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Enabling poor rural people
to overcome poverty

Republic of India

Country strategic opportunities programme

Note to Executive Board representatives

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Abbreviations and acronyms

ACP	agreement at completion point
COSOP	country strategic opportunities programme
CPE	country programme evaluation
CPM	country programme manager
CPMT	Country Programme Management Team
CSO	civil society organization
DEA	Department of Economic Affairs
FAO	Food and Agriculture Organization of the United Nations
ICT	information and communication technology
JRM	joint review mission
KM	knowledge management
LEISA	low-external-input sustainable agriculture
M&E	monitoring and evaluation
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
MORD	Ministry of Rural Development
NRLM	National Rural Livelihood Mission
NRAA	National Rainfed Area Authority
PBAS	performance-based allocation system
PD	project director
PESA	Panchayat (Extension to Scheduled Areas)
SGSY	Swarnjayanti Gram Swarozgar Yojana
SHG	self-help group
UNDAF	United Nations Development Assistance Framework
UNDP	United Nation Development Programme
UNIDO	United Nations Industrial Development Organization
UNIFEM	United Nations Development Fund for Women
WFP	World Food Programme

Summary of country strategy

1. The present country strategic opportunities programme (COSOP) evolved out of a process led by the Department of Economic Affairs (DEA) of the Ministry of Finance of the Government of India. It is the product of an extensive consultation process in India and benefited from IFAD's experience and learning, both nationally and globally. The COSOP design took account of lessons learned from former and ongoing projects in India, and the learning and recommendations of the recently conducted country programme evaluation (CPE).
2. The COSOP includes the following key agreements. First, the Government and IFAD will select investment projects proposed by state governments and central line ministries, based on their alignment with the COSOP and criteria established by DEA. A rigorous project design process will also confirm the commitment of the implementing state or ministry and the absorptive capacity of the proposed projects. Second, future investment projects will be restricted to states in which IFAD projects are currently operational. Third, with a view to efficiency, IFAD will undertake fewer projects with significantly larger loans. Finally, knowledge management will be a priority and will focus on scouting, generating, validating and sharing knowledge. It will focus, as well, on replication and scaling up of successful ideas and innovations in order to reach greater numbers of poor rural people.
3. The COSOP will continue IFAD's emphasis on the poorest, most marginalized and remotest poor rural people in rainfed areas: (i) tribal communities; (ii) smallholder farmers; (iii) landless people; (iv) women; and (v) unemployed youth. It will support inclusive growth and, where possible, converge with government efforts to increase well-being and nutritional security. Access to food is the real challenge in India, aggravated by food-price inflation. The COSOP will address this challenge by promoting sustainable and climate-variability-resilient agriculture in rainfed smallholdings and by helping communities organize and empower themselves and gain access to service providers, local government and entitlements from major, centrally supported schemes.
4. The following strategic objectives have been identified:
 - **Strategic objective 1:** Increased access to agricultural technologies and natural resources;
 - **Strategic objective 2:** Increased access to financial services and value chains.
5. A major cross-cutting objective of the COSOP will be to share knowledge and learning on poverty reduction and nutritional security, with particular focus on tribal communities, smallholder farming households, landless people, women and unemployed youth.
6. IFAD intends to address key, mutually agreed CPE recommendations. There will be increased effort to build project management capacity, and to ensure appropriate tenure of project managers. Projects will undertake competitive hiring and provide adequate compensation to project staff and NGOs. The India country office will be strengthened through recruitment of a full-time coordinator and outposting of the country programme manager. IFAD will build the capacity of the India country office to provide better implementation support, supervision, knowledge management and policy dialogue. Finally, partnering with government, development agencies, civil society, knowledge centres and the private sector will remain a priority.
7. The COSOP will cover two performance-based allocation system (PBAS) cycles: 2010-2012 and 2013-2015. The allocation for India under the 2010-2012 PBAS is capped at approximately US\$141 million. It is anticipated that this will be committed through two new projects of approximately US\$70.5 million each.

Republic of India

Country strategic opportunities programme

I. Introduction

1. In 2009 the independent IFAD Office of Evaluation (IOE) carried out the first country programme evaluation (CPE) since IFAD began operations in India in 1978. Its conclusions were discussed at a national round-table workshop held in New Delhi in December 2009. The present country strategic opportunities programme (COSOP) builds on the CPE's recommendations and describes the agreement reached with the Government of India on IFAD's programme for the period 2010-2015. The process of development of the COSOP is presented in detail in appendix I. The agreement at completion point (ACP) is presented in appendix V.

