

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

Report Number: AB6476

Project Name	North East Rural Livelihoods Project (NERLP)
Region	South Asia
Country	India
Sector	General agriculture, fishing and forestry sector (70%); Agricultural marketing and trade (30%)
Lending Instrument	Specific Investment Loan
Project ID	P102330
Borrower(s)	Republic of India
Implementing Agency	North East Livelihood Promotion Society (NELPS) Guwahati, Assam, India
	Ministry of Development for the North East Region Vigyan Bhawan Annexe, Maulana Azad Road, New Delhi, India Tel: (91-11) 2379-4694 Fax: (91-11) 2302-2013
Environmental Screening Category	{ }A { X }B { }C { }FI
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Decision	Project authorized to upgrade to appraisal and proceed to negotiations upon agreement of any pending conditions and/or assessments.

I. Country Context

1. **Rural poverty in India:** In spite of a high GDP growth rate over the past decade (7.3 percent on average between 2001 and 2010), over 250 million rural people (45 million households) remain locked in poverty, living on less than US\$1 per day. While the number of rural people living on less than US\$1 a day decreased by 29 million between 1981 and 2005, the number of rural people in India living on less than US\$1.25 a day grew by 35 million in the same period¹. While India has made a significant economic stride over the last decade, the benefits of this rapid economic growth has not reached all parts of India and all sections of people in an equitable manner. The key challenge facing India is to ensure that its economic growth is inclusive and leads to significant rural poverty reduction.

¹ National Sample Survey 2004-05

2. **Context of the North East Region.** The North East (NE) region, which comprises eight states, namely Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura, is a case in point. With a total population of 45.5 million (2011 census), the region accounts for about 3.7 percent of India's total population and covers 7.9 percent of India's total geographical area. The vast majority of the region's population lives in rural areas, accounting for 85 percent of the total population as against the national average of 72 percent (2001). The region is known for its rich cultural heritage and ethnic diversity where around over 160 scheduled tribes reside, representing about 12 percent of the total tribal population of India. The region, a large part of which is covered by the eastern Himalayan ranges and hence hilly, is well endowed with natural resources such as water, forest, biodiversity and minerals, and is globally recognized as one of the biodiversity hotspots. The region is known for its egalitarian tradition where women inherit the property rights; however, interventions are still required in areas like income generation, social education, and financial support for women. Women also enjoy relatively higher human development indicators compared with the rest of India. For example, the region's literacy rates of 81 percent (males) is slightly lower than the male national average of 82 percent, while the region's female literacy rate of 75 percent is above the female national average of 65 percent respectively (2011 Census).

3. Despite its rich natural resources and relatively good human development indicators, NE region lags in important parameters of growth, and the gap between the rest of India continues to expand. Widely recognized problems such as geo-political isolation, protracted insurgency in some areas, and recurring natural disaster further compound the problem. The standard of living of the people as measured by average per capita income in the region is only 70 percent of the national average (2001-02), while 35 percent of its population lives below the poverty line, primarily in rural areas, as compared to the national average of about 26 percent (2000-01).² Agriculture remains the backbone of the economy which contributes close to 30 percent of the regional GDP (2003) and provides employment to over 75 percent of the people. The traditional *jhum* (shifting) cultivation has been the predominant production method in the region in agriculture. However, increasing population pressure and shorter fallow periods have led to reduced soil fertility and lower productivity, rendering traditional *jhum* cultivation unviable both economically and environmentally. Due to lack of vibrant economy, despite the relatively high literacy rate, the region also suffers from alarmingly high youth unemployment rate at 14 percent. This is caused by high school drop-out rate and lack of skills. The youth unemployment can potentially destabilize society and fuel discontent.

4. **Impediments for Development.** The poor in the NE region suffer from three key impediments for development: (i) natural resources degradation; (ii) protracted insurgency in some parts; and (iii) lack of well targeted and quality development efforts. First, increasing population pressure and lack of appropriate technical expertise have resulted in reduced soil fertility and lower productivity, rendering agriculture, the mainstay of the majority of the poor, unsustainable and prone to the creation of tension within the community. Second, the region's unique ethno-social context with significant linguistic, ethnic, and cultural diversity, negatively influenced by geo-political isolation from the rest of India, influx of poor immigrants and large-scale youth unemployment has given rise to a quest for ethnic and regional identity as well as greater political autonomy. The protracted insurgency in some parts has led to the decline of business confidence, flight of capital, and disruptions to the provision of basic services.

² Ministry of Development of the North Eastern Region. (2008) North Eastern Region Vision 2020

Third, despite substantial inflow of public programs, the impact on the development of the region has been limited. This can largely be attributed to poor targeting, conflict and leakages.

