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IN THE AMOUNT OF SDR 41.4 MILLION  
(US\$63 MILLION EQUIVALENT)

TO THE

REPUBLIC OF INDIA

FOR A

BIHAR RURAL LIVELIHOODS PROJECT - "JEEVIKA"

MAY 21, 2007

Sustainable Development Sector Unit  
India Country Management Unit  
South Asia Region

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**CURRENCY EQUIVALENTS**  
(Exchange Rate Effective April 30, 2007)

Currency Unit = Indian Rupees (Rs.)  
Rs. 42 = US\$1  
US\$ 1.52493 = SDR 1

**FISCAL YEAR**  
April 1 – March 31

**ABBREVIATIONS AND ACRONYMS**

ATMA	Agricultural Technology Management Agency	LAN	Local Area Network
BLF	Block Level Federation	MCP	Micro Credit Plan
BPIU	Block Project Implementation Unit	MDG	Millennium Development Goal
BRLPS	Bihar Rural Livelihoods Promotion Society	ME&L	Monitoring, Evaluation & Learning
BRLP	Bihar Rural Livelihoods Project	MFI	Micro Finance Institution
CAS	Country Strategy	MOU	Memorandum of Understanding
CBO	Community Based Organizations	NGO	Non-Governmental Organizations
CD	Credit to Deposit	NREGP	National Rural Employment Guarantee Program
CDD	Community Driven Development	PACS	Primary Agriculture Cooperative Societies
CIF	Community Investment Fund	PDS	Public Distribution System
COM	Community Operational Manual	PIP	Project Implementation Plan
CRP	Community Resource Person	PMU	Project Management Unit
DCS	Dairy Cooperative Societies	PRI	Panchayati Raj Institutions
DEA	Department of Economic Affairs	RLMIS	Rural Livelihood Management Information System
DPC	District Project Coordinator	Rs.	Rupees
DPCU	District Project Coordination Unit	SC	Scheduled Caste
EGS	Employment Guarantee Scheme	SGSY	Swarnajayanti Gram Swarajgar Yojana
EMF	Environment Management Framework	SHGs	Self Help Groups
FMM	Financial Management Manual	SHPI	Self Help Promoting Institutions
FSL	Food Security Line	SIL	Specific Investment Loan
GEI	Gender Equality Index	SPMU	State Project Management Unit
GOB	Government of Bihar	SPO	Service Provider Organization
GOI	Government of India	ST	Scheduled Tribe
GSDP	Gross State Domestic Product	TAF	Technical Assistance Funds
HDI	Human Development Index	TB	Tuberculosis
HH	Households	TDP	Tribal Development Plan
HIV	Human Immunodeficiency Virus	VO	Village Organization
ICDS	Integrated Child Development Services	WDC	Women's Development Corporation
IAF	Impact Assessment Framework		
IDA	International Development Association		
IRDIP	Integrated Rural Development Program		

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INDIA  
Bihar Rural Livelihoods Project - "JEEViKA"

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**INDIA**

**BIHAR RURAL LIVELIHOODS PROJECT - "JEEVIKA"**

**PROJECT APPRAISAL DOCUMENT**

**SOUTH ASIA**

**SASSD**

<p><b>Date:</b> May 21, 2007</p> <p><b>Country Director:</b> Isabel M. Guerrero</p> <p><b>Sector Director/Sector Manager:</b> Constance A. Bernard/Adolfo Brizzi</p> <p><b>Project ID:</b> P090764</p> <p><b>Lending Instrument:</b> Specific Investment Loan</p>	<p><b>Team Leader:</b> Parmesh Shah</p> <p><b>Sectors:</b> General agriculture, fishing and forestry sector (70%); Other social services (20%); Agricultural marketing and trade (10%)</p> <p><b>Themes:</b> Other rural development (P); Rural services and infrastructure (S); Participation and civic engagement (S); Gender (S)</p> <p><b>Environmental screening category:</b> (B) Partial Assessment</p> <p><b>Safeguard Screening Category:</b> Limited impact</p>
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Project Financing Data			
<input type="checkbox"/> Loan <input checked="" type="checkbox"/> Credit <input type="checkbox"/> Grant <input type="checkbox"/> Guarantee <input type="checkbox"/> Other:			
For Loans/Credits/Others:			
Total Bank financing (US\$M.): 63.00			
Proposed terms: Standard Credit, with thirty five (35) years maturity and ten (10) years grace			
Financing Plan (US\$M)			
Source	Local	Foreign	Total
BORROWER/RECIPIENT	7.00	0.00	7.00
International Development Association (IDA)	63.00	0.00	63.00
Local Communities	3.00	0.00	3.00
<b>Total:</b>	<b>73.00</b>	<b>0.00</b>	<b>73.00</b>

Estimated disbursements (Bank FY/US\$M)									
FY	2007/8	2009	2010	2011	2012	2013	0	0	0
Annual	3.00	6.00	22.00	31.00	8.00	3.00	0.00	0.00	0.00
Cumulative	3.00	9.00	31.00	62.00	70.00	73.00	0.00	0.00	0.00
<p>Project implementation period: <b>Start:</b> September 1, 2007 <b>End:</b> October 31, 2012</p> <p>Expected effectiveness date: August 31, 2007</p> <p>Expected closing date: March 31, 2013</p>									

Does the project depart from the CAS in content or other significant respects? <i>Ref. PAD A.3</i>	[ ] Yes [X] No
Does the project require any exceptions from Bank policies? <i>Ref. PAD D.7</i>	[X] Yes [ ] No
Have these been approved by Bank management?	[X] Yes [ ] No
Is approval for any policy exception sought from the Board?	[ ] Yes [X] No
Does the project include any critical risks rated “substantial” or “high”? <i>Ref. PAD C.4</i>	[X] Yes [ ] No
Does the project meet the Regional criteria for readiness for implementation? <i>Ref. PAD D.7</i>	[X] Yes [ ] No

Project development objective <i>Ref. PAD B.2, Technical Annex 3</i> The project objective is to enhance social and economic empowerment of the rural poor in Bihar.	
Project description <i>Ref. PAD B.3, Technical Annex 4</i> The project has four components: <u>Component I:</u> Community Institution Development – This component will build and strengthen primary and federated social and economic community institutions. <u>Component II:</u> Community Investment Fund – This component involves transfer of financial and technical resources to the Community Based Organizations on a demand driven basis for use as a catalyst to improve their livelihoods. <u>Component III:</u> Technical Assistance Fund – This component will improve quantity and quality of service provision by public, cooperative, community and private service providers. The fund will also promote use of Public-Private Partnerships in improving the supply of key support services for the community organizations and federations in the areas of institution building, finance and livelihoods enhancement. <u>Component IV:</u> Project Management - This component will facilitate overall co-ordination, implementation, and financial management, monitoring and learning of the project at state and district levels.	
Which safeguard policies are triggered, if any? <i>Ref. PAD D.6, Technical Annex 10</i> Environmental Assessment (OP/BP 4.01); Indigenous Peoples (OP/BP 4.10)	
Significant, non-standard conditions, <b>if any</b> , for: <i>Ref. PAD C.5</i> None  Board presentation: None  Loan/credit effectiveness: None	
Legal Covenants applicable to project: Details in Project Agreement  Throughout the duration of the Project, the Project Implementing Entity shall be responsible for the management and co-ordination of its Project activities. It shall implement the project through the BRLPS which shall: a) Have an EC and GB with broad representation from all key stakeholders as defined in Memorandum and Articles of Association; b) Have SPMU, DPCUs and BPIUs with the staffing and responsibilities as documented in the PIP and agreed with the Association; and a CEO from the Civil Service for a reasonable period of time; c) Implement the Project in accordance with the PIP and the procedures, principles and practices set forth in the COM;	



- d) Prepare and furnish to the Association, not later than January 31 of each year, commencing in January 31, 2008, an annual work plan, budget and procurement plans for implementation of the Project activities;
- e) Establish by January 1, 2008 and thereafter maintain throughout Project implementation in manner satisfactory to the Association, a grievance redressal cell within BRLPS;
- f) Maintain CIF for purposes of providing grants to the beneficiaries which may be used as revolving funds and enter with each beneficiary into a beneficiary agreement, on terms and conditions set forth in the PIP and COM;
- g) Select support organizations (*inter alia* NGOs, MFIs, CBOs) for assisting in Project implementation in accordance with criteria and procedures set forth in the COM and PIP;
- h) Carry out the Project in accordance with the agreed EMF and implement the Tribal Development Plan in a manner satisfactory to the Association;
- i) Ensure that the Project shall not involve any compulsory acquisition of land, forcible eviction or involuntary resettlement of persons;
- j) Monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 (b) of the Association's General Conditions and on the basis of indicators agreed with the Association;
- k) Within six months or such later date as agreed with the Association, place in position a suitable internal auditor(s) pursuant to TORs acceptable to the Association;
- l) Maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association; and have these audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association;
- m) Procure all goods, works and services required for the Project and to be financed out of the proceeds of the Financing in accordance with the provisions of Schedule 2 to FA.



## A. STRATEGIC CONTEXT AND RATIONALE

### A.1 Country and sector issues

1. Bihar is the third most populous state in India with 8.1 percent of the country's population. Bihar recorded poor economic growth<sup>1</sup> through the nineties and grew at 4 percent during the Tenth Plan period, against the national annual growth rate of 7 percent for the same period. The average annual per capita income of US\$157<sup>2</sup> for Bihar is a quarter of the national average. Bihar is predominantly rural with 89 percent of the population living in rural areas and a rural poverty ratio of 44.3 percent, the second highest after Orissa. The situation in rural Bihar is characterized by poor service delivery, complex political and social fabric, limited inclusion in institutions, limited economic opportunities, and poor development infrastructure. These factors along with the lowest per capita development expenditure<sup>3</sup> in Bihar have prevented improvement in its 32<sup>nd</sup> rank amongst all India states, in the Human Development Index (0.367) and the Gender Equity Index.

2. While the state has witnessed a decrease in the poverty ratio from 64.4 percent in 1983 to 44.3 percent in 2006, the absolute number of poor is still a staggering 36 million (of a total population of 82 million). Poverty is heavily concentrated amongst the landless or near landless agricultural households, with these two vulnerable groups constituting 70 percent of the households in Bihar. It is estimated that nearly 2.3 million poor are exposed to huge amount of high cost<sup>4</sup> debt for food, health and education, accounting for 25-30 percent of consumption expenses, further impoverishing them. There are also intra-state inequities with North Bihar being more poverty stricken than South Bihar. Scheduled Caste (SC) Hindus and Muslim households constituting 25 and 15.4 percent respectively, of landless households are among the poorest in the state. Disparities are also evident along gender and caste lines, with SCs accounting for one-fourth of Bihar's landless poor. These issues have constrained social and economic mobilization in Bihar, especially the development of institutions of the poor. Absence of sensitive support and facilitation structure has led to low levels of social capital among the poor and consequently hindered formation of good quality organizations of the poor.

3. Delivery of financial services to the poor is seriously constrained in Bihar. Against an estimated demand for micro credit services of about US\$2.4 billion, the commercial banks have been able to only advance credit of US\$8.4 million in the last year, leaving a vast section of the poor dependent on high cost borrowings from informal sources. This has seriously limited asset and capital formation, access to credit and development of self employment opportunities among the poor.

4. Agriculture employs over 80 percent of the population and is the backbone of Bihar's economy. Even with low agricultural productivity, Bihar still accounts for 8-10 percent of the national agricultural production and is the second largest producer of vegetables, third largest producer of fruits and largest producer of litchis (75 percent) and "Makhana"<sup>5</sup>. However, the period of 1991 to 2001 saw a sharp decline in cultivator households from 47 to 33.6 percent and an increase in agricultural labor from 39.4 to 48.6 percent. Major reasons for under performance of the agricultural sector have been poor quality of producer organizations, lack of capital formation, poorly developed value chains, inadequate research and extension facilities and non-performance of the entire service delivery system including credit, input, storage and marketing facilities. Also, the land tenure system is skewed with 96 percent of the farmers working on 68 percent of the land at subsistence or below subsistence levels. Various preparatory studies

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<sup>1</sup> per capita growth rate of 2.6 percent per annum as against 4.8 percent per annum at the all India level.

<sup>2</sup> Central Statistical Organization (CSO), India, 2004.

<sup>3</sup> less than half of the national average of US\$150.

<sup>4</sup> Sources vary from money lenders, relatives and friends, banks and SHGs and interest rates vary from 2-10 percent per month.

<sup>5</sup> aqua nut/gorgon nut – Bihar's share is 90 percent of India's production (worth US\$100 million), collected by poor men and women.

indicate the need to invest in farmer organizations, productivity enhancement, farmer responsive extension systems, and assetization of the poor households and development of value chains for small and marginal farmers to increase income and employment opportunities from agriculture.

5. An important lesson emerging from this scenario of growing phenomenon of landlessness and the diminishing returns from agriculture is the need to invest also in non-farm employment in order to strengthen the rural economy and alleviate rural poverty. This is especially critical in view of the swelling ranks of agricultural laborers and modest increases in non-farm workers, with every passing year in Bihar. One reflection of this development is large out-migration of workers to other prosperous states, almost from every single poor household, in search of employment and better wage; with its attendant social and cultural problems. Important to note is that nearly 95 percent of these migrants are unskilled, though skilled workers earn double the earnings of unskilled workers. Developing skill base of migrant households can add substantial value to the migration based livelihoods.

6. The Government of Bihar (GoB) has been implementing a number of poverty alleviation programs for self employment like Swarnajayanti Gram Swarozgar Yojana (SGSY), wage employment like National Rural Employment Guarantee Program (NREGP), and social protection like Public Distribution System (PDS), supplemental nutrition, housing, and pensions for the aged, widows and disabled. Social barriers and stratification, weak “voice”, inadequate capacity and poorly developed capability among the poor has prevented them from gaining information, knowledge and access to these programs and benefiting from them. GoB through agencies like the Bihar Women’s Development Corporation and NGOs has supported the formation of 50,000 Self Help Groups (SHGs). However, the quality and sustainability of the social and economic mobilization has been inadequate with limited impact on poverty reduction.

7. The GoB has initiated a series of reform measures to facilitate favorable investment climate and efficient delivery of public services in the State to reduce poverty. The GoB’s budget for 2007 and the Eleventh Five Year Plan priorities reflect this vision. In the 2006 local government election where 50 percent seats were reserved for women, women from mostly poor and disadvantaged households won nearly 58 percent seats. According to a recent State decision, half of the 200,000 posts of government school teachers have been reserved for women. Similarly, half of the seats of “Nyaya Mitras” in all the 8,500 Panchayats are reserved for women<sup>6</sup>. The proposed investments in effective delivery of public services include recruitment of 240,000 teachers and health workers, enhanced provisions of basic supplies and medicines to primary health care centers, referral centers being outsourced to private sector on transparent bidding and contracting, and food stamps and kerosene coupon system to reform the ration/public distribution system.

8. Various policies and programs initiated by the GoB, including their proposals for the Eleventh Five Year Plan support mobilization and empowerment of poor especially women, and enhancing opportunities for social and economic empowerment. However, in order to realize GoB’s vision of SHGs as vehicles of social and economic empowerment investments are required in organizing most women from the poor and disadvantaged households into SHGs<sup>7</sup> using participatory and transparent system of identification of the poor on a large scale and in a rapid manner. This will enable reduction in potential social backlash and conflicts which may arise during the social mobilization process. The proposed “Bihar Rural Livelihoods” project builds on the experiences and lessons emerging from Bihar’s efforts at poverty reduction and would enable scaling up of the social and economic mobilization of the poor. The project would therefore assist GoB in its core agenda of poverty reduction.

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<sup>6</sup> Nyaya Mitras refer to law graduates who are placed to assist the Gram *Katcheries* (village courts) headed by *sarpanches* (elected village headmen) in settling legal disputes.

<sup>7</sup> Currently, less than 10% of membership in SHGs is of the poor and less than 5% of the poor are in SHGs.

## **A. 2. Rationale for Bank involvement**

9. The poverty levels in Bihar are one of the highest in the country and it will be difficult for India to achieve Millennium Development Goals (MDGs) without a scaled up program of poverty reduction in Bihar. GoB has requested International Development Association (IDA) to assist in addressing the twin challenges of (i) building and strengthening inclusive organizations of the poor and improving their access to credit and livelihood opportunities, and (ii) supporting the capacity enhancement of public, private and non-governmental service providers for credit and livelihood support services for the poor and their organizations. IDA is uniquely positioned to support and partner with GoB in bringing its knowledge of national and international best practices, particularly in regard to Community Driven Development (CDD) and social and economic empowerment. Currently, IDA is supporting five similar programs in India with an outreach of about a million community groups and ten million poor households across 60,000 villages in states of Andhra Pradesh, Madhya Pradesh, Rajasthan, Chhattisgarh and Tamil Nadu. These projects support the social and economic mobilization of poor households into self managed community organizations and facilitate development of linkages with financial sector and the markets to enable the poor to become credit and investment worthy. They also provide the poor with voice and enable them to access social services in an efficient and accountable manner.

## **A. 3. Higher level objectives to which the project contributes**

10. The project is aligned with the Government of India's (GoI) and GoB's Eleventh Five Year Plan strategy. The GoB intends to reduce the below poverty line population to 22 per cent by 2015 or by about 1.5 per cent per year, in order to achieve the MDG target. This Five Year Plan emphasizes investment in women's socio-economic empowerment, enhancing livelihood opportunities in the farm and non-farm sector, and participation of local level institutions such as SHGs to make service delivery more accountable. GoB's strategy involves effective targeting of the poor, especially the most vulnerable groups of SCs and Scheduled Tribes (STs), in order to make growth inclusive. This project will contribute to empowerment and livelihood enhancement of the rural population, focusing on women and vulnerable groups so that they become active partners in Bihar's journey out of poverty.

11. The Bank's Country Strategy (CAS) for India discussed in August 2004, highlights support for lagging states including Bihar to move closer to India achieving the MDGs through sustained growth, poverty alleviation and improved access to quality social services. The CAS also emphasizes building productive development relationship with four states, including Bihar, where poverty is concentrated and public institutions are weak.

12. The project directly supports the MDGs of: (i) improving incomes of the poorest – reducing the proportion of the people living on less than \$1 a day (Goal 1, Target 1); (ii) promoting gender equality and empowering women (Goal 3, Target 4); and (iii) development and implementation of strategies for decent and productive work for youth (Goal 8, Target 45).

## **B. PROJECT DESCRIPTION**

### **B.1. Lending instrument**

13. The lending instrument selected for the proposed project is a Specific Investment Loan (SIL). This instrument allows for the necessary support for development of rural livelihoods in Bihar through institutions of the poor in 776 village Panchayats covering 4,000 villages in 42 blocks in six districts of Nalanda, Gaya, Muzzafarpur, Madhubani, Khagaria and Purnea. The project is expected to directly benefit about 2.9 million people belonging to 590,000 households.

## **B.2. Project development objective and key indicators**

14. The project objective is to enhance social and economic empowerment of the rural poor in Bihar.
15. The key performance indicators are:
  - Self managed<sup>8</sup> community institutions established for a majority of participant households
  - Increase in income for project participant households
  - Project participants (SHG members) have reduced high cost debts from informal sources.

## **B.3. Project components**

The proposed project includes the following four main components (details are provided in Annex 4)

16. **Component I: Community Institution Development (US\$18 million):** This component is the building block of the project and would be implemented in a phased manner. The first phase will involve building and strengthening vibrant and self managed primary institutions of the poor including SHGs based on internal thrift and revolution of savings. During the second phase, the SHGs will be federated at the village level into Village Organizations (VOs), which will receive project investments for various activities through a participatory micro planning process. The third phase would involve forming federation of VOs as higher level apex CBOs at the block or cluster level for taking up livelihood enhancement and income generating activities and developing linkages with market institutions. This component will facilitate empowering CBOs to develop direct linkages with financial service providers including commercial banks. The communities will also be provided skills and tools to develop social accountability mechanisms to enable transparency and good governance of the institutions of the poor and build effective service delivery partnerships with local government. The component will also facilitate better village-level communication on issues affecting social and economic activities of interest to the rural poor.

17. **Component II: Community Investment Fund (US\$42 million):** The Community Investment Fund (CIF) is designed to transfer financial and technical resources to the CBOs on a demand driven basis through a participatory micro planning process. These financial resources would be transferred to village organizations as a grant. The VO is expected to use this resource as revolving fund to finance various SHGs in the village, based on the micro planning process. This CIF will serve as a catalyst to improve their livelihoods, build their institutions and leverage credit from formal sources on fair terms. Some of the key elements that could be supported using the CIF include income generation and livelihood improvements, food security needs, skill development to increase employment and employability, and limited productive community level infrastructure facilities.

18. **Component III: Technical Assistance Fund (US\$5.5 million):** The Technical Assistance Fund (TAF) will improve quantity and quality of service provision by public, cooperative, community and private service providers. The fund will also promote use of public-private partnerships in improving the supply of key support services for the community organizations and federations in the areas of institution building, finance and livelihoods enhancement. Key activities which could be supported by this component include community institution building through NGOs, microfinance related technical assistance to SHGs and VOs to undertake financial and credit management and business development services through public, cooperative and private sector initiatives (including NGOs and non-profits) in agriculture, livestock and non farm sectors. This fund would also be used for encouraging innovations by individuals, enterprises, organizations and institutions in the public and private sector aimed at improving rural livelihoods.

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<sup>8</sup> Self managed as defined by the project's graduation indicators.

19. **Component IV: Project Management (US\$7.5 million):** This component would facilitate overall co-ordination, implementation, and financial management, monitoring and learning of the project at state and district levels. It would include setting up and strengthening state and district level project units, providing office infrastructure and logistic support, and setting up monitoring, evaluation and learning systems. This component will be managed by the District Project Coordination Unit (DPCU) and State Project Management Unit (SPMU). The key activities would include identification and contracting resource/support agencies, disbursement of salaries and other benefits to staff, procurement and maintenance of vehicles, office and equipment, and liaison and convergence with other agencies and government departments.

#### B.4. Lessons learned and reflected in the project design

20. Extensive lessons are available with GoB from implementation of various poverty alleviation programs such as SGSY and Integrated Rural Development Program (IRDP). Recent experience with the CDD approach under the IDA funded projects such as Andhra Pradesh District Poverty Initiatives Project, Andhra Pradesh Rural Poverty Reduction Project, Madhya Pradesh District Poverty Initiatives Project, Rajasthan District Poverty Initiatives Project, Gemidiriya Project in Sri Lanka and Nepal Poverty Alleviation Fund in South Asia as well as from other countries such as Philippines and Indonesia also provide lessons for sustainable results. The project has incorporated the following lessons into its design:

Lessons from other Projects	Incorporated into BRLP design
	<b>Design</b>
Effective targeting of poor households	The project will use participatory identification methods to ensure that the poor become active participants in the project. This data will be shared in a transparent manner in the village.
Community participation and ownership in achieving outcomes to be ensured	The project will be demand driven and will use micro planning methodology prior to supporting intervention. Hence, the community will decide its own needs and priorities. A core group within the community would be trained in facilitating open ended micro planning. This aspect will be closely monitored through process monitoring.
Facilitating investment opportunities for livelihoods in addition to savings and credit mobilization through a nuanced strategy	To form effective partnerships and linkages with the market, formation of economic activity groups will take place after the formation of SHGs.
Federating institutions enable economies of scale, greater voice and sustainability	Federations will be formed at the village and block level of SHGs. Economic activity groups will be formed in economic clusters at the block level.
Instilling accountability mechanisms within the community ensures good quality institutions	External and internal monitoring systems will be introduced, including social accountability systems which will provide regular feedback on quality of services to project staff and give voice to the poor.
Investment in skills and capacity building should be treated as an investment rather than cost as it is key to success in achieving PDO and sustainability	The first phase of the project will focus only on institution development. Further, during the other phases, specific capacity development support will be provided to associative tiers and federations. The project will also provide capacity building to technical

	providers in order to improve the quality of their services to the poor.
Community resource persons/facilitators are effective social mobilizers, low cost and offer a sustainable option for scaling up	A cadre of community managed functionaries will be trained who will then mobilize and provide support to the network of institutions.
Linkage with line departments and PRIs	To ensure sustainability, linkages with PRIs and line departments will be developed at the outset. These linkages will be facilitated in terms of PRI service provisioning becoming more inclusive and their services to become more accountable.
<b>Operational</b>	
Decentralized implementing agency with high quality staff to minimize political interference	Bihar Rural Livelihoods Promotion Society is an independent registered society under the Department of Finance in Bihar. BRLPS staff is based at the state and block levels to ensure effective delivery and availability of technical expertise at the local level. The recruitment procedure is competitive and allows for recruitment both from within the government and open market. BRLPS is developing incentive structures to attract and retain high quality staff.
Efficient MIS, standardized financial management procedures, regular auditing	Computerized RLMIS, quantitative and qualitative monitoring and learning will be part of the monitoring and learning system for the project.

21. Lessons from pilot projects in Bihar: From September 2006, key design elements and implementation arrangements of the project have been tested through the pilots funded through the Project Preparation Facility (PPF) by BRLPS. A total of 151 SHGs have been formed across 22 villages, with savings of US\$3,600. These savings have been revolved into small loans worth US\$2,200. About \$11,000 has been disbursed as CIF so far to 68 SHGs after receipt of micro credit plans from 366 households. Analysis of these plans reveals that 45% of the loans were taken for consumption and 47% for production purposes. Within the consumption bracket, 58% of the loans were taken for meeting food requirements of the household. Thirteen SHG households already possessing milch cattle were linked to the village dairy cooperative society resulting in an increase in net income by 33% while working capital provision led to an increase in income by 11% for turmeric producers. The results from pilots indicate that the basic design of the project and the project processes are working on the ground. The pilots have also informed the project design on social mobilization strategies, phasing of interventions and the importance of emphasis on consumption issues for micro planning and livelihood investments

#### **B.5. Alternatives considered and reasons for rejection**

22. The project considered the following alternatives and rejected them:

- *Working exclusively with local government:* This alternative was rejected as the project is not dealing with decentralized service delivery and community infrastructure and is focused on enabling access to credit and income generating opportunities.
- *Opting for the "Social Fund" approach within CDD:* This approach transfers resources to implementing NGOs and has the advantage of a quick transfer of resources. However, this approach was rejected because it is not optimal for long term sustainability as it does not transfer skills and capacity directly to the participating community and is not conducive for developing self sustaining



institutions of the poor. It will also bypass local government completely and is in contradiction to the decentralization strategy preferred by the State.

- *Converging with existing line departments and anti-poverty programs:* The current anti-poverty programs such as SGSY, ICDS and EGS, operating through line departments are not being able to effectively target the poor or build social capital. In addition, an autonomous society will be able to function independently and attract motivated and competent staff from varied backgrounds such as private sector and non-government agencies. Ethics of participatory demand driven approaches, transparency and accountability will be easier to establish in a new organization than instill into an existing government agency. Moreover, the society will be able to ensure convergence and linkages with anti poverty programs at a later stage, once the community institutions have been strengthened to leverage state resources in a more organized manner. It has been agreed with the State Government that the project will help improve the quality of Government programs and lay the foundation for incorporating good quality social mobilization into them. The commercial banks have also indicated their reluctance to give credit to groups which are not of good quality and are currently government promoted.

## C. IMPLEMENTATION

### C. 1. Institutional and implementation arrangements

23. The project would be implemented according to rules and procedures agreed in the Project Implementation Plan (PIP) and Community Operational Manual (COM). These documents outline roles and responsibilities of implementing agencies and provide details of project processes and project cycle. The PIP and COM are based on the experiences gained during the implementation of pilots, similar projects and the outcome of various workshops, studies and analyses that were carried out as part of project preparation. The COM will be subject to periodic reviews conducted jointly by GoB and IDA, with stakeholder participation – to ensure flexibility and to promptly address any constraints to the successful implementation of the program.

24. **Project Institutional Arrangement:** The project's institutional arrangements are built as support structure starting from the community and village level and going to the Block, District and State level. The primary agency responsible for the project's implementation will be the BRLPS established by the GoB, as the promotional and umbrella agency for rural livelihood promotion in Bihar (details are provided in Annex 6).

(a) **Community and Village level:** The institutional arrangements at the village-level under the project are designed to enable poor women and other disadvantaged groups to form their membership organisations at group level and subsequently federate at the village and block level. This three tier structure gives the poor women and their organisations ability to achieve economies of scale and aggregate in terms of access to services, credit and markets. It also enables them to build good quality sustainable institutions with a financial base. These CBOs also enable external institutions like commercial banks to reduce their transaction costs in dealing with a large number of small, dispersed and low transaction volume poor households.

(b) **Block Project Implementation Unit (BPIU):** One BPIU will be set-up in each of the 42 project blocks and will play a critical role in project implementation. The Block Project Manager will head the BPIU supported by a Training Manager, Area Coordinators and Community Coordinators, and other administrative staff. This Unit will facilitate the formation and functioning of Block Level Federation of

the SHGs. Along with a cadre of Community Resource Persons, the BPIU will be responsible for village and block level implementation.

(c) **District Project Coordination Unit (DPCU):** In each of the six project districts, a District Project Coordinator (DPC) will head the DPCU which will be responsible for coordinating, implementing and managing project activities in the district. The structure of the DPCU will be lean with the DPC supported by Monitoring and Evaluation and Accounting staff. Other relevant specialists in the areas like social development, livelihoods and micro finance will be added, based on district specific requirements that emerge during implementation.

