through employing community cadres created. CLFs provide services to members in livelihood development, bank linkages and other key areas. Relevance of those services to the members is well grounded and their legal status is secure: 177 (85 percent of the total) have already been registered as cooperatives at closure while the rest were in the process of registration. However, a key to the sustainability of CLFs is their financial health, which requires close examination. While CLFs can cover basic expenditures (staff salary, meetings and office expenses) from incomes, payment for services of cadres for livelihood, MNREGA convergence and other activities is yet to be fully self-financed.

100. The design of the project dictates that the CLFs will be supported by the project in meeting their running costs and administration expenses for a period of three years – 75 percent in the first year, 50 percent in the second year and 25 percent in the third year. In addition, capacity building of CLF staff was financed by the project. For a CLF to be financially sustainable, its operational costs should be easily met through its income. Hence, either the loan rotation velocity should be high or the CLFs should have an alternate source of income generation. A sample analysis of 15 CLFs across all ages shows an average loan rotation ratio of 1.38. Most CLFs do not have an alternate income stream. The current velocity of loan rotation is low to cover interest costs once the direct budget support from the project is withdrawn. An in-depth analysis of two 3-year old CLFs shows that the interest income was covering only 93 percent of their operational costs. To enhance sustainability, RGAVP has proposed that the CLFs be supported under the NRLM budget from 2018-19. An amount of INR 220.1 million (US$3.3 million) has already been budgeted under NRLM to support existing CLFs. However, RGAVP also needs to develop a plan for ensuring the financial self-sustainability of the CLFs.

101. Sustainability of livelihood investments: RGAVP continues to function and implement other community-based poverty reduction projects in the state, including the state-level activities of NRLM. It is also slated to implement the World Bank supported National Rural Economic Transformation Project, the successor project to NRLP focusing on higher-level livelihoods and enterprise support interventions. Hence, the same level of RGAVP support staff will be maintained at the state and district levels. Further, the training and capacity building architecture for project staff, community institutions and community cadres developed through RRLP is expected to continue with funding from NRLM, with budgetary support of INR 115 million (US$1.7 million) requested from NRLM for this purpose.

102. Considering that the project started promoting dedicated livelihood activities only in the last two years of project implementation, sustainability of these interventions will depend on continued support from RGAVP. The project has promoted 3,773 KS and 2,915 PS but the project could not shift them to a fee-based model for support services provided. As an exit strategy, the project will continue to support livelihood cadres under NRLM. The project has planned to hire approximately 2,400 additional PS and KS

and has budgeted INR 1.5 million (US$23,000) for the honorarium of these resource persons. However, RGAVP needs to develop and implement a plan for financial sustainability of these cadres including covering a higher proportion of their costs though user fees charged to beneficiaries.

103. Sustainability of Producers Organizations: The strategy of promoting POs was pursued by the project as a means of promoting households into a higher level economic activity. However, of the 12 FPOs promoted in the agriculture and non-farm sector, none were financially viable as of project closing. These POs were initiated without adequate planning and needed dedicated technical expertise. The project intends to merge the FPOs into four larger units and inject additional funding to kick start their operations. However, in the absence of adequate technical support and business planning, the feasibility of the POs is doubtful.

104. Overall risk to the development outcome is considered **Substantial**.

E. LESSONS AND RECOMMENDATIONS

105. ‘Community to community’ approach: Social mobilization and community empowerment using project beneficiaries as resource persons can be effective if they are carefully selected and sufficiently trained. It also helps acceleration of project outreach at a low cost. Rural poor women SHG members, who come from the same socio-economic background and have experienced the process of empowerment themselves, can be excellent mentors and drivers of project interventions and development outcomes. Functioning community institutions are also incentivized to increase their outreach to additional beneficiaries as it strengthens their organizational growth and financial base.

106. For a project with extensive geographical coverage and enormous capacity building needs, a structured approach to training is necessary. Key factors that made capacity building efforts under RRLP successful and effective were: creation of dedicated units (resource cells), development of standardized modules for all types of trainings, and ensuring enabling environments for trainees - poor women from villages – to participate in such training including provision of safe and appropriate residential facilities and counseling of family members to support women’s participation in training programs.

107. Community para-professionals are a cost effective and effective way for provision of technical services to target communities. On the other hand, engaging such cadres without appropriate cost-recovery measures runs a risk of harming the financial health of community organizations in the long run and may create discontent on the part of both service providers and recipients if quality of services becomes compromised as a result.

108. Member-based community organizations of the poor, with sufficient organizational capacity, can effectively serve to enhance access to government entitlements and attract interventions and partnerships from other public and private entities for provision of a range of services to the rural poor. They can also serve as effective partners for piloting pro-poor interventions by reducing costs for beneficiary identification and mobilization. The potential for scaling up successful pilots using existing capacity of functioning community organizations are also substantial.

109. Disbursing different types of funds (revolving fund, CIF, bank linkages, vulnerability reduction fund) to meet different capital requirements of the members in a demand-based manner allows for risk reduction and gradual capitalization of the poor. It ensures that consumption needs and emergency expenses of the poor are met in a low-cost manner, preventing them from disposing productive assets and incurring unsustainable high-cost debts. Only households that demonstrate an increased capacity to absorb higher credit levels through taking up livelihoods activities and demonstrate proven financial discipline through regular repayments are provided with higher levels of credit. This keeps default rates low while helping households graduate to improved livelihood options.

110. Capitalization of the poor should be accompanied by effective technical support on livelihoods to enable them to improve and/or transform their livelihoods through optimal investment decisions. For market-oriented livelihood activities, such technical support can be informed by market demand and would benefit from engaging with private sector operators in the value chain.

111. **HR Strategy:** Motivation of staff is a key aspect that determines the quality of project implementation. Having well-developed human resource management policies and competitive incentives from the outset helps attract and retain the best talent. In a country like India, where multiple states have State Rural Livelihoods Missions and other agencies such as the State Skill Development Missions implementing similar development projects and programs, there is the opportunity to learn from and benchmark against successful institutions around HR management and incentivization strategies.

112. Support to Producer Organizations: An array of World Bank funded projects including RRLP have shown that POs are sustainable only when they operate at a scale and receive financial and technical support for extended periods. In addition, they need to be planned to cater to the unmet needs of producers on the supply side and well connected with markets and private players on the demand side. Further, detailed business plans, cash flow analysis and M&E systems are important aspects that determine the viability of POs. Investment in POs need clear identification of capital and revenue expenditures and guidelines on financing modalities. In the absence of careful planning, sustainability of POs will be difficult.

113. Outsourcing project activities to government agencies outside the jurisdiction of the immediate project implementing agency impedes utilization of the project's institutional architecture and undermines effective monitoring and timely actions, resulting in a disconnect from the project. In case such arrangements are necessitated, stronger safeguards need to be put in place to ensure performance of the partner agency.

114. The rapid turnaround of project implementation and disbursements post 2015 was due to three linked factors that can inform Bank engagement with problem projects. Firstly, the project, with assistance from the Bank team, instituted an MIS system that provided real-time data on project performance. Secondly, the project instituted a focused outreach strategy, disseminating monthly progress reports and holding events highlighting performance along core project parameters to a wide range of stakeholders and policy makers in the state, thereby raising the profile of the project. Lastly, the GoR filled staff vacancies for managerial and technical staff and ensured longer tenures for senior project leadership positions.