5. To put the NE region on track for economic growth, there is a need to revamp efforts to improve the natural resources management (NRM) and vitalize the local economy in a bottom-up approach so as to make the intervention responsive to the people's needs.

II. Sectoral and Institutional Context

6. Government's Poverty Reduction Efforts in the Region. In view of securing economic growth and security in the troubled region, the Government of India (GoI) has been providing massive support to the region since early 2000 for infrastructure development as well as substantive incentives for private sector investment. As part of the Special Development Package for the region, specific schemes and programs for various sectors earmark 10 percent of their total outlay to the region. All NE States are classified as "special category states" and receive assistance from the Planning Commission in the form of 90 percent GoI grants and 10 percent state government contribution. Besides these allocations, GoI has attempted to strengthen the institutional framework for development in the region by creating the Ministry of Development for the Northern Region (DoNER)³ in 2004 as well as upgrading the role and responsibilities of the North-Eastern Council (NEC)⁴. The efforts notwithstanding, this support has not generated expected impacts on the ground, especially in the far flung rural areas of the hilly sub-regions for various reasons, including alleged misuse of funds and a highly challenging security situation.

7. Based on the lessons learned, GoI developed the North Eastern Region (NER) Vision 2020, which consolidates the region's development vision and was endorsed by all the eight NE State Governors and Chief Ministers in May 2008. The NER Vision is a sharp departure from the previous top-down approach and puts communities and the needs of the poor at the center of development. It focuses on the aspirations of the people to find improved livelihood opportunities, seek local empowerment and aim for sustainable management of the natural resource base.

8. In line with the NER Vision, the GoI through DoNER and NEC implemented the North Eastern Region Community Resource Management Project for Upland Areas (NERCORMP) with support from the International Fund for Agricultural Development (IFAD). The thrust of the project was to demonstrate a new approach to development by adopting a genuine partnership approach with all relevant stakeholders under which interventions are truly demand-driven and client-oriented, in line with indigenous knowledge and capabilities of the people, and implemented with clear transparency and accountability. Project evaluation indicated that this project was successful despite the very difficult environment in which it was implemented, with a marked positive change on the condition of the beneficiaries.⁵

³ DoNER's key responsibilities include the following: (i) coordination between the Central government and State governments on development schemes for the NE region; (ii) implementation of development works through NEC; and (iii) capacity building and technical assistance for State governments and other line agencies.

⁴ NEC's major roles include: (i) discuss any major socio-economic issues in the NE region and advise the Central government as well as relevant State governments on actions to be taken; (ii) to formulate and forward proposals for development of the NE region; (iii) to review the implementation of the projects and schemes in the NE region and recommend measures for effective coordination; and (iv) to review progress of expenditure and recommend to the Central Government the quantum of financial assistance to be given to the States.

⁵ IFAD (2006). North Eastern Region Community Resource Management Project for Upland Areas – Interim Evaluation.

9. The Ministry of Rural Development, GoI has also recently launched the National Rural Livelihoods Mission (NRLM), which covers all states in India. However, unlike in the other bigger states of India, there are not many successful rural development models on the ground which the NRLM can build upon and scale up in the different North Eastern states. The NRLM uses a bottom up approach of organizing rural communities based on demonstrated successes of mobilization available in pockets. For the NE region such a demonstrable model in the complex social ethnic environment will be necessary before a scaled up NRLM approach can be adopted. The proposed project will provide the base for this.

10. World Bank Support for Rural Livelihoods Development in India. The World Bank started its initial engagement in rural livelihoods support in India in 2000. To date, the World Bank has invested more than US\$1 billion in 7 states⁶ to create an institutional structure for rural poverty reduction and mobilized 30 million rural poor to enable them to access livelihood opportunities and build social, financial, and economic capital. The key strategies of the livelihood program were: (i) supporting social inclusion through development of institutions of the rural poor and effective targeting of the rural poor, (ii) enabling financial inclusion and access to credit and financial services and (iii) economic inclusion by enabling poor to increase their asset base and increase income from agriculture, non farm sector and (iv) human capital development to enable access to services and get job opportunities for the poor in the formal sector. The programs have resulted in increased savings, improved access to credit, livelihoods and public services, and allowed both public and private investments to flow into the communities. The programs have contributed to social empowerment of the excluded castes and indigenous people and increased their access to growth opportunities. Furthermore, considerable capacity building support for State governments has been provided to develop their capacity for effective service delivery and social mobilization of the poor. The World Bank intends to support the GoI launch of NRLM which aims to reduce rural poverty through creation and strengthening of institutional platforms of the rural poor across India and promote access to finance and markets.⁷

