

**PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: 80101

Project Name	Creating Inclusive Business Models for Marginalized Tribal Communities in Odisha, Madhya Pradesh and Jharkhand
Region	SOUTH ASIA
Country	India
Sector	Other Industry (100%)
Project ID	P145419
Borrower(s)	Asian Heritage Foundation C-52, South Extn. Part-II, New Delhi-110049 Phone: +91-11-26263984 Fax 26263988
Implementing Agency	Asian Heritage Foundation
Environment Category	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
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I. Country and Sector Background

Country Context

1. Poverty remains a major challenge in India, though it is declining steadily and slowly. Based on the new official poverty lines, the combined all India poverty rate was 30% in 2009-10 as compared to 37% in 2004-05. According to the data, rural poverty declined from 42% in 2004-05 to 39% in 2009-10 and urban poverty declined from 26% to 21% in the same period. In rural areas, in 2009-10, scheduled tribes exhibit the highest level of poverty at 47.4% as compared to 33.8% for all classes. The poverty is also marked by a sharp drop in investment growth resulting from political uncertainties, a tightening of macroeconomic policies aimed at addressing a high fiscal deficit and high inflation (going well beyond food and fuel prices), and from renewed concerns about the European and US economies.

2. While India's higher-income states have successfully reduced poverty to levels, its seven poorest states - **Bihar**, Chhattisgarh, **Jharkhand**, **Madhya Pradesh**, **Odisha**, Rajasthan, and Uttar Pradesh - lag behind their more prosperous counterparts and are home to more than half of India's poor.

Sectoral and Institutional Context

3. Tribal communities are a large minority in India, comprising 84.5 million (8.14%) of the total population and inhabiting approximately 15% of the country's total geographical area. The

three focus states of Odisha, Madhya Pradesh and Jharkhand are home to over 27.9 million (33%) of the country's tribal population, many of whom live in remote areas often near forests. Employment opportunities for these communities are limited to seasonal collection of non-timber forest produce like honey agricultural activities on marginal land holdings and traditional home based activities. Prevalence of Jhum (Slash and Burn Cultivation) in these areas has led to ecological degradation and contributed to migration, food insecurity and starvation deaths, and malnutrition in children making them vulnerable.

4. Despite the tribal communities being highly skilled and engaging in a variety of indigenous and traditional knowledge systems (non-timber forest produce collection, traditional healing, natural foods and crafts), they remain amongst the most vulnerable and isolated groups in India. Apart from socio-economic deprivation, there has been steady erosion of traditional tribal rights and their command over resources. The low socio-economic and participatory indicators in these communities have led to social unrest in tribal areas and large gaps in education, health, transport and housing.

II. Objectives

5. The proposed PDO is to create employment and sustainable livelihood opportunities to reduce poverty amongst the unemployed youth, women and other marginalized communities in the tribal regions of Odisha, Jharkhand and Madhya Pradesh through supporting their traditional and artisanal skills.

III. Project Beneficiaries

6. The project is intended to impact a total of 7650 (Approximately) beneficiaries, including:

- 4800 tribal beneficiaries including, women, unemployed youth, the landless and other community members in the states of Odisha, Jharkhand and Madhya Pradesh; and
- 2850 beneficiaries, mostly women and youth, in Jiyo clusters in rural Andhra Pradesh and Bihar.

7. Assuming each beneficiary financially contributes to a 5-person household; lives impacted by the project would increase to approximately 38000 people in aggregate, including direct beneficiaries.

IV. Rationale for Bank Involvement

8. Despite the strong prevalence of poverty and malnutrition in the proposed project districts, coupled with social unrest and deprivation, there has not been adequate level of interventions made in these areas and to these tribal communities. There have been some

programs promoting the development of tribal regions, but have only had limited success. The proposed project incorporates lessons learned from prior programs and will collaboratively develop innovative and improved approaches to precisely target these vulnerable sectors of the society.

9. The proposed project is also well aligned with the India Country Partnership Strategy (CPS) FY2013-2017, which is now in the final stages. The focus of the CPS is on inclusive growth and low-income states (including Odisha, Jharkhand and Madhya Pradesh). It is (a) achieving rapid, inclusive growth, (b) ensuring that development is sustainable, and (c) increasing the effectiveness of service delivery. The project is also consistent with approach for XII Five Year Plan for a 'faster, sustainable and more inclusive growth'.

V. Description

10. The project will be working with tribal communities, which are amongst the most vulnerable and isolated groups in India, in the identified states, and help them develop community owned indigenous enterprises based on their existing traditional knowledge and skill set. The project will be testing out several innovative concepts such as tribal art residencies, tribal wellness huts, mobile kiosks and introduce two new brands "Jani" and "Jiva". In addition to the 3 tribal dominated states of Odisha, Jharkhand and Madhya Pradesh, the project envisages covering the districts in Andhra Pradesh and Bihar, where the Jiyo clusters are already active. The project aims to fulfill these objectives through the activities planned under each of the following components.

Component A: Institution Building, Skill Up-gradation and Design Development (US\$0.728 m)

11. The objective of this component is to provide locally-based training, capacity building and focused hand-holding support to communities in order to set up and strengthen their own organizations so that they are fully responsive to their needs. This component will primarily support design development, which will include prototyping, trend assessment and production and quality assessment training for new products etc.