Annexes:

Annex 1: Results Framework and Key Outputs
Annex 2: Bank Lending and Implementation Support / Supervision
Annex 3: Project Cost by Component
Annex 4: Efficiency Analysis
Annex 5: Rationale for changes in PDO indicators
Annex 6: Livelihoods Support Services through Agriculture and Livestock Technical Paraprofessionals
Annex 7: Pilots and Innovations
Annex 8: Borrower, Co-financier and other Partner/stakeholder Comments
Annex 9: Supporting Documents

ANNEX 1. RESULTS FRAMEWORK AND KEY OUTPUTS

A. RESULTS INDICATORS

A.1 PDO Indicators

Objective/Outcome: Enhance empowerment of rural poor women in selected districts, with a focus on marginalized groups.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Total number of Women Project Beneficiaries	Number	0.00 14-Dec-2010	300000.00 31-Oct-2016	350000.00 06-Mar-2018	654123.00 15-Oct-2018
Of which, proportion belonging to marginalized groups.	Percentage	0.00 14-Dec-2010	0.00 31-Oct-2016	55.00 06-Mar-2018	65.00 15-Oct-2018

Comments (achievements against targets): 654,123 women from rural poor households were mobilized into SHGs and were accessing loans through the project. 65% of them were from marginalized SC and ST communities.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Total funds managed by	Amount(USD)	0.00	0.00	35000000.00	58100000.00

functioning apex community federations.		14-Dec-2010	31-Oct-2016	06-Mar-2018	15-Oct-2018

Comments (achievements against targets): Functioning community-owned Cluster Level Federations (CLFs) were managing $58 million at project closure, on-lending them to VOs and SHGs.

Objective/Outcome: Enhance economic opportunities for rural poor women in selected districts, with a focus on marginalized groups.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Total number of Women Project Beneficiaries	Number	0.00 14-Dec-2010	300000.00 31-Oct-2016	350000.00 06-Mar-2018	654123.00 15-Oct-2018
Of which, proportion belonging to marginalized groups.	Percentage	0.00 14-Dec-2010	0.00 31-Oct-2016	55.00 06-Mar-2018	65.00 15-Oct-2018

Comments (achievements against targets): 654,123 women from rural poor households were mobilized into SHGs and were accessing loans through the project. 65% of them were from marginalized SC and ST communities.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Percentage of SHG members that have developed additional productive assets	Percentage	0.00 14-Dec-2010	0.00 31-Oct-2016	50.00 06-Mar-2018	40.00 15-Oct-2018

Comments (achievements against targets): 40% of project beneficiaries developed additional productive assets as against the target of 50%.

A.2 Intermediate Results Indicators

Component: Institutional Building and Social Empowerment

Component: Community Investment Support

Component: Skills Development and Employment Promotion

Component: Climate Change Adaptation

Component: Project Implementation Support

Unlinked Indicators

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Number of functioning SHGs established	Number	0.00 14-Dec-2010	0.00 31-Oct-2016	40000.00 06-Mar-2018	50167.00 15-Oct-2018

Comments (achievements against targets): A total of 55,562 SHGs were established though the project of which 50,167 were functioning well as of project closure.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Number of functioning Village Organizations / Cluster Level Federations established	Number	0.00 14-Dec-2010	0.00 31-Oct-2016	4000.00 06-Mar-2018	4884.00 15-Oct-2018

Comments (achievements against targets): SHGs formed were federated into 4,884 village organizations that were functioning well and providing services to SHGs.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Number of functioning Community Level Federations established	Number	0.00 14-Dec-2010	0.00 31-Oct-2016	120.00 06-Mar-2018	208.00 15-Oct-2018

Comments (achievements against targets): 208 Cluster Level Federations were functioning well and providing services to VOs and SHGs as of project closure.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
At least 70% of grade "A" SHG members avail credit from inter-loaning within their groups	Percentage	34.00 14-Dec-2010	70.00 31-Oct-2016		85.00 15-Oct-2018

Comments (achievements against targets): 85% of Grade A SHG members (90% of all SHGs were graded A) were accessing credit from SHGs.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
At least 80% of the grade A SHGs have accessed credit support from the CDO	Percentage	0.00 14-Dec-2010	80.00 31-Oct-2016		80.00 15-Oct-2018

Comments (achievements against targets): 80% of SHGS were borrowing and repaying on-lending funds from the VOs.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
At least 70% of the CDOs report receiving financial services from their respective Community Level Federations	Percentage	0.00 14-Dec-2010	70.00 31-Oct-2016		93.00 15-Oct-2018

Comments (achievements against targets): 93% of all VOs reported receiving financial services - in the form of on-lending funds - and livelihoods technical services - in the form of extension and support services to SHG members - from the CLF.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
At least 50% of Grade 'A' SHGs obtain credit from banks	Percentage	24.00 14-Dec-2010	50.00 31-Oct-2016		62.00 15-Oct-2018

Comments (achievements against targets): 62% of SHGs leveraged additional formal bank credit through project support.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
At least 50% of grade A SHG members obtain credit support for productive activity	Percentage	24.00 14-Dec-2010	50.00 31-Oct-2016		63.00 15-Oct-2018

Comments (achievements against targets): 63% of beneficiaries receiving loans reported doing so for investments in enhancing agriculture, livestock or non-farm livelihoods.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
At least ten functioning Producer Organizations are established	Number	0.00 14-Dec-2010	10.00 31-Oct-2016		0.00 15-Oct-2018

Comments (achievements against targets): 12 Producer Organizations were formed, but were they not fully functional as of project closure.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
At least 17,000 youth (including more than 33% women) from the project	Number	0.00 14-Dec-2010	17000.00 31-Oct-2016	17000.00 15-Oct-2018	11273.00 15-Oct-2018

villages are placed in appropriate jobs as a result of project efforts					

Comments (achievements against targets): 11,273 youth from SHG member households were trained and gained employment through project interventions.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Project management has satisfactorily addressed statutory audit findings according to agreed RRLP business standards	Percentage	0.00 14-Dec-2010	100.00 31-Oct-2016		100.00 15-Oct-2018

Comments (achievements against targets):

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Complaints received by the Complaints Handling unit in the SPMU have been addressed, according to agreed RRLP business standards	Percentage	0.00 14-Dec-2010	100.00 31-Oct-2016		100.00 15-Oct-2018

Comments (achievements against targets): The project instituted a formal complaint handling mechanism. A total of 143 cases were received during the life of the project, and all of them were acted upon.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Regular M & E Reports listing progress on core project parameters developed and disseminated to stakeholders	Yes/No	N 14-Dec-2010	Y 31-Oct-2016	Y 06-Mar-2018	Y 15-Oct-2018

Comments (achievements against targets): The project disseminated periodic reports on core project parameters.

B. KEY OUTPUTS BY COMPONENT

Objective/Outcome 1	
Outcome Indicators	1. Empowerment, measured by the Number of women mobilized into SHGs and receiving loans through project support [and proportion belonging to marginalized groups]. 2. Empowerment, measured through the number of well-functioning apex CLF institutions owned and managed by the poor and the amount of funds that they manage.
Intermediate Results Indicators	1. At least 70 percent of grade 'A' SHG members avail credit from inter-loaning within their groups 2. At least 80 percent of the VOs in the project villages also manage (project) funds efficiently 3. At least 70 percent of the VOs report receiving services from their respective PFT-level area federations (CLFs) 4. Number of functioning SHGs established [40,000] 5. Number of functioning VOs established [4,000] 6. 6. Number of functioning CLFs established [120]
Key Outputs by Component (linked to the achievement of the Objective/Outcome 1)	1. 654,123 women were mobilized into SHGs and accessed loans through project support. 65 percent of them were from SC and ST communities. 2. 50,167 functioning SHGs at the end of the project period, well over the project goal at appraisal. 3. 85 percent of Grade "A" SHG members availing credit from inter-loaning within SHG groups. 4. 92 percent of VOs in project villages are managing funds efficiently with regular loans and repayment cycles. 5. 93 percent of VOs reported receiving financial and technical services from the CLF.