11. During the last ten years, the major thrust of the World Bank's engagement has been the increased focus of investment on lagging regions and states including Bihar, Orissa, Madhya Pradesh, Rajasthan and the North East. The key impacts of the rural livelihood programs supported at the State level based on impact assessments carried out by independent agencies include reduction of poverty incidence among poor households from 29.2% to 17.6% in Andhra Pradesh, net income increase per household from 50% to 115% in Andhra Pradesh, Rajasthan and Madhya Pradesh. The rural livelihood programs in India have mobilized more than 12 million households in 90000 villages into self-help groups and their federations. The other key impacts on financial inclusion of these households include enabling poor to create a savings base of \$1 billion; these programs have catalyzed and leveraged about \$6.5 billion dollars credit for these households from formal financial intermediaries, including insurance services for more than five million households. These programs have further enabled the poor to generate turnover from their livelihood activities of more than \$1 billion from agriculture, dairying and the non-farm sector. Lastly, these programs have facilitated creation of more than 300,000 jobs for youth from poor households in the formal sector.

⁶ The World Bank has so far implemented rural livelihoods development projects in Andhra Pradesh, Bihar, Chhattisgarh, Madhya Pradesh, Orissa, Rajasthan, and Tamil Nadu.

⁷ The World Bank has been requested by the MoRD for approximately US\$1 billion of IDA financing to support the start-up and launch of the NRLM. This proposed project will be submitted to the World Bank Board for consideration on July 5, 2011.

12. Rationale for World Bank Support in the North East. The experience of the IFAD supported project NERCORMP, which was implemented in the North East states of Assam, Meghalaya, and Manipur, as well as the World Bank's relevant experience in rural livelihood projects, has led to GoI approaching the World Bank to support scaling-up its rural livelihoods program in the region while addressing NERCORMP's recognized areas for improvement, including: (i) effective skill development for the youth; (ii) linking community-based organizations with wider markets; (iii) improving communities' access to credit and other financial services by forming sustainable institutions of the poor; and iv) convergence with other government programs.

13. The proposed North East Rural Livelihoods Project (NERLP) aims to empower the rural poor and improve their livelihoods in four states of the NE namely, Mizoram, Nagaland, Sikkim, and Tripura, which were not covered under NERCORMP. The local context for each of the states is given in brief below:

- **Mizoram:** Wedged between Myanmar in the east and Bangladesh in the west, Mizoram is a tribal state where the entire population belongs to the scheduled tribe (ST) community. It is an agrarian economy where over 70 percent of the population engages in subsistence agriculture, primarily in *jhum* cultivation, and other land-based activities such as livestock and forestry. Increased land pressure, however, has led to land degradation and has rendered *jhum* cultivation unsustainable. This in turn has forced communities to seek alternative means of ensuring their livelihoods through urban employment, cash crop development, wage labor and exploitation of timber. Some have been more successful than others resulting in widening disparities both between and within communities and transforming the traditionally egalitarian tribal communities. Lack of infrastructure, the state's remote location, poor market linkages, and inadequate power supply have slowed the industrial development. Difficult topography where over 80 percent of the area is covered with steep hills is a major handicap.
- **Nagaland:** Nagaland, which borders Myanmar in the east, is also a tribal state where over 90 percent of the population is STs. Its economy is largely agrarian where over 65 percent of the people depend on agriculture and allied activities. (2001 census) Yet the phenomenal population growth of 64.5 percent during 1991-2001 has led to severe pressure on natural resources and *jhum* cultivation, undermining self-sufficiency. Nagaland faces development challenges due to geographical remoteness, hilly terrain, lack of infrastructure, population composition, and continuous insurgency in certain pockets. Financial services are almost non-existent due to poor spread of bank networks and lack of clear titles on land holdings which might be offered as collateral. However, Nagaland's strong social capital, resilience of the communities, and absence of caste and social discrimination have helped people overcome their hardships.
- **Sikkim:** Sikkim neighbors three countries namely Bhutan, China, and Nepal. The state has an interfusion of diverse communities, cultures, religions and customs, where 20.6 percent are STs, 5 percent are scheduled castes (SCs), and the rest are settlers from the plain. 90 percent of the state population is rural and agriculture is the primary source of livelihood. However, contribution of agriculture to the Gross State Domestic Product (GSDP) has been showing a declining trend, indicating a stagnation and reduction in income due to reduction in productivity and production of the major cash crops such as ginger, large cardamom and orange. That said, the past one and a half decade has witnessed tremendous upward swing in various development programs, giving a new thrust to the economy and increasing wage employment opportunities.