(d) **Bihar Rural Livelihoods Promotion Society (BRLPS):** In order to work intensively with the target population for the project and demonstrate an effective and efficient model of project implementation for livelihoods development, the GoB has set-up the “Bihar Rural Livelihoods Promotion Society” (BRLPS) and registered it under the Society Registration Act, 1860. This society will provide guidance and advise to the program, facilitate and coordinate project’s functioning and periodically monitor progress. The BRLPS has a seventeen member General Body and an Executive Committee entrusted with the management of the Society and is headed by the Development Commissioner, GoB. It has broad representation from all key stakeholders as defined in the Memorandum and Articles of Association of the BRLPS. BRLPS will manage the project through a State Project Management Unit (SPMU). The Chief Executive Officer (CEO) of BRLPS will be supported by a team of professionals with expertise in institution building, capacity building, social development, livelihoods, microfinance, communication, monitoring and evaluation, human resources development, procurement and finance. Other expertise needed will be obtained on contracts/partnership basis with other agencies. Considering the limited service providers that are available in the state, the SPMU will have in-house arrangements in the form of “Cells” to plan, manage and coordinate activities in key areas of Training and Capacity Building, Business Facilitation and Partnership Development.

(e) **Accountability Measures:** BRLPS has set up a broad based structure through the Governing Body with members also from civil society, business associations and financial institutions apart from the GoB. BRLPS has proposed to set up a dedicated grievance redressal cell to handle grievances and complaints regarding the project. These will include a dedicated phone number, currently functioning website to register grievances and a focal point in BRLPS to comply with the Right to Information Act. The project will also enable transparency through public display of information at the village and block level and BRLPS web site. In addition to fiduciary audit arrangements, social audit will be undertaken at the village level by CBOs at village and block level. Procurement committees of CBOs will ensure review of procurement decisions. Community Score Cards and Report Cards enabling users of services and members of CBOs to evaluate various service providers and give feedback will also be introduced. (Refer to Annex 6, attachment 1)

25. **Fund Flow:** The funds will flow from IDA to the GoB as per the prevailing policy of the GOI for transfer of external aid to the States. The fund requirement of the project will be budgeted in GoB annual budget and made available to the project on a quarterly basis as per the approved annual work plan. Funds to the village institutions will be transferred to their bank accounts. In order to address the issues of possible delays in fund transfer to village institutions due to limited network/ time taken in clearance of cheques, the project has completed a mapping of the existing network of banks and is proposing to sign an MOU with a large commercial bank. The details are documented in Annex 7.

26. **Disbursement Procedures:** Disbursements from IDA credit would be based on quarterly interim financial reports. A Special Account would be opened in the Reserve Bank of India and would be operated by the Department of Economic Affairs (DEA) of GoI. The authorized allocation of the Special

Account would be US\$8 million. The Special Account would be operated in accordance with IDA's operational policies.

27. A Project Preparation Facility (PPF) advance of US\$822,826 was set up to cover the project preparation cost and this will be available till Credit signing. The activities covered under the PPF are consistent with the financing categories of IDA.

### **C.2. Monitoring and evaluation of outcomes/results**

28. The BRLP Monitoring, Evaluation and Learning (ME&L) arrangement would be an integral part of the project implementation plan and would be used to monitor and document achievements of the project in key areas of livelihood interventions, including empowerment, income and service delivery standards. The feedback processes would provide important inputs to resolve implementation hurdles and facilitate implementation efficiencies at all levels. The ME&L system has two distinct, but complementary components: (i) Implementation process (input-output) monitoring, and (ii) Implementation Audit and Result/Outcome evaluation. The former will be handled by the communities together with Project Management Units at all levels. It will provide rapid feedback on key process trends including two major risks in the project like social conflict arising out of social mobilization and possible elite capture of benefits. The SPMU, DPCU and BPIU will use the decentralized and flexible Rural Livelihoods Management Information System (RLMIS) to develop adaptive decision making. However, the latter activity will be outsourced to an independent agency with credible experience and track record in socio-economic analysis and reporting on rural livelihood interventions. The RLMIS will be linked with the project's financial and procurement management systems to ensure consistency and compatibility of data and information. Significant investment will be made on peer learning between various village and block level organizations and community functionaries. The project will make investments in computerization and information technology based communication to facilitate implementation efficiency and rapid learning processes.

### **C.3. Sustainability**

29. The core of the project's design is to build vibrant social and economic CBOs to whom the project transfers not only assets and skills, but also ownership over time. The features in the project which will ensure long term sustainability along different dimensions are the following:

(i) *Institutional sustainability:* The project will ensure institutional sustainability by an effective social mobilization strategy that builds a multi-tier system of community institutions (SHG, VO, Block Level Federation - LF), and build their capacity to become self reliant and self managed institutions. As part of community institutions development, the project will transfer skills, knowledge, and management to these community institutions through a systematic process of leadership and organization development. These 'people's institutions' will be democratic, inclusive, and transparent and take on the roles of a permanent social organization beyond the project period.

(ii) *Economic Sustainability:* The different levels of community organizations will have a strong economic base through the generation of self savings that are pooled together and rotated as equity, which forms the basis of an SHG. At a higher level these groups will be linked to the formal banking system in the state that is mandated to provide financial services to such groups. The creation of self assessment and rating mechanisms at different levels of CBOs will ensure partnership with banks and financial institutions. This would enable the community groups to leverage finance for economic activities, independent of the project finance, on a continuing basis and ensure a sustainable flow of funds to the rural poor.

30. The sustainable and productive use of the assets created by the CIF at the household, group and village level will be ensured through the project creating permanent linkages with the market in which the community takes up livelihood based activities, through bringing in private and public players in different sectors and activities. As these assets and production processes will be fully owned by the CBOs, the community would address operations and maintenance from their own equity contribution.

#### C.4. Critical risks and possible controversial aspects

31. The project recognizes major risks in working in Bihar but also believes that given the poverty situation, current innovation capital and entrepreneurial spirit of the rural people, there are significant benefits from engagement in Bihar. Some of the major risks and mitigation measures include:

<i>Risks</i>	<i>Risk Mitigation Measures</i>	<i>Risk Rating</i>
<b>To Project Development Objective</b>		
1. Weak Implementation Capacity	The project is proposed to be implemented through an autonomous agency that will maintain an independent Executive Committee, a competent CEO and a team of professionals. The implementation unit will be strengthened with appropriate capacity building measures, facilitating access to quality consultants/professionals for designing and setting up management and monitoring systems and help in establishing a strong and responsive project implementation team. The project will build capacity of competent NGOs and public sector agencies to increase supply of good quality support to community organizations Technical Assistance Fund has been provided to develop quantity and quality of service providers.	S
2. Elite Capture of Institutions	The project will begin with interventions that would be of interest only to the poor such as consumption and food security. The project will also work on organizing the poorer social communities on a saturation basis and on a large scale. The project plans to institute simple, participatory, and transparent social accountability systems, develop basic rules and principles for the project, and also ensure that while investments in private goods are for the poor and their organizations, all technical assistance investments will also be accessible to the non-poor. The project will also develop strong process monitoring systems to develop early warning indicators for elite capture of institutions and benefits. To prevent positions, especially at the community level, from being subject to patronage, recruitment is being done on a competitive basis at the state level by a professional HR agency. At the community level, community mobilizers will be identified in conjunction with SHGs, field staff and community resource persons. Quality of training will be ensured by project.	S
3. Leakage of funds and poor accountability	Specific accountability measures and grievance redressal mechanisms will be instituted by BRLPS. The project will use social and public accountability mechanisms including dedicated phone numbers for reporting complaints and grievances and dedicated web site for updated information. Social audit and procurement committees at the community level will be strengthened along with Community Score Cards and	S

	Report Cards for service providers in the project.	
4. Weak financial management capacity at the project and community level given a large number of beneficiary groups with no exposure to handling of resources	<i>Project level:</i> Contracting in a professionally qualified finance person as Chief Financial Officer (CFO) with support from a firm of Chartered Accountants as FM Technical Support Consultant. A project FM manual has been developed to guide the project finance staff. At the community level the project design incorporates significant investment in capacity building including book keeping and financial management at SHG level. A set of readiness filters has been developed for SHGs and VOs which need to be achieved before they access the CIF tranches. The COM includes the financial management aspects at community level. Concurrent internal audit to review the process at the village institutions and physical verification of assets on a sample basis is proposed.	S
<b>To Component Results</b>		
1. Ineffective social mobilization so that vulnerable groups are excluded from the project	The project will use participatory and nuanced social mobilization strategies to be inclusive. This will be accompanied by effective communication campaigns using local communication mediums and development of capacity of community functionaries on a large scale. The project will include social awareness workshops to build cohesion and belongingness among local groups. Monitoring systems will be built so as to provide early warning signals, so action can be taken against exclusion.	M
2. Many Livelihood Activities are prone to floods in Bihar	The project will identify mitigation measures which enable the project to adapt to flood and promote insurance products for the poor; developed and marketed through public and private sector partnerships. It will also build linkages with other programs on flood forecasting and develop information material and planning methodologies which minimize the impact of floods on livelihoods.	M
3. Continuing stagnation of low wage rates	The project will attempt a three pronged strategy that involves a) partnering with the producer and farmer organizations to increase their returns on investments by facilitating better market linkages; b) working with the PRIs (i.e., Gram Panchayats) to ensure better targeting of the rural poor under Social Protection programs; and c) introducing interventions like food security which is expected to help in improving the bargaining power of the poor.	M
4. Poor physical infrastructure limiting livelihood opportunities and income generation	The project has developed close linkages with the National and State roads project supported by the World Bank to ensure priority coverage of the districts covered under the program.	M
5. Poor bank network and risk aversion on the part of Bankers to lend	The Project will work on three levels: a) encourage the communities to start a thrift movement and adopt sound internal lending practices; b) develop partnership with Financial Institutions in developing rating systems which enable higher credit allocation to the good quality groups; and c) institute a special technical assistance fund to develop new products and tools to improve financial efficiency and accountability.	M

N- Negligible Risk, L-Low Risk, M- Medium Risk, S-Substantial Risk, and H-High Risk

Overall Risk Rating: **Substantial**

**C.5. Loan/credit conditions and covenants**

Effectiveness – Standard conditions.

32. The main covenants are:

33. Throughout the duration of the Project, the Project Implementing Entity shall be responsible for the management and co-ordination of its Project activities. It shall implement the project through the BRLPS which shall:

- ◆ Have an EC and GB with broad representation from all key stakeholders as defined in Memorandum and Articles of Association;
- ◆ Have SPMU, DPCUs and BPIUs with the staffing and responsibilities as documented in the PIP and agreed with the Association; and a CEO from the Civil Service for a reasonable period of time;
- ◆ Implement the Project in accordance with the PIP and the procedures, principles and practices set forth in the COM;
- ◆ Prepare and furnish to the Association, not later than January 31 of each year, commencing in January 31, 2008, an annual work plan, budget and procurement plans for implementation of the Project activities;
- ◆ Establish by January 1, 2008 and thereafter maintain throughout Project implementation in manner satisfactory to the Association, a grievance redressal cell within BRLPS;
- ◆ Maintain CIF for purposes of providing grants to the beneficiaries which may be used as revolving funds and enter with each beneficiary into a beneficiary agreement, on terms and conditions set forth in the PIP and COM;
- ◆ Select support organizations (*inter alia* NGOs, MFIs, CBOs) for assisting in Project implementation in accordance with criteria and procedures set forth in the COM and PIP;
- ◆ Carry out the Project in accordance with the agreed EMF and implement the Tribal Development Plan in a manner satisfactory to the Association;
- ◆ Ensure that the Project shall not involve any compulsory acquisition of land, forcible eviction or involuntary resettlement of persons;
- ◆ Monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 (b) of the Association's General Conditions and on the basis of indicators agreed with the Association;
- ◆ Within six months or such later date as agreed with the Association, place in position a suitable internal auditor(s) pursuant to TORs acceptable to the Association;
- ◆ Maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association; and have these audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association;
- ◆ Procure all goods, works and services required for the Project and to be financed out of the proceeds of the Financing in accordance with the provisions of Schedule 2 to FA.

## **D. APPRAISAL SUMMARY**

### **D.1. Economic and financial analyses**

46. *Economic Analysis:* Since the project is based on demand driven micro plans, the economic assessment does not attempt to evaluate all the components in terms of quantifiable economic and financial returns. However, using the experience from similar projects elsewhere in India and based on informed cost-benefit estimates of some potential livelihood interventions, analyses were undertaken to determine net benefits of few potential economic activities. In this regard, attention was given to the CIF, which comprises of US\$42 million or 67 percent of total project cost; 75 percent of this fund is set aside for productive livelihood activities including food security. The evaluation of the CIF is based on a financial viability analysis of selected four productive livelihood activities which are expected to be included in the micro plans. These have been modeled in detail in Annex 10. Each of these potential activities possessed a financial return within the range of 28 percent to 50 percent. The methodology used to analyze these micro plans will be used as part of the appraisal process to make sure that the SPMU establishes a threshold for a minimum expected financial return of a given micro plan to qualify for CIF financing.

47. *Fiscal Impact:* The total cost of the project is estimated to be US\$73 million and the project is designed in a way that more than 75 percent of this amount is to be directly channeled to the community. The project is expected to directly benefit about 2.9 million people belonging to 590,000 poor households. In this regard, some of the positive impacts of the project in Bihar include: (i) a more cost effective anti-poverty program that would provide fiscal savings to allow the State to broaden its anti-poverty programs; (ii) training and capacity building interventions of the project would provide job opportunities to the youth and unemployed with net benefit to the State in the form of tax return and economic dynamics; (iii) focus of the project to identify viable economic activities and cluster target groups to scale up with viable market connections would result in tangible fiscal returns to the State in the form of different income possibilities; (iv) improved transparency, accountability and governance of village institutions for effective use of public resources and related services; and (v) the project will contribute to local economic growth as a result of the aggregate income levels of the poor, which could potentially improve revenues at local and State levels. It should also be noted that the project would lead to a wide array of social, institutional, and economic benefits, mostly long term, that are not easily quantifiable. Thus, no attempt will be made to quantify these benefits resulting from the project.

48. During the five year life of the project, contributions of the GoB is about US\$7 million or approximately US\$1.66 million per year. Since this is only a minor proportion of the annual budget outlay of US\$2.4 billion of the government, it should not have a major fiscal impact. Most of the government's counterpart funding would finance recurrent costs of the project, including salaries and allowances of project staff at block and village levels, and government seconded staff at the SPMU, DPCUs and BPIUs. In the long term, the GoB would bear only incremental cost for government staff after project closure with no commitment for all other contractual staff. In addition, all recurrent expenditures for the livelihood enterprises will eventually be met by the communities.

### **D.2. Technical**

49. The project will aim to be flexible in terms of activities financed but will adhere to certain key principles, such as: a) demand-driven nature of investments; b) community management of activities; c) targeting the poorest of the poor and the poor at all levels of the CBOs; and d) financial efficiency and accountability. Micro Credit Plans (MCP) will form the basis for "financing" all livelihood activities i.e., all SHG members will prepare their MCPs which will include the type of investment to be made and asset to be purchased. The purchase of asset and investment decision will be taken by the respective household

or CBO, i.e., the project or its staff will not influence the purchasing decision. The investment could be supported by three possible sources of funding – a) internal corpus of the SHG; b) the CIF, in which case the proposal is submitted to the VO (or the livelihood cluster); and c) bank loans, via the SHG-Bank linkage model. The CIF would be transferred to VOs as a grant. The VO is expected to use this resource as revolving fund to finance various SHGs in the village, based on the MCPs. This revolved fund, combined with the savings of SHGs is expected to multiply the project funds by two to three times, thus increasing overall credit availability for the SHGs. VO is the source of CIF funds for both the SHGs and also the business clusters.

50. The technical quality of livelihood investments would be ensured by: first, allowing CBOs to evaluate the request for funding and also to support activities that the communities are familiar with; and second, allowing communities to procure technical assistance from the public, NGOs or private sectors if they choose to do so. Activities in different sectors would be carried out within the policy framework and general guidelines established for other Bank-assisted projects, where applicable.

51. The project would also seek greater involvement of producer/farmer organizations, NGOs and the private sector to a) facilitate access to backward and forward linkages for successfully implementing the livelihood activities – both in the farm and non-farm sectors b) develop technology and c) disseminate process or extension services. In addition, the project includes support for human resource development at all levels in the system.

### **D.3. Fiduciary**

#### **Financial Management**

52. The financial management arrangements are adequate to account for and report on project's expenditures and to meet IDA's fiduciary requirements. A bank report on Public Expenditure Management – Selected Issues (December 2005) has identified significant constraints and weaknesses in the Public Financial Management both at the state and rural local government level<sup>9</sup>. The risks to the financial management arrangements for the project have been mitigated by the design of the proposed implementing arrangements. At the project level an independent society at the State level with units at district and block level has been set up and at the community level the primary implementing units will be the VOs and SHGs.

53. The financial management framework includes contracting of qualified finance specialist as a CFO at the state level with support from a Financial Management Consultant and appropriate staff at the district and block level. The accounting at the project level will be carried out using an off the shelf accounting package which is in use at the state level<sup>10</sup>. The design of the chart of accounts will allow the project expenditures to be classified by project components and generate periodic financial reports both for internal and external purposes. The financial and administrative rules of BRLPS, the project Financial Management Manual (FMM), the COM together with the MOU/Beneficiary agreements with the SHG, VO and BLF provides the overall internal control framework.

54. The main challenge to satisfactory project financial management arrangements are the ability of the project to develop the capacity of the various village institutions (SHGs, VOs and BLFs), especially the VOs to be formed and envisaged to have a key role during implementation. These institutions have little exposure to basic book keeping and accounting. The community institutional building component envisaged investing substantially in building the capacity of local communities in book keeping and

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<sup>9</sup> In order to address some of the constraints and modernize the manuals and codes the Bank has sanctioned a recipient executed DFID grant.

<sup>10</sup> Manual books of account will also be maintained at the block level till issues of power back up are addressed



accounting through training to SHG members, office bearers of the proposed VOs and developing a cadre of para professional book keepers. Technical support including financial management support will be provided to the VOs to build their institutional capacity. The release of funds to the SHGs and VOs is also linked to achievement of certain readiness filters which includes financial management indicators.

55. The project will provide grants to VOs/BLFs which will in turn seek to revolve the funds (along with other sources of funding including own funds) by providing finance to fund investment and other proposals from SHGs and livelihood groups against appraised MCPs. The funds from the project will be released in tranches based on achievement of readiness filters and milestones by the SHGs, VOs and eventually BLFs. Monitoring of the utilization of funds by the community groups will be carried out through a process of social audit and accountability, independent process monitoring and concurrent internal audit.

56. *Audit:* The external audit of the project will be carried out by a private Chartered Accountants firm (selected on a competitive basis) and will carry out the audit as per TOR approved by IDA. This will cover the SPMU, 6 DPCUs and 42 BPIUs and provide an opinion on the financial statements of the project within six months of the close of financial year. This will be supplemented by concurrent internal audit which will essentially focus on the BPIU's and village institutions on a sample basis (SHG, VO and BLF). The audit will be as per TOR approved by IDA. This will include audit of VOs/ BLFs and a sample audit of records and accounts of SHGs, physical verification of assets procured by beneficiaries/VOs and adherence to social accountability practices such as public disclosure/ transparency etc. The internal auditors will be appointed within six months of effectiveness so that the auditors can provide early feedback on the overall design and operation of the project financial management system.

57. *Social Audit:* In addition to financial audit, social audit will be undertaken by the CBOs to monitor a) the utilization of funds; b) procurement of goods and services; and c) financial efficiency and accountability. For the CIF component implemented by VO/SHG the project has envisaged a process of building transparency by encouraging development of monthly summary report with cash and stock (where applicable) which would be displayed in the notice board of the VO/ BLF office.

### **Procurement Arrangements**

58. The project has proposed guidelines for community procurement in the COM to enable procurement under CIF. The project has also made provision for limited procurement at the state and district level. As this is the first such project in Bihar and there is limited capacity at all levels for procurement, a number of measures involving capacity building, disclosure and complaint redressal are proposed in Annex 8.

#### **D.4. Social**

59. Given the complexity of Bihar's society, which often translates into structural economic poverty, the project will approach both inclusion of vulnerable groups, and promote social cohesion. The project will adopt a very intensive and broad based dissemination of the project objectives, non-negotiables, key principles, investments and activities to all the relevant stakeholders. This will help strengthen shared norms at the local level through multi-caste awareness raising/sensitization workshops that build cohesion and belongingness among local groups. The identification of the poor households will be done in an open and transparent fashion to gain confidence and support of all members of the community in the project villages. The project will work towards organizing the identified poor, through participatory processes with a special focus on women headed households and migrants. A nuanced mobilization strategy will be adopted for the mobilization, social capital development and income enhancement for the identified poor. Livelihood investments in skills and assets will be undertaken for target households, while technical

assistance in terms of market information and market linkages will be extended to other community members as well. This is to mitigate risks of conflict and social backlash. Strategic communication will be used to enable community institutions to address social practices such as dowry, child marriage and alcoholism. The preparation process included piloting of social mobilization approaches and consultations with community members, SHG members, NGOs, academia, research institutions and government functionaries. Through this process a distinct strategy for gender mainstreaming and addressing issues of the migrant households has been developed.

#### D.5. Environment

60. The project will provide technical and economic support to the organizations of the rural poor for implementing livelihood activities in a demand-driven manner. Based on the nature and the scale of the activities that will be funded by the project, the project interventions are not expected to cause any significant adverse impacts on the environment. Accordingly, the project is classified as category B. Government of Bihar has conducted an Environmental Assessment (EA) of the project, based on the list of activities that are likely to be supported in the project districts. An Environmental Management Framework (EMF) has been developed as a part of the EA, to address the environmental issues pertaining to the project-supported activities and to mainstream them in the planning, design and implementation of activities included in MCPs. The EMF includes activity-specific Technical Environmental Guidelines (TEGs), environmental management indicators for the project monitoring and evaluation plan, and capacity-building for environmental awareness and management. A simple organizational and process structure has been developed to ensure adequate and effective implementation of the EMF in the project.

#### D.6. Safeguard policies

<b>Safeguard Policies Triggered by the Project</b>	<b>Yes</b>	<b>No</b>
<u>Environmental Assessment (OP/BP 4.01)</u>	[Y]	[ ]
Natural Habitats ( <u>OP/BP 4.04</u> )	[ ]	[N]
Pest Management ( <u>OP 4.09</u> )	[ ]	[N]
Cultural Property ( <u>OPN 11.03</u> , being revised as OP 4.11)	[ ]	[N]
Involuntary Resettlement ( <u>OP/BP 4.12</u> )	[ ]	[N]
Indigenous Peoples ( <u>OP/BP 4.10</u> )	[Y]	[ ]
Forests ( <u>OP/BP 4.36</u> )	[ ]	[N]
Safety of Dams ( <u>OP/BP 4.37</u> )	[ ]	[N]
Projects in Disputed Areas ( <u>OP/BP 7.60</u> )*	[ ]	[N]
Projects on International Waterways ( <u>OP/BP 7.50</u> )	[ ]	[N]

61. Indigenous People's (OP/BP 4.10): The project has developed a Tribal Development Plan (TDP) to address the institution development and livelihoods needs of Scheduled Tribe (STs) population in the project districts to actively participate and gain social and economic benefits from the project interventions.

62. Involuntary Resettlement (OP/BP 4.12): The project will not involve involuntary resettlement. For activities involving change in land-use and/or ownership, this would be done on a voluntary basis determined through a set of criteria. The guidelines for this arrangement have been included in the PIP and COM. Sub-projects wherein involuntary resettlement is likely to occur would be disallowed.

\* By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas

63. Environmental Assessment (OP/BP 4.01): The project has developed an Environmental Management Framework (EMF) to address the environmental issues pertaining to the project-supported activities and to mainstream them in the planning, design and implementation of activities.

#### **D. 7. Policy Exceptions and Readiness**

64. The project has received authorization from the Bank Senior Management under OP/BP 6.00 for financing food expenditures. The project proposes to transfer grants to communities against MCPs under the CIF Component. These MCPs for livelihoods would be holistic in nature to include access to assets, income generation activities, skill development, access to education and health services and some consumption needs (food security). Based on experience from the pilots under the project, community managed food procurement and distribution activities, and extension services for increased production of paddy have been identified as priority needs by the community. While expenditures for production, storage or distribution of food are eligible for Bank financing, authorization has been received for purchase of food. As mentioned in section A.1, Bihar has very poor Human Development Indicators. The access to food by community will not only enable reduced risk to disease for all age groups but will also enhance children's growth and development and reduce adverse pregnancy outcomes for mothers and children. Community's ability to procure food under the project will play an important role in strengthening the CBOs to plan, implement and manage their activities and become self managed and self-reliant sustaining over a period of time.

65. The project has developed a participatory targeting methodology for identification of the poor. These poor will be organized into SHGs. The community managed food purchase and distribution activities will be managed by SHGs and their federations. To ensure transparency and accountability in food procurement and distribution, social audit committees of VOs will monitor the transactions and ensure that there are no leakages. The project has also proposed a number of social accountability measures like Community Score Cards and a dedicated phone line for grievance redressal. In addition, the project will use transparency measures like display of information at public places. Details on the food security activity and implementation strategy are included in the COM and PIP.

66. The project complies with all other applicable Bank policies and there are no other policy exceptions requiring management approval.

67. The project will be ready for implementation at Board Presentation. Core operational and financial staff is on board and the staff of first phase blocks would be appointed by October 1, 2007. Government has allocated adequate budgetary provisions for the current financial year. A financial management system has been put in place. The PIP and COM have been prepared. The first year implementation plan and eighteen months procurement plan have been finalized. A monitoring, evaluation and learning system is being put in place.

**Annex 1: Country and Sector Background**  
**INDIA: Bihar Rural Livelihoods Project - "JEEViKA"**

**Background**

1. Bihar is the third most populous state in India with 8 percent of the country's population. Bihar recorded poor economic growth<sup>11</sup> through the nineties and grew at 4 percent during the Tenth Plan period, against the national annual growth rate of 7 percent for the same period (Table 1.1). The average annual per capita income of US\$157 for Bihar is a quarter of the national average. Bihar is predominantly rural with 89 percent of the population living in rural areas and a rural poverty ratio of 44.3 percent, the second highest after Orissa. The situation in rural Bihar is characterized by poor service delivery, complex political and social fabric, limited inclusion in most institutions, limited economic opportunities, and poor development infrastructure. These factors along with the lowest per capita development expenditure<sup>12</sup> in Bihar have prevented any improvement in its 32<sup>nd</sup> rank amongst all India states, and the HDI (0.367) and the GEI.

**Table 1.1: Growth of Per Capita Income/GDP 1997 - 2007**

Item	9 <sup>th</sup> Plan		10 <sup>th</sup> Plan	
	India	Bihar	India	Bihar
Per Capita GDP growth rate	4.00	1.00	5.50	2.00
Growth of GDP	5.50	2.90	7.00	4.01
(a) Agriculture	2.00	(-) 1.14	1.80	0.96
(b) Industry	4.60	6.53	8.00	9.80
(c) Services	8.10	6.37	8.90	5.08

2. The state has witnessed a decrease in the poverty ratio from 64.4 percent in 1983 to the present 44.3 percent. However, the number of poor is still a staggering 36 million (of 82 million population). Poverty is heavily concentrated amongst the landless or near landless agricultural households with these two vulnerable groups constituting 70 percent of the households in Bihar. It is estimated that nearly 2.3 million poor are exposed to huge amount of high cost<sup>13</sup> debt for food, health and education, accounting for 25-30 percent of consumption expenses, further impoverishing them. There are also intra-state inequities with North Bihar being more poverty stricken than South Bihar - a reflection of iniquitous land distribution. Landholdings are highly fragmented, at an average size of 0.75 hectares, which is half of the all-India level of 1.41 hectares. Almost half of the households are landless or near landless with agricultural laborers constituting 48 percent of the labor force in agriculture, about double the all India level of 27 percent.

**Sectoral Issues**

3. *High levels of social fragmentation:* Disparities are evident along gender and caste lines, with SC Hindus and Muslim households constituting 25 and 15.4 percent respectively, of landless households in the state (Table 1.2). Rural Bihar is also divided along caste lines determining social behavior and economic segmentation; and this 'reference group' being a key to social and economic mobility. These social issues have constrained social and economic mobilization in Bihar and constrained development of

<sup>11</sup> per capita growth rate of 2.6% per annum as against 4.8% per annum at the all India level

<sup>12</sup> less than half of the national average of Rs.6,748.

<sup>13</sup> Sources vary from money lenders, relatives and friends, banks and SHGs and interest rates vary from 2-10 percent per month.

collectives of the poor. Preparatory studies have shown that the existing institutions such as cooperatives, SHGs, farmer's associations are not inclusive of the poor. Absence of sensitive support and facilitation structure has led to low levels of social capital among the poor and consequently hindered formation of good quality organizations of the poor.