II. Country context

A. Economic, agricultural and rural poverty context

Country economic background

2. India has a land area of 3.28 million km², with 28 states, seven union territories and 7,517 km of coastline. Its most striking feature is its diversity, with a population approaching 1.2 billion composed of several ethnic groups, speaking more than 1,000 languages, identifying themselves in more than 5,400 castes, following six major religions and living in totally different agroecological zones. With an annual population growth rate of 1.4 per cent, India is projected to become the most populous country in the world by 2035. The *2010 Human Development Index* of the United Nations Development Programme (UNDP) ranked India 119th out of 180 United Nations member states.
3. India's economy is the fourth largest in the world. After decades of limited growth, during the last 10 years economic growth has taken off, with an average GDP growth of about 8.8 per cent from 2002/03 to 2007/08, mainly led by the service sector. In 2009/10, despite the financial crises, growth declined to a still robust 7.9 per cent. Inflation is a major economic challenge for the country, and has a bearing on rural poverty and growth in the rural sector. In December 2009 the whole price index was 7.3 per cent, while food inflation reached a double digit of 19.8 per cent.
4. There is a broad consensus that the recent growth has roots in the economic reforms introduced in the early 1990s, which unleashed the enterprise of those adequately endowed with infrastructure, resources, skills, power and influence. However, distribution of the benefits of growth to poor rural people has been limited by: inadequate physical and social infrastructure; poor access to services; low investment; a highly stratified and hierarchical social structure, characterized by inequalities in assets, status and power; and ineffective, inefficient implementation of pro-poor programmes, owing to governance failures. There is now a genuine and widespread recognition that, without inclusive growth, the social and political consequences of rising inequalities could be very adverse. About one third of Indian districts are affected by civil unrest and left-wing terrorism, which represent the main national security threats.

Agriculture and rural poverty

5. A total of 72 per cent of India's population lives in rural areas. In 2009 the agriculture sector constituted 15.7 per cent of GDP and employed 52 per cent of the workforce. Food grains reached a total production of 234 million tons in 2008/09, with cereal yield reaching 2.7 tons per hectare. However, production of major commercial/cash crops declined. In 2009/10, the agriculture, forestry and fishery sectors showed a decline of 0.2 per cent, mainly due to unusually poor monsoon

rains (June to September), which also caused a decline in rice production of 15 per cent over the previous year. Over the last decade, wheat yields have grown at a rate of 0.1 per cent and rice at 1.3 per cent per annum. With India's population growing at a rate of 1.4 per cent, there are serious concerns about medium-term national food security. At the same time, in July 2010, food stocks reached a record high of more than 60 million tons, but due to insufficient storage capacity, most are rotting. The livestock sector contributed 4 per cent of total GDP in 2008/09 and about 26.84 per cent value of agricultural output. India's 11th Five-Year Plan (2007-2012) envisages an overall growth of 6 to 7 per cent per annum for the sector.