Given that about 60 percent of its population is below 24 also presents an opportunity. If properly motivated and trained, these youths could be of tremendous value to the state's development.

- **Tripura:** Bordering Bangladesh, Tripura enjoys relatively good connectivity with commercial centers in Bangladesh as well as Kolkata. STs constitute 31 percent of the total population. Although 83 percent of the population lives in rural areas, agriculture only contributes to 30 percent of GSDP. The most pressing problem in Tripura is the very high youth unemployment rate of 33 percent compared to 5.7 percent at the national level (2004-05). However, the emerging service sector which constitutes 55 percent of GSDP (2002-03) potentially contributes to creating new employment opportunities. If properly trained, the youths can benefit from them. Moreover, with existing network of marketing infrastructure, farmers can reap benefits from increased incomes from cash crop production.

14. Given the limited nature of these types of livelihood activities currently under implementation in the North East Region, the proposed NERLP will provide the institutional architecture for not only implementing the proposed NERLP but also for rolling out of the Government's NRLM across the remaining states of the North East Region.

III. Project Development Objectives

15. The project development objective of the proposed NERLP is *to improve rural livelihoods especially that of women, unemployed youth and the most vulnerable, in four North East states*. The activities to be supported under the proposed NERLP will aim to achieve the following key outcomes:

- a) create sustainable community institutions consisting of Community Development Groups (CDGs), women self-help groups (SHGs), SHG village federations, producer organizations (POs), and youth groups of men and women (YGs);
- b) build capacity of community institutions for self governance, bottom-up development planning, democratic functioning with transparency and accountability;
- c) increase economic and livelihood opportunities by i) managing natural resources and improving agriculture for food security and income enhancement from farming and allied activities; ii) developing employable skills of youths and establishment of self and/or group managed enterprises; iii) establishing backward and forward linkages for economic enterprises; iv) creating access to finance through linkages with banks and other financial institutions; and v) creating critical infrastructure; and
- d) develop partnerships of community institutions for natural resource management, microfinance, market linkages, and sectoral economic services.

IV. Project Description

16. The proposed NERLP will focus on improving livelihoods of the most vulnerable (as identified by participatory wealth ranking) people in the project area. The project components are designed in a manner that they complement and supplement each other. The core of the model is building strong grassroots institutions of the poor (i.e. CDGs, SHGs, SHG village federations, POs, and YGs). Funds will be made available for empowering the poor. Similarly investments will be made for increasing the capacity of the SHGs, project staff and other stakeholders. It will also develop the skill base of young people to increase their employability in various sectors. The project will comprise the following four

components: (i) Social Empowerment; (ii) Economic Empowerment; (iii) Partnership Development and (iv) Project Management.

17. **Component 1 - Social Empowerment (US\$28.6 million):** The objective of this component is to empower the rural communities and create sustainable institutions so that they can manage common activities around microfinance, livelihoods and NRM. Benefits of broad economic growth trickle down very slowly when the poor have little access to key physical, social and financial endowments and development is conducted in a top-down manner. To overcome highly unequal distribution of these endowments and achieve rapid pro-poor growth, poor people need new opportunities to organize, generate business and link with mainstream development activities. Forming community institutions *of* the poor as opposed to institutions *for* the poor thus becomes a central and crucial strategy of effective social and livelihood development. The main strategy in developing community institutions is to provide the poor section of the society the voice and the scale required to more effectively engage themselves in the decision making process and to address their needs for economic empowerment. This component will help develop and support inclusive, self-reliant, self-managed and sustainable community organizations and aggregate them at a higher level for livelihood improvement. The component will finance technical assistance consultancies, training, and development of related course materials. The following activities will be supported:

- a) *Support to Project Facilitation Teams (PFTs)* – establish teams of quality professionals at the block level to help social mobilization and beneficiary identification, and provide facilitation and hand-holding support to the SHGs throughout the course of the project. PFTs will help train the SHGs and SHG village federations on livelihood promotion, financial management, and participatory monitoring among others. Training on participatory development, community facilitation, livelihood development, and conflict resolution will be provided to PFT staff regularly, and exposure trips will be organized within the region to allow PFTs to share experiences to enhance their skills and capabilities.
- b) *Community Mobilization and Institution Building* – support the identification, selection, and mobilization of poor rural households into self-managed institutions such as CDGs, SHGs, SHG village federations, YGs and POs.
 - *CDGs:* One of the first institutions that would be formed would preferably consist of the entire village and would be called the Community Development Group (CDG).⁸ The strategy behind forming the CDGs is to involve the community members in the process of defining and transforming social problems and empower them to address their own needs and plan for development. In the tribal communities, formal and traditional village institutions are strong though PRIs/Village Councils only exist in Sikkim and Tripura. Establishing CDGs thus offers a broader platform for representation as each household will have 3 representatives (husband, wife, and adult child). NERLP will ensure existing village institutions' acceptance of CDGs and utilize their hold in the community in order to reach out to the larger deprived communities in the villages. Although CDGs will take the full responsibility to implement the project at the village level, PRIs/Village Councils will be involved in identification of the