12. A total of eight new cluster enterprises will be developed in tribal areas in the three states, complete with a total of eight Common Facility Centers (CFCs) established for production and auxiliary operations (packing, tailoring, etc). Technical interventions and some design support will also be provided to the districts of Bihar and Andhra Pradesh where Jiyo clusters are already active.

13. The project will work with local institutional partners and local masters to collectively assess the skill level, design training modules and prototypes and train the skilled and semi-skilled cluster members who will further train the unskilled members. This approach of having

the trained beneficiaries conduct future trainings of unskilled cluster members will serve as a role model in the village itself for others to be inspired and will bring down costs for training and capacity building for the clusters in the future.

Component B: Community Cluster Fund (US\$ 0.559 m)

14. This component will support the establishment of cluster fund for each Community Based Organization (CBO), also known as cluster enterprises, to fund the initial setting-up of eight CFCs, which will be used as a center for production and value addition (to handle packaging, tailoring, etc.) as per the local cluster's needs. A part of the Community Cluster Fund (CCF) will be used to provide the seed money to the artisans to help them start their operations. This component will also support the local level cluster enterprises to leverage commercial bank financing.

15. The cluster funds will be operational with respect to a particular CBO only after it is legally formed and registered and the office bearers are elected to manage the fund. The cluster funds will be directed and managed by respective clusters and may be used to maintain and/or expand activities, such as buying tools and equipment and other production inputs against confirmed product orders or to develop prototypes for new products.

Component C: Marketing, Trade Facilitation and Support Services (US\$ 0.967 m)

16. This component aims to provide front-end marketing and trade linkages for the Jiyo, Jani and Jiva brands to efficiently link the cluster organizations developed by the project to international, national and local markets.

17. In addition to supporting the Jiyo brand, the project will assist the nine Jiyo clusters and eight new tribal clusters to create two other brands (i.e., Jani and Jiva) with products and services designed separately to meet the demands of the young urban and rural audiences, respectively. The project will establish different sales and marketing channels for the three brands. Brand promotion, sales and marketing will be strategically conducted as appropriate for each brand. This includes, amongst others, Media promotion and blog coverage, Participation in state, national and international exhibitions and festivals, on- line sales through the website, institutional orders, bespoke sales and corporate gifting.

18. The project proposes to set up at least 20 Mobile Kiosks in identified cities. The kiosks will be operated by rural unemployed youth from the clusters who will serve as brand ambassadors for their own products. Talented rural youth will be identified and trained in sales and marketing to operate the kiosks as businesses. In this way, tribal youth from the communities will be trained to be the first generation entrepreneurs from the area and will be responsible for selling the products through the mobile kiosks under the Jani and Jiva brands. The kiosks will be

located strategically at major Indian tourist attractions, in airports and on university and corporate campuses which have a high density of upper middle class families with disposable income.

Component D: Monitoring and Evaluation, and Knowledge Dissemination and Project Management and Administration (US\$ 0.605 m)

19. *Monitoring and Evaluation (M&E):* The M&E strategies will involve (i) impact evaluation (ii) process monitoring and (iii) participatory monitoring. Asian Heritage Foundation (AHF), the implementing agency for this project, will work with cluster leadership to closely monitor and evaluate the use of grant funds and track the progress towards development objectives. The AHF team will gather data, prepare reports and consult with the World Bank on a periodic basis, as deemed necessary. The project will also be tracking demographic data for the existing enterprises to identify the activities being taken up by women and men; youth; elderly; and how many business models will benefit these identified groups.

20. *Knowledge Dissemination:* Throughout the grant period, AHF staff and the clusters will gather information and lessons learned from the project. AHF will share information on the Jiyo website, in relevant publications and by other means to the extent appropriate and helpful to the larger community.

21. *Project Management and Administration:* A core team at AHF will administer and manage the implementation of the grant from AHF's Delhi office. This component has also provisioned for funds to hire consultants to provide technical assistance and professional support where AHF doesn't have core competence, such as in M&E and management of funds.

VI. Financing

Source:	(\$m.)
BORROWER/RECIPIENT	0.00
International Development Association (IDA)	0.00
JSDF Trust Fund	2.86
Total	2.86

VII. Implementation

22. Funds will be provided directly to the AHF, which will provide all fiduciary oversight for the funds. As each cluster organizes itself and becomes operational, a CCF will be set up at the cluster institution level and be managed by the cluster members. This will provide the nascent cluster enterprise with start-up capital for the Common Facility Centre and for meeting their

initial working capital requirements. This funding mechanism will be directed and managed by the cluster members and may be used to maintain and/or expand activities. The working capital component in each CCF is intended to be a self-replenishing resource to help maintain continuous production and sales cycles for the cluster.

VIII. Safeguard Policies

Safeguard Policies Triggered	Yes	No
Environmental Assessment (OP/BP 4.01)	X	
Natural Habitats (OP/BP 4.04)		X
Forests (OP/BP 4.36)		X
Pest Management (OP 4.09)		X
Physical Cultural Resources (OP/BP 4.11)		X
Indigenous Peoples (OP/BP 4.10)	X	
Involuntary Resettlement (OP/BP 4.12)		X
Safety of Dams (OP/BP 4.37)		X
Projects on International Waterways (OP/BP 7.50)		X
Projects in Disputed Areas (OP/BP 7.60)		X

IX. Contact point

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