**Table 1.2.** Land Possessed according to social groups (0.00 Hectares)<sup>14</sup>

Social group	0.00	0.01-0.40	0.41-1.00	1.01-2.00	2.01-4.00	4.00+
Other	6%	49%	23%	12.6%	6%	3%
OBC	9%	58%	19%	9.5%	3.5%	0.7%
SC	23.8%	67.1%	6.4%	2.1%	0.6%	0.0%

4. *Ineffective delivery of financial services to the poor:* Delivery of financial services to poor in Bihar is constrained due to both structural and market factors. Rural households are exposed to huge amount of debt from informal sources. Adverse terms of credit and usurious interest rates (often above 36 percent per annum) stress the poor households. Preparatory studies have revealed that high debt-servicing costs and out-of-pocket expense towards health and education account for roughly 30 percent of debt burden. The estimated demand for micro credit services in Bihar is put at US\$2.4 billion. SHG bank linkage which is seen as the primary source of providing formal micro credit services to the poor has been able to reach just US\$8.4 million in the State during last fiscal (2005-06). Inadequate response from formal credit system is due to variety of factors including ineffective social mobilization of poor, sparse banking network, low employee productivity, risk aversion on part of banking sector, low credit deposit ratio and poor financial performance of credit institutions. This has seriously limited asset and capital formation, credit access and development of self employment opportunities among the poor.

5. *Poorly developed value chains in the agricultural sector:* Agriculture employs over 80 percent of the population and is the backbone of Bihar's economy. Even with low agricultural productivity, Bihar still accounts for 8-10 percent of the national agricultural production and is the second largest producer of vegetables, third largest producer of fruits and largest producer of litchis (75 percent) and "Makhana"<sup>15</sup>. However, the period of 1991 to 2001 saw a sharp decline in cultivators from 47 to 33.6 percent and an increase in agricultural labor from 39.4 to 48.6 percent. Major reasons for under performance of the agricultural sector include poor quality of producer organizations, lack of capital formation, poorly developed value chains, inadequate research and extension facilities and non-performance of the entire service delivery system including credit, input, storage and marketing facilities. Also, the land tenure system is skewed with 96 percent of the farmers working on 68 percent of the land at subsistence or below subsistence levels. Various preparatory studies indicate the need to invest in farmer organizations, productivity enhancement, farmer responsive extension systems, and assetization of the poor households and development of value chains for small and marginal farmers to increase income and employment opportunities from agriculture.

6. *High migration rates due to lack of livelihood opportunities:* An important lesson emerging from this scenario of growing phenomenon of landlessness and the diminishing returns from agriculture is the need to invest more in non-farm employment and to strengthen rural economy and alleviate rural poverty. This is especially critical in view of the swelling ranks of agricultural laborers and modest increases in

<sup>14</sup> Source: 55<sup>th</sup> round of NSS (1999 – 2000), report no. 469, via www.indiastat.com

<sup>15</sup> aqua nut/gorgon nut – Bihar's share 90% of India's production (worth US\$100 million), collected by poor men and women.

non-farm workers. One reflection of this development is the current rate of migration in Bihar which is 42 percent. There is a large out-migration of workers to other prosperous states, almost from every single poor household, in search of employment and better wage; with its attendant social and cultural problems. Remittances account for approximately one third of the total average annual income in sample villages; these are used to smoothen consumption needs and medical expenditure, and accumulation of assets is minimal. According to Post Office officials the total value of Money Orders sent to Bihar from other parts of India was worth US\$100 million in 2005–2006. This represents a fraction of the total money sent and carried to Bihar by migrants. It is also important to note that nearly 95 percent of these migrants are unskilled, though skilled workers earn double the earnings of unskilled workers.

### **Government of Bihar's Strategy and Reforms**

7. The GoB has been implementing a range of poverty alleviation programs for self employment like SGSY, wage employment like NREGP, and social protection like public distribution system (PDS), supplemental nutrition, housing, and pensions for the aged, widows and disabled. Social barriers and stratification, weak “voice”, inadequate capacity and poorly developed capability among the poor has prevented them from gaining information, knowledge and access to these programs and benefiting from them. GoB through agencies like the WDC and NGOs has supported development of collectives of the poor women (SHGs - 50,000). However, the quality and sustainability of the social and economic mobilization has been inadequate. As a consequence, these groups of the poor have been unable to access credit and other support services from commercial banks and other service providers. These efforts have also been undertaken in a very scattered fashion and have not been sustained after the initial financial support. Lack of access to credit and livelihood support services has led to subsistence based livelihoods and limited impact on poverty reduction.

8. The GoB has initiated a series of reform measures to facilitate favorable investment climate and efficient delivery of public services in the State to reduce poverty. The GoB's budget for 2007 and the Eleventh Five Year Plan priorities reflect this vision and are summarized hereafter:

9. *Enhancing Investment Climate and Growth:* The Agricultural Produce Market Act (APMC) has been repealed to liberalize the agrarian sector. In addition, Administrative Reform Commission, Land Reforms Commission and Agriculture Commissions have been established. The recent state budget announced that revenues are projected to increase to 36.5 percent of GSDP in 2007/08 compared to 29.4 percent in 2005/06, which is a ratio amongst the highest of all states. The combination of high revenues, relatively restrained revenue expenditure, and additional borrowing (part of which is automatic inflow from the National Savings Scheme postal deposits) is allowing GoB to project a massive increase in Plan and Capital spending. The capital investment outlay is projected at 8.5 percent of GSDP, four times bigger than the historical average. The roads sector is one of the highest priority areas in this budget. The GoB has prioritized investments in educational institutions, promotion of the Buddhist tourist circuit and hospitality industry to promote tourism and the state as an education hub. Combined with other reforms in administration, and infrastructure these sectors are expected to leverage further private investment. There is a need to ensure that the poor and marginalized sections are able to participate in the upcoming investments and growth sectors.

10. *Advancement in women's empowerment:* In the 2006 PRI election where 50 percent seats were reserved for women, women from mostly poor and disadvantaged households won nearly 58 percent seats. Half of the 200,000 teachers to be recruited will be women. A recent decision of the state is to reserve half the seats of “Nyaya Mitras” in all the 8,500 Panchayats for women<sup>16</sup>. In addition, the GoB's

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<sup>16</sup> Nyaya Mitras refer to law graduates who are placed to assist the Gram *Katcheries* (village courts) headed by *sarpanches* (elected village headmen) in settling legal disputes.

Eleventh Five Year Plan proposes to use the network of SHGs as a vehicle of social and economic empowerment.

11. *Making public service delivery more effective:* The proposed investments in effective delivery of public services include recruitment of 240,000 teachers and health workers, enhanced provision of basic supplies and medicines to primary health care centers, referral centers outsourced to private sector on transparent bidding and contracting, and food stamps and kerosene coupon system to reform the ration/public distribution system.

### **Issues to be addressed by the Project**

12. The various policies and programs initiated by the GoB towards mobilizing and empowering poor especially women, and enhancing opportunities for social and economic empowerment are noteworthy. However, in order to realize GoB's vision of SHGs as vehicles of social and economic empowerment the project will invest in the following.

13. *Building social and financial capital for the poor:* The project will organize women from the poor and disadvantaged households into SHGs<sup>17</sup> using participatory and transparent system of identification of the poor on a large scale and in a rapid manner. This will enable reduction in potential social backlash and conflicts which may arise during the social mobilization process. This social and economic mobilization of poor into SHGs on a large scale will require intensive efforts, resources and deployment of skilled staff. The project's core investment will be in building good quality self sustaining and viable institutions of the poor at village and block levels through large scale investments in human capital development and democratic norms of governance and accountability. It will also invest in developing good quality financial management systems involving thrift, revolved credit, micro planning and financial discipline among SHGs enabling them to access higher amounts of credit from financial institutions including commercial and cooperative banks. This will enable SHGs and their federations at Village and Block level to become credit worthy and viable financial institutions.

14. *Increasing livelihood opportunities:* The project will facilitate improvements in livelihoods of the poor through investments in economic organizations and increased access to assets, skills, technology and markets. This would involve working on making investments which increase share of the poor in value chain for key livelihoods for the poor including agriculture and dairying. This will be done in partnership with established service providers to maximize returns for the poor. It will promote universal food security in the poor households belonging to SHGs would ensure food for the poor especially in the lean months and reduce the chronic and high cost indebtedness. The project will offer customized skill building for migrant workers in order to enhance their working conditions and remittances.

15. *Enhancing voice and access to information:* The social empowerment should enable poor to enhance their voice and participation in local governments and service delivery through line departments to enhance access of the poor to education and health services; social protection services including pensions, PDS and other social welfare programs. The SHGs will then be able to hold providers of public services to be more effective and accountable.

16. The proposed "Bihar Rural Livelihoods" project builds on the experiences and lessons emerging from Bihar's efforts at poverty reduction and would enable scaling up of the social and economic mobilization of the poor. The project would therefore assist GoB in its core agenda of poverty reduction.

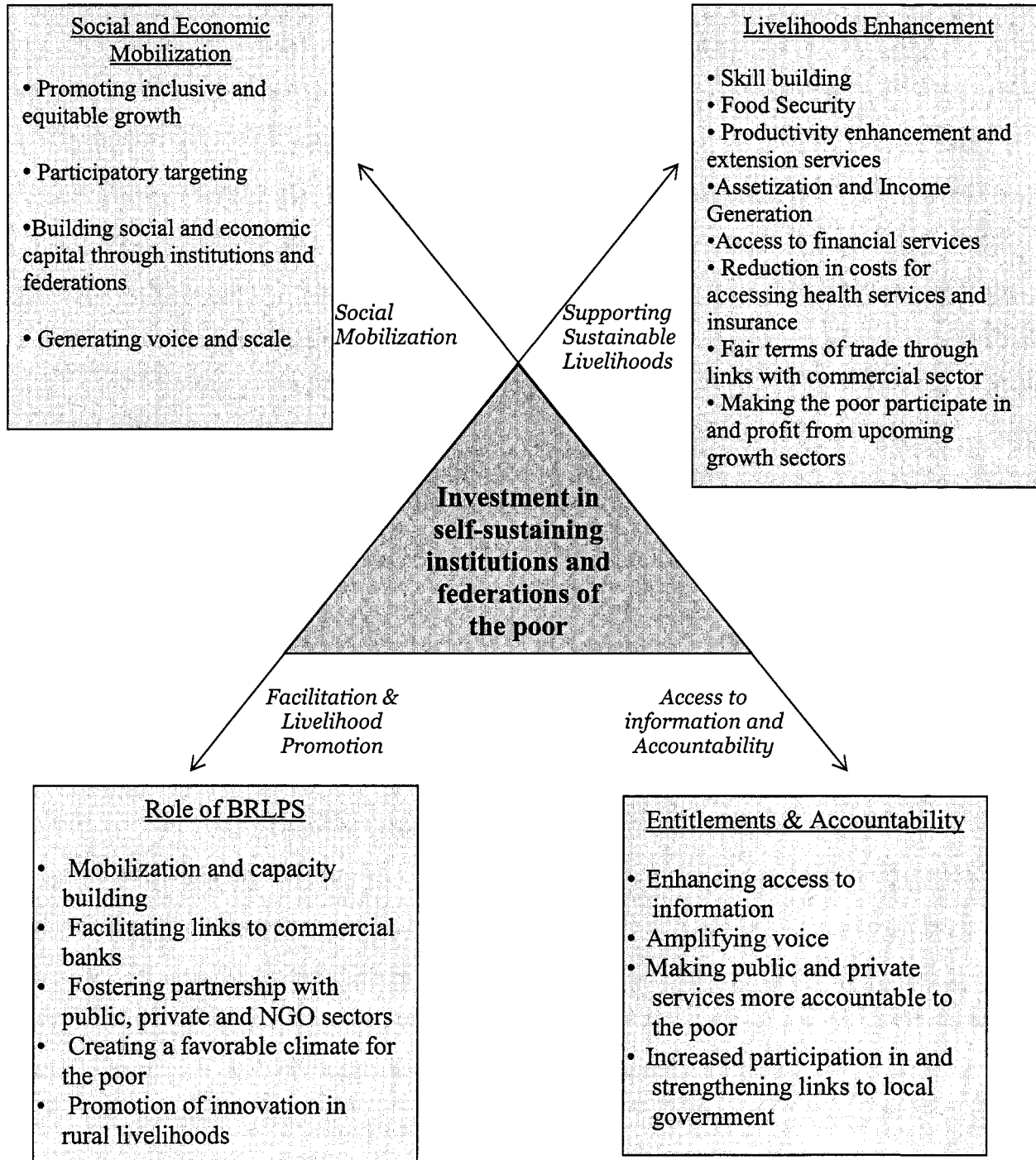
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<sup>17</sup> Currently, less than 10% of membership in SHGs is of the poor and less than 5% of the poor are in SHGs.

Annex 1: Attachment 1

INDIA: Bihar Rural Livelihoods Project - "JEEVIKA"

Framework for Project Interventions





**Annex 2: Major Related Projects Financed by the Bank and/or other Agencies**

**INDIA: Bihar Rural Livelihoods Project - "JEEViKA"**

Sector Issue	Project	Latest Supervision ISR Ratings (bank-financed projects only)	
		Implementation Progress	Development Objective
<b>Bank Financed</b>			
Poverty Reduction and livelihoods	Andhra Pradesh District Poverty Initiatives Project (Cr.3430-IN)	S	S
	Rajasthan District Poverty Initiatives Project (Cr.3339 – IN)	S	S
	Madhya Pradesh District Poverty Initiatives Project (Cr.3430-IN)	S	S
	Chhattisgarh District Poverty Initiatives Project (Cr. 3749-IN)	MS	MS
	Andhra Pradesh Rural Poverty Reduction Project (Cr.3732-IN)	S	S
	Sri Lanka Community Development and Livelihood Project (HO780-LK)	S	S
	Tamil Nadu Empowerment and Poverty Reduction Project (Cr. 31806-IN)	S	S
Social and Gender Specific Programs	Rural Women’s Development and Empowerment Project (Cr. 2942-IN)	S	S
<b>Other Development Agencies</b>			
DFID	Rural Livelihoods Programs in Andhra Pradesh, Madhya Pradesh, Orissa, West Bengal, Gujarat, Himachal Pradesh, Karnataka and Rajasthan		
IFAD	Women’s Empowerment in Bihar and Uttar Pradesh Project Orissa Tribal Empowerment and Livelihoods Program Jharkhand-Chhattisgarh Tribal Development Program Livelihood Improvement Project in the Himalayas North Eastern Region Community Resource Management Project for Upland Areas		

MS – Moderately Satisfactory; S - Satisfactory

**Annex 3: Results Framework and Monitoring**  
**INDIA: Bihar Rural Livelihoods Project - "JEEVIKA"**

**Results Framework**

<b>Project Development Objectives</b>	<b>Outcome/impact indicators for the PDO</b>	<b>Use of result information</b>
1. Enhanced social and economic empowerment of the rural poor in Bihar.	1.1 Self managed <sup>18</sup> self help groups established, covering at least 80% of the target households 1.2 At least 50% of those who have received CIF have increased income by at least 30% of the baseline 1.3 At least 50% of SHG members have reduced high cost debts from informal sources.	1.1-1.3 At MTR the success of capacity building and livelihoods interventions will be evaluated and the strategies will be redesigned if the management effectiveness is not found adequate to achieve project objectives.
<b>Intermediate results by component</b>	<b>Result indicators for each component</b>	<b>Use of result monitoring (work in progress)</b>
<i>Component one:</i> 1. Formation of self reliant and inclusive community institutions including SHGs, Village Organizations and Federations.	1.1 Information about the rules of engagement related to the project available to at least 80% of intended participant households 1.2 Percentage of targeted poor households that are organized into SHGs represented in VO and BLF <ul style="list-style-type: none"> <li>• 80% of targeted households into SHGs</li> <li>• 60% of formed SHGs into VO; and</li> <li>• 40% of the formed VOs into BLF</li> </ul> 1.3 At least 75% of formed VOs accessed and managed project funds as per project processes at any point of time 1.4 At least US\$11.9 million beneficiary savings mobilized leveraging US\$17.8 million of financial institution lending and US\$23.8 million of inter-lending	(1.1-1.2) PY-3 evaluates the strategies of community mobilization and capacity building support if the targeting, inclusiveness and effectiveness of CBOs are found to be less than expected. The constraints will be analyzed in redesigning the strategies. (1.3- 1.4) PY-3 evaluates the thrift and credit strategies including strategies for linkages with financial institutions if the total savings & credit mobilization is significantly less than the desired level.
<b>Intermediate results by component</b>	<b>Result indicators for each component</b>	<b>Use of result monitoring (work in progress)</b>
<i>Component two</i> 2. Establishment and use of Community Investment Fund for	2.1 At least 50% of CIF is made for the productive asset generating sustained income	(2.1) In PY-3 the strategy of livelihoods financing will be revisited if a reduction in debt

<sup>18</sup> Self managed as defined by the project's graduation indicators in the COM.

food security, social services, assets and income generation and service sector investment.	<p>2.2 Food security increased<sup>19</sup> for 80% of target households as compared to the baseline</p> <p>2.3 At least 5,000<sup>20</sup> direct jobs created through project facilitation &amp; at least 75% of them are getting sustained income</p>	burden is not found. (2.2 -2.3) In PY-3 the strategies for capacity building and placement support for youth and migrants will be evaluated if the results are significantly less than the expected numbers.
<b>Intermediate results by component</b>	<b>Result indicators for each component</b>	<b>Use of result monitoring</b>
<b>Component three</b> 3. Establishment and operationalization of Technical Assistance Fund.	<b>Service delivery standards</b> 3.1 At least 5 major business linkages established through public/private partnership by CBOs 3.2 At least 3 new partners are inducted to promote additional microfinance activity with total turn over of US\$0.71 million.	3.1 PY-3, revise project's market linkage strategies if less than 3 businesses established 3.2 PY-2, onwards intensify training and other inputs if income is significantly less than the expected level
<b>Intermediate results by component</b>	<b>Result indicators for each component</b>	<b>Use of result monitoring</b>
<b>Component four</b> <b>Project Management</b>  4. The project is well managed and coordinated at the State, District and Cluster levels.	4.1 Project Monitoring and Learning System established, including RLMIS, learning and experience sharing forums at different levels of project management.  4.2 Project implementation procedures and agreed business standards <sup>21</sup> are followed for at least 80% of project interventions at any point in time.	4.1 From PY1 onwards intensify efforts to develop and establish Learning mechanisms and RLMIS  4.2 From PY1 monitor the implementation standards and make review strategy, conduct staff training, etc. for course correction.

<sup>19</sup> Food security is defined in context of the project as availability of 10 Kgs per person per household per month at reasonable cost. Currently the households have to borrow from high interest lenders to buy required food thus making the households indebted. The project will enable households to access food at reasonable interest, low cost food from public distribution system entitlements and increase paddy production from small land holdings.

<sup>20</sup> Through skill development to the youth in the areas of driving, construction, security guard, nursing, computer, etc.

<sup>21</sup> The Project Implementation Plan will highlight the business standards for each of the service delivery areas viz. CBO formation and development, sub-project appraisal, fund disbursement, audit compliance.

**Results Monitoring Framework  
INDIA: Bihar Rural Livelihoods Project - "JEEVIKA"**

S.N o.	Outcome Indicators (related to PDO)	Baseline	Data collection and reporting					Data collection instrument	Responsibility for data collection	
			Y-1	Y-2	Y-3	Y-4	Y-5			Frequency & reports
<b>1.1</b>	Self managed <sup>22</sup> community institutions established, covering at least 80% of the target households	To be included after BLS	5%	15%	40%	70%	80%	i. monthly & annual ii. Twice-Mid term & EOP	i. RLMIS ii. Impact evaluation-HH survey & PRA	M&E Staff
<b>1.2</b>	At least 50% of those received CIF have increased income by at least 30% of the baseline	-Ditto-			25% of HHs with 20% income increase		50% of HHs with 30% income increase	Twice-Mid term & EOP	Impact evaluation-HH survey & PRA	External agency

<sup>22</sup> Self managed as defined by the project's graduation indicators in the COM.

S. No	Output Indicators for each component	Baseline	Data collection and reporting					Data collection instrument	Responsibility for data collection	
			Year 1	Year 2	Year 3	Year 4	Year 5			
1.1	% Targeted poor households <sup>23</sup> including women households are organized into SHG & represented in VO and BLO <ul style="list-style-type: none"> <li>80% of targeted households into SHG</li> <li>60% of formed SHGs into VO; and</li> <li>40% of the formed VOs into BLO</li> </ul>	To be included after the BLS	5%	30% 25%	55% 45% 12%	75% 50% 24%	80% 60% 40%	Monthly	RLMIS	M&L officers at Block, district & State levels
1.2	At least 75% of formed VOs accessed and managed project funds as per project processes at any point of time	-Ditto-	15%	40%	60%	75%	Monthly/six monthly	RLMIS & thematic studies	M&L officers at Block, district & State levels & External Agency	
1.3	At least US\$11.9 million beneficiary savings mobilized leveraging US\$17.8 million of financial institution lending and US\$23.8 million of inter-lending	-Ditto-	US\$2.38 million saving, US\$3.6 million lending, US\$4.8 million inter-lending	US\$6 million saving, US\$8.3 million lending, US\$9.5 million inter-lending	US\$9.5 million saving, US\$13.1 million lending, US\$17.8 million inter-lending	US\$11.9 million saving, US\$17.8 million lending, US\$23.8 million inter-lending	Monthly	RLMIS	M&L officers at Block, district & State levels	
1.4	Food security <sup>24</sup> increased by 3 <sup>25</sup> months from the baseline for at least 80% of target households	-Ditto-		50% of HHs		80% HHs	Twice-Mid term & EOP	Impact evaluation-HH survey & PRA	External agency	
1.5	At least 50% of the assets and income generation CIF	NA	10%	20%	30%	40%	Monthly/six monthly	RLMIS & Thematic &	M&L officers at	

<sup>23</sup> from SC, ST, minority, EBC and BC.

<sup>24</sup> Food security is defined by a minimum food grain consumption of 10 kg per month for each member of a household.

<sup>25</sup> The extent of food insecurity will be fully known after the baseline survey. The target value will be modified during the first year of the project.

S. No	Output Indicators for each component	Baseline	Data collection and reporting					Data collection instrument	Responsibility for data collection
			Year 1	Year 2	Year 3	Year 4	Year 5		
	is made on the productive assets <sup>26</sup> generating sustained income							Process monitoring	Block, district & State levels & external agency
1.7	At least 5,000 <sup>27</sup> direct jobs created through project facilitation & at least 75% of them are getting sustained income		1000 jobs of which 20% get sustainable income	2500 jobs of which 45% get sustainable income	4500 jobs of which 65% get sustainable income	5000 jobs of which 75% get sustainable income	Annual	RLMIS	M&L officers at Block, district & State levels
1.8	At least 3 major business linkages established through public/private. partnership by CBOs	NA		1	2	3	Periodic	Thematic/process monitoring studies	External agency
1.9	Three new partners are inducted to promote additional microfinance activity with total turn over of US\$0.7 million.	NA		1 partner with US\$0.2 million turnover	2 partner with US\$0.4 million turnover	3 partner with US\$0.6 million turnover	Periodic	Thematic/process monitoring studies	External agency
2.0	Project Monitoring and Learning System established, including RLMIS, learning and experience sharing forums at different levels of project management	NA	- baseline survey completed - RLMIS established	- Learning system in place - RLMIS computerized	- Participatory monitoring, peer review, and stakeholders feedback system operational	Decentralized M&L, -credible project information available	Periodic	Thematic/process monitoring studies	External agency
2.1	Project implementation procedures and agreed business standards <sup>28</sup> are followed for at least 80% of project interventions at any point in time.	NA	15%	50%	70%	80%	Periodic	Thematic/process monitoring	External agency

<sup>26</sup> Productive assets refer to improved technologies in crop, livestock, irrigation, handicraft and natural resource management efforts.

<sup>27</sup> Through skill development to the youth in the areas of driving, construction, security guard, nursing, computer, etc.

<sup>28</sup> Assuming that the project shall develop business standards for each of the service delivery areas viz. CBO formation and development, sub-project appraisal, fund disbursement, audit compliance

## Annex 4: Detailed Project Description

### INDIA: Bihar Rural Livelihoods Project - "JEEViKA"

#### Project Area

1. The project will be implemented in about 776 Village Panchayats covering 4,000 villages in 42 blocks in six districts of Nalanda, Gaya, Muzzafarpur, Madhubani, Khagaria and Purnea. The six project districts have been selected based on poverty and social assessment wherein clustering of districts has been done based on criteria which include poverty levels, social vulnerability, livelihood potential, infrastructure gap, literacy levels and social capital. All Village Panchayats in the 42 blocks (Table 4.1) will be covered under the project. The project is expected to directly benefit about 2.9 million people belonging to 590,000 households.

**Table 4.1. Details of Project Districts**

No	Districts	Total No. of Blocks	BRLP Blocks	BRLP Panchayats	District – wise total population
1.	Gaya	24	11	142	3.4 Million
2.	Nalanda	20	7	99	2.3 Million
3.	Khagaria	4	3	60	1.2 Million
4.	Purnia	14	7	148	2.5 Million
5.	Madhubani	21	7	147	3.5 Million
6.	Muzzafarpur	16	7	180	3.7 Million

#### Target Population and Selection

2. BRLPS had undertaken a Poverty and Social Assessment (PSA) of Bihar. This Assessment looked at four aspects viz. poverty, social vulnerability, livelihood potential and social capital. The 38 districts of Bihar were categorized into 5 clusters viz.

- Much Above Average
- Above Average
- Average
- Below Average
- Much Below Average

3. **Based on this, the cluster position** of each of the 6 districts with respect to the four dimensions emerged are presented in 4.2.

**Table 4.2. Cluster position of project districts**

Districts	Cluster Position			
	Poverty	Social Vulnerability	Livelihood Potential	Social Capital
Nalanda	4	3	4	2
Gaya	3	1	2	1
Khagaria	1	4	4	4
Muzzafarpur	4	3	3	3
Madhubani	2	4	4	4
Purnea	1	1	3	5

4. The poverty levels are very high in Khagaria, Madhubani and Purnea. These districts are also characterized by low levels of social capital. Livelihood potential is also rather limited in these three districts. Of these districts, social vulnerability is very high in Purnea.

5. The poverty levels in Nalanda and Gaya are not very high however, if one takes into account the relatively higher level of social capital, the level of poverty should be lower. In Gaya, the livelihood potential is also above average. In these two districts, the existing economic and social potential are not fully utilized to reach the matching level of development.

6. Finally, the district of Muzzafarpur has average level of livelihood potential, social vulnerability and social capital and yet, the present level of poverty is below average.

7. *The criteria of selecting the blocks* are as follows:

- High incidence of disadvantaged groups as reflected in the percentage of SC and ST population in the blocks.
- Adverse status of women as reflected in adverse sex ratio and female literacy.
- Infrastructure availability.

8. Based on the above mentioned criteria, Table 4.3 provides the blocks that are proposed in the project.

**Table 4.3: Selected Blocks**

District	Total Blocks	Selected no. of Blocks	Selected Blocks
Nalanda	20	7	Asthawan; Bihar; Harnaut; Nagar Nausa; Rahui; Rajgir; Sarmera
Gaya	24	11	Amas; Atri; Barachatti; Bodh Gaya; Dobhi; Gurua; Khizisaraj; Manpur; Sherghati; Tan Kuppa; Wazirganj
Khagaria	7	3	Alauli; Chautham; Khagaria
Muzzafarpur	16	7	Bochaha; Dholi (Moraul); Kurhani; Minapur; Musahari; Sakra; Saraiya
Madhubani	21	7	Benipatti; Jainagar; Jhanjharpur; Khajauli; Lakhnaur; Pandal; Rajnagar
Purnea	14	7	Amour; B. Kothi; Baisi; Banmankhi ; Bhawanipur ; Dhamdaha ; Rupauli
<b>6-Districts</b>	<b>102</b>	<b>42</b>	

### **Project Phasing**

9. The project will adopt a saturation approach, meaning all the poorest of the poor families in all 42 blocks of 6 districts will be brought under SHG fold. Mobilizing such a huge number in a State like Bihar is a huge task and hence will be done in phased-manner.

10. Blocks will be covered on a stage-wise basis in two phases. The project will focus on 18 blocks during the first 2 Years and the remaining 24 blocks starting from Year 3.

11. For the first 2-Years, the project will collaborate with the CBOs in Andhra Pradesh to achieve intensive coverage of institution and capacity building and in developing microfinance activities. The strategy includes immersion programs in Andhra Pradesh for the Bihar community members and leaders as well as the BRLP project staff; use of external community resources persons (CRPs) from Andhra



Pradesh and probably other States like Madhya Pradesh, and Rajasthan where similar programs have been implemented in the past.

12. For Stage II, when the remaining 24 blocks are targeted starting from Year 3 onwards, the project will tap into the pool of social capital nurtured and developed in the 18 blocks during Stage I for replicating good practices related to institution and capacity building, and micro finance activities.

13. In each Block it is estimated to cover 12,600 BPL households into 1,050 SHGs, in 2 Years. Details of phasing are provided in the PIP.

### **Project Strategy**

14. The situational analysis of Bihar has clearly shown that the poor need both social and economic empowerment in a fractured and hierarchical society on the one hand and food security and social services on the other. Expenditure on these services has led to a high level of indebtedness at very high rates of interest for the poor. Also distress migration for any kind of job, especially agricultural and other low paid labor, is widely prevalent amongst the poor. Simultaneously, there are emerging opportunities for economic empowerment through local livelihood creation in many agriculture and allied sectors which can directly benefit the rural poor. The studies, field visits, and lessons from the pilots have informed the core design of the proposed project to address the above challenges and opportunities in a holistic manner.