6. The area under cultivation has remained largely constant for the last 40 years. As a result, population growth in rural areas has led to increased land fragmentation. The number of operational holdings increased from about 70 million in 1970 to 121 million in 2000. Over the same period, the share of landholdings of less than 2 ha increased from 70 to 82 per cent, and the average size of landholdings has declined from 2.3 to 1.3 ha. The Gini coefficient of land distribution in rural India is quite high, at 0.62. A total of 10 per cent of rural households are reported to be landless. Only 40 per cent of cultivated land is under irrigation. Groundwater levels and soil fertility are rapidly depleting in the food bowl of India. According to some projections, food crop yields in the subcontinent will decrease by 20 to 40 per cent by 2050. Over 121 million ha are degraded – 68 per cent by water erosion, 20 per cent by chemical contamination and 10 per cent by wind erosion.
7. India has 33 per cent of the world's poor, with 41.6 per cent of its population living below US\$1.25 per day. Despite recent economic growth, poverty levels have not been reduced at the same pace. Nutritional levels are unacceptably low, with 42.5 per cent of children underweight, one of the highest rates globally; increasing levels of anaemia affecting women (more than 50 per cent); and seasonal hunger periods of three to four months in many rural areas. Malnutrition is linked to half the child deaths and a quarter of cases of disease. Growing inequalities are reflected in a rapidly increasing share of urban and, lately, rural people affected by cardiovascular diseases, hypertension, diabetes and obesity. On the *Global Hunger Index* of the International Food Policy Research Institute, India is ranked 66th out of 88 countries.
8. Agricultural wage earners, smallholder farmers and casual workers in the non-farm sector constitute the bulk of poor rural people. Within these categories, women and tribal communities are the most deprived. In terms of gender deficit, India is ranked 114th by the World Economic Forum *Global Gender Gap Index 2009*. Employment of women has been relatively low in the non-farm sector: only 36.9 per cent in 2007. Finally, about 300 million young people (in India this covers ages 13 to 35) live in rural areas, most of them being forced to migrate seasonally or permanently, without the skills and competencies required by the modern economy that India is rapidly becoming.
9. Some major challenges facing the rural sector include: (i) a growing population; (ii) unviable landholdings; (iii) increasing indebtedness, sometimes leading to farmer suicides; (iv) exposure to multiple risks, in particular those associated with climate change; (v) poor rural infrastructure; (vi) inadequate livelihood options; (vii) inefficient value chains; (viii) distress migration; and (ix) growing inequalities. These challenges require innovative, holistic solutions that necessarily will be multi- and interdisciplinary in nature.

B. Policy, strategy and institutional context

National institutional context

10. **Government agencies.** The central government is responsible for national policy, coordination and monitoring, but is normally not involved in project execution. This is by and large a responsibility of state governments. Among other delegations of authority, the states are responsible for primary and secondary education, the

health-care system, and agriculture and rural development. IFAD projects are implemented by state governments under the relevant departments, such as planning, finance, rural development, agriculture, forestry, tribal welfare, women and child development. Project implementation often requires effective coordination among several departments and effective flow of funds from state to district, block and village level. The role of district magistrates is crucial, since their commitment and proactive approach may result in effective convergence with central- and state-level programmes so as to enhance the impact of development interventions.

11. **Civil society organizations (CSO).** CSOs are regular partners in all IFAD-supported operations. They are responsible for social mobilization and grass-roots institution-building. Civil society in India ranges from charitable organizations to service NGOs to vibrant representative organizations that give voice to their constituencies. Of particular importance to IFAD-supported efforts are the commitment, experience and innovation that NGOs contribute – gaining the confidence of disillusioned communities. Only a few commodity-based farmers’ associations exist in India, often dominated by large-scale, politically affiliated farmers. Representative organizations of small farmers could play a vital role in giving voice to their needs, influencing policies and holding governance accountable. Through the Farmers’ Forum initiative, IFAD is committed to a process of strengthening these organizations.
12. **Rural financial institutions.** Microfinance has “gone to scale” as a sector in attracting private-sector investment and equity. However, in terms of taking financial inclusion to the needy, there is a long way to go. Information and communication technology (ICT), particularly innovative mobile telephony applications, are playing an increasingly important role in reducing transaction costs and including people in banking processes. The sector is rapidly evolving beyond microfinance in addressing the needs of agriculture and rural enterprises, providing financial services to facilitate value chains and post-harvest value addition, and offering a variety of insurance products.
13. **Private-sector** involvement in rural development is increasing rapidly, partly due to corporate efforts in social responsibility, but also to recognition of the business potential in rural areas. This has resulted in innovative efforts to provide market information, source products, extension services, agricultural inputs and market access to rural producers, broadening employment opportunities and promoting viable and sustainable market-based solutions.

National rural poverty reduction strategy

14. The **11th Five-Year Plan (2007-2012)** aims to achieve inclusive growth in all sectors and to double agricultural growth from 2 to 4 per cent per annum by expanding irrigation, improving water management, bridging the knowledge gap, fostering diversification, increasing food production to ensure food security, facilitating access to credit and enabling access to markets. The mid-term assessment of the plan, released in July 2010, underscores the urgency of increasing capital formation and investments in agriculture, as well as of improving access to water and good quality seed, replenishing soil nutrients, expanding agricultural research and extension, reforming land tenancy systems and facilitating agricultural marketing.
15. There are several important **policies, strategies and acts** that provide the framework for agriculture, forestry, rural development and tribal development, and which are central to IFAD’s efforts in India. They include the National Agricultural Policy of 2000, the National Policy for Farmers of 2007, the National Environment Policy of 2006, the National Forest Policy of 1988, the Protection of Plant Varieties and Farmers’ Rights Act and National Water Policy of 2001, and the Biological Diversity Act of 2002.