	6. 4,884 VOs were functioning at the end of the project period. 7. 208 CLFs were functioning at the end of the project period, providing financial, technical and mentoring support to SHGs and VOs.
Objective/Outcome 2	
Outcome Indicators	1. Enhanced economic opportunities measured by the number of women accessing additional credit through project support. 2. Enhanced economic opportunities measured by the proportion of women beneficiaries developing productive assets.
Intermediate Results Indicators	1. At least 50 percent of grade A SHGs obtain financial assistance/credit from banks 2. At least 80 percent of Grade A SHGS have accessed credit support from the CDO 3. At least 40 percent of grade A SHG members obtain credit support for productive activity. 4. At least 10 viable and sustainable Producer Organizations (POs) are established 5. At least 17,000 youth (including more than 33 percent women) from the project villages are placed in appropriate jobs as a result of project efforts
Key Outputs by Component (linked to the achievement of the Objective/Outcome 2)	1. 654,123 rural poor women accessed credit of a total value of US$222 million through SHGs promoted by the project. 2. 62 percent of Grade 'A" SHGs obtained credit from banks of total value of US$29 million. 3. 80 percent of Grade 'A" SHGs obtained credit services through federated community institutions – VOs and CLFs – formed by the project.

	4. 63 percent of SHG members obtained credit support for a productive activity. 5. 11,273 youth, of which 49 percent were women, were provide skills training and placed in jobs.

ANNEX 2. BANK LENDING AND IMPLEMENTATION SUPPORT/SUPERVISION

A. TASK TEAM MEMBERS

Name	Role
Preparation	
Supervision/ICR	
Adarsh Kumar, Pushina Kunda Ng'andwe	Task Team Leader(s)
Balagopal Senapati	Procurement Specialist(s)
Tanya Gupta	Financial Management Specialist
Vinayak Narayan Ghatate	Team Member
Kumudni Choudhary	Team Member
Anupam Joshi	Environmental Specialist
Varun Singh	Social Specialist

B. STAFF TIME AND COST

Stage of Project Cycle	Staff Time and Cost	
	No. of staff weeks	US$ (including travel and consultant costs)
Preparation		
FY09	18.792	67,780.71
FY10	46.546	192,112.54
FY11	69.774	221,087.44
FY12	0	-9,151.00
Total	**135.11**	**471,829.69**
Supervision/ICR		
FY09	0	0.00
FY11	0	1,386.69
FY12	21.628	143,342.69

FY13	29.167	144,499.55
FY14	42.931	131,034.00
FY15	39.835	127,610.76
FY16	38.264	127,256.57
FY17	27.732	123,178.37
FY18	30.585	166,868.10
FY19	12.097	74,106.60
Total	**242.24**	**1,039,283.33**

ANNEX 3. PROJECT COST BY COMPONENT

Components	Amount at Approval (US$M)	Actual at Project Closing (US$M)	Percentage of Approval (%)
Institution Building and Social Empowerment	51.2	21.7	42
Community Investment Support	100.8	82	81
Skills Development and Employment Promotion	6.3	5.6	89
Climate Change Adaptation	10.6	0.0	0.0
Project Implementation Support	14.9	13.3	89
Total	**183.8**	**122.6**	**67**

ANNEX 4. EFFICIENCY ANALYSIS

ANNEX 4. EFFICIENCY ANALYSIS

Introduction

1. The main benefit of the project that were envisaged at appraisal was that Community-led participatory, inclusive and transparent decision making will lead to efficient delivery of the funds for community management of livelihood development. Dominant role for the community in managing their funds will have two impacts: (i) efficient delivery of funds and (ii) efficient targeting of beneficiaries. The EFA at appraisal expected that the project would target community-led sustainable improvements in the livelihood security of 400,000 poor rural households in 9,000 villages from 17 districts of Rajasthan through social inclusion and community mobilization; finance demand driven livelihood investments for livelihood activities through 33,000 SHGs; link at least 23,100 SHGs with multiple sources of credit; establish 34 producer organizations that benefit at least 3,300 SHGs to integrate with markets; and develop skills and ensure job placement for 17,000 unemployed rural youth.

Methodology and key assumptions

2. For the purpose of this ICRR, a cost-benefit analysis has been conducted for each of the key income generating interventions supported by the project namely (i) the benefits from income-generating activities and comprises farm, off-farm and non-farm interventions (ii) benefits related to training and job placement services for the youth. It is to be noted that while livelihood and microfinance models are closely interrelated as is their nature on the ground, the analysis of economic benefits of livelihood activities for RRLP only captures the benefits for the period when the project implemented dedicated livelihood interventions. For the period prior to the start of dedicated livelihood activities, there is limited data on economic benefits arising from microfinance activities that can be attributed to the project. Hence, the estimates for IRR at ICRR are conservative.

3. For estimating benefits through dedicated livelihood interventions, the selection of livelihood activities for economic analysis was done in consultation with the project team. The idea behind the selection was to cover major livelihood activities in the project villages which were being typically undertaken by households and which also reflected the utilization of funds from SHG inter-loaning process. Returns from enterprise promotion in the non-farm sector was estimated based on the data collected by the PMU. In addition, a loan rotation and sustainability analysis was conducted for CLFs and overall project efficiency was assessed.

4. For conversion from financial to economic prices, (i) shadow wage rates were used for calculating the shadow price of unskilled and skilled labor. In the absence of a more accurate estimate of the marginal value of agricultural labor, the opportunity cost of labor is calculated as the foregone income of moving into a new trade from a relatively certain income source – MNREGA, which provides 100 days of paid labor days to eligible rural poor. (ii) wages paid for skilled labor (non-farm, skills placements, etc.) are assumed to represent their true marginal value of production; (iii) the commodity prices represent the farm gate prices hence no conversion is needed; (iv) beneficiaries realize 25 percent of the average incremental annual income reported in year 1 after they joined the project, 50 percent of the reported income increase from year 2, and 100 percent of the reported incremental income with no changes thereafter.

Benefits and Beneficiaries

5. **Microfinance**: Financial inclusion is one of the key pillars of RRLP, along with livelihood promotion and skills. As an SHG member, target households can access funds from the following sources: (i) SHG internal loans; (ii) CIF channeled through CLFs; (iii) direct linkages with banks; (iv) convergence with other government schemes. Maximum loan amounts and repayment periods differ for each source and may increase gradually as households build a positive credit history. At closure in 2017, the project had met its outreach targets in terms of geographic coverage, with a total of 17 districts, 51 Blocks and 6,394 villages. The project promoted 208 CLFs comprising 4,884 VOs and mobilized 654,123 household from the poorest segments of society into 55,562 SHGs.