15. The core strategy of the program is to build vibrant and bankable women's CBOs in the form of SHGs, who through member savings, internal loaning and regular repayment become self sustaining organizations. The groups formed would be based on self savings and revolving fund and not on a single dose of CIF funds for assetization given as a subsidy. The primary level SHGs would next be federated at the village, by forming VOs. Such community organizations would also partner a variety of organizations for providing back end services for different market institutions such as correspondents for banks and insurance companies, procurement franchises for private sector corporations and delivery mechanisms for a variety of government programs.

16. The project components described below are based on the above design of building a multi tiered, self sustaining, model of CBOs who will self manage their own development processes. The project strategy is therefore phased in a manner of first horizontally building up a very large number of primary level women based SHG with the rural poor, through a saturation policy in the six chosen districts. Because of the extreme poverty levels in Bihar, the project will first capitalize these SHGs, through investing part of the CIF, to supplement the savings of these groups. The groups will also be linked to the commercial banks for low cost loans.

17. In the next phase, these primary level SHGs will be federated at the village level to form the second tier of the VOs. The VOs will receive investments from the project, for further on lending to the SHGs and members, through a second dose of the CIF to be used for assetization, food security purchases, and retiring of high cost debts. A large part of this capital inflow is likely to be for meeting immediate consumption needs, particularly health and food purchase, given the extreme level of poverty in rural Bihar. This will ensure that assetization and future cash inflows are not utilized for just repaying high cost debts to money lenders in the future.

18. In the third phase, the VOs will be federated to form higher level community organizations at the cluster and block levels. These apex community level federations will be responsible for enhancing livelihood activities in a comprehensive manner acting as microfinance institutions for lower level VOs, and economic institutions that take up specific income generating activities based on the assets created at

the family level, such as animal husbandry, agriculture and non farm enterprises. For the sustainability of lower level institutions as both sustainable economic and social entities such aggregation is essential.

19. To ensure that assetization of the poor is put to productive use and does not just lead to them procuring an asset or cash that is captured by the elite thereby not leading to income streams, a set of service providers will be positioned in the project, through partnerships, who will provide forward linkages to markets for products and services on which the poor have a very high outflow today. This will be executed through the Component III (Technical Assistance Fund). The above sequential and interlinked project design, phased over the whole project period, will create a social and economic ecosystem controlled by the poor and leading to their own sustainable development.

### **Project Components**

20. The components of the project have been designed to enable achieving the development objective of the project which is to enhance *social and economic empowerment of the rural poor* in Bihar. The four components are – 1) *Community Institution Development*; 2) *Community Investment Fund*; 3) *Technical Assistance Fund*; and 4) *Project Management*.

### **Component 1: Community Institution Development (Total: US\$18 million, IDA contribution: US\$16 million)**

21. This component is the core investment of the project and would be implemented in a phased manner. The first phase will involve strengthening and building vibrant and self managed primary institutions of the poor including SHGs based on internal thrift and revolution of savings. During the second phase, the primary level SHGs will be federated at the village level to form VOs, which will be provided project investments for various activities through a participatory micro planning process. The third phase would involve supporting federation of VOs to aggregate as higher level apex federated community organizations at the block or cluster level for taking up livelihood enhancement and income generating activities and develop linkages with market institutions. This component will facilitate empowering CBOs to develop direct linkages with financial service providers including commercial banks. The communities will also be provided skills and tools to develop social accountability mechanisms to enable transparency and good governance of the institutions of the poor and build effective service delivery partnerships with local government. The component will also facilitate better village-level communication on issues affecting social and economic activities of interest to the rural poor.

22. The next section provides a detailed description of possible activities that can be taken up under the project. These are described in detail in the PIP and COM prepared by the project. These are based on various stakeholder consultations, discussions with the community and results from pilots undertaken during preparation.

23. Formation, development and strengthening of CBOs (including SHGs, VOs -Federation of SHGs, BLFs - Block Level Federations of VOs, Producer/Farmer Organizations and Livelihood cluster organizations): The objective of this activity is to enable the mobilization of poor and poorest women from nearly 590,000 households belonging to the SC, ST, EBC and minority communities into about 55,000 SHGs. These SHGs will be federated into approximately 770 VOs and 42 BLFs. Activities include a) social mobilization of the poor with specific focus on excluded, vulnerable and migrant households; b) formation of new groups and strengthening of existing groups; c) training of the groups on micro planning methodologies and financial management to handle savings and credit.

24. The project will support strengthening the organizational capabilities of these federations in livelihood promotion, developing linkages with service providers including commercial banks and building knowledge base and skills at the grassroots by developing a cadre of para-professionals. In addition, livelihood groups and their federations will be supported through customized training for village and block level management of enterprises, franchise management, quality enhancement and value addition skills. Linkages of these groups to the commercial sector will be facilitated. Given the delicate social condition and the poor economic status of even the “non-poor/privileged”, an effort will be made to make these federations inclusive of the non-poor to encourage social cohesion.

25. The project will also invest in developing a cadre of good quality community resource persons (CRPs), community managed bookkeepers, livelihood associates and other functionaries.

26. Developing a “community managed” sustainable Thrift and Credit program: The objective of this activity is to enable 55,000 SHGs of poor households develop and manage finances including group savings, interest accrual, loans from commercial banks and community investment fund provided by the project. The activities which could be supported include a) institutionalizing robust financial systems in SHGs, VOs and BLFs to help them manage microfinance processes; b) training and capacity building on MCPs which is the basis for accessing both bank finance and CIF; c) developing and adopting quality monitoring protocols like rating of SHGs and VOs not only to enhance confidence of partner banks/microfinance institutions but also to provide inputs to capacity building activities.

27. Other key activities that will be supported by the project include strategic communication. This will involve information, education and communications support, including awareness building programs and campaigns in villages on issues affecting social and/or economic activities of interest to rural poor, for example, children’s education, child labor, child marriages, and HIV/AIDS. Under the *Local Government (PRIs) support*, activity, PRIs especially at the Gram Panchayats (village) will be sensitized in the implementation of social protection programs like PDS, pensions, ICDS, NREGA, etc. to be effectively targeted and inclusive of the poor. This will be complemented by investment in social accountability mechanisms which enable the poor and their organizations to demand and access better quality public services and entitlements.

## **Component 2: Community Investment Fund (Total: US\$42 million, IDA contribution: US\$35 million)**

28. The CIF is designed to transfer financial and technical resources to the CBOs on a demand driven basis through a participatory micro planning process for use as a catalyst to improve their livelihoods and build their institutions. Some of the key elements that could be supported using the CIF funds include income generation and livelihood improvements, food security needs, skill development to increase employment and employability, and limited productive community level infrastructure facilities. Up to 10 percent of the CIF can be used by the CBOs to pilot social risk management interventions in areas like health and disability<sup>29</sup>; and alternate public service delivery models in cooperation with service providers and local governments. These resources would be transferred to VOs as a grant. The VO is expected to use this resource as revolving fund to finance various SHGs in the village based on the micro planning process. The VO will be free to fix terms and conditions under which the resource will be lent to SHGs. This revolved fund, combined with the savings of SHGs is expected to multiply the project funds by two to three times, thus increasing overall credit availability for the SHGs.<sup>30</sup> The experiences gained by

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<sup>29</sup> Poor are highly vulnerable to health shocks and to death or disability of the primary bread-winner of the family.

<sup>30</sup> This is based on large scale experience of over 600,000 self help groups and 29,000 VOs in Andhra Pradesh with a savings base of US\$349 Million.

community institutions in using these funds will also enable them to leverage higher investment from Banks and other commercial sector agencies and increase creditworthiness of the poor. Details are provided in the PIP and COM prepared by the BRLPS.

29. Some of the activities which could be supported under the project are described in the sections below and are based on the various consultations, appraisals, pilot programs and studies undertaken under the project. However, the exact nature of the activities supported will be based on a participatory demand driven micro-planning process.

30. *Food Security*: is a community managed credit and food distribution mechanism, specifically to address the food requirement of the SHG members. The objective of the activity is to enable the poorest of the poor and the poor to have continued access to food of improved quality; ensure consumption smoothing by reducing the food price volatility particularly during the lean period and also fill the gap of the household food requirement in the absence of a functioning PDS Key activities which could be supported include a) aggregation of demands (i.e., food requirement of each SHG member's household); b) facilitate access to credit from commercial banks - CIF could be used for rolling-out the program; c) training on community procurement process, packing and distribution of food grains and other commodities, and financial management (incl. loan recovery, and book-keeping) and accountability. Key possible outcomes include – a) ensuring food security even during lean season when regular household incomes are insufficient to meet basic consumption needs; b) reducing debt levels by reducing the dependence on high cost informal debts and also as a result of cost savings due to collective purchasing; and c) capacity of SHGs to manage procurement and logistic issues.

31. *Assets and Income Generation*: This would include expanding the existing livelihoods of the poor and introducing new livelihoods. The objectives of this activity are: a) assetization at both household and community level (e.g., procurement and marketing centers, small processing plants); b) diversification of livelihood opportunities for the poor; c) increasing household income, by way of increased conversion of assets to incomes; and d) reducing the expenditures at enterprise level through collective efforts for leveraging economies of scale and enhance the bargaining power of the poor. Other activities which could be supported include – a) facilitating access to credit from other sources primarily commercial banks; b) scaling-up universal livelihood interventions like dairying; c) supporting initiatives for mitigation of livelihood risks including death, disability and asset replacement insurance; d) financing development of the backward and forward linkages. Key possible outcomes include – a) increase in both type and size (i.e., value) of assets per household; b) increase in number of livelihood sources, at least two to three livelihoods per HH; and c) increase in household income of the poor households.

32. *Skill building*: The objective of this activity is to a) increase employment and employability of educated rural youth from poor households and b) to improve the bargaining power of migrating youth through enhancement of market based skills enhancement programs and certification through partnerships. Key activities which could be supported include a) setting up livelihood enhancement and training centers with special focus on English language, computer skills and post-training placement services; b) establishing a Migration Resource Center (details in PIP) on a pilot basis in a major city where migrant workers from Bihar are present in large numbers; and c) convergence with government departments such as Rural development to leverage available resources and infrastructure. Key possible outcomes include a) youth provided with skills and job placement; b) increase in income resulting from skill development; and c) setting up of Migration Resource Centers providing services to migrant workers from the six project districts.

33. *Piloting social risk management interventions*: The objective is to a) improve access to health care and primary and secondary education and b) overcome debilitating risks such as loss of breadwinner

or income generating asset. Key activities which could be supported include a) identification and training of woman outreach workers on education and health issues; b) collaborate with the Bihar Education Department and the SSA<sup>31</sup>, and service providers (e.g., PRATHAM) to provide access to good quality primary education for the poor households and c) piloting various micro-insurance approaches. Key possible outcomes include a) increase in school enrollment and improved education outcome of children of the poor; b) reducing vulnerability and/or mitigating social risks; and c) piloting at least one insurance product and taking it to scale.

**Component 3: Technical Assistance Fund (Total: US\$5.5 million, IDA contribution: US\$5 million):**

34. The Technical Assistance Fund (TAF) will improve quantity and quality of service provision by public, cooperative, community and private service providers. The fund will also promote use of public-private partnerships in improving the supply of key support services for the community organizations and federations in the areas of institution building, financial services and livelihoods enhancement. Key activities which could be supported by this component include institution building by NGOs, microfinance related technical assistance to SHGs and VOs to undertake financial and credit management and business development services through public, cooperative and private sector initiatives (including NGOs and non-profits) in agriculture, livestock and non farm sectors. This fund would also be used for encouraging innovations by individuals, enterprises, organizations and institutions in the public and private sector aimed at improving rural livelihoods

35. *Microfinance:* The objective of this activity is to a) create an enabling environment for investment in the microfinance sector; b) develop co-production models with SHPIs/NGOs, MFIs, banks and insurance companies for increasing access to financial services for the poor; c) enhance capacity, quality and performance of partner microfinance structures<sup>32</sup>; and d) adopt a crowding-in strategy by pursuing alternate channels for delivery of financial services. Key activities supported include a) developing rating mechanisms for SHGs, VOs, and credit scoring methodologies for partner institutions; b) developing capacity building modules, training aids, common accounting and reporting systems; c) developing a partner financial institutes platform including supporting partner banks in setting up exclusive cells for microfinance and livelihood finance; and d) piloting new channels for reaching financial services (like business-facilitator, bank-correspondent, remittance facility, etc.).

36. *Business Development :* The objective of this activity is to mobilize both public (including cooperatives) and private sector initiatives (including NGOs, corporate sector and non-profits) to promote vertical integration of smallholder agriculture with private investment in input supply and post-harvest value addition initiatives including agro-processing, and also to develop livelihood clusters in the non-farm sector and to provide support in backward and forward linkages to the communities engaged in the sector. Key activities to be supported include a) addressing barriers for business development arising from the existing regulatory policies; b) promoting agricultural extension and training; c) providing technical assistance in setting-up storage and processing infrastructure; and d) assistance with advisory services such as in preparing feasibility analysis and preparation of “investable” business plans for new business ventures, in both farm and non-farm sector.

37. *NGO Service Provisioning for Community Institution Building:* This activity will support development of the capacity of competent NGOs in Bihar to emerge as good quality service providers for supporting development of self reliant community organizations. These NGOs will be contracted by the project and CBOs to deliver services in areas of social and economic mobilization, institution development, livelihood promotion and other areas identified through a demand driven process. NGOs

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<sup>31</sup> SSA: Sarva Sikshya Abhyan, a national program of primary education.

<sup>32</sup> Microfinance structures include SHGs, Federation of SHGs, MFIs and others.

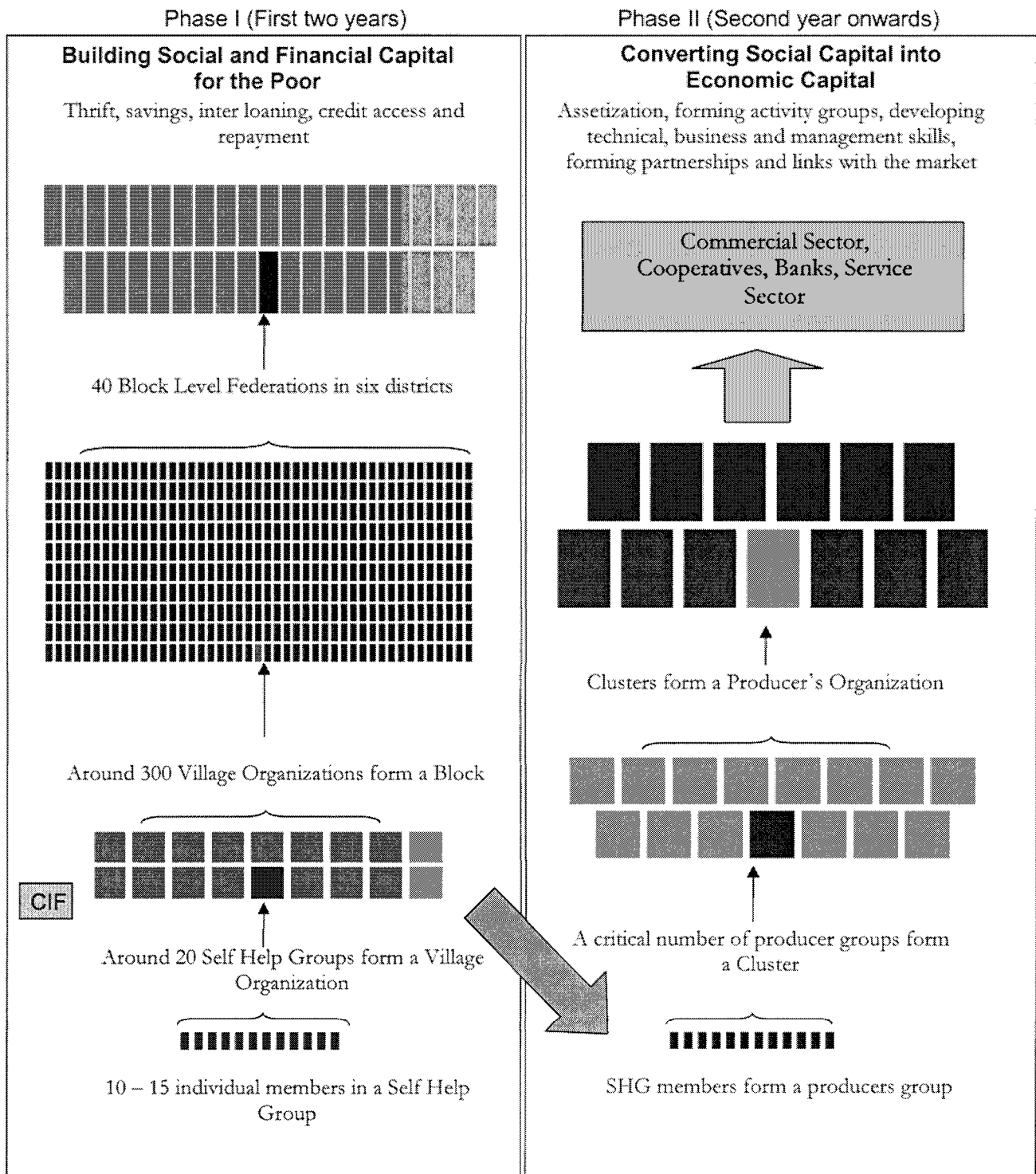
that meet the basic criteria of scale in field operations, innovation and governance will be supported to apply for support under this fund. The process of selection has been detailed in the PIP. The project will initially provide expertise to NGOs to undertake an organization diagnostics and prepare a plan of action for organizational development and capacity enhancement. The selected NGOs will then be given performance based contracts and provided resources based on achievement of graduation indicators by CBOs as defined in the COM.

38. *Innovations:* The objective of this activity is to support innovations by individuals, enterprises, organizations and institutions in the public and private sector aimed at improving rural livelihoods which have been tested and have the potential for being scaled up in Bihar. Key activities which could be supported include – a) scoping for innovative ideas/proposal in the areas of empowerment; income generation; asset creation and job creation; b) support in organizing annual Bihar innovation Forum event; c) providing hand-holding support to innovators to raise resources, apart from funding innovative ideas; and d) establishing a Bihar Livelihood Enhancement Action Platform.

**Component 4: Project Management (Total: US\$7.5 million, IDA contribution: US\$7 million)**

39. This component would facilitate overall co-ordination, implementation, and financial management, monitoring and learning of the project at state and district levels. It would include setting up and strengthening state and district level project units, providing office infrastructure and logistic support, and setting up monitoring, evaluation and learning systems. This component will be managed by the DPCUs and State Project Management Unit (SPMUs and the important activities include identification and contracting resource/support agencies, disbursement of salaries and other benefits to staff, procurement and maintenance of vehicles, office and equipment, and promote liaison and convergence with other agencies and government departments.

**Figure 4.1: Social and Economic Mobilization Strategy of the Project**



**Annex 5: Project Costs**  
**INDIA: Bihar Rural Livelihoods Project - "JEEVIKA"**

<b>Component</b>	<b>Local Cost US\$ Million</b>	<b>Foreign Cost US\$ Million</b>	<b>Total Cost US\$ Million</b>
I. Community Institution Development	18.0	0.0	18.0
II. Community Investment Fund	42.0	0.0	42.0
III Technical Assistance Funds	5.5	0.0	5.5
IV. Project Management	7.5	0.0	7.5
<b>Total Including Contingencies:</b>	<b>73.0</b>	<b>0.0</b>	<b>73.0</b>



**Annex 6: Implementation Arrangements**  
**INDIA: BIHAR RURAL LIVELIHOODS PROJECT - "JEEVIKA"**

1. **Project Institutional Arrangement:** The project's institutional arrangements are built as support structure starting from the community and village level and going to the Block, District and State level. The primary agency responsible for the project's implementation will be the Bihar Rural Livelihood Promotion Society (BRLPS) established by the GOB, as the promotional and umbrella agency for rural livelihood promotion in Bihar. The implementation arrangement is shown in Figure 6.1.

**Institutional arrangements at the State Level:**

2. *Bihar Rural Livelihoods Promotion Society:* In order to work intensively with the poor and disadvantaged who are the target population for the project and demonstrate an effective and efficient model of project implementation for livelihoods development, the GoB has set-up the BRLPS registered under the Society Registration Act, 1860. This society will provide guidance and advice to the program, facilitate and coordinate project's functioning and periodically monitor progress.

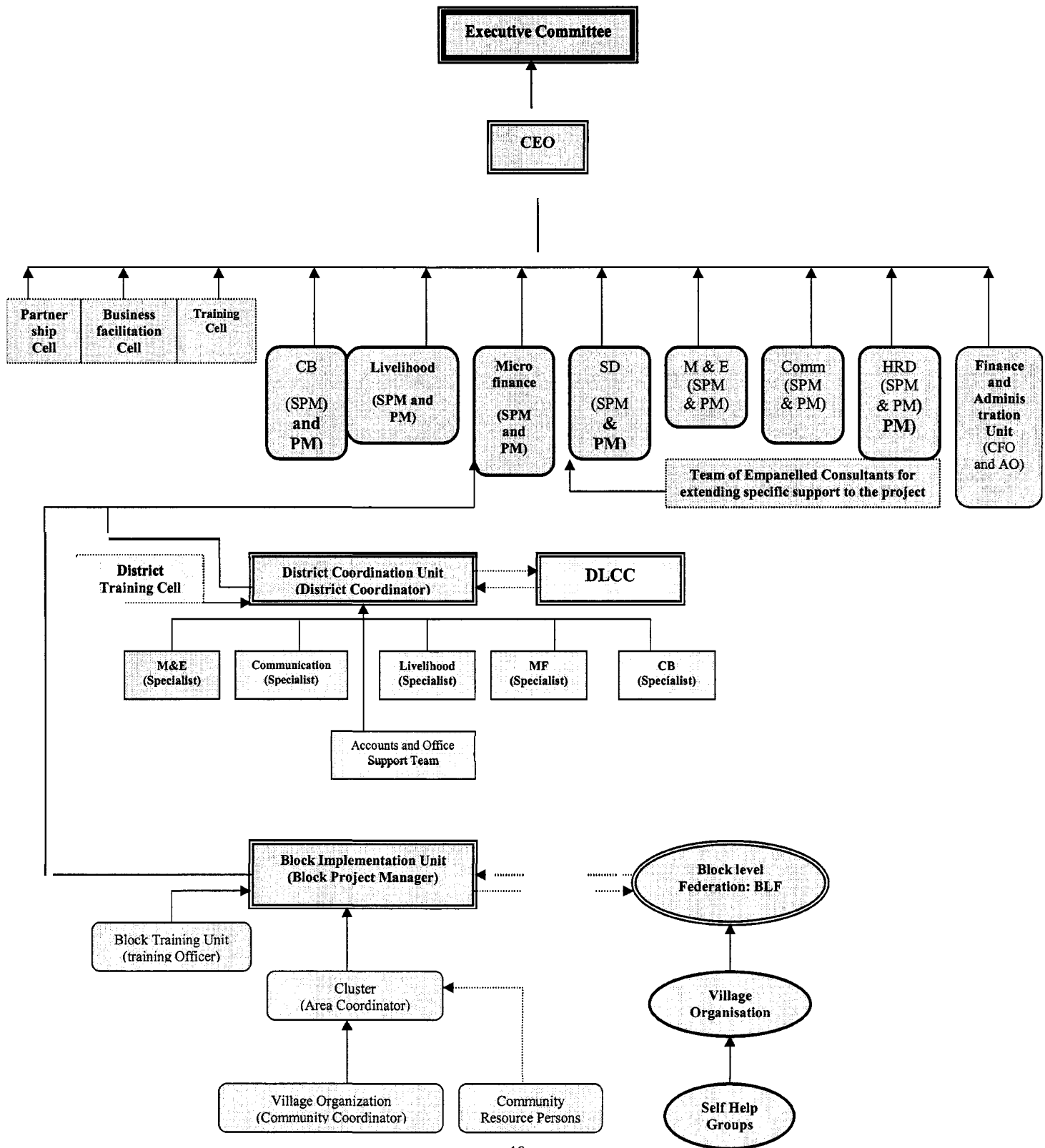
3. **Composition:** The BRLPS has a seventeen member General Body and a ten member Executive Committee entrusted with the management of the Society. The General Body and the Executive Committee are headed by the Development Commissioner, GoB. It has representatives from the government, civil society, industry associations, and financial institutions in the General Body and the Executive Committee. The Memorandum of Understanding (MOU), the bye-laws and regulations are included in the PIP.

4. BRLPS will manage the project through the SPMU. The CEO of BRLPS will be the project director of SPMU who will be supported by a team of professionals with expertise in institution building, capacity building, social development, livelihoods, microfinance, communication, monitoring and evaluation, human resources development, and finance. Other expertise needed will be obtained on contracts/partnership basis with other agencies. Considering the limited service providers that are available in the state, the SPMU will have in-house arrangements in the form of "Cells" to plan, manage and coordinate activities in key areas of Training and Capacity Building, Business Facilitation and Partnership. Job description, roles and responsibilities are detailed in the PIP.

**Institutional arrangements at the District Level:**

5. *District Project Coordination Unit (DPCU):* In the six project districts, a District Project Coordinator (DPC) will head the DPCU which will be responsible for coordinating, implementing and managing project activities in the district. Other relevant specialists in the areas like social development, livelihoods and micro finance will be added, based on district specific requirements that emerge during implementation. Detailed job descriptions, roles and responsibilities are provided in the PIP.

Figure 6.1: Bihar Rural Livelihoods Promotion Organogram



### **Institutional arrangements at the Block Level:**

6. *Block Project Implementation Unit (BPIU)*: One BPIU will be set-up in each of the 42 project blocks and will play a critical role in project implementation. The Block Project Manager will head the BPIU supported by a Training Manager, Area Coordinators and Community Coordinators, and other administrative staff. This Unit will facilitate the formation and functioning of the Block Level Federation of the SHGs. Along with a cadre of Community Resource Persons, the BPIU will be responsible for village and block level implementation.

### **Communities and village level:**

7. The institutional arrangements at the village-level under the project are designed to enable poor women and other disadvantaged groups to form their membership organisations at group level and subsequently federate at the village and block level. This three tier structure will provide the project participants and their organisations the ability to achieve economies of scale and aggregate in terms of access to services, credit and market services. It will also enable them to build good quality sustainable institutions with a financial base. These institutions will enable external institutions like commercial banks to reduce their transaction costs in dealing with a large number of small, dispersed and low transaction volume poor households.

8. *Self Help Groups*: Women from poor and disadvantaged households will be mobilised to form affinity groups known as SHGs. The group membership will be between 10 to 15 households. The SHGs will be based on thrift and revolving their internal savings for providing credit to each other. These groups will be provided support in developing group norms, financial management capacity, development of solidarity and access skills, credit and services from a variety of service providers. These SHGs will be provided support to be federated into VOs involving 200 to 300 members at the village level.

9. *Village Organizations*: VOs will provide the SHGs technical assistance for micro plan preparation for livelihoods and enable access to financial and technical resources from the project and financial institutions, and undertake collective activities like food security, village level procurement and other activities requiring collective action. These VOs will be the main recipients of project resources. The VOs will be facilitated to develop Block Level Federations (BLFs) covering about 30 to 40 villages (10,000 members).

10. *Block Level Federations*: The BLFs will provide VOs with technical assistance, capacity building and facilitate convergence between CBOs and different agencies of development like local governments and line agencies. BLFs will also hire functionaries to provide support to VOs. They will arrange bulk finance for the VOs from commercial banks and support formation and promotion of livelihood based organisations and activities requiring linkages with commercial sector organisations.

11. *Livelihood Institutions/Producer Groups and federations*: The project will promote livelihood based activity groups and federations of members who have common livelihoods in sectors such as dairy, agriculture, fisheries, and honey. Members may belong to different SHGs and will receive technical and financial support in areas of input procurement, extension services, technical assistance services and marketing services. These groups and federations would be enabled to develop commercial and direct relationships with private, cooperative and public sector agencies.

12. *Para Professionals/Community Service Providers*: A cadre of activists and para professionals including community activists, book keepers, community resource persons, para veterinarians, job resource persons, health activists will be developed by the project through investment in their knowledge and skills to provide services to and be accountable to the CBOs and be paid by them over a period of time.

## Key Roles and Responsibilities of Key Institutions

13. Table 6.1 provides a summary of the roles and responsibilities of project institutions at different levels in the project.