16. Among several rural poverty programmes, the **Mahatma Gandhi National Rural Employment Guarantee Act** (MGNREGA) is now considered the largest employment programme in the world. Its objective is not only to provide wage labour, but also to generate productive assets in the process, which could lead to sustainable livelihood opportunities and thus gradually reduce dependence on such a public works programme. During the period 2006-2009, MGNREGA generated 6 billion person-days of work, involving an outlay of about US\$16 billion.
17. The **National Rural Livelihood Mission** (NRLM), under the Ministry of Rural Development (MORD), aims to provide livelihood development opportunities to poor rural families. NRLM builds on the experience of the highly subsidized Swarnjayanti Gram Swarozgar Yojana (SGSY), under which most groups disappeared once the subsidy was received. Only 6 per cent of the funds were used for training and capacity-building, and only 23 per cent of the self-help groups (SHGs) graduated to the microenterprise level, which was the objective of the SGSY. The NRLM, which was expected to roll out in 2010 with an initial allocation of US\$2 billion, emphasizes formation, training and capacity-building of SHGs and their federations; state-level flexibility to respond to emerging demands; hiring of qualified professionals and facilitators/animators at the community level; enhanced financial support; replacement of capital subsidy with interest subsidy as an incentive to repayment of loans; provision of multiple loans; establishment of dedicated skills-training institutes in each district; improved monitoring and evaluation (M&E); and facilitation of domestic and global marketing linkages.
18. Given IFAD's focus on rainfed areas, it is worth mentioning the **National Rainfed Area Authority** (NRAA), set up by the central government in November 2006, which issued Common Guidelines for Watershed Development, followed by the 2008 **Integrated Watershed Management Programme**. With a budget of some US\$3.5 billion under the 11th Five-Year Plan, the programme is emphasizing capacity-building, M&E, learning and social audit. It introduces a livelihoods perspective from the very inception of the project, with a special emphasis on families without assets. It also delegates approval and oversight of watershed project implementation to the states.
19. Finally – and relevant to IFAD's focus on tribal development – the **Panchayat (Extension to Scheduled Areas) Act** (PESA Act) of 1996, and the **Forest Rights Act** of 2006 aim to provide a legal framework for transferring rights to tribal communities for natural resource management, while protecting their heritage, rights, indigenous knowledge and culture.

Harmonization and alignment

20. The Department of Economic Affairs (DEA), within the Ministry of Finance, is responsible for coordinating the provision of overseas development assistance to India. DEA, among other tasks, has taken the lead in preparation of the country strategy and in the periodic review of project implementation. IFAD constantly aligns its activities with government policies through continuous and close consultation with DEA. In recent years, across its portfolio, IFAD has honoured the request to facilitate convergence with national anti-poverty programmes. DEA's policy is to not encourage cofinancing among international finance institutions, in order to ensure visibility and accountability of each development partner for their interventions. In 2009 IFAD became a member of the United Nations Country Team. It participates in the team's working groups and contributes to preparation of the United Nations Development Assistance Framework (UNDAF). IFAD is currently present in all seven priority states of UNDAF. Within the United Nations, it has worked directly with the World Food Programme (WFP), the Food and Agriculture Organization of the United Nations (FAO), the United Nations Industrial Development Organization (UNIDO) and the United Nations Development Fund for Women (UNIFEM). IFAD consults regularly with partners and participates to the extent possible in discussions and knowledge-sharing activities.