Table 4.1: RRLP Beneficiaries

Description	Unit	Number
Households covered	number	654,123
percent STs	percent	47 percent
percent SCs	percent	17 percent
SHGs	number	50,167
VOs	number	4,884
Number of SHGs federated into VOs	number	46,848
CLFs	number	208
Number of VOs federated into CLFs	number	4,701
SHGs supported with RF	number	48,318
Total RF disbursed	INR million	724.8
SHGs supported with CIF	number	35,991
Total CIF disbursed	INR million	3,549.1
Total savings in SHGs	INR million	308.5
SHGs borrowed from bank – once	number	25,346
SHGs borrowed from bank – more than once	number	11,123
Total borrowings from banks	INR million	2,078.9
VOs received Vulnerability Reduction Fund (VRF)	number	2,542
Total VRF disbursed	INR million	INR 368.8
Households covered under improved agriculture	number	60,744
Households covered under improved livestock practices	number	50,919
Households covered under non-farm support	number	16,242
FPOs promoted	number	14
Youths trained	number	19,889
Youth placed	number	12,976
Community resource professionals trained	number	5,000

6. Access to formal sources of credit generate multiple benefits, the key ones being consumption smoothening and enabling investments in livelihood assets that would eventually lead to increases in incomes, borrowing at market interest rates, thus reducing exposure to high cost debt from moneylenders. The process monitoring shows considerable reduction in borrowing from informal sources for the SHG members since

joining the project.

Table 4.2: Sources of Lending for RRLP beneficiaries

Sources	WoP	WP
Money Lenders only	68 percent	3.80 percent
Family/friends only	8.20 percent	-
Combination of above	23.10 percent	1.30 percent
SHGs	0 percent	84.80 percent
Combination of all three	0 percent	3.80 percent

7. Other benefits from microfinance includes increased household savings and increased access to credit. SHG members have taken loans under two major heads, namely, household consumption and livelihood activities. The process monitoring findings (July 2017) show that 36.7 percent of SHG members have taken loan for household consumption while 63.3 percent of the members has availed loan for livelihood activities. Thus, majority of the members in the districts covered have obtained loans for livelihood activities. Among livelihood loans, about 50 percent of the members have obtained loan for livestock purposes followed by 32 percent for agriculture and 16 percent for non-farm livelihoods activities. The lack of data on economic benefits generated that can be attributed to microfinance activities restricts these benefits from being reported in the ICRR.

Table 4.3: Savings and inter-loaning within SHG groups

		2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Savings	INR million	-	0.61	1.40	2.08	4.41	6.86	7.68	7.80
Inter loaning	INR million	-	307.9	706.3	1,045.5	2,216.4	3,451.2	3,861.2	3,923.6

8. **Livelihoods**: The project generated a variety of benefits through (i) improvements in productivity in agriculture and animal husbandry (ii) gainful employment through skill training and (iii) promotion of enterprises in the non-farm sector. Returns to agriculture productivity were estimated through nine representative crop models and four models on goat rearing and dairy production. The skill training program promoted by the project provided two kinds of employment – wage and self-employment. The data on salaries for placement in wage employment was obtained by the reports of the training agencies. For estimating the benefits through self-employment, it was assumed that the incremental monthly incomes are similar to the non-farm enterprises promoted by the project.

Table 4.4 Phasing and outreach of livelihood activities

Description	Unit	PY1	PY2	PY3	PY4	PY5	PY6	PY7	PY8
Dairy	household	-	-	-	-	-	6,638	21,871	407
Cumulative	household	-	-	-	-	-	6,638	28,509	28,916
Agriculture	household						8,506	51,169	1,069
Cumulative	household	-	-	-	-	-	8,506	59,675	60,744

Description	Unit	PY1	PY2	PY3	PY4	PY5	PY6	PY7	PY8
Livestock	household	-	-	-	-	-	3,081	18,742	180
Cumulative	household	-	-	-	-	-	3,081	21,823	22,003
Non-farm	household						3,290	11,437	1,516
Cumulative	household	-	-	-	-	-	3,290	14,726	16,242
Skills - trained	number	-	-	5,720	1,837	4,694	3,443	1,901	-
Skills - trained (cumulative)	number	-	-	5,720	7,557	12,251	15,693	17,594	17,594
Skills - placed	number	-	-	4,004	1,258	2,300	1,331	1,901	-
Skills - placed (cumulative)	number	-	-	4,004	5,262	7,562	8,894	10,795	10,795

Data Collection

9. Due to lack of end-line survey data for the project, the efficiency analysis relied mostly on the information collected from the project MIS data, process monitoring findings, field visits during the ICRR mission, and secondary data sources such as crop cutting exercises conducted by CMF. For the dairy and livestock models, the project used data captured by CMF. The Investment models for the efficiency analysis were build using 'treatment' and 'control' information from the CMF studies. For agriculture, the assessments on crop productivity was conducted by CMF in partnership with the Department of Agricultural Economics and Management, Maharana Partap University of Agriculture and Technology. The study was conducted in the harvest seasons of *kharif* and *rabi* reasons in 2017-18. The study covered 190 plots of improved agriculture practices and 49 control plots of traditional practices across 24 blocks in 12 districts. The plots were selected on a random basis and each plot was between 1,600 – 2,000 sq. meters. For the assessments on animal husbandry, data was taken from the CMF studies conducted in May 2018 for the Project Completion Report of the IFAD funded MPOWER project. RGAVP has taken over the beneficiaries of the MPOWER project.

Results of Financial and Economic Analysis

10. Year-wise outreach is presented in Table 4.4. Financial models for different livelihood activities with the reported data is used to re-assess the financial viability of project investments estimated at appraisal and to estimate the incremental benefits as a result of project interventions. The results for the representative farm and off-farm models are presented in table 4.5.

Table 4.5 Summary of Financial Profitability of Key Livelihood Activities

		Units	Millets	Maize	Black Gram	Mustard	Soybean	Wheat	Chili	Okra	Tomato
Unit of production		hectare	0.20	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Yield	Treatment	kg per ha.	2,014	3,350	1,530	2,278	2,469	4,280	4,739	5,681	7,446
	Control		1,353	2,269	615	1,486	1,360	3,148	2,164	3,362	6,364
	Increase	percent	48.9 percent	47.7 percent	149.0 percent	53.3 percent	81.5 percent	36.0 percent	119.0 percent	69.0 percent	17.0 percent
Revenue		INR	6,405	13,527	22,474	23,436	15,625	12,564	23,695	18,615	22,338
Gross margin		INR	5,768	12,865	20,207	21,169	13,215	11,902	22,380	17,690	21,413
Incremental net income		INR	1,598	4,185	6,362	8,214	4,245	3,874	12,325	2,455	6,178
Total labour		person day	12	15.00	12	12	12	15	60	20	30

	Units	Dairy	Goat rearing - small	Goat rearing - medium	Goat rearing - large
Unit of production	animals	3	2	6	10
Yield increase	percent	7.0 percent	-	-	-
Mortality decrease	percent	84 percent	85 percent	85 percent	85 percent
Revenue	INR	60,280	8,512	17,024	38,304
Gross margin	INR	26,725	6,343	12,648	30,261
Incremental net income	INR	4,421	5,482	11,787	29,400
Total labour	person day	100	100	115	130

11. The ICRR EFA estimated an ERR of 25.1 percent and an ENPV of INR 3,474 million which is higher than the appraisal estimates of 21.8 percent ERR and INR 2,806 million ENPV. The improved economic returns are primarily due to the increased gross incomes realized by the beneficiaries. These returns are conservative, as benefits resulting from savings and inter-loaning within SHGs are not captured in the overall IRR calculations. Similarly, other benefits generating from increased capacity of beneficiaries and other cadre developed by the project, extension services through CRP cannot be quantified in monetary terms and hence, have not been included in the overall IRR calculations.