**Table 6.1:** Summary roles and responsibilities

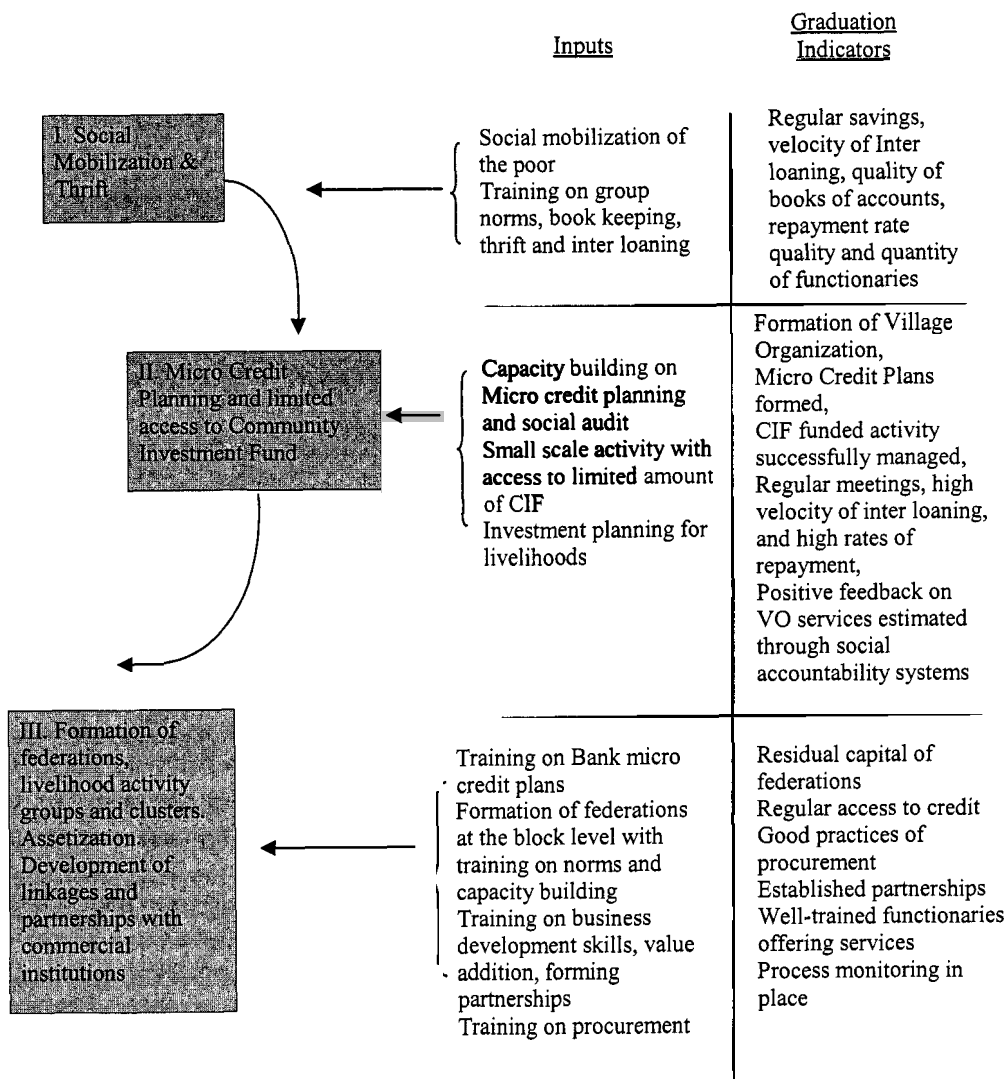
State Society	
State Project Management Unit	<ul style="list-style-type: none"> <li>• Collaborate with stakeholders through continuous interface, dialogue and appropriate linkages</li> <li>• Recruitment of Core Team, induction and continuous capacity building of staff for implementation</li> <li>• Establish Training and Capacity Building Cell; Business Facilitation Cell and Partnership Cell</li> <li>• Managing grant and monitoring effectiveness and implementation of the project as per the desired objective</li> <li>• Design and conduct capacity building programs</li> <li>• Establish information sharing and dissemination platforms</li> <li>• Establish norms for partnerships/contracts with service provider organizations and individuals.</li> <li>• Initiate studies on project performance, knowledge gap areas and emergent issues for program improvement</li> <li>• Design and operationalize project management system including monitoring system, financial management, human resource management and administrative systems</li> <li>• Policy advocacy on pro-poor issues and coordinate with relevant Government line departments</li> <li>• Constitute advisory committee to review performance</li> </ul>
District Project Coordination Unit	<ul style="list-style-type: none"> <li>• Prepare annual work plan of project activities and ensure timely accomplishment of the same</li> <li>• Ensure operationalization of all financial, administrative and HRD guidelines at the district level</li> <li>• Conduct periodic reviews of project progress and report to SPMU. To also inform the District Administration as and when required</li> <li>• Conduct capacity building programs as well as other related activities for district and block level staff</li> <li>• Establish strong linkages with district Government offices, line development departments, district resource agencies and eminent public representatives for garnering required support for the project</li> <li>• Monitor and supervise Community Investment Fund routed to poor through BLF or by the Block unit of project</li> <li>• Document learning of the project and disseminate the same at all relevant platform, with SPMU as well as district administration</li> <li>• Constituting district coordination committee and conduct regular interface</li> <li>• Extend handholding to block staff as and when required, facilitating block team and also being responsible for furnishing RLMIS information to SPMU on time.</li> <li>• A District Project Coordinator will be appointed by the BRLP society to head the DPCU and thematic specialists will be placed for providing the requisite handholding support.</li> </ul>
Block Project	<ul style="list-style-type: none"> <li>• Organize target community into SHGs and commodity producers' groups and</li> </ul>

Implementation Unit	<p>then federating them at the Village Organization level</p> <ul style="list-style-type: none"> <li>• Build capacity of SHGs, commodity producers' groups and village organization</li> <li>• Constitute the apex structure of the Community Institutions at the Block viz. Block Level Federation (BLF) and ensuring functioning of the same through handholding and regular capacity building input</li> <li>• Manage the interface between banking system and community groups through membership in BLF and liaison with banks</li> <li>• Help community institutions in preparing livelihood sub projects, getting their approval from DPCU/SPMU and ensure their implementation with quality</li> <li>• Support community institutions in developing linkages with financial institutions, service provider agencies and line development departments</li> <li>• Facilitate community institutions to develop forward and backward linkages</li> <li>• Conduct regular interface of BPIU and BLF with Block Government officials and Panchayat representatives and garner support from them</li> <li>• Manage and monitor channeling of CIF to SHGs or commodity producers' group.</li> <li>• Furnish information through RLMIS and submitting progress report to DPCU.</li> </ul>
Block Level Federation	<ul style="list-style-type: none"> <li>• Facilitate provision of technical assistance to the VO and SHG members</li> <li>• Problem solving and conflict resolution</li> <li>• Review VO-SHG performance</li> <li>• Review micro plans for the social and economic development of the SHGs/VO</li> <li>• Prepare Action Plan for the socio-economic development of its constituent area.</li> <li>• Network and be a confluence for convergence between CBOs initiated and the Government and other Agencies in their geographical area benefiting the target poor.</li> <li>• Act as a platform for sharing experiences and concerns of VO-SHGs</li> </ul>
Village Organization	<ul style="list-style-type: none"> <li>• Providing technical assistance to SHG members</li> <li>• Problem solving and conflict resolution</li> <li>• Review SHG performance</li> <li>• Facilitate formation of SHGs of the remaining poor in the village</li> <li>• Compile micro plans for the socio-economic development of its members</li> <li>• Review micro plans for the social and economic development of SHGs</li> <li>• Prepare Action Plan for the socio-economic development of its constituent area.</li> <li>• Network and establish linkages with resource agencies for implementing the micro plans/investment plans and thus ensure the economic and social empowerment of the poor households.</li> <li>• Act as a platform for sharing experiences and concerns of SHGs</li> </ul>

**Project Implementation Cycle**

14. The project will form 55,000 SHGs in 42 blocks of the six districts including 95% of the poor and poorest of the poor households. The mobilization will take place in two stages. In the first phase, 18 blocks will be covered. The project will be subsequently scaled up to the rest of the 24 blocks in the third year of the project. The PIP provides the project cycle including the details of key steps and sequencing of activities to be performed while implementing the project.

**Figure 6.2: Project Implementation Process at Village Level**



## Village Level Project Implementation Cycle

15. The cycle that the project will follow at the village level is laid out in Table 6.2 below. The Village Development Cycle has four stages of Social Mobilization, Capacity Building, Livelihood Implementation, and Federation and Consolidation. Table 6.2 provides details of activities at the village level and key milestones for each stage.

**Table 6.2:** Project Implementation Cycle at the village level

Stages	Critical Activities	Key milestones and graduation indicators
<b>Stage I: Social Mobilization</b>		
Village Level	<ul style="list-style-type: none"> <li>• Social mapping and baseline using participatory methods</li> <li>• Develop a list of project participants through participatory identification of the poor</li> <li>• Seek Gram Sabha approval of PIP list</li> <li>• Mobilize target families and SHG members</li> <li>• Formation of SHGs, introduction of capacity building and opening of bank accounts</li> <li>• Identification and training of community resource persons (CRPs)/community mobilizers (CMs) and book keepers</li> <li>• SHGs meet regularly, practice thrift and inter loaning according to group norms</li> </ul>	<ul style="list-style-type: none"> <li>• PIP completed and the list approved</li> <li>• Formation of at least ten SHGs per village</li> <li>• Opening of bank accounts for all SHGs</li> <li>• Regular meetings and savings of groups</li> <li>• High velocity of inter loaning</li> <li>• High repayment rate</li> <li>• Substantial number of CRPs/CMs and bookkeepers trained and providing services</li> </ul>
<b>Stage II: Capacity Building</b>		
Village Level	<ul style="list-style-type: none"> <li>• Training to SHGs in development of micro credit plans for assetization</li> <li>• SHGs trained in development of MCPs for commercial Banks</li> <li>• Formation of VO</li> <li>• Establishment of accountability systems</li> <li>• Introduction of CIF in limited amount for target interventions such as food security</li> <li>• Capacity building for VO in micro credit plans</li> <li>• Establishment of social audit committee</li> <li>• Launch thematic communication campaigns</li> <li>• Launching of skill building programs for youth</li> </ul>	<ul style="list-style-type: none"> <li>• Establishment of VO and office bearers</li> <li>• Majority of SHGs have been credit linked</li> <li>• Micro credit plan approved and first tranche of CIF provided</li> <li>• Majority of SHGs received credit from Banks and repaid</li> <li>• Accountability systems in place and functioning</li> <li>• Results from score cards and report cards consolidated and disclosed</li> </ul>
<b>Stage III: Livelihood Implementation</b>		
Village Level	<ul style="list-style-type: none"> <li>• Identification and formation of livelihood activity groups</li> <li>• Training on Livelihood investment plans</li> <li>• Establish partnerships and linkages with service providers, private sector</li> <li>• Establishment of procurement committee</li> </ul>	<ul style="list-style-type: none"> <li>• Livelihood activity groups formed</li> <li>• Livelihood investment plans formed</li> <li>• Procurement committee established</li> </ul>
<b>Stage IV: Federation and consolidation</b>		

**Attachment 1 –Accountability Arrangements**  
**INDIA: Bihar Rural Livelihoods Project - "JEEVIKA"**

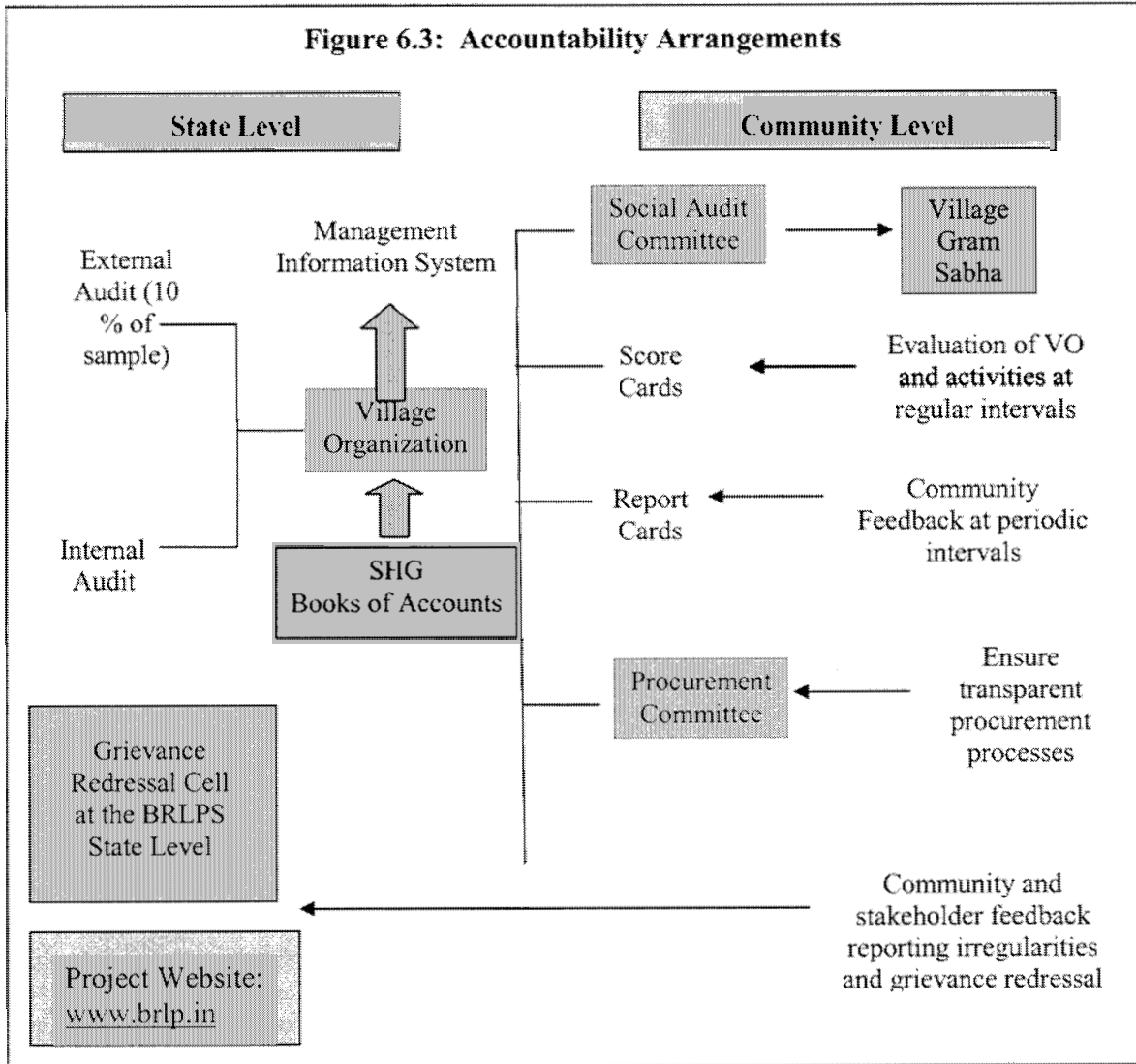
1. All project information will be made available through a functioning project website<sup>33</sup> and project will comply with provisions of the State Government's Right to Information Act. The BRLPS has broad representation from all key stakeholders as defined in its Memorandum and Articles of Association
2. BRLPS will proactively set up a dedicated grievance redressal cell to handle grievances and complaints regarding the project. The cell will also have an exclusive phone number for receiving calls and a cell phone number for receiving SMS. These numbers will be publicized widely through various means including posting on the project web site. The BRLPS website will also have a provision for registering grievances. The Executive Committee of BRLPS will review grievance redressal performance under the project as an agenda item in all the meetings. In addition, the project will confirm to the requirements of the Right to Information Act and appoint a focal point to deal with requests for information.
3. The project will also enable comprehensive audit arrangements covering all project aspects like sources and utilization of funds, and expenditures are incurred.
4. At the village and block level, social audit will be undertaken which will monitor utilization of funds, procurement of goods and services, financial efficiency and accountability. The VOs and BLFs will have sub-committees such as a social audit committee for tracking expenditure and financial supervision and a procurement subcommittee for ensuring transparent procurement processes. Report Cards, with criteria developed in conjunction with members, will be used for evaluating VO performance periodically. Score cards will be developed to rate all service providers including BRLPS, BLF and VO on a six monthly basis. The cumulative results will be published annually and shared with stakeholders.
5. The project will enable transparency through public display of information related to release of funds, physical and financial progress and expenditures, at the VO and BLF notice boards as well as displayed on the BRLPS website. The project will also display all state level procurement related information on the website.

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<sup>33</sup> [www.brllp.in](http://www.brllp.in)



**INDIA: Bihar Rural Livelihoods Project - "JEEVIKA"**



**Attachment 2 - Communications**  
**INDIA: Bihar Rural Livelihoods Project - "JEEViKA"**

**Communications**

1. The main objective of the communication strategy is to increase awareness and promote a better understanding of the project's vision, approaches, objectives, components, policies, procedures, implementation and financing mechanisms among the various project stakeholders and partners.

***Communication Strategy***

2. To achieve the above objective, the communication strategy for the BRLP would be based on a modular approach using multi-media to communicate multi-sectoral content from multiple sources to multiple users with built in end-user needs assessment and feedback mechanisms, in short the Four M modular approach for rural communication. The multiple users would consist of project staff, SHGs, private enterprises, financial institutions; line Government departments, NGOs, donor organizations, etc. The multiple media would consist of print, drama, folklore, fairs, displays, radio, video, CD's, photos, television, telephone, internet, etc. The multi-sectoral content would consist of agriculture practices, HIV/AIDS prevention, employment opportunities, health, labor laws, land reforms, market prices and opportunities, project objectives, approaches, policies and procedures, women's rights, etc. The multiple sources would consist of SHGs and members, project staff, line departments of the government, NGOs, relevant local, national and international research institutes, universities, private enterprises, financial institutions, world wide web, etc.

***Activities***

3. *Development of internal communication system:* This will include periodic training of staff in communication, exchange and learning of experience through workshops, conferences, meetings, and development of a cadre of community reporters in each project block, development of electronic networks within and between Patna and districts, periodic visits to similar projects within and outside India.

4. *Development of external communication system:* This would include the development and dissemination of a variety of relevant project related information and material in vernacular languages for distribution to interested organizations, groups, or individuals on activities being carried out by self-help groups, multi-caste awareness raising/sensitization workshops focused on building social cohesion and belongingness among local groups, public awareness and campaigns in villages on issues affecting social and/or economic activities of interest to rural poor, such as children's education, child labor, child marriages, HIV/AIDS, etc. This will also involve development and maintenance of the project web-site and feedback mechanisms by different stakeholders as provided in the Accountability Arrangements (Annex 6, attachment 1)

5. *Pilot activities* in community radio and promoting functional literacy, especially among the adults using latest advances in information technology which has been tested and proven in other parts of India.

## **Attachment 3 – Rural Livelihoods Management Information System**

### **INDIA: Bihar Rural Livelihoods Project - "JEEVIKA"**

#### **Rural Livelihoods Management Information System**

1. The project will support a decentralized and flexible rural livelihoods management information system (RLMIS). The main objective of the Management Information System would be to assist in the decision making process by managers based on factual and verifiable data, analysis and lessons learnt at each level, viz, state, district, block, cluster, VO, and SHG level. The RLMIS would be used:

- to organize, analyze and manage the data and information in an easy to understand, accessible manner and to ensure consistency at different levels of project interventions
- as an input for evaluating the performance of project.

2. The RLMIS would use simple paper based to web-based RLMIS systems (during the five year project implementation period) depending on the needs, availability of skills, and cost effectiveness and telecommunication infrastructure at each of the SHG, village, block, district and state project levels. It will be linked with the project's financial and procurement management systems to the extent possible. Linkages with commercial banks and other partnering institutions with the organizations of the poor being created by the project will be explored to ensure consistency and compatibility of data and information and for more accurate attribution of project benefits. Following is a brief description of the RLMIS architecture for the Project.

The following pilots are currently being undertaken in the project:

- Institution building: Saturation of the village by formation of SHGs and its network in the targeted communities
- Job creation for the unemployed youth in one block

3. The main objective of the above pilots is to test the appropriateness and effectiveness of the proposed project interventions in a limited scale before they are scaled up and to learn lessons from these interventions. These lessons are being used in the design of the project.

4. The following data and information are being collected and documented:

- Preparation of monthly reports of the SHG meetings focusing on the following areas: (a) obstacles being faced by the group; (b) proposed solutions for overcoming the bottlenecks and reasons for choosing the preferred solution; (c) social processes in group formation – affinity or activity based; (d) vulnerabilities; (e) risks being faced by the poor; (f) key lessons learnt; and (g) actions to be taken.
- Description of activities which can be scaled up as and when identified.
- Key indicators for input, output, outcome and impact indicators.

#### ***RLMIS for the project***

5. The RLMIS for the project will be designed to track key process and activity indicators required to monitor the progress of improvements in rural livelihoods, social and economic empowerment of the

poor, identify bottlenecks, emerging opportunities and take timely management decisions. The project will support three types of RLMIS, viz, manual, semi-manual and fully automated computerized system according to the need, appropriateness, capacity, technical and cost effectiveness at each level, household, SHG, Village, Cluster, Block, District and State levels. The RLMIS would specifically cater to the needs of the management at each of the following levels:

6. RLMIS at household level: The RLMIS at the household level would consist of providing data and information on resource endowment, basic demographic patterns, income and expenditure, consumption of staple foods (e.g. rice and wheat). This data will be used for determining the trends in household income and expenditures, level of indebtedness, consumption patterns, food security and capacity building of the household. This data will be supplemented by data from other household surveys and readily available data from studies undertaken by other institutions. This will be used by project staff to determine the progress and performance of project initiatives at the household level.

7. RLMIS at SHG level: The focus of the RLMIS at the SHG level will be to help increase the quality of groups and capacity building – the RLMIS at the SHG will be manual which would be used by the CRPs to provide the data and information needed for the creation of sustainable, credit worthy, bankable, transparent and motivated SHGs. The key indicators that the RLMIS will provide are amount of savings and loans; income received from inter-lending, prevailing interest rates from moneylenders in the local area, interest on savings, and repayment. In this regard, the following RLMIS related activities are currently in place.

8. The SHGs maintain two types of records: (i) Meetings Register and (ii) Financial Records.

(i) *Meeting Register* : The meeting register records the date, time, number of meeting, total number of group members, number of members present, names with signatures of members attending the meeting, proceedings of the meeting, amount of savings, issues to be discussed, date and place of next meeting. These records will be kept in manual form with the project providing the registers and writing supplies. From these records, a quarterly report will be provided by the Community Coordinator on the progress of the SHGs.

(ii) *Financial Register - savings, loans and cash*: The SHG bookkeeper will maintain three types of registers for tracking savings (*Bachat Pustika*), loans (*Rin Pustika*), and cash (*Rokad Pustika*). At the SHG level, these books will be maintained manually which would be kept by each SHG.

(iii) *Computerization of SHG financial register*: The project will support the computerization of SHG savings, loans and cash records using an outsourcing model to be carried out through a service provider specialized in microfinance operations with substantial relevant experience. The selected service provider would use a variety of methods to computerize the SHG financial register, such as training a local village person to input the data of savings, loans and cash records of all SHG's in the village and use of appropriate easy to use software; electronic devices, such as Personal Digital Assistants, Mobile phones, etc. The project will finance the computer hardware and related accessories, equipment, generator, supplies and the consulting services of the service provider and pilot the use of latest advances in information technologies.

9. *Village Organization level*: The VO consists of 10 to 15 SHG's – where the focus of RLMIS would be to identify the strong and weak SHG's, monitor performance of SHG's, measures to be taken to strengthen the weak SHG's and document lessons - the RLMIS would be a combination of manual and semi-automated system which would be used by the VO leaders and Community Coordinators. The key indicators which the RLMIS would provide are: level of food security, number of SHG formed by

category, amount of savings, loans, income from inter-loaning and interest on savings, credit received from commercial banks or other financial institutions, and amount of CIF received from the project funds

10. *Cluster level*: consists of a group of 25 to 35 villages where the focus of RLMIS would be to identify the strong and weak village organizations, monitor the performance of village organizations, measures to be taken to strengthen the weak VO's, and document lessons. The RLMIS would be a combination of manual and semi-automated system consolidating the data from the VO level RLMIS. The area coordinators would use this. The key indicators which the RLMIS would provide are: number of VO's formed, performance of livelihood activities being carried out at the cluster level, amount of savings, loans, income from inter-loaning and interest on savings, credit received from commercial banks or other financial institutions, amount of CIF received from the project funds by each VO assets created.

11. *Block level* – consisting of three to four clusters– where the focus of RLMIS would be to identify the strong and weak clusters and measures to be taken to strengthen the weak clusters, monitor performance of each cluster, measures to be taken to strengthen the weak cluster and document lessons - the RLMIS would be a semi automated computerized system which would be used by the Block Development Manager. The key indicators which the RLMIS would provide are: performance of livelihood activities being carried out at the cluster level, amount of savings, loans, income from inter-loaning and interest on savings, credit received from commercial banks or other financial institutions, amount of CIF received from the project funds by each cluster, and assets created.

12. *District level* – consisting of about 3-11 Blocks – where the focus of RLMIS would be to identify the strong and weak blocks, monitor the performance of each block, measures to be taken to strengthen the weak blocks and document lessons learnt, identify activities which can be scaled up at the block level – the RLMIS would be a fully computerized system which would be used by the district level manager. The key indicators which the RLMIS would provide are: performance of livelihood activities being carried out at the block level, amount of savings, loans, income from inter-loaning and interest on savings, credit received from commercial banks or other financial institutions, amount of CIF received from the project funds by each block.

13. *State level Project RLMIS*: – consisting of 6 districts – where the focus of the RLMIS would be to identify the strong and weak districts, monitor the performance of each district, measures to be taken to strengthen the weak districts, document the lessons learnt, identify activities which can be scaled up at the district level – the RLMIS would be a fully computerized system which would be used by the state level project managers. The key indicators which the RLMIS would provide are: performance of livelihood activities being carried out at the district level, amount of savings, loans, income from inter-loaning and interest on savings, credit received from commercial banks or other financial institutions, amount of CIF received from the project funds by each district.

**Annex 7: Financial Management and Disbursement Arrangements**  
**INDIA: Bihar Rural Livelihoods Project - "JEEViKA"**

1. The project has adequate financial management arrangements to account for and report the project expenditures

**Financial Management Assessment (State and PRI Issues)**

2. The Bank carried out a limited review of the Public Financial Management & Accountability Arrangements in the State which have been documented in the report - Public Expenditure Management in Bihar: Selected Issues (December 2005). The report concluded that the PFMA in the state are weak and need considerable modernization and has suggested reforms in various areas spanning State Government and Panchayati Raj Institutions (PRIs) including greater delegation to field offices and strengthening accountability and oversight. The rural local government institutions also lack capacity including financial management capacity with almost complete absence of accounts personnel in the District Rural Development Agencies (DRDAs) and PRIs. In the project context this is being mitigated by creating a separate legal entity, Bihar Rural Livelihood Promotion Society (BRLPS) to implement the project at the State level. BRLPS will have units at the district and block levels and directly involve the communities by creation of SHGs and developing VO) which would be federations of SHGs and BLFs which would be federations of VOs with limited role for the elected PRIs. Qualified finance staff will be contracted by the project at the state, district and block level and the project will contact the services of the Financial Management Technical Resource Consultant (FMTSC).

**Country Issues**

3. Generic country level issues and specific resolutions under the project are discussed further.

(a) *Bihar's existing accounting system concentrates mainly on book keeping and transactional control over expenditures.*: The project is being implemented by a registered legal entity BRLPS, which will have a project specific accounting systems using an off the shelf accounting system which will enable generation of timely and reliable financial reports.

(b) *Quality and timeliness of audit reports*: the project financial statements will be audited by an independent firm of Chartered Accountants in accordance with the ToR approved by the Bank.

(c) *Timely flow of funds from Government of Bihar to the State Society*: this is a limited risk and will be addressed by a legal covenant requiring the GoB to provide funds on a quarterly basis to the BRLPS based on its requirement of funds.

(d) *The following country issue with respect to non-availability of the project financial statements does not apply*: as BRLPS is a registered society under the Societies Registration Act, 1860 and the rules framed there under require the Society to prepare and file audited financial statements with the Registrar of Societies.

### Significant Risks and Mitigation Measures

Risk	Risk Rating	Risk Mitigating Measures incorporated into project Design	Conditions for Board & Effectiveness
<b>Inherent Risk</b>			
Country Level	M *		
State Level	H	A separate legal entity has been created to implement the project with its own Governing Body and Executive Committee, financial management, delegation, transparency and disclosure arrangements.	Public Disclosure of project related information at various levels is a covenant.
Project Level, including Community institutions	H	Contracting in qualified finance staff at the State district and block level as per skill set and qualifications prescribed in the FM Manual. Fund release especially CIF linked to readiness filters/ milestones. Strengthening community institutions to provide community oversight/ disclosures and social audit mechanisms.	Appointment of a qualified CFO is a legal covenant.
<b>Control Risk</b>			
Budgeting	M	Adequate budget provision has been made in the State Budget for the year 2007-08.	
Accounting	H	Project specific FM Manual and Community Operations Manual (COM) which incorporates the FM aspects at Community level has been developed. An off the shelf accounting package has been installed at the State level which will be rolled out to the DMCU and BPIU. Training on FM has been built into the overall capacity building plan.	
Internal control	H	The internal control processes have been documented in the draft FM Manual (for the project) and COM Manual. Tranche Fund release to SHG/VOs linked to compliance with triggers/ readiness filters which include FM indicators such as existence of a trained book keeper. Internal audit system which will cover VO, BLF and sample of SHGs also.	Appointment of internal auditors to audit the community organizations and project units is a covenant.
Funds Flow	S	The Banking network at the village level is not extensive. The project has signed an MOU with the largest Bank in India which is expected to address this issue to some extent.	
Financial Reporting & Consolidation	M	Since fund release (grant) to VOs/BLFs is linked to achievement of readiness filters/ triggers, the financial reporting is simplified.	
Auditing	M		

Overall project risk is rated as **Substantial**

\* this refers to the Govt. of India. While a CFAA has not been carried out in India, this is based on the literature survey and other studies such as the study on PFMA in CSS and other state level SFAA's carried out by the Bank.