III. Lessons from IFAD's experience in the country

A. Past results, impact and performance

21. India is IFAD's largest borrower, as well as one of its main contributors. Since 1979 IFAD has approved 25 loans for a total of US\$656 million on highly concessional terms, contributing to financing – together with counterpart funds from the Government (US\$860 million), commercial banks and beneficiaries – 23 agricultural and rural development projects for a total of about US\$1.89 billion, reaching an estimated 3.65 million poor rural households. The current portfolio consists of nine active loans for ongoing projects in the States of Meghalaya, Manipur, Assam, Uttarakhand, Rajasthan, Maharashtra, Madhya Pradesh, Uttar Pradesh, Bihar, Jharkhand, Orissa and Tamil Nadu. IFAD has also provided grants to fund, among other activities, agricultural research, institutional innovations, capacity-building, electronic networking and knowledge-sharing among its projects.
22. IFAD's work in India has focused on promoting tribal development, women's empowerment and development, sustainable rural financial services, institution-building and sustainable livelihoods. These interventions have covered both on-farm and off-farm investments. IFAD's support for women's empowerment has enabled women to gain a greater voice in decision-making and in resource allocation for development projects and programmes. Tribal development projects have enabled greater access to natural resources, including land and non-timber forest products, which are central to the livelihoods of tribal peoples. Moreover, there is evidence that in some areas the projects have contributed to reducing conflict. These operations have contributed significantly to developing new and successful models for the provision of microfinance to poor rural people and for linking poor people and their organizations to commercial banks.
23. The CPE team affirmed the value of IFAD's role in addressing rural poverty and highlighted the Fund's particular contributions to promoting pro-poor innovation and serving as a demonstrator of the design, implementation, supervision and M&E of pro-poor and rural development projects. The CPE rated the overall performance of the India portfolio as satisfactory.
24. Among the areas for improvement, the CPE team called for increased operational efficiency and a more strategic and systematic approach to the replication and scaling up of pro-poor innovations. It felt that the potential of the grants programme had not been fully tapped to promote such innovations. The evaluation recommended that, while continuing to focus on rural women and tribal communities, more attention should be devoted to smallholder farming households. It suggested that IFAD's geographical coverage should not be further expanded, and it recommended discontinuing the practice of two projects funded by one loan and supported by one supervision budget. The CPE suggested enhanced engagement with the private sector, in line with corporate social responsibility, to enable and facilitate provision of services and development of inclusive market/value chains.

B. Lessons learned

25. Some of the key lessons learned by IFAD in India include the following:
 - Ownership by state governments is vital to the success of projects and their commitment should be ascertained in the design phase. In this regard, IFAD is committed to following the Project Readiness Checklist, recently issued by the Ministry of Finance. It is important to involve state governments from the very beginning, as there are often problems in the timely transfer of financial resources, and in designating qualified project directors and ensuring their continuity on the job.
 - Poverty can be effectively reduced through an empowerment process, which in turn requires investment in people's institutions and in intangible assets.

- Each intervention should have an adequate implementation period, allowing sufficient time to establish and strengthen strong and sustainable grass-roots institutions.
- The selection of qualified resource NGOs (RNGOs) and facilitating NGOs is critical. The process of selection needs to be completed promptly and without political interference. IFAD has been asked to participate as an observer in the selection process to ensure its fairness.
- Developing livelihood opportunities for smallholder farmers and tribal communities in rainfed and marginal areas requires broader partnerships that combine the competencies and resources of government, civil society and people's organizations, and the corporate private sector.
- India allocates very large resources to agriculture and rural development through state and centrally sponsored schemes. Ensuring convergence with such efforts would multiply the impact of project interventions.
- Undertaking fewer, focused projects with larger average loan size can contribute to lowering transaction and administrative costs for both the Government and IFAD and would permit greater attention to implementation support, learning and impact achievement.
- Loans and grants must be strategically linked from the design stage in order to develop maximum synergy and impact.