⁸ The CDG structure could vary from one state to other as different states in the NE region have their unique arrangements to ensure participation and involvement of community in the planning and decision making. These would be detailed in the respective state project implementation plans.

poor through wealth ranking process, planning and reviewing the Community Development Plans (CDPs), providing guidance on the overall direction and monitoring of the development activities undertaken by the CDGs.

- *SHGs*: An SHG is a small group of poor women, formed on the basis of social affinity, geographical proximity and common livelihoods, based on the principle of thrift and credit in each village. While women are believed to enjoy relatively egalitarian tradition in the NE, preliminary study has also found that they have limited decision making power with regard to any financial transactions. Mobilizing women into SHGs, building their capacity on issues such as income generation and financial management, and providing seed capital for income generation activities have been effective in improving livelihoods in other parts of India. Along with formation of new SHGs, strengthening existing SHGs will be a major activity. Preliminary assessment shows that women's participation in SHGs can be as high as 60 percent in certain states. However, the quality of their participation, capacity, and activities are unclear. Pre-existing SHGs will not be integrated outright but will be assessed to ensure that they meet the required grading criteria. If required, the project will provide the necessary technical assistance to integrate them into the project. At various stages in the project, each SHG's capacity will be rigorously assessed and necessary support will be provided to strengthen them.
- *SHG Village Federation*: When at least three SHGs are formed in a given village, they will be federated into an SHG village federation. SHG village federation will serve as an umbrella organization for all the SHGs in the village. Federations help SHGs become institutionally and financially sustainable as they provide the economies of scale that reduce transaction costs and make the provision of these services viable. SHG village federations will also act as financial intermediaries linking SHGs to financial institutions and as service providers by providing services such as book-keeping at a fee.
- *POs*: Members of SHGs, CDGs, and YGs are encouraged to form POs. POs will help the poor increase their incomes in a sustainable manner by leveraging on the economies of scale for procurement of inputs; marketing; access to finance, services, knowledge; developing and managing common facilities and infrastructure; and access higher value in the value chain.
- *YGs*: It is estimated that nearly 25 percent of the village population are in the age group of 18-35, most of them school drop-outs and unemployed. To improve their employability, NERLP will organize unemployed male and female into YGs and provide support.

18. **Component 2 - Economic Empowerment (US\$86.9 million)**: The objective of this component is to provide funds to the above community institutions to undertake various individual and common economic livelihood activities in a demand-driven manner, as well as enable unemployed youth in project areas to capture new employment or self-entrepreneurship opportunities. This component will provide: (i) SHG investment support; (ii) community development investment support; (iii) producer organizations investment support; (iv) skill development and placement support; and (v) innovation support. To ensure that the funds are not misused, PFTs will provide close monitoring and ensure that formal and informal grievance redress mechanisms are well developed and disseminated to mitigate/capture problems at an early stage. The component will finance various grants to different community organizations, technical assistance consultancies, and training and development of relevant training materials. The following activities will be supported under the component:

- a) *Self Help Group (SHG) Investment Support* – once the SHGs have mobilized savings among themselves and reached a certain level of maturity, as measured by a pre-defined set of criteria, seed grants will be provided to capitalize the SHGs and facilitate their linkages with financial institutions for credit. Once SHGs prepare their Livelihood Plans and are approved by the project, livelihood grants will be provided to help them undertake productive livelihood enhancing activities.
- b) *Community Development Investment Support* – funds will be provided to CDGs to undertake village level activities such as development of common natural resources (land development, water management, forest management) and small village infrastructure that directly enhance local livelihood activities (storage, grading facilities, collection centers) as defined in their CDPs. A major objective of CDP is to converge the proposed development activities with other government schemes and leverage resources that would help the livelihood activities taken up by women in SHGs or SHG village federations. CDPs can include newly proposed projects that are yet to be funded or support projects which are already included in the shelf of projects identified through any previous village participatory planning exercises. The CDPs will seek to align with the activities of the SHG members as indicated in the SHG Livelihood Plans. To ensure sustainability of the infrastructure built under this sub-component, communities will only be provided with grants once they have mobilized the equivalent amount from urged to leverage funding from other government schemes.
- c) *Producer Organization Investment Support* – the project will facilitate members of SHGs, YGs, and CDGs to form POs, collective enterprises in farm and/or non-farm sector based on the livelihood activities, at the block or district level. This will enable communities to access higher level services by leveraging on economies of scale for procurement of inputs, marketing, finance, services, technology, and achieving higher value along the value chain. The project will support PO formation, provide POs training on business skills, financial management, marketing etc. and help them develop viable business development plans to be approved by commercial banks. Some financial assistance will also be given in form of grants to help kick-start their activities.
- d) *Skills Development and Placement Support* – the project will help identify specific sectors, with the help of industry, with high employment potential, assess the existing level of skills or interests, and develop skills development plans for each YG. The project will provide skills development training, job placement, coaching and facilitate enterprise start-ups to an estimated 20,000 unemployed young male and female to be organized into YGs in collaboration with appropriate NGOs and private sector. Areas of training will be tailored to the needs of the market as well as the preference of each target group.
- e) *Innovation Support* – the project will support selected innovations that enhance rural livelihoods and have potential for scaling-up and replication. Social security projects that address SHG members' health emergencies or food security can also be included. Proposals will be invited from various institutions such as the private sector, NGOs, community organizations, local government agencies, and research institutions. The project will provide funds to the approved proposals.

19. **Component 3 - Partnership Development (US\$14.3 million):** The objective of this component is to develop and support effective partnerships with the private sector, public sector, and civil society to enhance the communities' major livelihood activities such as agriculture and livestock/dairy through strategic public-private partnerships. The project will bring various resources and support for the communities to facilitate access to finance, technology, procurement of inputs, establishing value chains and marketing for livelihoods development of the rural poor. The project will work to create mutually beneficial relationships for both community organizations and service providers, and ensure that the linkages are sustainable beyond the project. To this end, the component will finance technical assistance consultancies, training, and development of related training materials. The following activities will be supported under the component:

- a) *Financial Support Linkage* – given the communities' limited access to finance in the NE, financial linkage is extremely important for the sustainability of community institutions which include SHGs, SHG village federations, and CDGs. The project will help develop linkages between community organizations and various formal financial intermediaries such as microfinance institutions, commercial banks, apex development financial institutions such as National Bank for Agriculture and Rural Development (NABARD) and Small Industries Development Bank of India (SIDBI), and specialized funding agencies such as North East Development Finance Institution (NEDFI). Linkages with microfinance institutions such as Rashitiya Gramin Vikas Nidhi (RGVN) and Friends of Women's World Banking (FWWB) will also be encouraged to provide loans directly to the SHG village federations for onward lending to the SHGs and SHG members. This sub-component will finance technical assistance, training and/or product development costs through partnerships with formal financial intermediaries.
- b) *Technical Support Linkage* – the project will help foster linkages between community organizations/para-workers and technical resource organizations such as universities, research institutes, private/corporate agencies and NGOs, to provide among others training, socio-technical support services, action research, thematic studies, issue-based workshop/seminars, and post-harvest technology support. Sectors envisaged include floriculture, horticulture, animal husbandry, NRM, handicraft and handloom, food processing, and eco-tourism. The length of engagement will vary depending on the communities' needs. The project will also engage sector support organizations (SSOs) that will provide technical know-how for value chain linkages, critical market linkages and capacity building support to community organizations.
- c) *Marketing Support Linkage* – marketing is the crux of economic activity promotion. The project will provide resources to engage various private and public sector organizations who in turn will assist the POs and SHGs to access better market information and latest technology, obtain higher returns for their produce, and help the communities align their produce better with market demand. Specific activities envisaged under this sub-component include support for production cluster development; collective marketing; market infrastructure development; market intelligence collection, analysis and dissemination; value chain analysis and linkage support; public-private partnership; and linkage with nodal agencies such as Small Farmers' Agribusiness Consortium (SFAC), State Agricultural Marketing Board (SAMB), NABARD, NEDFI to facilitate marketing.

20. **Component 4: Project Management (US\$14.6 million):** The objective of this component is to facilitate the implementation, coordination, monitoring and evaluation, learning and quality enhancement efforts of the project. This component will finance technical assistance consultancies, training and related material, office equipment, management information system (MIS) development, and operational costs. The following activities are envisaged:

- a) *Project Management* – the project will help establish and strengthen various functions of the RPMU, State Project Coordinators (SPCs), and DPMUs to enable them to effectively manage, deliver and support all aspects of NERLP.
- b) *Monitoring and Evaluation (M&E)* – the project will help develop a comprehensive M&E system not only to monitor the progress but also to provide useful quantitative and qualitative information on household and community-level impacts. A web-based management information system (MIS) will be established for tracking the progress of the project.