**Strengths and Weaknesses**

4. Strength: The project has the following strengths in the area of financial management:
- A project specific FMM (draft), COM (draft) and finance and administrative rules including delegation has been developed.
  - A FM Technical Support Consultant (FMTSC) has been hired for project preparation and the services of the FM TSC will be available (before Board Approval) based on a revised TOR to provide support during project implementation.

**Implementing Entities**

Significant weaknesses	Mitigation
Possible delays in fund release from state Government to the project due to cumbersome procedures in the State Government.	Various administrative measures have been taken by GoB to de-bottleneck administrative procedures. Bank has an on-going TA to modernize budget and financial rules.
Project not adhering to compliance with triggers while releasing funds to the community institutions.	Checking of compliance with triggers and readiness filters will be built into the TOR of internal auditors and process monitors.

5. **Project: State/ District and Block level:** The project will be implemented by a legally registered entity called the BRLPS. BRLPS will have a SPMU, 6 DPCU and 42 BPIU. The project will be implemented in two phases with 18 blocks in the Phase I (2 years) and additional 24 blocks in Phase II.

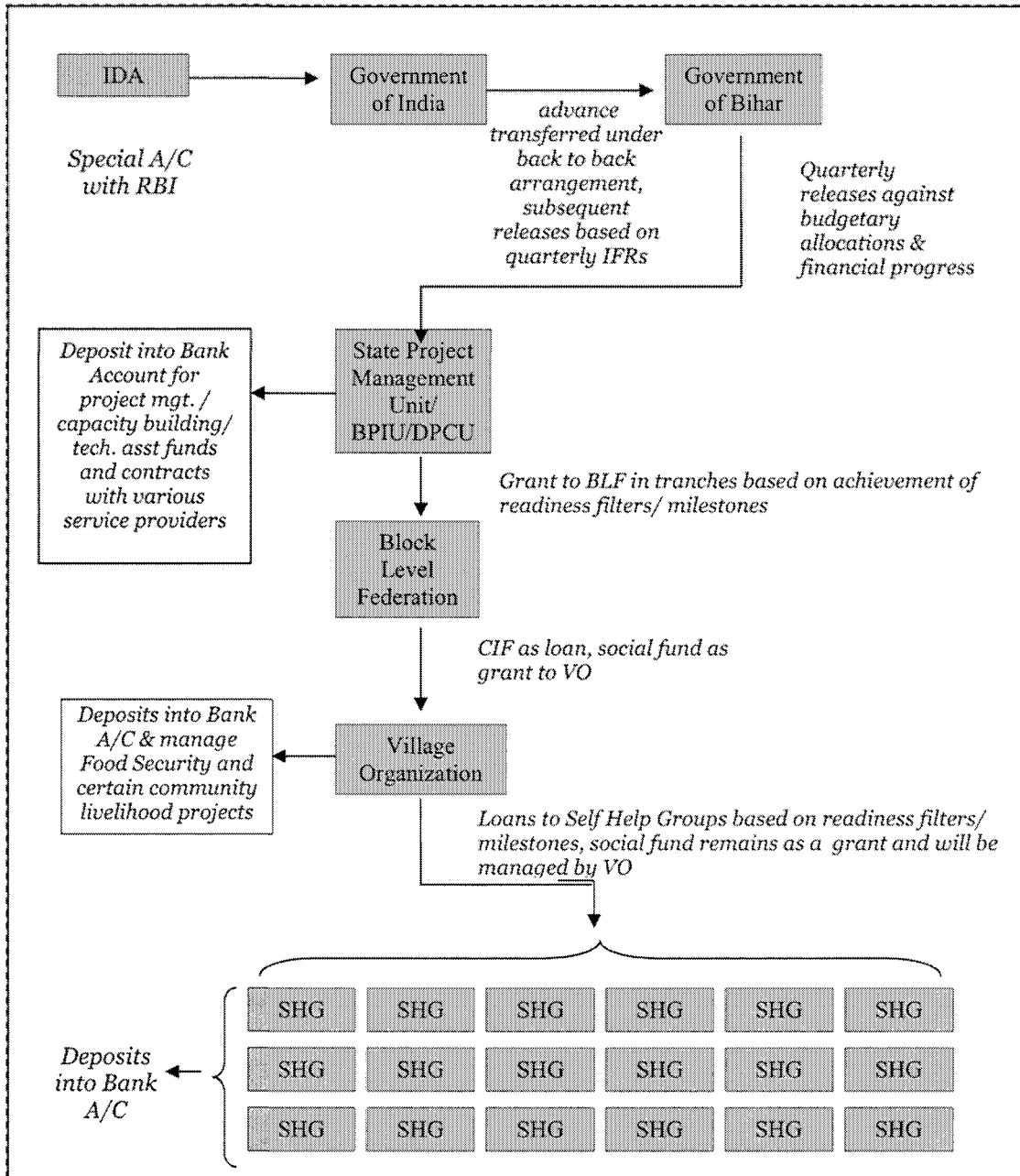
6. **Community Level: SHG/ Livelihood Groups/ Village Organizations and Block Level Federations:** At the community level the key institutions involved in the project include a) SHGs; b) VOs being a federation of SHGs; c) BLFs which will be a federation of VOs; and d) livelihood groups and producers groups. In addition there will be the involvement of various service providers such as para-professionals and community service providers. The project provides for a transition in the implementation arrangements wherein initially (six months to a year), the project will work in creation and strengthening of SHGs and federate a group of SHGs into a VO. All funds for CIF will be channeled through the VOs with support from the BPIU. After a period of 2/3 years, the VOs are expected to be federated into BLFs and the project will then channel funds through the BLF. The financial management arrangements will be dovetailed into this transition in implementation arrangements.

7. **Planning & Budgeting :** The project’s planning process will follow a bottom up approach i.e. it will grow out of SHG and livelihood groups MCPs and will get consolidated at the VO and BLF. Based on such appraised plans they will seek financing from the project. The BPIU annual work plans will be determined by the quantum of such plans and other activities to be implemented by the BPIU. These will eventually be consolidated at the State level to get the project Annual Work Plan. The project planning process will be dovetailed into the budgeting cycle of the GoB and will be completed in line with the state’s annual budget process i.e. by February each year. The project will be budgeted as a separate line item in the state budget. Adequate budget provision for the project has been made in the State budget for the financial year 2007-08.

8. **Fund Flow Arrangement:** The funds flow arrangements are captured in the Figure 7.1 below.



**Figure 7.1: Flow of Funds**



9. **Project Level:** The funds will flow from the GOB to the BRLPS – SPMU on a quarterly basis, based on the projections in the Annual Work Plan for the financial year. From the SPMU funds would be transferred to the BPIU on a quarterly basis based on the approved plan of the Block which will include both the program and administrative expenditures.

10. **Project to CBOs:** A Block wise mapping of the commercial and rural banks has been completed by the project for the six districts in Phase I blocks. This indicates that the banking network is not extensive and could result in delays (time taken) in transfer of funds. To address this issue and to develop bank linkages on credit the project will enter into an MOU with State Bank of India, which will help find

ways to reduce the time and the cost of transferring funds to the village institutions. The basis of fund transfer to the SHG, VO and BLF will be as under:

- Till the VOs come into existence (end of 1<sup>st</sup> year) initial capital fund and will be released to the SHG directly. These will be required to be repaid to the VO on its formation. Transfer is linked to achievement of readiness filters by the SHGs.
- Till the BLFs come into existence (3<sup>rd</sup> year onwards), the request for fund transfer against MCPs will be from the BPIU to the VOs. These are linked to meeting the readiness filters as prescribed in the COM. The VOs will be required to repay the CIF to the BLF on their formation based on the MOUs negotiated

11. **Accounting Policies, Procedures and Systems:** The SPMU, DPCU and BPIU will maintain their accounts on cash basis following double entry book keeping principles. The project currently uses an off the shelf accounting package (TALLY) in the SPMU. This will be rolled out and implemented at the DPCU and BPIU after the chart of accounts are updated in line with the project implementation activities. In addition till adequate arrangements are made for power back up etc especially at the BPIU level, manual books of account will also be maintained including ledgers for tracking tranche release and utilization by SHG/ VOs and BLFs.

12. A FMM has been developed for the project level implementing units and a COM<sup>34</sup> has been developed for the community institutions The FMM and the COM document in detail the accounting and financial management processes such as funds flow, budgeting, internal control and audit arrangements at the project and community level. The key issues that have been addressed in the design of the accounting policies and procedures are:

- The SPMU, DPCU and BPIU will be the primary accounting centers under the project. The BLF, VO and SHGs will maintain accounts for the funds received from the project. Since it is proposed that the VO and BLF will eventually be registered legal entities<sup>35</sup> they will be required to maintain proper books of accounts, prepare financial statements and get them audited in accordance with the provisions of the Act.
- All fund release to the DPCU and BPIU will be treated as a inter unit transfer and not considered as expenditure.
- Tranche release (of CIF) to SHG, VO and BLF by the BPIU, will be released on the basis of achievement of readiness filters and triggers (performance and repayment linked financial indicators) by the VO/BLF; accordingly the tranche release will be recorded as an expenditure in the books of the project<sup>36</sup>.

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<sup>34</sup> The implementation design for social and skill development funds will be developed during implementation as these are expected to be implemented only in the second year of the project. Accordingly, the FM aspects will also be development during implementation.

<sup>35</sup> In the initial years the VO and BLF are not expected to be registered. Once they achieve a critical mass and start market and bank linkages they will seek registration

<sup>36</sup> Based on the appraisal of individual Micro Credit Plan (MCP) of the SHGs, the VOs will aggregate the plans and seek financial assistance from the project and/or financial institutions. The project will provide grant funds to the VOs to the extent VOs approach the project for financing the MCP. Thus the project will not be financing individual MCP or sub projects but financing the VO/BLF on the assessment of achievement of milestones which will include fiduciary aspects. The VO will in turn provide loans to the SHGs and based on repayments, the VOs will revolve the funds for financing subsequent proposals. In the later years of project implementation with the creation of BLFs these resources would be transferred to BLF grant (loan to VO). The VO/ BLF is expected to use this resource as revolving fund to finance various self-help groups in the village based on the micro planning process. The VO will be free to fix terms and conditions under which the resource will be lent to SHGs. This revolved fund, combined with the savings of self help groups is expected to multiply the project funds by two to three times, thus increasing overall credit availability for the self help groups.

- The project will compile periodic financial reports (monthly, quarterly, annual and cumulative over the project) for the project.
- Other fund releases to NGOs, service providers including training and capacity building agencies will be accounted as advance (except for output based contracts) and adjusted to expenditures only on submission of expenditures.

13. **Finance Staffing, Training and Capacity Building:** The project currently has the services of the FMTSC and an officer from the Finance cadre of the GoB. The finance wing at the SPMU will be headed by a qualified finance professional as Chief Finance Officer and will be supported by the FMTSC during initial phase of project implementation. The project will recruit finance and accounts staff for the DPCU and BPIU in line with the implementation of the project in phases. The finance and accounts staff will be trained in the requirements of accounting and reporting systems of the project. In-house training will be arranged by the SPMU at the start of the project and repeated as and when required. Experience with CDD projects indicate the need for high level of investments in building the capacity of village book keepers, with clear definitions in the roles and responsibilities of master trainers. This will be challenge in Bihar too given the low literacy level and fact that the project is working amongst the poorest of the poor. At the community level book keepers will be trained to assist the SHG, VO and BLF<sup>37</sup>. A standard menu of training modules for each level of village institution will be developed (based on the COM) and this training will be carried out as part of the capacity building plan at different points in the project cycle. This will include standard training modules/ handbook for SHG, Livelihood groups, VOs and BLFs as well as more detailed modules for the trainers.

14. **Internal Control Framework:** For the state, district and block level units the applicable framework would be the delegation of financial and administrative powers and payment responsibilities are documented in the Finance and Administrative rules. Additionally this will be supported by the approval process for specific project activities and various CIF as outlined in the project FMM/COM. These will be reviewed regularly to ensure that these remain valid and adequate during project implementation. Some of the other key control parameters are as follows:

- Each project accounting unit will close the books within a specified number of days of the end of the month, reconcile balances with the banks and forward the same to the SPMU for consolidation. The SPMU will have the responsibility for qualitative and timeliness aspects of financial reporting
- Contractual agreements (MOUs) will be entered into between project and VO/BLF setting out the obligations, milestones etc and with other service providers.
- At the SHG, VO and BLF recording of all financial decisions in the minute books, public display of financial information, access of accounting records to all members and social audit procedures will ensure that transparency and oversight functions are maintained.
- Financial controls are documented in the FM Manual.

### **Audit Arrangements**

15. **External Audit:** The external audit of the project will be carried out by private firm of chartered accountants appointed by the Executive Committee of the BRLPS. The firm would be appointed based on a competitive process and meet minimum criteria established in the FM Manual. The TOR for audit has been agreed with IDA and documented in the FM Manual. The annual audit report will consist of annual financial statements, (ii) audit opinion, and (iii) management letter highlighting weaknesses, if any, and

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<sup>37</sup> As part of the capacity building process, Community Resource Persons from the Bank funded APRPRP will be providing training including book keeping training to the SHG members in this project. The project will enter into a contract with the AP project for this purpose.

identifying areas for improvement. In addition, an audit report for special account held at GoI would also be submitted in the usual manner. Thus, the following audit reports will be monitored in Audit Reports Compliance System (ARCS):

Implementing Agency	Audit	Auditors
BRLPS	Project Audit	Private Chartered Accountants
DEA / GOI	Special Account	Comptroller & Auditor General of India

16. **Internal Audit:** The project will appoint, within six months of effectiveness, independent firm(s) for carrying out internal audit of the project, VOs/BLFs and a sample of SHGs, livelihood groups. Initially the sample size will be high and based on the experience and development/satisfactory progress of community oversight institutions, the frequency and sample size would be reviewed. The TOR for the same has been agreed with IDA and documented in the FM Manual.

### Financial Management and Oversight at Community Level

17. **At the village level:** Social audit will be undertaken by the CBOs to monitor a) the utilization of funds; b) procurement of goods and services; and c) financial efficiency and accountability. For the CIF Component implemented by VO/SHG, the project has envisaged a process of building transparency by encouraging development of monthly summary report with cash and stock (where applicable), which would be displayed in the notice board of the VO office:

- Books of accounts for loan funds will be maintained on a regular basis by individual SHGs, VOs, BLFs and any other CBOs. All key financial and physical information will be displayed at a prominent location or at the VO's office.
- A Social Audit Committee will be elected at the VO level which will verify the use of loans.
- A Community Procurement Committee that will be trained in expenditure tracking, financial supervision and procurement to ensure transparency in transactions.
- Report Cards developed in conjunction with the community's criteria for evaluation of VO's performance, which will be followed up after each transaction.
- Score cards developed to rate all service providers, including BRLP and VO, on a six monthly basis. This data will then be discussed in open meetings of the VO/BLF and with the BRLP to identify corrective actions. The cumulative results will be published annually by BRLP and shared with stakeholders in the annual report.

18. **Financial Reporting and Monitoring:** Each accounting centre will compile financial information provided by the constituents in agreed formats designed to provide an audit trail. The summarized interim financial reports (by project components and sub-components) on a quarterly basis with break up of funds released to SHGs and VOs will be submitted to IDA on a quarterly basis. The Financial reporting will be done on a quarterly basis and will be submitted to IDA within 45 days of the end of the quarter. The reporting formats (IFRs) have been agreed upon and included in the FM Manual.

19. **Public Disclosure:** Necessary financial information including funds released to SHGs, VOs and BLF and annual report for the program which will include program and financial information and will be available in public domain through the project website<sup>38</sup>.

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<sup>38</sup> [www.brlp.in](http://www.brlp.in)

20. **Advance & Disbursement Arrangements:** the disbursement would be based on quarterly Interim Financial Reports, the formats of which have been agreed and documented in the FM Manual. Based on the projected disbursement profile a maximum advance of US\$8 million (in the third year) with an initial advance of US\$3 million would be adequate.

21. **Retroactive Financing:** Project Preparation Facility of US\$822,826 being used for project preparation and piloting. The PPF will cover all project costs till credit signing. The activities covered under the PPF are consistent with the financing categories with IDA. Therefore, no retroactive financing is required.

22. **Project Covenants:**

- Appointment of a professionally qualified CFO during project implementation
- Retaining a FM Technical Support Consultant (FMTSC) at least for the first three years of project implementation.
- Hiring CA firm(s) for internal audit covering project and village level institutions within six months of effectiveness

23. **Supervision Plan:** The project would require an in-depth and intensive supervision in the initial year especially for ensuring successful implementation of the FM arrangements and capacity building activities at the community level given the low level of capacity. This will include field visits to SHGs, VO etc on a six monthly basis and review of the training handbooks and consultations with the internal auditors. Mid Term Review would be conducted after two and a half years of the project to comprehensively review the FM performance of the project. Support will also be provided in the capacity building component for VOs and BLFs.

**Annex 8: Procurement Arrangements**  
**INDIA: Bihar Rural Livelihoods Project - "JEEVIKA"**

**General**

1. Procurement for the proposed project would be carried out in accordance with the IDA'S "Guidelines: Procurement under IBRD Loans and IDA Credits" dated May 2004; and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004, and the provisions stipulated in the Legal Agreement. The various items under different expenditure categories are described in general below.

**Procurement under the Community investment Fund (CIF) component:**

2. The project is planned to be implemented in six districts and over its duration would assist approximately 55,000 SHGs in 42 blocks. The project aims to build and strengthen self-managed institutions of the poor including SHGs, Federation of SHGs, Producer/Farmer Organizations and Livelihood Clusters; transfer financial and technical resources to the CBOs on a demand driven basis for use as a catalyst to improve their livelihoods; and develop increased Private Sector involvement and Public/Private Partnerships in improving the supply side of key livelihood services. A major portion of the total project cost will be devoted to the key component of CIF. Under this Component, funds will be transferred as grants to federations based on SHG that are an aggregation of investment priorities of the members. SHGs will receive funds, on loan basis, for providing loans to individual members for financing investment priorities. The investments would be for:

- Livelihood enhancement activities such as cultivation of cash crops, animal husbandry (goats, dairy cattle, backyard poultry etc.); non-farm activity (bee keeping, home industry such as weaving, pottery etc.);
- Address food security needs;
- Increase employment and employability of the rural poor households, including rural youth; and
- Productive community infrastructure such as small storage houses, drying platforms, milk chilling or processing units, village procurement centers, common work sheds for artisans etc.

3. In addition, the village and block level federations may also hire technical service providers, Service Organizations (SOs) or individuals for technical and management support. The activities under this component would be community demand driven and most of the procurement would be carried out by members of the SHGs and their federations. However, unlike in normal investment projects with predefined procurement needs, the nature of procurement under this component cannot be pre-decided or planned at this stage.

4. Procurement at the SHG or its larger federations level would be of very small value and shall be guided by "Community Participation in Procurement" as detailed in Para 3.17 of the Guidelines. In order that the procurement is guided by and meets the basic principles of efficiency, equal opportunity, cost-effectiveness and transparency of the process, the simplified and flexible procedures, corresponding simplified bidding and contract formats and safeguards applicable (social audit etc.) are detailed in the COM prepared by BRLPS that is agreeable to the Bank.

5. The procurement procedures to be followed under the CIF component would be:

(a) Works: Small value works not exceeding US\$25,000 equivalent per contract may be carried out by: the village or block level SHG federation members themselves, or (ii) by direct contract to registered CBOs or (iii) to a qualified local contractor selected through shopping (after inviting three quotations in response to a written invitation).

(b) **Goods:** Goods estimated to cost less than US\$250 per contract may be procured through direct contracting procedures in accordance procedures specified in the Community manual and Goods estimated to cost less than US\$25,000 equivalent per contract would be procured through shopping procedures on the basis of at least three quotations.

(c) **Services:** Contracts estimated to cost less than equivalent of US\$5,000 may be hired following Section V of Bank's Guidelines for the Selection of Consultants in case of individuals and through single source method for technical service providers. Consulting services estimated to cost less than US\$10,000 may also be hired based on consultant qualifications.

6. Procurement by members of the SHG is expected to be prudent since this will be using the proceeds of a loan from the seed fund on which the beneficiary will also pay interest. Thus it is in the borrower's interest to ensure that procurement is carried out well. However, to ensure that the SHG members know of the best practices for prudent procurement and that other procurement carried out at the village or block level is also done efficiently and transparently, a method of Social Audit and disclosure has been incorporated in the COM. This will essentially arrange for the mandatory use of Procurement Sub-Committees for Village or Block level procurement, open sharing of information at meetings, allowing all access to accounts and procurement documents and for summary display of procurement information, costs etc. at appropriate location(s) in the village and/or block.

### **Procurement in other components**

7. Works: There will be small civil works such as refurbishing of offices at the state, district and block levels and for pilot initiatives such as rural information, knowledge and service centers, community radio stations, mostly costing less than US\$25,000 per contract. Therefore, for contracts estimated to cost below US\$25,000 may be procured following Shopping procedures in accordance with Para 3.5 of the Guidelines using a simplified Request for Quotation document agreed to by the Bank. Contracts above US\$25,000 shall be procured through NCB using the Model Bidding Document developed by the GOI task force.

8. Goods: Goods and equipment will include office equipment, IT/RLMIS equipment (desktop and laptop computers, printers, servers, software, GIS packages, scanners, UPS, photocopiers, fax machines, Local Area Network, WAN, etc.) communication aids such as multimedia projectors, Audio visual equipment, digital and video cameras, mobile units; training materials, etc.; office furniture, generators etc.

- Goods estimated to cost less than the equivalent of US\$500,000 per contract shall be procured following NCB procedures in accordance with the provisions of Para 3.3 and 3.4 of the Guidelines. The acceptable procedures for NCB contracts are given in the Attachment 1 to this Annex.
- Goods estimated to cost less than US\$ 50,000 per contract [e.g., small items of equipment which are available off-the-shelf, urgent requirements of computers, audio-visual equipment, furniture etc.] shall be procured under Shopping procedures in accordance with Para 3.5 of the Guidelines. Rate contracts of the Directorate General of Supplies and Disposals (DGS&D) would be acceptable as a substitute for Shopping procedures.

- Goods and equipment of proprietary nature estimated to cost less than US\$5,000 equivalent per contract [e.g., books, periodicals, extension and publicity materials, software, proprietary equipment and spares etc.] and petty items costing US\$250 equivalent or less may be procured using Direct Contracting procedures in accordance with Para 3.6 of the Guidelines.

9. Consultancies and training: The project involves substantial efforts for capacity building of SHGs and their federations, other village/block level institutions, cooperatives and community members etc. enabling them to function as efficient, accountable, transparent and self-managed institutions. Training of beneficiaries for skill development and for capacity building of state and district level teams would also be provided under the project. Technical assistance services would be obtained mostly from NGOs and CBOs. In addition, services of firms or individual consultants would be needed for other assignments that include baseline survey, monitoring and learning, environmental assessment, consultancies for developing training modules, HIV/AIDS awareness campaigns etc. Services of certain specialized agencies to act as service providers or for partnership arrangements to promote or enhance livelihood activities (e.g. milk production and marketing, rice intensification, honey production and marketing, etc.) shall be obtained through sole-source selection procedures and will be indicated in the Procurement Plan.

10. The shortlist for consultancies estimated to cost US\$500,000 or less may comprise entirely national consultants in terms of Para. 2.7 of the Guidelines.

#### **Assessment of the agencies' capacity to implement procurement**

11. Though most of the procurement would be carried out by members of the community or the village level organizations, some procurement would also be carried out centrally by the State Project Management Unit (SPMU) at BRLPS. SPMU as well as all the other community level entities undertaking project activities and implementation are newly formed entities. Thus none of these have any institutional experience in procurement.

12. Presently, BRLPS has appointed a consultant with adequate knowledge of IDA procurement procedures as the procurement officer for project preparation activities such as COM, Procurement Plan. However, this person does not have hands on experience of Bank funded procurement. Secondly, once project implementation starts there will be a large number of concurrent procurement activities that need to be planned and implemented, with corresponding needs to administer and monitor the resulting contracts and a single procurement designated staff will not be able to handle this large volume of work.

13. In the later stages of the project, some procurement responsibilities may be delegated to the functional field offices of the project. As these offices are yet to be set up, the capacity of such an office and of its procurement designated staff cannot be assessed at the moment. However, in Bihar there is limited hands-on experience of Bank funded procurement. Thus it is envisaged that the designated procurement officers at the DPCU would not have limited capacity for project procurement and adequate training will be required in procurement procedures.

#### **Legislation for Transparency in Public Procurement**

14. Though the GoB does not have an explicit legislation for ensuring transparency in public procurement, as a first step in this direction the GoB has passed an act called the Bihar State Infrastructure Development Enabling Act in 2006 whose objective is to attract private sector participation in the designing, financing, construction, operation and maintenance of infrastructure projects in the state and to provide a comprehensive legislation for reducing administrative and procedural delays. In addition, Right to Information Act of the Government of India is now in place obligating officials to disclose procurement related information if requested. Lastly, efforts would be made to initiate such legislation in



the State of Bihar as part of improving Governance, such as making it a part of the proposed Development Policy Loan.

**Perceived Risks and Mitigation Measures:**

15. *At community level:* Since this is the first Bank supported CDD project in Bihar targeted at the rural poor, and who are mostly unaware of procurement procedures, the procurement risk is substantial, especially when contracting is carried out by the communities. Lessons from similar projects elsewhere indicates the need for continuous awareness raising and training on community procurement procedures combined with strong monitoring mechanisms such as social audit and enforcement of rules of conduct in the use of public funds. During the first year of the project, the emphasis of the project would be on the creation of self sustaining institutions of the poor which would be based on principles of transparency, fairness, economy and efficiency in the use of both community generated and external funds from the project and other financial institutions. This initial orientation phase is expected to take place over the first year of the project, resulting in very low level of disbursement rate during this period. With the gradual development of village and block level organizations and partnership arrangements with the private sector providers of livelihood enhancing services, procurement of works, goods and services are expected to increase substantially in value and size of contracts after this initial phase.

16. To ensure that individual members of the SHG, village and block level organizations are conversant with the procurement procedures they should follow, priority should be accorded to the placement of resource persons hired by BRLPS to orient the members of the SHGs in prudent procurement practices, and to other village or block level institutions in procedures as detailed in the manual and in social audit. This exercise shall be repeated periodically to account for project being expanded to new blocks in a phased manner.

17. Mitigation measures for procurement related risks would include : (i) use of simple financial and procurement formats which can be easily understood by the rural poor communities; and training on community procurement procedures; (ii) ensuring transparency by requiring that all financial transactions have at least three signatures and that all procurement information is shared publicly at community meetings; (iii) publicizing the details of all financial transactions in community, village, block, district and state notice boards and on web-sites where feasible; (iv) putting visible signs in sites where works are being carried out by contractors displaying their names, scope of works being carried out, project cost and completion dates; (v) ensuring that the use of funds are discussed in group meetings in which the members have the right to suspend further disbursements of funds if RLMIS use and/or corrupt practices are found; (vi) developing mechanisms of appropriate channels of communication for complaints; (vii) carrying out independent monitoring of the project by watch groups, instituting score cards, etc.; and (viii) intensive field supervision by project staff and Bank.

18. At State Project Management Unit (SPMU) level: SPMU does not have the experience or capacity to carry out procurement, thus there is a strong risk that the critical procurement activities – specially the consultant services that need to be procured in the initial stages of the project, are not done efficiently. Further, once project implementation starts there will be a large number of concurrent procurement activities that need to be planned and implemented, with corresponding needs to administer and monitor the resulting contracts, and lack of capacity to do this efficiently will severely compromise project progress.

19. There is a risk that errors in procurement would not be corrected due to lack of sufficient oversight, or that in absence of a mechanism to handle and efficiently deal with complaints bidders would tend to go for litigation thus slowing down or completely stalling procurement progress.

20. To address these risks, the following mitigation measures are proposed:

Capacity:

- SPMU to hire a procurement consultant with sufficient knowledge and hands-on experience of Bank funded procedures including those applicable to procurement of consultants;
- SPMU shall hire at least one procurement assistant to support the work of the procurement consultant expert,
- BRLPS shall ensure that the responsible persons in district based offices have the capacity to carry out procurement as per agreed procedures by providing them necessary training and resource materials in time.
- Training shall be arranged for the staff in the procurement cell and a few other select staff, in Bank procurement procedures - with a focus on procedures applicable to this project. For this, SPMU will contact prominent training institutions.

Disclosure:

- Establish and maintain a website for the project which is already functional.
- Place on the website (i) the procurement plan, even if incomplete due to early stage of preparation, (ii) all SPN, Expression of Interest, RFP/Bid Documents, (iii) results of bidding/proposals (other than that carried out by SHGs) within set time of opening, and (iv) all feasibility study reports.

Decision making process:

- Ensure SPMU has an evaluation committee whose composition includes persons with necessary technical skills the type of contracts in question, and a decision making committee or individual with adequate delegation of financial authority.
- Posts and names of committee members to be made public on website.
- Timeline for decision making to be made public.