Table 4.6: Project Costs

Components	Amount at Approval (US$M)	First restructuring (US$M)	Second restructuring (US$M)	Actual at Project Closing (US$M)
Institution Building and Social Empowerment	51.2	39	25.4	21.7
Community Investment Support	100.8	82.6	92.0	82
Skills Development and Employment Promotion	6.3	6.3	6.3	5.6
Climate change adaptation	10.6	1	0.0	0.0
Project Implementation Support	14.9	14.9	14.9	13.3
Total	183.80	143.80	138.6	122.6

Table 4.7 Appraisal and ICRR Financial and Economic Returns

Description	Unit	At Appraisal	At completion	Achievement
Costs	INR million	8,164.4	8,014.2	98.2 percent
FRR	percent	22.60 percent	21.8 percent	96.5 percent
FNPV	INR million	3,369.0	2,937.7	87.2 percent
ERR	percent	21.80 percent	25.1 percent	115.0 percent
ENPV	INR million	2,806.0	3,474.1	123.8 percent
Agriculture	beneficiaries	80,000	60,744	75.9 percent
gross income	INR	8,120	17,068	210.2 percent

Goat rearing	beneficiaries	120,000	22,003	18.3 percent
gross income	INR	5,780	16,417	284.0 percent
Dairy	beneficiaries	80,000	28,916	36.1 percent
gross income	INR	13,410	26,725	199.3 percent
Skills and non-farm	beneficiaries	120,000	27,037	22.5 percent
gross income	INR	10,800	87,786	812.8 percent

12. **Costs per beneficiary**: Total project costs per SHG is US$1,978. These costs are lower than the Second Madhya Pradesh District Poverty Initiatives Project (US$3,667 per SHG[4]) and the Tamil Nadu Empowerment and Poverty Reduction Project (US$2,626) per SHG but higher than the Bihar Rural Livelihood Project (about US$1,146 per SHG[5]) and the Orissa Rural Livelihood Project (US$997 per SHG).

13. **Sustainability of CLFs:** The CLFs were the apex community-based organization responsible for making community interventions self-reliant through promotion of financial inclusion activities, livelihood activities, skill training, etc. The CLFs were also the vehicle to channel project funds to beneficiaries and other CBOs and closely monitor the efficiency and efficacy of project activities. Ensuring the financial sustainability of CLFs is key to the continuation of activities after project closure, to the proper functioning of other CBOs and to the sustainability of RRLP benefits in general. The key sources of revenue for the CLF were: (i) interest on loans to VOs; (ii) interest earned from banks on any idle grant money; (iii) grants from the project to meet CLF running expenses (for three years); and (iv) grants from the project to pay the remuneration of CRPs and other cadre. The project had proposed for grants to provide 75 percent costs of CLF costs in the first year, 50 percent in the second year and only 25 percent in the third year. Since none of the CLFs had completed more than three years of operation by project closure, the actual cash flows of CLFs had not yet developed sufficiently to cover expenses.

14. A sample analysis of 15 CLFs across all ages shows an average loan rotation ratio of 1.38. A rapid analysis of two 3-year old CLFs shows that the interest income was covering only 93 percent of their operational costs. This compares favorably to other projects such as the Tamil Nadu Empowerment and Poverty Reduction project where the apex- level CBOs had a funds rotation ratio of 3.26, with operational revenues covering approximately 60 percent of the total costs.

[4] Derived from data provided in Implementation Completion and Results Report. Second Madhya Pradesh District Poverty Initiatives Project. World Bank, 2015.
[5] Derived from data provided in Implementation Completion and Results Report. Orissa Rural Livelihoods Project. World Bank, 2016.

ANNEX 5. Rationale for Changes in PDO Indicators

12. Based on a request by the Rajasthan Grameen Ajeevika Vikas Parishad (RGAVP) – the project implementing organization - routed through the Government of Rajasthan, flagging problems with the existing results indicators, joint reviews and discussions of the results framework were undertaken. A number of existing PDO indicators were found to be ambiguously worded, leaving room for different interpretations and making measurement of outcomes difficult. Based on discussions with RGAVP, and internal World Bank consultations and reviews, a number of PDO indicators were dropped, added or refined to remove these ambiguities and to better measure outcomes along the three core PDO objectives of targeting poor and marginalized populations, enhancing their economic opportunities and aspects of their social empowerment.

Table 5.1: PDO Indicators Dropped / Revised at Restructuring (March 2018) with Rationale

Core PDO Objectives	Previous PDO Indicators	New / Amended PDO Indicators
(i)Targeting rural poor women and marginalized groups.	At least 300,000 beneficiaries access SHG loans, of whom at least 90 percent are women.	Revised PDO Indicator 1: Number of women project beneficiaries (accessing loans through the project) - Of which, marginalized groups (percent). *Summary of rationale for change:* All project beneficiaries are women. The total goal for this indicator has been increased to 350,000 and a sub-indicator tracking the proportion of women who belong to marginalized groups has been added.
(ii) Enhancing economic opportunities.	Reliance on informal credit sources drops by 90 percent among members of grade 'A' SHGs (Dropped) Increase in number of sources of household income reported in at least 70 percent of the targeted households (*Dropped*) At least 70 percent of the 33,000 SHGs supported by the project are financially viable and institutionally sustainable (*Dropped, covered in Intermediate Indicators).*	New PDO Indicator 2: Percentage of SHG members that have developed additional productive assets. *Summary of rationale for change:* Increase in formal borrowing of project beneficiaries through SHGs established by the project is covered by an intermediate results indicator (1.2). Increase in productive assets of target households is an established and clearly measurable economic outcome indicator. An intermediate indicator on number of

		functioning SHGs established has been added and the end goal increased to 40,000 SHGs.
(iii) Enhancing empowerment.	At least 50 percent of grade 'A' SHG members routinely participate in Gram Sabha and other village meetings (**Dropped**)	New PDO Indicator 3: Total funds managed by functioning Cluster Level Federations. *Summary of rationale for change:* "Routine participation" in public meetings can have different interpretations and is difficult to measure. The new indicator combines the number of functioning apex Cluster Level Federations governed and managed by women beneficiaries, and the amount of funds that they are managing.

Table 5.2: Intermediate Results Indicators Added / Dropped at Restructuring

Component 1: Institution Building and Social Empowerment	Three new intermediate indicators added: 1.5 Number of Functioning SHGs established 1.6 Number of functioning Village Organizations established 1.7 Number of Functioning Cluster Level Federations established.
Component 2: Community Investment Support	One indicator dropped: 2.1 At least 40 percent of the grade A SHGs have accessed credit support from the CDO As it was redundant and mirrored another existing indicator: 2.2 At least 80 percent of Grade A SHGS have accessed credit support from the CDO
Component 3:	No change
Component 4:	No change

Annex 6: Livelihoods Support Services through Agriculture and Livestock Technical Paraprofessionals

13. The project's primary approach for enhancing livelihood activities was through developing and supporting a cadre of trained TPPs at the community level who provided extension services in agriculture and animal husbandry to SHG members. The objective was to spur adoption of improved package of practices (POPs) by target beneficiary households that reduced costs of cultivation, enhanced productivity and reduced mortality rates among dairy animals (cows and buffaloes) and small ruminants (goats). Overall, 1,753 *Krishi Sakhis* (KSs) provided agricultural technical services to 60,734 households; and 1,597 *Pashu Sakhis* (PSs) provided technical serviced to 29,980 households for dairying activities and 22,002 households for small ruminant rearing activities. To support technical quality of extension services provided by the KSs and PSs, the project also hired qualified professionals in the form of Agriculture Resource Persons (ARPs) and Livelihoods Resource Persons (LRP) who would provide technical backstopping support to them.

Agriculture Technical Paraprofessionals - Krishi Sakhis (KS)

14. The project mobilized target SHG member households engaged in farming into affinity groups at the village level. "Progressive" female and male farmers with good communications skills were identified and selected - based on recommendations from the community - as Krishi Sakhis (KSs) and given structured training through technical institutions such as the Center for Microfinance (CMF) and the *Krishi Vigyan Kendras* (KVKs) on improved PoPs. KSs held a monthly meeting with groups of 30-50 farmers to impart information and train farmers on the improved POPs, followed by periodic field visits to individual farms to follow up and track adoption.