V. Financing

Source	Amount (US\$ m)
Borrower	14.4
IBRD	-----
IDA	130.0
Total	144.4

VI. Implementation

21. The project’s institutional arrangement is designed to plan, implement and monitor the project from the community level to the regional level, along with DoNER at the national level. There will be four tiers namely, DoNER at the national level, regional level covering four project states, district level covering the individual project districts and Block level covering individual blocks. Additionally there will be a State level Project Coordinator to enhance convergence with corresponding government schemes.

National Level

22. *DoNER*. The project is under the overall governance of DoNER. DoNER would constitute a Project Governance Committee (GC) consisting of Secretary DoNER, representative from Planning Commission, Ministry of Finance, Ministry of Rural Development, and Chief Secretaries of respective States. The Joint Secretary (JS) DoNER would be the Member Secretary of this Committee. The Member Secretary would be assisted by a small secretariat consisting of a professional consultant hired on contractual basis. The GC would meet twice a year to review the project and take up policy issues affecting the project. It would also advise on the convergence of project activities with various government schemes at the community level.

Regional Level

23. *North East Livelihood Promotion Society (NELPS)* will be the primary agency responsible for the implementation of NERLP. It will be an independent umbrella society established at the regional level. It

will be based in Guwahati, Assam, which is the central state in the NE region, and oversee the overall project implementation and provide policy and strategic guidance to NERLP. The NELPS will be chaired by the Secretary, NEC, and represented by all participating state governments as well as important institutions working in the region. The Executive Committee of NELPS consists of 7 members where Secretary, NEC, is the Chairperson, the Joint Secretary, DoNER is the Vice-Chairperson, the Project Director, NERLP is the Member Secretary and Nodal officers of the four project States are the members⁹.

24. *Regional Project Management Unit (RPMU)* will be established under NELPS. RPMU will have the overall responsibility for management and implementation of the project. It will be headed by the Project Director, who will be in charge of operational and managerial tasks and supervise organizations to be set up at lower levels. The Project Director will be supported by a team of Managers, Assistant Managers, and support staff that will look after livelihoods and rural marketing; social, gender and community mobilization; NRM and environment; microfinance; monitoring and evaluation, human resources, administration, procurement, and communication.

State Level

25. *State Project Coordinator (SPC)* will be recruited in each project state to assist the State Nodal Officer, NERLP, in execution of the project. The concerned State Nodal Department shall designate/appoint a SPC on a contractual basis. SPC will ensure full involvement in the project preparation and extend help to RPMU in design of the project. The major role of the SPC would be to enable convergence of NERLP activities with various government schemes and liaise with relevant line departments, banks, development agencies and NERLP offices.

District Level

26. *District Project Management Unit (DPMU)* will be set up in all the eight selected district headquarters in the four States. They will be the key implementation entity for project activities at the district and PFT levels. District Project Advisory Committee (DPAC), chaired by the Deputy Commissioner, will be established for oversight, monitoring and convergence with other programs at the district level.

Block Level

27. *Project Facilitation Teams (PFTs)* will be established at the block level to implement all community-level activities and will be the interface between NERLP and the communities. To ensure sufficient technical support to the communities, the block will be divided into six clusters with an average of five villages per cluster. PFT staff will either be directly hired by the Project or NGOs may be engaged.

VII. Safeguard Policies (including public consultation)

- Measures taken by the borrower to address safeguard policy issues

⁹ From Tripura, Commissioner, Rural Development; from Nagaland Commissioner & Secretary Planning and Coordination; from Mizoram, Director, Rural Development; and from Sikkim, Project Director, Sikkim Rural Development Agency will be the members.

28. An Environment Management Framework (EMF) for the project comprises a detailed strategy and procedures for mainstreaming environmental management/appraisal into the Investment Plans of SHGs, SHG federations, CDGs and POs. The environmental management planning exercise will be undertaken as part of the process of development of Investment Plans with support of the field-level project facilitation teams (PFTs) and specialized resource institutions (e.g., NGOs). The EMF includes a list of regulatory requirements that indicates activities that are not permissible under the project. A screening tool is available that aids in the classification of permissible activities into low and high impact activities based on the magnitude of adverse environmental impacts. Activities having low impact are expected to follow the environmental good practice guidelines, while activities with high impact are expected to follow the Limited Environmental Appraisal (LEA) procedures. Furthermore, as part of the Community Development Plan, a Natural Resource Management Plan (NRMP) will be developed that identifies actions at the household and community levels for sustainable management of the natural resources, training and extension support requirements, institutional arrangements and potential areas for convergence with existing government schemes. The interventions in the NRMP have to follow the environmental appraisal process depending on the magnitude of impacts specified earlier. POs will develop locally relevant Codes of Practice. Finally, the EMF includes a provision to pilot good environmental practices in livelihood activities with a view to scaling up.