Complaints:

- Inform about where to address any procurement related complaints through a public notification and through the BRLPS website.
- Make public the process to deal with complaints.

Training:

- Provide procurement staff with training (e.g. at NIFM, ASCI etc.) and follow up with refreshers if required.

Reporting:

- SPMU shall provide a simplified quarterly procurement report summarizing the status of procurement as compared to the agreed procurement plan, reasons for any actions that are delayed and remedial actions being taken to expedite the procurement.

21. Of the recommended mitigation measures, some key measures the project is putting in place are:

- Procurement Committee: The VO and the BLF will have procurement committees whose members will be trained on procurement aspects to assist the community.

- **Social Audit Committee:** In order to ascertain the quality and cost-effectiveness and efficiency of procurement, the Social Audit Committee will have members who will undertake procurement audit and provide their opinion to the respective VO or BLF.
- **Procurement Audit along with Financial Audit:** A rigorous procurement and financial audit will be needed in the initial two years at least till the community has understood and is confident about procurement.
- **Public information display:** Display of information on procurement in the VO and BLF office will help community learn from each others positive and negative experience.
- **Rate Banks:** These are to be created by each BPIU and provided to all VOs and BLFs. The data in these Rate Banks shall be updated every six months.

With the necessary mitigation measures in place, the overall procurement risk for this project is **Moderate**.

### **Procurement Plan**

22 As stated above, a plan for procurement at the SHG or village and block level cannot be prepared. For central level procurement, BRLPS has prepared a list of project procurement requirements and a procurement plan for the initial 18 months. The plan describes the procurement actions and basis for the methods to be applied to procurement to be carried out at the central level. The agreed plan will be available in the Project Implementation Plan in the bank's IRIS system. It will also be available in the project's database and in IDA's external website. The Procurement Plan will be updated in agreement with IDA or as required to reflect the actual project implementation needs and improvements in institutional capacity.

### **Frequency of Procurement Supervision**

23. Given the extremely low capacity of the implementing agencies, intensive supervision missions of at least four times during the first year is recommended to review the procurement status, update the procurement plan, carry out selective post-review and resolve procurement related issues. In addition to supervisions missions, the Bank will also carry out an annual ex-post review of procurement that falls under the prior review threshold.

### **Details of the Procurement Arrangements Involving International Competition**

24. Due to the relatively small value of almost all contracts that would be procured under the project, procurement is expected to be through NCB or lesser procedures, and currently no International Competitive Bidding (ICB) is envisaged.

### **Review by the Bank**

A. At State Project Management Unit (SPMU):

25. **Works and Goods:** The first two contracts at SPMU level, regardless of value, all subsequent contracts above US\$500,000 and all direct contracts implemented by BRLPS shall be subject to prior review by the Bank.

26. Consultants: Consultancy services estimated to cost above US\$100,000 equivalent per contract, and single source selection of consultants firms (other than unique service providers described in the PAD) for assignments estimated to cost above US\$50,000 equivalent per contract and contracts with individuals estimated to cost over US\$5,000 equivalent will be subject to prior review by the Bank.

27. The thresholds will be periodically reviewed and revised as needed during project implementation based on forthcoming actions and client capacity.

B. At Community Level:

28. Post review of sample contracts shall be conducted, initially on a quarterly basis for the first year and the findings will be incorporated in the COM which shall also be revised simultaneously. This will supplement the findings of the regular social audit conducted by the communities.

## **Annex 8: Attachment-1**

### **INDIA: Bihar Rural Livelihoods Project - "JEEVIKA"**

#### **Agreed Procedures for National Competitive Bidding [NCB]**

- i) Only the model bidding documents for National Competitive Bidding agreed with the Government of India Task Force [and as amended for time to time], shall be used for bidding;
- ii) Invitations to bid shall be advertised in at least one widely circulated national daily newspaper, at least 30 days prior to the deadline for the submission of bids;
- iii) No special preference will be accorded to any bidder either for price or for other terms and conditions when competing with foreign bidders, state-owned enterprises, small-scale enterprises or enterprises from any given State;
- iv) Except with the prior concurrence of the Bank, there shall be no negotiation of price with the bidders, even with the lowest evaluated bidder;
- v) Extension of bid validity shall not be allowed without the prior concurrence of the Bank (i) for the first request for extension if it is longer than eight weeks; and (ii) for all subsequent requests for extension irrespective of the period (such concurrence will be considered by Bank only in cases of *Force Majeure* and circumstances beyond the control of the Purchaser/Employer);
- vi) Re-bidding shall not be carried out without the prior concurrence of the Bank. The system of rejecting bids outside a pre-determined margin or "bracket" of prices shall not be used in the project;
- vii) Rate contracts entered into by Directorate General Supplies and Disposals (DGSD), will not be acceptable as a substitute for NCB procedures. Such contracts will be acceptable however for any procurement under National Shopping procedures;
- viii) Two or three envelop system will not be used.

## Annex 9: Safeguard Policy Issues

### INDIA: Bihar Rural Livelihoods Project - "JEEVIKA"

#### Environmental Safeguards

1. The project will support employment generation and livelihoods improvement for the poorest sections of the populations in the project districts, through a participatory and community-driven process. Based on the nature and the scale of the activities that will be funded by the project, the project interventions are not expected to cause any significant adverse impacts on the environment. Accordingly, the project is classified as category B.

2. Since the project investments will be selected by the communities in a demand-driven manner, the list of BRLP activities is not available *a priori*. Based on the list of activities that are likely to be supported in the project districts, Government of Bihar has conducted an Environmental Assessment (EA) of the project. The objective of the EA is to identify the likely environmental impacts of the project activities and to design environmental safeguards for ensuring that:

- Project-supported activities are designed and implemented with adequate and appropriate environmental mitigation measures.
- Cumulative environmental impacts of project activities are addressed.
- Environmental benefits of project-supported activities are enhanced and environment-enhancing livelihood activities are promoted.
- Long-term sustainability of the benefits from the project-supported activities is assured by securing the natural resource base on which they are dependent.

3. In order to achieve these objectives in a comprehensive and coordinated manner, an Environmental Management Framework (EMF) has been developed for the project, and it comprises of the following components:

- Technical Environmental Guidelines (TEGs), which have been developed to address the environmental concerns associated with the specific project activities likely to be supported by the BRLP.
- Environmental monitoring and evaluation Plan
- Environmental Training and Capacity Building
- Process and responsibility structure for implementation of the EMF

4. The EMF prescribes the environmental management parameters to be included in the project monitoring and evaluation plan, and environmental audits to periodically evaluate the adequacy of the EMF and to modify it as required. It is recommended to conduct a supplemental study to explore options for project-supported activities that would enhance the capacity of the local communities for adaptation and living intelligently with floods.

5. In order to mainstream the environmental aspects into the process of livelihoods generation, the EMF also includes an environmental capacity-building component, aimed at developing professional environmental management capacity as well as promoting environmental awareness in the targeted communities.

## Indigenous Peoples (OP/BP 4.10)

6. The state of Bihar has a Scheduled Tribe (ST) population of about 0.71 million or about 0.9% of the states population. Some of the major tribes in the state include the Santhal, Oraon and Munda. Of the 39 districts in the state, STs are found in 11 districts and vary in population composition from 5.9 percent in Katihar to 0.1 percent in East Champaran. The ST population percentage to total population in the six project districts is: Madhubani (0.03), Purnea (4.40), Gaya (0.08), Nalanda (0.04), Khagaria (0.02) and Muzzafarpur (0.09). However, of the blocks in Purnea where the project will be implemented, two blocks namely Banmankhi and Dhamdaha have significant ST population of 5.6 and 10.8 percent, respectively.

7. Thus, in accordance with the OP/BP 4.10 on Indigenous Peoples', the project has developed a Tribal Development Plan (TDP) based on free, prior and informed consultations with ST community. The TDP captures the approach and strategy to ensure that the tribals are aware of the project, participate in it and benefit from interventions.

### *Tribal Development Plan*

8. The objective of the TDP is to support the social and economic empowerment of the ST community in the project area. This will be done by: (i) building and strengthening their self-managed institutions including SHGs, Federation of SHGs, Producer/Farmer Organizations and Livelihood Clusters; (ii) transferring financial and technical resources to the CBOs on a demand driven basis for use as a catalyst to improve their livelihoods; and (iii) developing increased private sector involvement and public/private partnerships in improving the supply side of key livelihood services. The project investments will provide due respect to the dignity, human rights and cultural uniqueness of the tribal community.

- **Scope:** The DPCUs and the BPIUs will ascertain the tribal population in project blocks and also identify the villages where a significant population of STs is residing.
- **Plan Components:** All the four project components are part of the TDP. No special components were deemed necessary. The four components are (i) Community Institutions Development, (ii) Community Investment Fund, (iii) Technical Assistance Fund and (iv) Project Management. Project functionaries will be sensitized to special needs of the ST population, to enable targeted focus and careful project implementation.
- **Key elements of Tribal Plan:** The tribal strategy has recognized and incorporated certain key elements (Table 9.1) related to Institutional strengthening and development, endowment/asset and skill development, capacity building, enabling inputs and policy influencing inputs. These are described in Table below.

**Table 9.1: Key elements of the TDP**

<b>Key elements</b>	<b>Key considerations and suggested interventions</b>
<b>Information</b>	<ul style="list-style-type: none"> <li>▪ Project information will be made available in the tribal villages and to tribal families in a culturally sensitive manner at the same time keeping in view the literacy levels and other key characteristics of tribal habitations.</li> <li>▪ Local artists and local art forms to be used.</li> </ul>
<b>Inclusion</b>	<ul style="list-style-type: none"> <li>▪ All ST families in villages with both dispersed and concentrated populations, will be organized into SHGs. Villages with large ST population will have exclusive tribal SHGs.</li> <li>▪ Strengthening of social institutions of the tribal community along with federations will be taken up. Local tribal traditions and leadership will be</li> </ul>

	involved in the process of institution building.
<b>Investments</b>	<ul style="list-style-type: none"> <li>▪ Investments will be supported in land, which many tribal families own, along with improvements in production practices, productivity and marketing.</li> <li>▪ Economic empowerment through improved livelihoods and incomes will enable tribal families strengthen their de jure rights on agriculture land which they currently possess based on temporary settlement into de facto rights.</li> <li>▪ Support will also be sought from the District Administration to strengthen land rights.</li> <li>▪ Support will be provided for skill development of tribal youth.</li> <li>▪ Potential indigenous skills will be explored for other livelihoods opportunities.</li> </ul>
<b>Implementation</b>	<ul style="list-style-type: none"> <li>▪ Staff working in villages with significant tribal population will receive sensitization trainings.</li> <li>▪ Preference will be given to community members who are sensitive to the needs of tribals for training as para professionals.</li> <li>▪ Partnerships will be formed with technical service providers – individuals and organizations that have experience working with Tribals.</li> <li>▪ Convergence with government programs for tribals to enhance benefits will be actively pursued.</li> </ul>

### Gender Strategy and Action Plan

9. High levels of poverty, landlessness, limited livelihoods opportunities, low wage rates, and huge out migration of especially men from the poorest households, place a disproportionate burden on women in Bihar. Prevalence of high fertility, and maternal and child mortality rates are due to poor access to health services. Rural Bihar has low literacy and awareness levels, especially among the poorest households. Social and cultural practices of child marriages, dowry, and liquor consumption have added to indebtedness. Migration from poor households is on the increase for labor. High occurrence of seasonal migration among men leads to a number of women headed households in the rural areas subject to exploitation, and food insecurity.

10. GoB is committed to women's social, economic and political empowerment. Bihar is the first state in the country to reserve 50 percent seats for women in the three tiered local government bodies and also passing a legislation requiring 50 percent of the elected seats in municipal corporations to be reserved for women. The GoB sees SHGs not only as an important vehicle for social and economic empowerment but in addition, the GoB's Eleventh Five Year Plan proposes to use the network of SHGs to make service delivery effective and accountable.

11. The World Bank's gender action plan promotes gender equality as smart economics, stating that women's economic empowerment is not only a question of rights but their empowerment actually benefits their families, communities and national development efforts, thus putting poverty reduction on a faster track.

12. The objective of the gender strategy is to advance the empowerment of women so they can fully participate in the larger growth and empowerment strategy of the state. The project aims to achieve the following gender related goals:

- Strengthen poor women's organizations, asset base, increase livelihoods opportunities and income



- Reduce gender gaps in human development: education, health and nutrition
- Expand access of women to gender specific needs such as child care
- Increase participation of women in local self governments and local governance
- Increase access for poor women to social protection schemes and entitlements of food security, pensions, housing and employment
- Enhance the skill base of literate or semi literate young women and link them to jobs
- Reduce exploitative migration and trafficking of young girls
- Increase awareness of HIV and access to HIV testing and counseling

Gender Action Plan

13. The project has mainstreamed gender into its objective and design. The plan is a means to engender the project implementation by strategically involving women and incorporating their needs and demands in every component of the project.

Objectives	Actions
Strengthening poor women's social capital and skill base	<ul style="list-style-type: none"> <li>• Identification of poor women, especially the most vulnerable – women headed households, widows, destitute, aged, orphan girls- during the identification of the poor</li> <li>• Mobilizing poor women into SHGs and federations; and into livelihood groups</li> <li>• Providing awareness on entitlements, legal and political rights</li> <li>• Awareness and support on issues related to dowry, lack of mobility and domestic violence</li> <li>• Building skills of enterprise management, value addition, technical training to enable them to interact on fair terms with the market</li> <li>• Increase awareness of legal literacy</li> </ul>
Providing women opportunities for livelihoods enhancement and asset creation	<ul style="list-style-type: none"> <li>• Proving access to the community investment fund both for assetization as well as a seed fund to promote credit worthiness of women's groups</li> <li>• Increasing access to financial services through promoting bank linkages with SHGs and federations</li> </ul>
Promoting grass root leadership of women	<ul style="list-style-type: none"> <li>• Identifying and training community mobilizers, community resource persons, para professionals and health workers</li> <li>• Providing exposure visits to community leaders in other states</li> <li>• Office bearers of community organization at all levels to be women</li> </ul>
Improving access to reproductive health and day care	<ul style="list-style-type: none"> <li>• Training of health outreach worker in partnership with NGOs</li> <li>• Expanding the network of decentralized health care clinics in project districts</li> <li>• Improving access to ANM workers, public drug schemes and PHCs</li> <li>• Improving access to anganwadi and ICDS schemes through public and NGO partnerships</li> <li>• Awareness campaigns regarding entitlements and HIV</li> </ul>
Promoting household food security	<ul style="list-style-type: none"> <li>• Utilization of CIF for food security programs managed by women</li> <li>• Linking women with PDS coupon systems</li> </ul>
Reduction of exploitation of women in organized sector, reducing child trafficking and child labor	<ul style="list-style-type: none"> <li>• Awareness building and sensitization of women to their rights</li> <li>• Promoting self employment</li> <li>• Sensitizing teachers in schools, introducing accountability systems to increase enrollment rates in schools</li> <li>• Setting up crèches and bridge schools through partnership with NGO or public programs in project areas</li> </ul>
Engendering Project Management	<ul style="list-style-type: none"> <li>• Affirmative action in favor of women being recruited as state, district and block Staff</li> <li>• Sensitization of all staff towards gender issues</li> </ul>

## **Annex 10: Economic Analysis**

### **INDIA: Bihar Rural Livelihoods Project - "JEEVIKA"**

1. Since the project is based on demand driven micro plans, the economic assessment does not attempt to evaluate all of the components in terms of quantifiable economic and financial returns. However, using the experience from similar projects elsewhere in India and based on informed cost-benefit estimates of some potential livelihood interventions, analyses was undertaken to determine net benefits of few potential economic activities. In this regard, attention was given to the Community Investment Fund (CIF), which comprises of US\$42 million or 67 percent of total project cost. 75 percent of this fund has been estimated for productive livelihood activities including food security. The evaluation of the CIF is based on an analysis of the financial viability of selected four productive livelihood activities which are expected to be included in the micro plans; these have been modeled below. Each of these potential activities analyzed possessed a financial return within the range of 28 to 50 percent. The methodology used to analyze these micro plans will be used as part of the appraisal process to make sure that the SPMU will establish a threshold for a minimum expected financial return of a given micro plan to qualify for CIF financing.

2. The BRLP consists of four distinct, but complementary components designed to collectively ensure empowerment of the poor through viable community organization, enhance income security and improve service delivery standards. While facilitating these socio-economic opportunities for the rural poor, the project is expected to support various interventions identified and prioritized by beneficiary villagers and organized households. Given the diversity and complexity of community sub-project, it would be difficult to predetermine a given activity and run a cost-benefit analysis. Thus, the economic assessment does not attempt to evaluate the entire project in terms of quantifiable economic and financial returns. However, using the experience from similar projects elsewhere in India and based on informed cost-benefit estimates of some potential livelihood interventions, analyses was undertaken to determine net benefits of few enterprises. In this regard, attention was given to the CIF, which comprises some 67 percent of total project cost.

3. The CIF provides resources to the poor communities for use as a catalyst to improve their livelihoods by financing income generation activities in addition to support to food security, social services, skill development and limited productive infrastructure facilities. The evaluation of the CIF is based on an analysis of the financial viability of selected productive subprojects. The fact that the appraisal document for BRLP has assessed several potential subprojects, this analysis has benefited from the inputs and cost/benefit estimates of these assessments.

4. Accordingly, the following four interventions are chosen for the economic analysis (i) dairy production, (ii) food security, (iii) fisheries, and (iv) incense sticks. The cost-benefit model provides a framework through which most productive and community infrastructure activities will be analyzed by the BPIUs as part of the appraisal process. The SPMU could establish a threshold to be used as a minimum expected financial return from a given activity to qualify for CIF financing. In most cases, the financial return threshold should not be less than 12%.

1. Net household benefit from two dairy buffaloes.

	year 1	year 2	Year 3	year 4	year 5	year 6	year 7	year 8	year 9	year 10
<b>Dairy animal (2 buffaloes)</b>										
A. Fixed Cost total	35,000	-	-	-	-	-	-	-	-	-
Cost of animals <sup>39</sup>	30,000									
Fixed production assets <sup>40</sup>	5,000									
<b>B. Variable costs total</b>	23,800	23,250	23,250	23,250	23,250	23,250	23,250	23,250	23,250	23,250
Feeding --lactation period <sup>41</sup>	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400
Feeding-- dry period	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800
Labor expenses	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
veterinary service	300	400	400	400	400	400	400	400	400	400
insurance cost per yr	1,300	650	650	650	650	650	650	650	650	650
Water and power	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
<b>C. Total Costs (A+B)</b>	<b>58,800</b>	<b>23,250</b>	<b>23,250</b>	<b>23,250</b>	<b>23,250</b>	<b>23,250</b>	<b>23,250</b>	<b>23,250</b>	<b>23,250</b>	<b>23,250</b>
<b>D. Income (total)</b>	<b>34,000</b>	<b>34,000</b>	<b>34,500</b>	<b>34,500</b>	<b>34,500</b>	<b>34,500</b>	<b>34,500</b>	<b>34,500</b>	<b>34,500</b>	<b>49,500</b>
Sale of milk <sup>42</sup>	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
manure sales	4,000	4,000	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Closing Stock value <sup>43</sup>										15,000
<b>Net cash flow (D-C)</b>	<b>(24,800)</b>	<b>10,750</b>	<b>11,250</b>	<b>11,250</b>	<b>11,250</b>	<b>11,250</b>	<b>11,250</b>	<b>11,250</b>	<b>11,250</b>	<b>26,250</b>
IRR		44%								

<sup>39</sup> Average yielding she buffaloes could be purchased @ Rs 15,000 each every four year the buffalo is replaced by its own progeny and

<sup>40</sup> including shed, feeding trough, chaff cutter, branding/identification tags

<sup>41</sup> Feeding for 8 lactating months @ Rs 900 per buffalo, and for dry period feeding cost @ Rs 600 per buffalo for 4 months

<sup>42</sup> Milk production per buffalo 1500 liters/yr @Rs 10 per liter

<sup>43</sup> Buffaloes are stall fed and value of male calves is not taken into account and could be assumed to be equal to their feeding cost, and old buffaloes and their young calves are sold @Rs 15,000 at the end of the 10<sup>th</sup> year.

**2. Net group benefit from an investment on 0.1 ha fish pond**

	year 1	year 2	year 3	year 4	year 5	year 6	year 7	year 8	year 9	year 10
A. Fixed Cost total	18,500	-	-	-	-	-	-	-	-	-
Pond digging (labor cost)	10,000									
Inlet and outlets	8,000									
Net and fish handling tools	500									
B. Variable costs total	1,475	1,475	1,475	1,475	1,475	1,475	1,475	1,475	1,475	1,475
Fingerlings	350	350	350	350	350	350	350	350	350	350
Lime	100	100	100	100	100	100	100	100	100	100
Bran and mustard cake	75	75	75	75	75	75	75	75	75	75
Manure	150	150	150	150	150	150	150	150	150	150
labor (Rs 35/day for 20 days	700	700	700	700	700	700	700	700	700	700
Miscellaneous expenses	100	100	100	100	100	100	100	100	100	100
C. Total Costs (A+B)	19,975	1,475	1,475	1,475	1,475	1,475	1,475	1,475	1,475	1,475
D. Income (total)	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	12,000
Sale of fish <sup>44</sup>	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Closing Stock value <sup>45</sup>										5,000
E. Net cash flow (D-C)	(12,975)	5,525	5,525	5,525	5,525	5,525	5,525	5,525	5,525	10,525
IRR		41								

<sup>44</sup> Annual production from 0.1 ha fish pond is estimated to be 200 kg and assuming that farm gate price of Rs 40 per kg of fish

<sup>45</sup> At the end of the 10th year the fish pond is estimated to fetch Rs 5,000

**3. Net benefit from incense sticks production by a cluster of 250 individuals**

	year 1	year 2	year 3	year 4	year 5	year 6	year 7	year 8	year 9	year 10
<b>Incense sticks production</b>										
A. Fixed Cost total	367,000	392,250	-	-	-	-	-	-	-	-
First round training <sup>46</sup>	327,000									
Second round training		392,250								
fixed assets	40,000									
B. Variable costs total	1,396,800	1,396,800	1,396,800	1,396,800	1,396,800	1,396,800	1,396,800	1,396,800	1,396,800	1,396,800
working capital incense production	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000
Management & labor	46,800	46,800	46,800	46,800	46,800	46,800	46,800	46,800	46,800	46,800
C. Total Costs (A+B)	1,763,800	1,789,050	1,396,800	1,396,800	1,396,800	1,396,800	1,396,800	1,396,800	1,396,800	1,396,800
D. Income (total)	1,350,000	1,809,000	1,809,000	1,809,000	1,809,000	1,809,000	1,809,000	1,809,000	1,809,000	1,809,000
Sale of incense sticks <sup>47</sup>	1,350,000	1,336,500	1,336,500	1,336,500	1,336,500	1,336,500	1,336,500	1,336,500	1,336,500	1,336,500
sale of scented sticks <sup>48</sup>		472,500	472,500	472,500	472,500	472,500	472,500	472,500	472,500	472,500
Net cash flow	(413,800)	19,950	412,200	412,200	412,200	412,200	412,200	412,200	412,200	412,200
IRR		50								

**4. Food Credit Line - PER Household**

<sup>46</sup> First and second round training and capacity building investments focus on strengthening the clusters, value addition possibilities, and market linkages  
<sup>47</sup> A cluster containing 250 individuals working 15 days a month @3 kg per person per day could roll 135000 kg sticks to sell @ Rs 10 per kg  
<sup>48</sup> After the second year, 10% of the sticks will be scented, packaged and sold in the local market @ Rs 350 per kg

ITEMS	UNIT	MONTH												
		1	2	3	4	5	6	7	8	9	10	'11	12	
Fixed Cost														
Storage Container	Rs	250.00	0	0	0	0	0	0	0	0	0	0	0	0
Variable Cost														
Food Grains - PDS	Rs	468.11	468.11	468.11	468.11	468.11	468.11	468.11	468.11	468.11	468.11	468.11	468.11	468.11
Food Grains - Open Market	Rs	284.75	284.75	284.75	284.75	284.75	284.75	284.75	284.75	284.75	284.75	284.75	284.75	284.75
Transportation	Rs	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
Packaging & Distribution	Rs	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
Financing (interest charge)	Rs	9.36	9.36	9.36	9.36	9.36	9.36	9.36	9.36	9.36	9.36	9.36	9.36	9.36
Total Costs	Rs	718.11	468.11	468.11	468.11	468.11	468.11	468.11	468.11	468.11	468.11	468.11	468.11	468.11
Gross Benefit - Savings from BULK Procurement	Rs	57.50	57.50	57.50	57.50	57.50	57.50	57.50	57.50	57.50	57.50	57.50	57.50	57.50
Net Benefit	Rs	-192.50	57.50	57.50	57.50	57.50	57.50	57.50	57.50	57.50	57.50	57.50	57.50	57.50
IRR		28%												

**Annex 11: Project Preparation and Supervision**  
**INDIA: Bihar Rural Livelihoods Project - "JEEViKA"**

	Planned	Actual
PCN review	June 21, 2005	June 21, 2005
Initial PID to PIC	July 25, 2005	July 26, 2005
Initial ISDS to PIC	July 25, 2005	July 27, 2005
Appraisal	April 23, 2007	April 16, 2007
Negotiations	May 14, 2007	May 14, 2007
Board/RVP approval	June 14, 2007	
Planned date of effectiveness	August 31, 2007	
Planned date of mid-term review	January 31, 2010	
Planned closing date	March 31, 2013	

Key institutions responsible for preparation of the project: Bihar Rural Livelihoods Promotion Society, Department of Finance, GoB; Bihar Women's Development Corporation, GoB. Bank staff and consultants who worked on the project included:

Name	Title	Unit
Parmesh Shah	Lead Rural Development Specialist/Task Team Leader	SASSD
Varalakshmi Vemuru	Sr. Social Development Specialist/Co-Task Team Leader	SASSD
Philip Beauregard	Senior Counsel	LEGMS
Thao Le Nguyen	Senior Finance Officer	LOAG2
Mohan Gopalakrishnan	Senior Financial Management Specialist	SARFM
Kiran Ranjan Baral	Senior Procurement Officer	SARPS
Biswajit Sen	Senior Livelihoods Specialist	SASSD
Vijaysekar Kalavakonda	Private Sector and Social Safety Nets	FPSDN
Assaye Legesse	Senior Agricultural Economist	SASSD
Sanjay Pahuja	Environment Specialist	SASSD
Shweta S. Banerjee	Junior Professional Associate	SASSD
Deborah Lee Ricks	Program Assistant	SASSD
Sarita Rana	Program Assistant	SASSD
Niraj Verma	Financial Specialist – Microfinance	SASFP
Mio Takada	Young Professional – Food Security	SASSD
Samik Sundar Das	Rural Development Specialist	SASSD
Barbara Verardo	Senior Social Development Specialist	SASSD
Vinayak N. Ghatate	Consultant – Livelihoods	SASSD
Sitaramachandra Machiraju	Consultant - Livelihoods Finance	SASSD
Subramaniam Janakiram	Consultant – Communications, MIS, Innovation Forum	SASSD
Meera Shenoy	Consultant – Private Sector Partnerships	SASSD
Ashis Mondal	Consultant – Results Framework	SASSD
<u>Peer Reviewers</u>		
Steen Jorgenson	Director, Social Development	SDV
Sanjay Pradhan	Director, Public Sector Governance	PRMPS
Jeeva Perumalpillai-Essex	Lead Operations Officer	AFTS2
T. Vijay Kumar	CEO, Society for Elimination of Rural Poverty, Andhra Pradesh, India	External

Bank funds expended to date on project preparation:

1. Bank resources:	Bank Budget:	\$ 270,000
2. Trust funds:	PHRD:	\$ 111,111
	DFID:	\$ 30,000
3. Total:		\$ 411,111

Estimated Approval and Supervision costs:

1. Remaining costs to approval:	\$ 22,000
2. Estimated annual supervision cost:	\$ 124,000



**Annex 12: Documents in the Project File**  
**INDIA: Bihar Rural Livelihoods Project - "JEEViKA"**

1. Project Implementation Plan and Community Operational Manual prepared by BRLPS
2. Bank Staff Assessments
3. BRLP Project Concept Note, Project Information Document, Integrated Safeguards Data Sheet

**Studies undertaken during preparation of the BRLP**

<b>S.No.</b>	<b>Study</b>	<b>Agency/Consultants undertaking the study</b>
1.	Poverty Assessment	Asian Development Research Institute, Patna
2.	Social Assessment	Asian Development Research Institute, Patna
3.	Social Inclusion	Asian Development Research Institute, Patna
4.	Institutional Assessment & Mapping of Service Providers	ENV Consultants, New Delhi
5.	Livelihoods Study & Value Chain Analysis	ENV Consultants, New Delhi
6.	SHG-Bank linkage & status of MFI	Bhartiya Samruddhi Investments and Consulting Services Ltd. Ranchi (BASICS)
7.	Environment Assessment	Center for Environment Education
8.	Tribal Development Plan	Asian Development Research Institute, Patna
9.	Community Based Tourism Opportunity Study in Bodh Gaya	International Trade Center, Geneva
10.	Migration and Remittances in Bihar	DFID, New Delhi