15. All KSs and ARPs were equipped with an agriculture kit containing a range of tools needed to provide services including weighing scales, a quadrant, measuring tape and sample insect traps, biopesticides and bio-fertilizers. In addition, each CLF was given two portable video projectors and audio-visual materials on improved farming practices which were used by the KSs to train farmers. The KSs also interfaced with local agricultural department officials to ensure access of target beneficiary households to existing government agricultural schemes and programs.

16. The project hired qualified ARPs to provide technical support to the KSs. The ARPs provided regular refresher trainings to groups of KSs and reviewed their performance and answered technical queries in monthly cluster-level meetings. At project closing, 1,753 KSs supported by 54 ARPs were engaged in 27 blocks of 13 districts. Table 6.1 and 6.2 below lists the agricultural POPs and adoption of POPs tracked by the project.

Table 6.1: Package of Practices promoted by Krishi Sakhis

Practices	Description
Soil testing	Testing to ascertain available concentrations of plant nutrients and determine fertilizer use recommendations.
Deep ploughing	Ploughing to a depth greater than 50cm to improve soil water retention characteristics and increase productivity.

Seed treatment	Seed treatment using a chemical, typically an antimicrobial or fungicidal, with which seeds are treated prior to planting.
Line sowing	Sowing using a seed drill where the seed is sown evenly and at the desired rate. The drill also places the seed at a measured distance below the soil, so that less seed is required overall, thereby lowering costs. Line sowing is an effective technique in selected crops such as soya bean to increase productivity.
Weed and pest management	Best practices in effective weed and pest management including mechanical/physical controls such as hand pulling, mowing, etc.; chemical controls using herbicides; and use of environmentally friendly bio-pesticides for pest management.
Harvesting practices	Various harvesting practices, including timing of harvesting and storage protocols, for better productivity and reducing spoilage.

Table 6.2: Adoption of POPs (MIS Data – based on monitoring reports by KSs)

POP activity	Adoption Rate			
	Crops		Vegetables	
	HH adopting practice	percent of total HH provided extension services	HH adopting practice	percent of total HH provided extension services
Soil testing	26,176	53 percent	6,183	53 percent
Deep ploughing	42,269	86 percent	9,343	81 percent
Seed treatment	28,372	58 percent	8,423	73 percent
Line sowing	42,922	87 percent	10,074	87 percent
Weed management	30,348	62 percent	8,808	76 percent
Pest management	31,723	65 percent	7,122	61 percent
Total HH	49,138		11,596	

<u>Animal Husbandry Technical Paraprofessionals - Pashu Sakhis (PS)</u>

17. Marginal farmers and poor landless households largely depend on animal husbandry activities as a key source of livelihoods in Rajasthan. Households in identified dairy and goat-rearing clusters in 22

blocks of 12 districts were targeted for provision of technical services. SHG members who were undertaking animal husbandry activities and had good communication skills were identified and selected as *Pashu Sakhis* (PSs) based on community recommendations and given structured training on improved rearing practices at identified technical institutions. Each PS was expected to cater to 30-40 households. The PSs were also provided regular refresher trainings on a half-yearly basis. Each PS was also given a kit containing preventive veterinary medicines and implements. The project also hired a cadre of qualified Livelihood Resource Persons (LRPs) – technically qualified livestock and veterinary professionals – to monitor and provide technical support to the PSs. The PSs and the LRPs also liaised with local Animal Husbandry Department (AHD) officials to ensure access to existing government schemes and services including organizing vaccination and health camps jointly with the AHD and assisting SHG member households to access government veterinary facilities and services. Table 6.3 and 6.4 below lists livestock-related POPs and adoption by beneficiary households as tracked by the project.

Table 6.3: POPs promoted by Pashu Sakhis

Mineral mixture feed	**Natural and organic mineral bricks to improve nutrients and animal health.**
Artificial insemination	Artificial insemination to enhance breed quality and breeding efficiency.
Animal insurance	Awareness on *Bhamashah Pashu Bima Yojana* – the state government livestock insurance scheme - was provided and HHs were mobilized to apply.
Preventive animal health measures	Regular vaccinations, deworming and improved feeding and hygienic care.
Castration (Goats)	Castration of goats to enhance feed efficiency and weight gain.

Table 6.4: Adoption of POPs (MIS Data – based on monitoring reports by PSs)

Intervention	HHs	No. of Animals Covered
Castration	2,279	3,025
Deworming	82,180	1,64,001
Mineral mixture	30,707	48,645
Insurance	4,236	5,708
Artificial insemination	1,518	1,718
Vaccination	65,673	197,333

Annex 7: Pilots and Innovations

18. Several innovative pilot projects were undertaken by RRLP under Subcomponent 2.3: Pilots and Innovations. These were initiated primarily through partnerships with selected technical support agencies and with selected CLFs across RRLP blocks. A community-owned and managed participatory model was followed across the pilots in terms of implementing them with close involvement of community organizations formed through the project. Though these pilots were relatively small in scale, they demonstrated significant innovations in targeting poor and marginalized populations and enhancing their livelihoods and access to entitlements. A brief overview of the pilots are given below.

MGNREGS Convergence Initiative

19. The Government of Rajasthan, in an order released in July 2016, authorized CLFs in selected RRLP resource blocks to work as PIAs to facilitate administrative processing of Category B works under MGNREGS for SHG members. The eligible SHG member households could leverage up to INR 380,000 (US$5,500) from the government for improvement of individual farmlands. In remaining RRLP blocks, the existing project staff extended necessary support for filling applications to assist Gram Panchayats (the conventional PIA as per the scheme guidelines) speed up technical sanctions for SHG members. The progress of the intervention as at project closing is given below in Table 7.1.

Table 7.1: Status of MNREGA Convergence Pilot

Particulars	Status of Works	
	CLF-PIA	GP-PIA
Geographical Spread		
Number of Blocks	16	58
Number of Clusters	50	157
Number of Gram Panchayats	400	800
Progress		
Number of HH Nominated in Gram Sabha	30,310	48,284
Number of Applications Submitted	23,081	35,681
Number of Technical Sanctions (TS)	18,410	18,931
Number of Financial Sanctions (FS)	17,253	17,989
Works Started	15,401	7,221

20. The PIAs are responsible for filling applications, obtaining necessary sanctions, and ensuring that works begin and complete in time. There are two sanctions involved in the process – technical sanctions and financial sanctions. Technical sanctions are prepared by the Consultant Technical Assistant in case of CLF-PIA and Junior Technical Officer in case of GP-PIA. About 80 percent of applications submitted to CLF-PIA received technical sanctions, whereas only 53 percent applications submitted to GP-PIA received technical sanctions. Subsequently, the technical sanctions (from both routes) are forwarded to the *Zila Parishad*, where they are approved by the District Collector. Works can officially start on the ground on receipt of financial sanctions. About 89 percent of the works approved by government were started under CLF-PIA, whereas only 40 percent works started in GP-PIA. Apart from increasing effectiveness of implementing category B works, CLF-PIA was also able to

generate an average work order of INR 346,000 (US$4,942) per household, compared to INR 142,000 (US$2028) per household in GP-PIA areas.

21. The works sanctioned under CLF-PIA varied from land improvement works that included land levelling; bunding; fencing; irrigation comprising construction of farm ponds and underground tanks; infrastructure such as cattle shed and vermicomposting pits; to planting remunerative horticulture plants. Table 7.2 presents the types of works sanctioned and completed as of July 2018.