29. The EMF describes institutional arrangements and capacity building and monitoring plan to enable adoption of the environmental appraisal procedures. A Project Manager (NRM & Environment) in the Regional Project Management Unit and a Coordinator (NRM & Environment) in each of the District Project Management Units will be the key staff responsible for ensuring effective implementation of the EMF. They will facilitate and ensure that the capacity building requirements of the project personnel and community institutions on environmental management are met, in accordance with the EMF. Periodic internal monitoring of the implementation of the EMF will be undertaken by the project staff at regional and district levels through both desk review and field visits, and includes a focus on assessing cumulative environmental impacts of the livelihood interventions. A process audit at the end of first year and independent external audits at the end of the second and fourth years are included in the EMF. A set of performance indicators has been developed to monitor the effectiveness of EMF implementation. The above arrangements are expected to ensure that the existing capacity of the borrower is adequately built for effective environmental management of the project.

30. Based on the SA and feedback from stakeholder consultations, a social empowerment component, community mobilization strategy, gender strategy and tribal development strategies have been prepared. The project has developed tribal development frameworks (TDF) for Sikkim and Tripura. The TDF includes a consultation and participation framework with provisions for informed consultations with the tribal and non-tribal community, prioritization of tribal villages, tribal focused information and communication campaign, representation of tribal households in community institutions, targeted livelihood assistance, community based grievance redressal mechanisms, and sensitization of project staff and partners on engaging with the society and culture of tribals in the project states. Customary institutions as well as formal governance structures will be engaged in grievance redressal, conflict resolution and participatory community planning processes. The community-planned subprojects involving land, forests and other natural resources will be designed through participatory decision making process, and will be screened and mitigated for potential adverse impacts on beneficiaries, especially vulnerable households.

31. The social development staff in the RPMU, DPMU, and PFTs will supervise the implementation of the mechanisms on social mobilization, tribal inclusion, grievance redressal, conflict resolution and gender equity. The TDF will be anchored with the project manager (social, gender and community mobilisation) at RPMU, and will be implemented through the district social coordinator, BPFTs and community service providers. Capacity building of project staff, as well as community institutions, on social mobilization, tribal development, social impact screening, tribal development, gender, conflict resolution and grievance redressal will be undertaken. The PIP and COM will be supported by necessary training modules, implementation guidelines and manuals. Specific need based training, exposure visits and cross learning events will be organized to adapt project implementation strategies and enhance the effectiveness of the project. The key monitoring indicators on social inclusion and TDF implementation will be incorporated in the project M&E and the MIS. Community monitoring will be institutionalized in the project districts. In addition to internal monitoring, the RPMU and DPMUs will undertake third party monitoring that would cover process monitoring, external audit of TDF implementation, and thematic studies.

- Mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people

32. The process of development of the EMF involved extensive field consultations in 25 villages of the nine project districts. The consultations included focus group discussions and interviews with Villages Council Chairmen/Presidents, SHGs and SHG Federations, Community Development Groups (CDGs), Youth Groups, NGOs as well as with relevant line department staff at State and District levels. The EMF has been disclosed through the websites of the Ministry for the Development of North East Region (MDONER), the Northeast Council, the State Departments of Rural Development, and on Bank's Infoshop. RPMU will hold multi-stakeholder workshops to disseminate the EA/EMF in the project states.

33. The key stakeholders of the project are rural poor in the Mizoram, Sikkim, Nagaland and Tripura, specially men and women from tribal and non-tribal people in remote upland communities, scheduled and other backward castes, shifting cultivators, households in traditional occupations, women headed households, and small and marginal farmers. The Social Assessment involved household survey, extensive community consultations, district and state-level meetings in all the four project states. Consultations were held with the targeted beneficiary communities, BPL households, women, scheduled tribes (STs), scheduled castes, community leaders, village councils, PRIs, government departments, NGOs and academics. The SA/TDF report has been disclosed on the website of MDONER, the State Departments of Rural Development and Bank's InfoShop, and is being made available in local language in the project areas. The RPMU will also hold dissemination workshops on the SA/TDF in the project states.

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

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