IV. IFAD country strategic framework

A. IFAD's comparative advantage at the country level

26. Over the years IFAD has gained recognition as an organization working at the grass roots with a coherent approach in targeting its activities to the most destitute groups of rural societies, such as small-scale and marginal farmers, women, tribal communities and scheduled castes. Because of its belief in participatory and inclusive development, in organizing and strengthening people's institutions, linking them with service institutions, financial institutions, local government and even the corporate sector, IFAD has played a role as an "honest broker" between poor people and other agencies, promoting and managing partnerships with governments, donors, civil society and people's organizations.
27. The empowering of poor people through their own institutions has given them the capacity to address their aspirations and to hold government programmes accountable, thus increasing development efficiency and effectiveness. Selected IFAD-supported interventions have also proven that organized and empowered communities are much less prone to social dissent and civil unrest, demonstrating once more the interlinkages between poverty and security.
28. This COSOP acknowledges that India is rapidly moving towards middle-income status. This would mean an adjustment in the Government's expectations for IFAD assistance that would include: (i) access to knowledge and experience from IFAD's global operations in managing pro-poor agriculture and rural development interventions; (ii) testing new ideas and innovations from which to learn; (iii) facilitating a scaling up of successful development models and best practices, beginning with IFAD-supported ones; (iv) enhancing the effectiveness of public expenditure associated with the implementation of national- and state-level schemes through convergence; and (v) the ability to build new partnerships among multiple stakeholders. It should be emphasized that IFAD could not only share its global experience with India, but also share India's experience in fighting rural poverty with other countries.
29. The Government has indicated where IFAD support during the COSOP period is not required: (i) new interventions in the North Eastern Region, as the area is now well

covered by foreign assistance; (ii) advocacy activities, as this is not the task of a financial institution; and (iii) financial support for microcredit, as the sector already has a high level of liquidity. The Government considers the COSOP an operational document, outlining possible directions for new investment opportunities.

30. With respect to any future natural calamities, and in line with IFAD policies, IFAD will not provide emergency relief, but will focus on medium-term reconstruction. If natural calamities do occur during the COSOP period in IFAD project areas, IFAD will be ready to make its resources available and adjust its programmes.

B. Strategic objectives

31. The new COSOP will support the Government's efforts to promote inclusive growth, double the growth rate of the agriculture sector and fight rural poverty by enhancing rural employment and livelihood opportunities. Building on the conclusions of the CPE and on IFAD's experience and comparative advantage, this COSOP will include elements of continuity with past operations as well as elements of change.
32. Broadly in line with the current targeting strategy, IFAD-supported operations will strengthen people's organizations and service providers to empower poor rural people and facilitate their access to markets, services and central and state government-funded development schemes. In particular, this will provide opportunities to strengthen the delivery mechanisms required to enhance the effectiveness of national programmes such as MGNREGA and NRLM, leveraging the social and institutional capital built. Through enabling improvements in people's livelihoods, and through enabling better convergence with national programmes, IFAD will also contribute to enhanced access to food.
33. The COSOP will also be aligned with IFAD's new Strategic Framework, where smallholder agriculture is viewed as a profitable enterprise linked to markets and value chains. It recognizes the need to shift from the green revolution to an inclusive "evergreen revolution" – especially in rainfed areas – that is not only viable and sustainable, but also resilient to climate variability. Hence, there is a need to restore conditions of profitability – ensuring that small and marginal farmers are able to maximize their net incomes while reducing their risks and vulnerability. This will be made possible by supporting, among other measures: (i) farming systems based on the sustainable use of natural resources; (ii) a careful review of risk-coping mechanisms, giving priority to risk-minimizing strategies and low-cost production systems; (iii) provision of microinsurance services; and (iv) access to payments for environmental services. In order to achieve these objectives, the country programme will make a special effort to gather, generate and share knowledge locally, nationally and globally, which in turn will help in facilitating replication and scaling up of innovations and best practices.
34. Two strategic objectives have been identified for the next cycle of IFAD-supported activities in India. These will be focused on vulnerable groups, such as small and marginal farmers and tribal and primitive tribal communities, as described in the targeting section below.
35. **Strategic objective 1 (SO1): increased access to agricultural technologies and natural resources.** This will be achieved through strengthening the capacity of people's organizations and service institutions; promoting sustainable, climate-variability-resilient agricultural practices and other livelihoods; and enabling community-based sustainable management of natural resources. Support for agriculture will include, inter alia: (i) in situ water conservation; (ii) sustainable crop and livestock development; and (iii) agricultural research and extension of low-cost, pro-poor technologies. There will also be a focus on strengthening the capacity of community and traditional tribal organizations, local governments and service institutions to use ecosystems sustainably, while protecting biodiversity and facilitating secure land tenure.