**Annex 13: Statement of Loans and Credits**  
**INDIA: Bihar Rural Livelihoods Project - "JEEViKA"**

Project ID	FY	Purpose	Original Amount in US\$ Millions				Cancel.	Undisb.	Difference between expected and actual disbursements	
			IBRD	IDA	SF	GEF			Orig.	Frm. Rev'd
P075060	2007	RCH II	0.00	360.00	0.00	0.00	0.00	363.72	10.00	0.00
P090585	2007	Punjab State Roads Project	250.00	0.00	0.00	0.00	0.00	250.00	3.07	0.00
P090592	2007	Punjab Rural Water Supply & Sanitation	0.00	154.00	0.00	0.00	0.00	157.40	21.46	0.00
P078539	2007	TB II	0.00	170.00	0.00	0.00	0.00	159.29	-11.00	0.00
P090768	2007	TN IAM WARM	335.00	150.00	0.00	0.00	0.00	485.92	0.00	0.00
P083187	2007	Uttaranchal RWSS	0.00	120.00	0.00	0.00	0.00	127.33	4.83	0.00
P078538	2007	National HIV / AIDS Control Project III	0.00	250.00	0.00	0.00	0.00	256.52	0.00	0.00
P071160	2007	Karnataka Health Systems	0.00	141.83	0.00	0.00	0.00	144.20	2.20	0.00
P075174	2007	India AP DPL III	150.00	75.00	0.00	0.00	0.00	75.64	-151.17	0.00
P097036	2007	Orissa Socio-Econ Dev Loan II	150.00	75.00	0.00	0.00	0.00	75.36	-150.65	0.00
P100789	2007	AP Community Tank Management Project	94.50	94.50	0.00	0.00	0.00	190.39	0.00	0.00
P079708	2006	TN Empwr & Pov Reduction	0.00	120.00	0.00	0.00	0.00	111.50	-2.37	0.00
P083780	2006	TN Urban III	300.00	0.00	0.00	0.00	0.00	262.16	37.91	0.00
P079675	2006	Karn Municipal Reform	216.00	0.00	0.00	0.00	0.00	198.26	1.19	0.00
P086414	2006	Power System Development Project III	400.00	0.00	0.00	0.00	0.00	313.55	-86.45	0.00
P078832	2006	Karnataka Panchayats Strengthening Proj	0.00	120.00	0.00	0.00	0.00	98.54	-25.73	0.00
P090163	2006	FALG Brick Project	0.00	0.00	0.00	0.00	0.00	4.40	0.00	0.00
P091453	2006	VS BK Cluster Project	0.00	0.00	0.00	0.00	0.00	2.88	0.00	0.00
P092735	2006	NAIP	0.00	200.00	0.00	0.00	0.00	185.05	-11.18	0.00
P093720	2006	Mid-Himalayan (HP) Watersheds	0.00	60.00	0.00	0.00	0.00	53.41	3.20	0.00
P075058	2005	TN HEALTH SYSTEMS	0.00	110.83	0.00	0.00	20.06	79.91	23.53	26.54
P073370	2005	Madhya Pradesh Water Sector Restructurin	394.02	0.00	0.00	0.00	0.00	363.81	81.70	0.00
P073651	2005	DISEASE SURVEILLANCE	0.00	68.00	0.00	0.00	0.00	61.38	26.47	0.00
P077856	2005	Lucknow-Muzaffarpur National Highway	620.00	0.00	0.00	0.00	0.00	453.33	-30.00	0.00
P077977	2005	Rural Roads Project	99.50	300.00	0.00	0.00	0.00	212.41	-17.38	0.00
P084632	2005	Hydrology II	104.98	0.00	0.00	0.00	0.00	94.04	39.06	-2.07
P084790	2005	MAHAR WSIP	325.00	0.00	0.00	0.00	0.00	292.42	9.42	0.00
P084792	2005	Assam Agric Competitiveness	0.00	154.00	0.00	0.00	0.00	141.81	42.11	0.00
P086518	2005	IN SME Financing & Development	120.00	0.00	0.00	0.00	0.00	5.00	3.33	0.00
P094513	2005	India Tsunami ERC	0.00	465.00	0.00	0.00	0.00	405.20	255.54	0.00
P073776	2004	ALLAHABAD BYPASS	240.00	0.00	0.00	0.00	0.00	121.26	84.46	0.00
P078550	2004	Uttar Wtrshed	0.00	69.62	0.00	0.00	0.00	61.53	1.11	0.00
P073369	2004	MAHAR RWSS	0.00	181.00	0.00	0.00	0.00	71.01	-9.12	0.00
P050655	2004	RAJASTHAN HEALTH SYSTEMS DEVELOPMENT	0.00	89.00	0.00	0.00	0.00	69.54	43.65	0.00
P079865	2004	GEF Biosafety Project	0.00	0.00	0.00	1.00	0.00	0.49	0.48	0.00
P082510	2004	Karnataka UWS Improvement Project	39.50	0.00	0.00	0.00	0.00	16.48	10.98	0.00
P050649	2003	TN ROADS	348.00	0.00	0.00	0.00	0.00	239.02	103.55	0.00
P067606	2003	UP ROADS	488.00	0.00	0.00	0.00	0.00	291.12	202.93	0.00
P076467	2003	Chatt DRPP	0.00	112.56	0.00	0.00	20.06	78.11	57.02	0.00

P071272	2003	AP RURAL POV REDUCTION	0.00	150.03	0.00	0.00	0.00	25.43	0.09	0.00
P072123	2003	Tech/Engg Quality Improvement Project	0.00	250.00	0.00	0.00	40.11	94.99	28.90	-47.06
P075056	2003	Food & Drugs Capacity Building Project	0.00	54.03	0.00	0.00	0.00	40.80	26.39	0.00
P073094	2003	AP Comm Forest Mgmt	0.00	108.00	0.00	0.00	0.00	46.59	2.50	0.00
P074018	2002	Gujarat Emergency Earthquake Reconstruct	0.00	442.80	0.00	0.00	115.24	97.34	135.90	37.98
P072539	2002	KERALA STATE TRANSPORT	255.00	0.00	0.00	0.00	0.00	116.95	57.62	0.00
P071033	2002	KARN Tank Mgmt	0.00	98.90	0.00	0.00	25.07	53.36	51.89	-0.06
P050647	2002	UP WSRP	0.00	149.20	0.00	0.00	40.11	97.10	111.21	0.00
P069889	2002	MIZORAM ROADS	0.00	60.00	0.00	0.00	0.00	24.31	8.37	0.00
P050653	2002	KARNATAKA RWSS II	0.00	151.60	0.00	0.00	15.04	64.37	50.41	0.00
P040610	2002	RAJ WSRP	0.00	140.00	0.00	0.00	15.04	74.25	45.15	0.00
P050668	2002	MUMBAI URBAN TRANSPORT PROJECT	463.00	79.00	0.00	0.00	0.00	359.46	240.27	0.00
P010566	2001	Gujarat Highways	381.00	0.00	0.00	0.00	101.00	19.51	120.51	19.51
P050658	2001	TECHN EDUC III	0.00	64.90	0.00	0.00	0.00	6.67	0.33	-2.11
P055454	2001	KERALA RWSS	0.00	65.50	0.00	0.00	12.27	7.89	11.36	-1.97
P055455	2001	Rajasthan DPEP II	0.00	74.40	0.00	0.00	0.00	22.82	11.99	0.00
P059242	2001	MP DPIP	0.00	110.10	0.00	0.00	20.06	6.16	12.86	-6.87
P067216	2001	KAR WSHD DEVELOPMENT	0.00	100.40	0.00	0.00	20.06	44.94	47.93	31.07
P070421	2001	Karnataka Highways	360.00	0.00	0.00	0.00	0.00	21.72	21.72	0.00
P071244	2001	Grand Trunk Road Improvement Project	589.00	0.00	0.00	0.00	12.53	149.62	162.15	0.00
P059501	2000	TA for Econ Reform Project	0.00	45.00	0.00	0.00	12.03	15.08	22.73	11.39
P050657	2000	UP Health Systems Development Project	0.00	110.00	0.00	0.00	30.09	31.27	50.33	10.18
P049770	2000	REN EGY II	80.00	50.00	0.00	0.00	26.00	20.09	43.96	-3.60
P010505	2000	RAJASTHAN DPIP	0.00	100.48	0.00	0.00	0.00	25.17	14.99	15.01
P009972	2000	Natl Highways III	516.00	0.00	0.00	0.00	25.16	91.26	116.42	116.42
P050646	1999	UP Sodic Lands II	0.00	194.10	0.00	0.00	0.00	0.60	-3.16	-6.22
Total:			7,318.50	6,238.78	0.00	1.00	549.93	8,131.14	1,966.97	198.14

**INDIA**  
**STATEMENT OF IFC's**  
**Held and Disbursed Portfolio**  
**In Millions of US Dollars**

FY Approval	Company	Committed				Disbursed			
		IFC				IFC			
		Loan	Equity	Quasi	Partic.	Loan	Equity	Quasi	Partic.
2005	ADPCL	39.50	7.00	0.00	0.00	0.00	0.00	0.00	0.00
2006	AHEL	0.00	5.08	0.00	0.00	0.00	5.08	0.00	0.00
2005	AP Paper Mills	35.00	5.00	0.00	0.00	25.00	5.00	0.00	0.00
2005	APIDC Biotech	0.00	4.00	0.00	0.00	0.00	2.01	0.00	0.00
2002	ATL	13.81	0.00	0.00	9.36	13.81	0.00	0.00	9.36
2003	ATL	1.00	0.00	0.00	0.00	0.68	0.00	0.00	0.00
2005	ATL	9.39	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2006	Atul Ltd	16.77	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2003	BHF	10.30	0.00	10.30	0.00	10.30	0.00	10.30	0.00

2004	BILT	0.00	0.00	15.00	0.00	0.00	0.00	15.00	0.00
2001	BTVL	0.43	3.98	0.00	0.00	0.43	3.98	0.00	0.00
2003	Balrampur	10.52	0.00	0.00	0.00	10.52	0.00	0.00	0.00
2001	Basix Ltd.	0.00	0.98	0.00	0.00	0.00	0.98	0.00	0.00
2005	Bharat Biotech	0.00	0.00	4.50	0.00	0.00	0.00	3.30	0.00
1984	Bihar Sponge	5.70	0.00	0.00	0.00	5.70	0.00	0.00	0.00
2003	CCIL	1.50	0.00	0.00	0.00	0.59	0.00	0.00	0.00
2006	CCIL	7.00	2.00	0.00	12.40	7.00	2.00	0.00	12.40
1990	CESC	4.61	0.00	0.00	0.00	4.61	0.00	0.00	0.00
1992	CESC	6.55	0.00	0.00	14.59	6.55	0.00	0.00	14.59
2004	CGL	14.38	0.00	0.00	0.00	7.38	0.00	0.00	0.00
2004	CMScouters	0.00	10.00	2.50	0.00	0.00	0.00	0.00	0.00
2002	COSMO	2.50	0.00	0.00	0.00	2.50	0.00	0.00	0.00
2005	COSMO	0.00	3.73	0.00	0.00	0.00	3.73	0.00	0.00
2006	Chennai Water	24.78	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2003	DQEL	0.00	1.50	1.50	0.00	0.00	1.50	1.50	0.00
2005	DSCL	30.00	0.00	0.00	0.00	30.00	0.00	0.00	0.00
2006	DSCL	15.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2005	Dabur	0.00	14.09	0.00	0.00	0.00	14.09	0.00	0.00
2003	Dewan	8.68	0.00	0.00	0.00	8.68	0.00	0.00	0.00
2006	Federal Bank	0.00	28.06	0.00	0.00	0.00	23.99	0.00	0.00
2001	GTF Fact	0.00	1.20	0.00	0.00	0.00	1.20	0.00	0.00
2006	GTF Fact	0.00	0.00	0.99	0.00	0.00	0.00	0.99	0.00
1994	GVK	0.00	4.83	0.00	0.00	0.00	4.83	0.00	0.00
2003	HDFC	100.00	0.00	0.00	100.00	100.00	0.00	0.00	100.00
1998	IAAF	0.00	0.47	0.00	0.00	0.00	0.30	0.00	0.00
2006	IAL	0.00	9.79	0.00	0.00	0.00	7.70	0.00	0.00
1998	IDFC	0.00	10.82	0.00	0.00	0.00	10.82	0.00	0.00
2005	IDFC	50.00	0.00	0.00	100.00	50.00	0.00	0.00	100.00
	IHDC	6.94	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2006	IHDC	7.90	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2006	Indecomm	0.00	2.57	0.00	0.00	0.00	2.57	0.00	0.00
1996	India Direct Fnd	0.00	1.10	0.00	0.00	0.00	0.66	0.00	0.00
2001	Indian Seamless	6.00	0.00	0.00	0.00	6.00	0.00	0.00	0.00
2006	JK Paper	15.00	7.62	0.00	0.00	0.00	7.38	0.00	0.00
2005	K Mahindra INDIA	22.00	0.00	0.00	0.00	22.00	0.00	0.00	0.00
2005	KPIT	11.00	2.50	0.00	0.00	8.00	2.50	0.00	0.00
2003	L&T	50.00	0.00	0.00	0.00	50.00	0.00	0.00	0.00
2006	LGB	14.21	4.82	0.00	0.00	0.00	4.82	0.00	0.00
2006	Lok Fund	0.00	2.00	0.00	0.00	0.00	0.00	0.00	0.00
2002	MMFSL	7.89	0.00	7.51	0.00	7.89	0.00	7.51	0.00
2003	MSSL	0.00	2.29	0.00	0.00	0.00	2.20	0.00	0.00
2001	MahInfra	0.00	10.00	0.00	0.00	0.00	0.79	0.00	0.00
	Montalvo	0.00	3.00	0.00	0.00	0.00	1.08	0.00	0.00
1996	Moser Baer	0.00	0.82	0.00	0.00	0.00	0.82	0.00	0.00
1999	Moser Baer	0.00	8.74	0.00	0.00	0.00	8.74	0.00	0.00
2000	Moser Baer	12.75	10.54	0.00	0.00	12.75	10.54	0.00	0.00
	Nevis	0.00	4.00	0.00	0.00	0.00	4.00	0.00	0.00
2003	NewPath	0.00	9.31	0.00	0.00	0.00	8.31	0.00	0.00

2004	NewPath	0.00	2.79	0.00	0.00	0.00	2.49	0.00	0.00
2003	Niko Resources	24.44	0.00	0.00	0.00	24.44	0.00	0.00	0.00
2001	Orchid	0.00	0.73	0.00	0.00	0.00	0.73	0.00	0.00
1997	Owens Corning	5.92	0.00	0.00	0.00	5.92	0.00	0.00	0.00
2006	PSL Limited	15.00	4.74	0.00	0.00	0.00	4.54	0.00	0.00
2004	Powerlinks	72.98	0.00	0.00	0.00	64.16	0.00	0.00	0.00
2004	RAK India	20.00	0.00	0.00	0.00	20.00	0.00	0.00	0.00
1995	Rain Calcining	0.00	2.29	0.00	0.00	0.00	2.29	0.00	0.00
2004	Rain Calcining	10.00	0.00	0.00	0.00	10.00	0.00	0.00	0.00
2005	Ramky	3.74	10.28	0.00	0.00	0.00	0.00	0.00	0.00
2005	Ruchi Soya	0.00	9.27	0.00	0.00	0.00	6.77	0.00	0.00
2001	SBI	50.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1997	SREI	3.21	0.00	0.00	0.00	3.21	0.00	0.00	0.00
2000	SREI	6.50	0.00	0.00	0.00	6.50	0.00	0.00	0.00
1995	Sara Fund	0.00	3.43	0.00	0.00	0.00	3.43	0.00	0.00
2004	SeaLion	4.40	0.00	0.00	0.00	4.40	0.00	0.00	0.00
2001	Spryance	0.00	1.86	0.00	0.00	0.00	1.86	0.00	0.00
2003	Spryance	0.00	0.93	0.00	0.00	0.00	0.93	0.00	0.00
2004	Sundaram Finance	42.93	0.00	0.00	0.00	42.93	0.00	0.00	0.00
2000	Sundaram Home	0.00	2.18	0.00	0.00	0.00	2.18	0.00	0.00
2002	Sundaram Home	6.71	0.00	0.00	0.00	6.71	0.00	0.00	0.00
1998	TCW/ICICI	0.00	0.80	0.00	0.00	0.00	0.80	0.00	0.00
2005	TISCO	100.00	0.00	0.00	300.00	0.00	0.00	0.00	0.00
2004	UPL	15.45	0.00	0.00	0.00	15.45	0.00	0.00	0.00
1996	United Riceland	5.63	0.00	0.00	0.00	5.63	0.00	0.00	0.00
2005	United Riceland	8.50	0.00	0.00	0.00	5.00	0.00	0.00	0.00
2002	Usha Martin	0.00	0.72	0.00	0.00	0.00	0.72	0.00	0.00
2001	Vysya Bank	0.00	3.66	0.00	0.00	0.00	3.66	0.00	0.00
2005	Vysya Bank	0.00	3.51	0.00	0.00	0.00	3.51	0.00	0.00
1997	WIV	0.00	0.37	0.00	0.00	0.00	0.37	0.00	0.00
1997	Walden-Mgt India	0.00	0.01	0.00	0.00	0.00	0.01	0.00	0.00
2006	iLabs Fund II	0.00	20.00	0.00	0.00	0.00	0.00	0.00	0.00
Total portfolio:		956.52	249.41	42.30	536.35	604.74	175.91	38.60	236.35

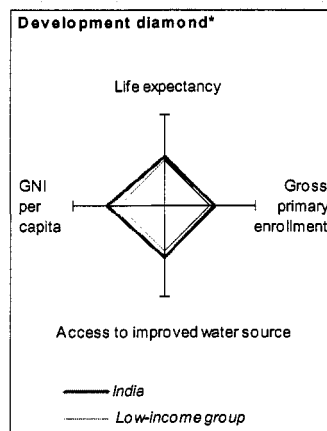
FY Approval	Company	Approvals Pending Commitment			
		Loan	Equity	Quasi	Partic.
2004	CGL	0.01	0.00	0.00	0.00
2000	APCL	0.01	0.00	0.00	0.00
2006	Atul Ltd	0.00	0.01	0.00	0.00
2001	Vysya Bank	0.00	0.00	0.00	0.00
2006	Federal Bank	0.01	0.00	0.00	0.00
2001	GI Wind Farms	0.01	0.00	0.00	0.00
2004	Ocean Sparkle	0.00	0.00	0.00	0.00
2005	Allain Duhangan	0.00	0.00	0.00	0.00
Total pending commitment:		0.04	0.01	0.00	0.00

## Annex 14: Country at a Glance

### INDIA: Bihar Rural Livelihoods Project - "JEEViKA"

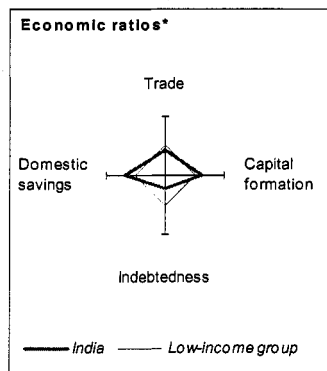
#### POVERTY and SOCIAL

	India	South Asia	Low-income
<b>2005</b>			
Population, mid-year (millions)	1094.6	1470	2,353
GNI per capita (Atlas method, US\$)	730	684	580
GNI (Atlas method, US\$ billions)	804.2	1,005	1,384
<b>Average annual growth, 1999-05</b>			
Population (%)	15	17	19
Labor force (%)	19	2.1	2.3
<b>Most recent estimate (latest year available, 1999-05)</b>			
Poverty (% of population below national poverty line)	29	..	..
Urban population (% of total population)	29	29	31
Life expectancy at birth (years)	63	63	59
Infant mortality (per 1,000 live births)	62	66	80
Child malnutrition (% of children under 5)	47	45	39
Access to an improved water source (% of population)	86	84	75
Literacy (% of population age 15+)	61	60	62
Gross primary enrollment (% of school-age population)	18	10	104
Male	20	16	10
Female	12	105	99



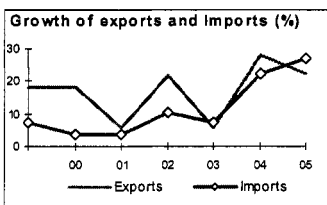
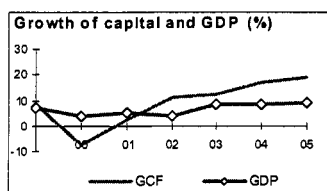
#### KEY ECONOMIC RATIOS and LONG-TERM TRENDS

	1985	1995	2004	2005
GDP (US\$ billions)	227.2	355.2	695.9	805.7
Gross capital formation/GDP	23.7	26.5	31.0	33.4
Exports of goods and services/GDP	5.4	11.0	18.2	20.3
Gross domestic savings/GDP	19.5	25.1	31.1	32.4
Gross national savings/GDP	19.9	26.4	33.3	34.7
Current account balance/GDP	-2.3	-18	-0.7	-13
Interest payments/GDP	0.9	14	0.5	0.8
Total debt/GDP	18.0	26.6	17.9	15.3
Total debt service/exports	23.0	27.8	12.7	12.6
Present value of debt/GDP	..	..	15.8	13.7
Present value of debt/exports	..	..	72.7	57.3
<b>(average annual growth)</b>				
GDP	5.5	6.0	8.3	9.2
GDP per capita	3.4	4.3	6.8	7.7
Exports of goods and services	10.9	13.5	28.1	22.0



#### STRUCTURE of the ECONOMY

	1985	1995	2004	2005
<b>(% of GDP)</b>				
Agriculture	33.7	28.2	18.8	18.3
Industry	26.4	28.1	27.5	27.3
Manufacturing	16.4	18.1	15.9	15.7
Services	39.9	43.6	53.7	54.4
Household final consumption expenditure	67.4	63.8	59.9	58.3
General gov't final consumption expenditure	11.4	10.8	11.0	11.3
Imports of goods and services	7.8	12.2	20.0	23.3
<b>(average annual growth)</b>				
Agriculture	3.5	2.1	0.0	6.0
Industry	6.5	5.8	9.6	9.4
Manufacturing	6.7	5.4	8.7	9.1
Services	6.7	8.2	9.6	9.9
Household final consumption expenditure	5.7	5.2	3.8	5.7
General gov't final consumption expenditure	4.2	5.5	5.4	9.8
Gross capital formation	5.4	6.3	16.7	18.8
Imports of goods and services	9.9	10.0	22.3	27.1

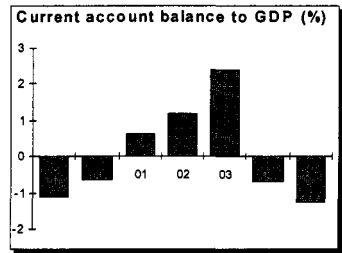


Note: 2005 data are preliminary estimates. Group data are to 2004. 2005 indicates 2005-06 (Apr 1 to Mar 31).

\*The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

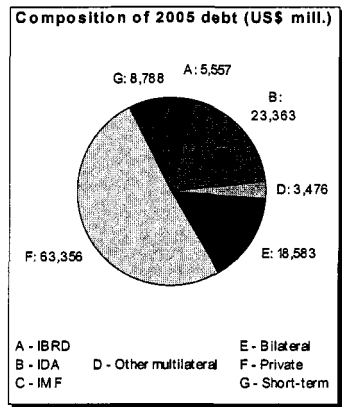
**BALANCE of PAYMENTS**

	1985	1995	2004	2005
<i>(US\$ millions)</i>				
Exports of goods and services	12,777	39,657	128,131	165,390
Imports of goods and services	19,418	51,213	150,611	194,679
Resource balance	-6,641	-11,556	-22,430	-29,289
Net income	-776	-3,205	-2,669	-5,027
Net current transfers	2,207	8,506	20,253	24,095
Current account balance	-5,210	-6,255	-4,846	-10,221
Financing items (net)	4,639	3,319	31,613	24,874
Changes in net reserves	571	2,936	-26,772	-14,653
<b>Memo:</b>				
Reserves including gold (US\$ millions)	6,520	21,687	140,076	150,866
Conversion rate (DEC, local/US\$)	12.2	33.4	44.9	44.3



**EXTERNAL DEBT and RESOURCE FLOWS**

	1985	1995	2004	2005
<i>(US\$ millions)</i>				
Total debt outstanding and disbursed	40,951	94,464	124,376	123,123
IBRD	2,396	9,849	4,865	5,557
IDA	9,750	17,499	23,662	23,363
Total debt service	3,531	13,566	19,250	24,335
IBRD	313	1,713	300	417
IDA	124	357	773	609
Composition of net resource flows				
Official grants	450	565	872	1,060
Official creditors	1,421	-1,048	996	1,421
Private creditors	2,273	1,254	4,693	379
Foreign direct investment (net inflows)	106	2,144	5,474	6,598
Portfolio equity (net inflows)	0	1,591	8,835	11,968
World Bank program				
Commitments	2,882	1,427	2,111	1,592
Disbursements	1,375	1313	1,843	2,130
Principal repayments	157	1,170	784	843
Net flows	1,218	149	1,059	1,288
Interest payments	280	901	289	384
Net transfers	938	-752	770	904





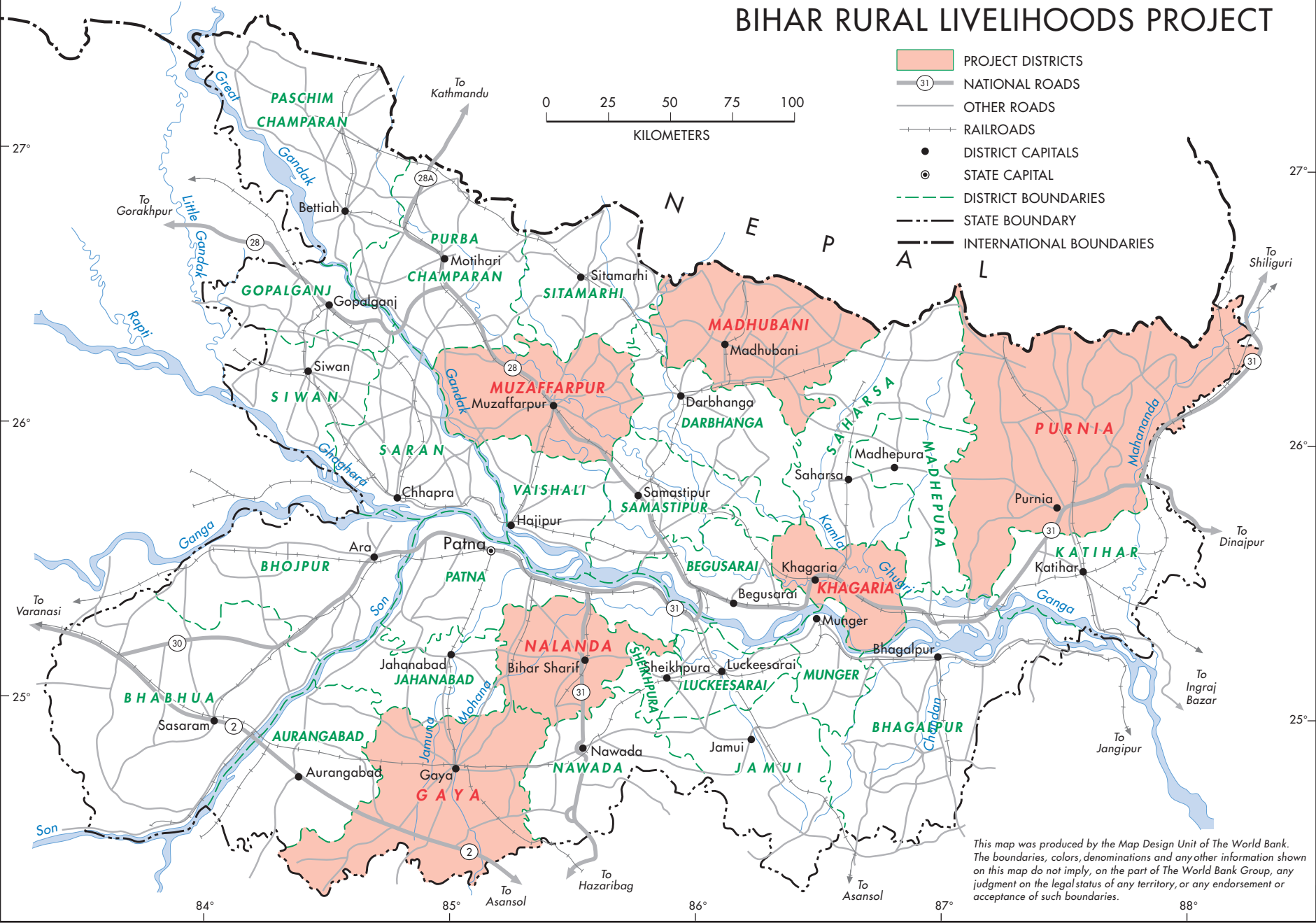


MAP SECTION

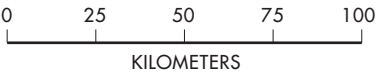


# INDIA

## BIHAR RURAL LIVELIHOODS PROJECT



- PROJECT DISTRICTS
- NATIONAL ROADS
- OTHER ROADS
- RAILROADS
- DISTRICT CAPITALS
- STATE CAPITAL
- DISTRICT BOUNDARIES
- STATE BOUNDARY
- INTERNATIONAL BOUNDARIES



MARCH 2007

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IBRD 35350