Table 7.2: Types of work sanctioned and completed

Type of Work	Sanctioned	Completed
Cattle Shed	15,120	6,943
Bunding	15,336	2,547
Vermi Compost	14,348	4,561
Embanking / Stone Fencing	13,102	3,779
Land Levelling	10,450	1,689
Horticulture (Plantations)	5,647	4,586
Farm Ponds / Water Tanks	706	52
Silt Transfer	663	155

22. The intervention had a significant impact on quality of assets owned by beneficiary households in CLF-PIA areas. More than 500 hectares of unproductive land has been made arable through land leveling; more than 400 hectares has been bunded or fenced, preventing the erosion of fertile top soil; and another 170 hectares of land was made fertile through silt transfer. Besides this, more than 450 hectares of land had been brought under horticulture plantation where remunerative varieties such as, orange, lemon, guava, jackfruit, pomegranate, mango, gooseberry, banana, custard apple have been planted. Table 7.3 presents a summary of outcomes (as of July 2018).

Table 7.3: Outputs from MGNREGA Convergence Initiatives

Particulars	Area
Total land levelled	519.05 hectares
Total farm land bunded	216.14 hectares
Total farm land fenced	186.58 hectare
Area made fertile by silt transfer	172.10 hectares
Total number of saplings planted	93,687
Total area under plantation	474.52 hectare

Persons With Disability (PWD) Pilot

23. RGAVP identified PWDs as amongst the most marginalized groups in project villages and initiated a pilot to enhance their inclusion in the SHG-based model. The pilot was initiated in August 2015 and covered four blocks — Sangod, Bakani, Jhadol and Falasia — of Kota, Jhalawar and Udaipur districts. A special policy - based on NRLM guidelines on inclusion of PWDs - was formulated and PWDs across selected blocks mobilized into Disabled Peoples' Group. The DPGs were then given revolving funds through the project to on-lend to members. The project also trained and deployed Rehabilitation Resource Persons to assist DPG group members with counselling (for members and families) and handholding support to access government entitlements as part of various existing schemes targeting PWDs. The RRPs underwent intensive classroom as well as on-the-job training for 42 days on a range of areas including community-based rehabilitation, sign language and basic therapies. The project partnered with four institutional partners to provide technical support and training across pilot geographies including nationally recognized organizations such as the Community Based Rehabilitation Forum and the Helen Keller Institute for the Deaf and Deaf-Blind

24. Overall, 352 DPGs covering 4,863 people - 2,725 female and 2,138 male - were formed across 177 villages and 89 RRPs were deployed to support them. 1,097 members availed loans through the DPGs and 80 percent of members were able to access government entitlements though project support. This includes 154 members being provided with equipment and aids; 623 linked to government pensions; and 380 members receiving basic home-based therapy through RRPs and through referrals to other service providers.

Targeting Ultra Poor pilot (with Bandhan-Konnagar and J-PAL South Asia)

25. The Targeting Ultra Poor pilot was implemented by RRLP in partnership with Bandhan-Konnagar, a non-profit organization, with technical support from the Abdul Latif Jameel Poverty Action Lab (J-PAL South Asia). The pilot sought to test the income and poverty impacts of giving a productive asset to identified poor beneficiaries along with a fixed schedule of technical training and counselling over two years. The project began in December 2016 and targeted ultra-poor households (non-SHG/female-headed resource poor/ultra-poor/ without any active loan from SHG/MFI or any other financial institutions) in five clusters of Manohar Thana block of Jhalawar District. Pilot project beneficiaries were selected through participatory rural appraisal methods and provided with a productive asset (farm/off/non-farm and mixed) of an average cost of INR 12,000 (US$170) along with mentoring and handholding support to assist them in generating sustained income from the assets. 1,000 households from 90 villages were selected as beneficiaries after household visits and verification of their vulnerability status. Transfer of productive assets was made after counselling of beneficiaries; technical verification of the proposed enterprise activity and asset selected by the beneficiary; and training in enterprise development. As of August 2018, the assets transferred were estimated to have more than doubled in value to 3.01 crores (US$360,000). The end-line survey for the pilot is expected to be completed in October-November 2019 by Bandhan-Konnagar and J-PAL SA research teams. RGAVP intends to incorporate learnings from this pilot project across interventions targeting ultra-poor households.

Mobile-based financial transactions with Vodafone M-Pesa

26. In April 2015, RGAVP partnered with Vodafone M-Pesa to provide doorstep-banking services through mobile-based financial transactions. The project was initially piloted in three blocks and, following satisfactory progress, scaled up to 7 additional blocks in December 2015. A total of 7,609 SHGs were registered with M-Pesa and 184 agents trained and deployed. SHG members and CLF leaders were given training in using the M-Pesa platform and provided ongoing handholding support by the agents to undertake transactions. SHG members were able to open accounts with the M-Pesa agents closest to their location, deposit cash as e-money in their M-Pesa wallet and instantly transfer to their bank accounts. The agents charged a 1.5 percent transaction fee.

27. SHG members reported significant reduction of transaction costs, including reducing the drudgery of travelling to distant branches and waiting there; risk reduction in terms of reducing holding of SHG savings as cash at home; and increase in credit worthiness due to a record of transactions on the M-Pesa platform and regular deposits of savings in bank accounts. RGAVP funded the pilot project till December 2016 with MPESA usage continuing post that period with transaction costs borne by the SHGs. As of December 2016, average monthly transaction volume was INR12 million (US$171,420) with a total of 6,116 SHGs actively transacting on the platform.

Custom Hiring Centers for farm machinery

28. Under the Custom Hiring Centre (CHC) pilot, five CHCs were set up across the Kherwara and Rishabhdev blocks of Udaipur district to enhance access of small farmers to appropriate farm machinery, so to enhance agricultural productivity and reduce drudgery and costs of cultivation. RGAVP provided INR 1.2 million (US$17,142) to five CLFs to purchase agricultural machinery and trained them in setting up a CHC and managing rental operations. Each CHC had a range of agricultural machinery including cultivators, seed drills, rotavators and mold-board ploughs. Table 7.3 lists coverage and operational details of the CHCs.

Table 7.3: Summary of CHC operations in 5 clusters

Cluster	No. of HHs	Rental hours	Total Revenues (INR)	Expenses (INR)	Profit (INR)
Chhani	444	427	2,51,313	1,84,604	66,709
Bhudhar	94	114.2	68,130	55,099	13,031
Rishabhdev	63	102.3	60,510	58,311	2,199
Bawalwara	131	118.3	70,637	54,163	16,474
Bhomtawara	302	204	1,25,614	1,13,732	11,812
Total	1034	965.8	5,76,204	4,65,909	1,10,225

Solar Producer Company pilot

29. RGAVP, in partnership with IIT Mumbai and the CSR wing of Idea Cellular, initiated the Solar Energy Lamps (SOUL) pilot project with four Cluster Level Federations (CLFs) in Dungarpur district. 150 women from the 4 CLFs were trained by IIT Mumbai in assembling solar study lamps for distribution and sale to rural households. 85 women SHG members earned INR5,000-6,000 (US$70-86) per month for assembly of the lamps while more than 350 women operated as sales agents, earning a

commission on each lamp sold. The project invested INR1.1 million (US$15,714) and leveraged an additional INR14.5 million from other donors and partners for a total investment of INR15.6 million. The pilot recorded a profit of INR2.5 million out of total revenues of INR8 million in just the first year of operation. The women also opened a lamp repair center and started tying up with a range of manufacturers to act as local distributors for solar energy-based products.

30. Subsequently, the four CLFs registered the operation as a company - the Dungarpur Renewable Energy Technologies Pvt. Ltd. (DURGA) - for manufacturing solar modules and invested in a small manufacturing / assembly facility with 60 SHG women working full time. Today, more than 2,000 women are getting regular employment from this initiative with ongoing support by IIT, Mumbai, Idea Cellular, RGAVP, and the Tribal Affairs Department, Government of Rajasthan. The company produces modules for solar lights, solar home lighting systems and other off-grid solar systems. It also provides rooftop solar installation and consultancy services. It has sold 22,000 2.5 WP solar panels as the local distributor for Sirius Solar and completed two rooftop solar panel installation projects in a public park and hospital.

31. The SoUL project has received accolades from the Chief Minister of Rajasthan and from the Government of India’s Ministry of Power, Coal, New and Renewable Energy and Mines. The pilot has been awarded the Prime Minister Award for Excellence in Public Administration for Innovation in 2017 Recently, the Government of Rajasthan gave a grant of INR 1 crore as working capital to the women’s company through the Tribal Area Development Fund.

Gender Justice Pilot – UN Women

32. A pilot project on enhancing gender justice for women was initiated in October 2017 in partnership with UN Women and Anandi (technical resource agency to UN Women) with the objective of sensitizing and strengthening the capacity of CBOs and community cadres to address women’s issues using a rights-based approach. Under the pilot, a Gender Justice Center was set up in collaboration with the CLF in Rishabhdev block of Udaipur district. The initiative covered 7 GPs and 11 villages with outreach to 8,000 women/households in this block. Twenty community cadres - *Samta Sakhis* – were selected and given intensive training, including exposure visits to other GJCs over a six-month period. The training covered strategies to address obstacles and access entitlements for women across a range of issues including enterprise development and wage-employment, land-holding, education, health and other entitlements. Samta Sakhis were tasked with working closely with CLFs and VOs to identify and address issues relating to gender-based discrimination and violence. They identified and addressed as many as 48 types of cases covering areas such as domestic violence, witch-hunts, polygamy, rape, property rights, women’s use of mobile phones, and entitlements such as registration of women in *Aanganwadi* Centers (Integrated Child Development Services program). The Gender Justice pilot is now being run by the CLF, which has committed to owning and building upon the initiative.

ANNEX 8. BORROWER, CO-FINANCIER AND OTHER PARTNER/STAKEHOLDER COMMENTS

With reference to the Implementation Completion and Results Report on recently completed Rajasthan Rural Livelihood Project funded by World Bank, following points are to be taken in to consideration.

A. Livelihoods:

1. Increase in productive assets was not fully achieved:
   Under the project against the total target of 3.5 lakh members, total 6.50 lakh were mobilised in to SHG. Against this total 60,734 have been linked with livelihood activities includes Dairying and Agriculture based interventions. As mentioned in the document, the project has delayed start, the livelihood interventions also have been delayed start. Substantial time has been put in for building the capacity of the community based extension workers / cadres for providing the extension services for productivity enhancement in Livestock and Farm based livelihood interventions. There was limited scope for focusing on higher order of livelihood interventions and also measure the increase in productive assets. Hence it cannot be concluded that project has not achieved the increase in productive assets because project did not have sufficient time to measure this. However, this will have positive impact in increase in productive assets if measured in about one year of time.
2. **At-least 10 viable and sustainable Producer Organisations are established**: This shows 0 percent achievement. However, Marudhara Rangsaaz Producer Company was registered in February 2017.
   In the para number 70, it has mentioned that the producer organisations promoted under Non-farm has achieved the sales of INR 1 million. However, sustainability of the company is uncertain due to limited sales growth and high inventory stocks.
   Here, we would like to mention that any commercial venture gets the infancy stage of 1000 days to settle down and start the business successfully. So, the project has got the insufficient time to measure the sustainability of the producer company. Marudhara in short period of time registers the order from mainstream buyers. Company's sales strategy is b2b and b2c (through the sales in exhibitions, shop in shop, etc.) market and hence maintaining stock is required for the retail sales and considering the total number of 300 members who are active in production, the stock of INR 10.35 Lakh can't be considered high and will be hardly of one month of production by the members. Usually, the sales cycle is considered for handicraft and textile industry is 3 months.
   Hence it is requested to modify the write up that considering the order received by the company and potential market, company will be sustainable in another one year of time. The remarks closes the door for the company for future investment. However, the sustainability of the company is uncertain due to limited sales growth and high inventory stocks- one can't predict that there is limited sales growth, currently this company has received the order from Fab India for job work of about 5400 Kurtas)

B. Monitoring & Evaluation:

As acknowledged in the ICRR, Rajasthan is one of the lead state having functional transaction based MIS system. RGAVP uses the MIS to monitor the progress and has been able to corrective action time to time based on the information from the MIS. It was operational till RRLP project end however, as a part compliance of Government directions to run the portal on the government site, Rajeevika MIS portal was hosted on government portal during 2018 and hence it was going through the initial teething trouble of migration of data and server compatibility issues for few months leads some delay in data mining. The rating of this vertical was also satisfactory during most of the review missions. Hence, it is requested to upgrade the rating from Modest to Satisfactory.

C. Skill:

Since the achievement under the skill development was dependent upon the other agency, and scope of achieving the same with other way was limited, the performance achieved under the same vertical is also satisfactory. Also, in the absence of clarity from the both the side on the data capturing, the training data through RSETI was not captured initially. The cycle of tracking the placement is 3+ 3 months after the training completion of the youth, while majority of the trainings have been achieved by the RSLDC in the year 2018-19 the data of placement shows lower rate.

Para wise Project comments on ICRR

Regarding para 46-As per Process Monitoring Report about 63 percent of the loan availed by Members are for Livelihood enhancement purposes with the average loan size of Rs 25000/-. It clearly shows that members utilized loan for to increase their production in existing assets as well as to increase their land holding and live stocks and it was not being captured in our MIS .

Regarding para 47- We do agree with the substantial implementation delays in rolling out of livelihood support activities. To promote sustainable community based Producer organization, it need regular handholding support of at least 5 years and all FPOs promoted under RRLP are 2-3 years old. Considering the effective implementation period, sustainability in any case cannot be measured or cannot be concluded as non-feasible or unviable. Since RGAVP planned to take the initiative forward, in the NRLM and also in NRETP, it has potential to be sustainable.

Regarding para 77- **One of the reasons behind this factor is revision/clarity on PDO indicators at later stage of the Project sought to better capture impact relating to PDO outcomes by replacing ambiguous and difficult to measure indicators with more clearly worded and measurable indicators.**

Regarding para 78-MIS **related issues in 2018** is because of migrating the portal into government domain and it was going through the initial teething trouble of migration of data and server compatibility issues for few months leads some delay in data mining. Thus, it cannot be graded as modest. MIS is working, operational and robust.

Regarding para 84-Project put in efforts to bring in some good TSA like IGS, ISAP, Rangsutra, SERP, etc. to support Producer Organizations and take them to the higher order livelihood activities. However, the performance was disappointing and some of these agencies have not been able to deliver the agreed tasks. RGAVP compelled to work through the help of Young professionals and organisations like CMF to support Livelihood activities. The management became conscious in entering in to any partnership with potential of unproductive expenditures.

ANNEX 9. SUPPORTING DOCUMENTS (IF ANY)

1. Project Completion Report
2. Baseline
3. Mid-term assessments
4. Process Monitoring Reports.
5. Thematic studies