36. **Strategic objective 2 (SO2): increased access to financial services and value chains.** In particular this will entail increasing people's entrepreneurial capacities, enhancing access to knowledge, facilitating access to financial services and promoting inclusion in and access to fair and rewarding value chains and markets.
37. **Cross-cutting objectives.** A key cross-cutting objective will be to share knowledge and learning on poverty reduction and nutritional security, with a particular focus on tribal communities, smallholder farming households, landless people, women and unemployed youth. This will be achieved through leveraging knowledge, innovation and learning to improve effectiveness and performance of developmental action. Gathering, generation and validation of knowledge and best practices could be promoted at every level and made available where and when needed. In particular, IFAD's experience and learning in tribal development and social capital formation could be leveraged to mainstream national rural livelihood efforts in tribal areas. Moreover, this could be achieved through promoting innovation, replication and scaling up in the programme and by informing and influencing the planning and actions of similar programmes. Throughout the COSOP period, the IFAD country programme will also support a number of additional cross-cutting initiatives, while exploring the possibility of "retrofitting" them into ongoing programmes. Among these: (i) pursue convergence with national programmes; (ii) introduce the Multi-Poverty Assessment Tool for measuring different dimensions of poverty; (iii) promote linkages with national and international fair trade channels; (iv) develop mechanisms to access payments for environmental services; and (v) ensure effective linkages with IFAD grant-funded country and regional initiatives.

C. Opportunities for innovation

38. India is a country with tremendous opportunities. The ongoing challenge for IFAD is to test innovations in the context of government-executed interventions, which are usually risk-averse. It has been agreed that the following areas of innovation can be supported within the context of IFAD area-based development projects.
39. **Renewable energy.** Remote farming communities are often deprived of access to regular sources of energy. The use of renewable energy systems such as biogas, biogasification, improved stoves, waste management, thermal and photovoltaic solar power and micro-hydel (hydroelectricity) units can produce energy for farm and home use, better recycle biowastes into farm inputs and increase well-being and production.
40. **Resilience to climate change.** In rainfed and marginal areas, there is room for the innovative integration of organic farming and low-external-input sustainable agriculture (LEISA) practices with agroforestry, livestock rearing, geo-aggregation of small farms to benefit from carbon financing, and measures to enhance the efficiency of water use in agriculture. This can be achieved by leveraging traditional knowledge, in particular that of tribal communities, with modern expertise.
41. **Remittances and microinsurance.** Among rural financial services, there is still potential for innovations in the areas of remittances, microleasing and microinsurance products tailored to the needs of target groups. Building the capacities of households and developing innovative means of facilitating their inclusion in financial services may enable them to leverage the amount of project support several times over from financial institutions.
42. **Fair and effective value chains.** Innovative use of contract farming, in partnership with the corporate sector, could integrate farmers and rural producers into fair and viable food value chains. These chains not only offer better prices for products and provide opportunities for enterprises associated with post-harvest production and supply chain management, but also offer access to inputs. Moreover, this approach could dramatically reduce wastage and loss of produce and give consumers a better

deal. To enhance access to markets and value chains, future projects might finance construction of village roads, collection points, rural markets and similar civil works.

43. **ICT for blending local and modern knowledge.** Innovations in gathering and sharing knowledge, and protecting local knowledge, can fuel processes that help improve performance and impact. Knowledge used in conjunction with ICT platforms such as mobile phones not only gives people access to knowledge, but also gives them a voice, thus facilitating governance and enabling more transparency and accountability in development programmes and schemes. Inclusive financial services, fair and effective market systems, and knowledge-sharing and dissemination can be facilitated by the use of mobile phone platforms, while dramatically reducing transaction costs.

D. Targeting strategy

44. **Geographical targeting.** Based on the CPE recommendation, it has been agreed to focus future projects only in states where IFAD has ongoing projects. Geographical targeting within states will be based on selection of the poorest districts. DEA is committed to providing maximum support to lagging states: Jharkhand, Chhattisgarh, Orissa, Bihar, Madhya Pradesh, Uttar Pradesh and Rajasthan. Another element of geographical targeting will be to site all future projects in rainfed areas.
45. **Social targeting.** As recommended by the CPE, future IFAD activities will continue their focus on women, tribal and primitive tribal communities, small and marginal farmers, landless wage labourers, scheduled castes and other "backward" classes. Based on the poverty analysis, priority target groups will be broadened to address the needs and challenges of those raising livestock (mostly women and landless people) and unemployed rural youth. Efforts will be focused on ensuring that poverty impact is not at the expense of tribal cultural heritage, identity and indigenous knowledge.
46. **Targeting mechanisms.** Targeting will be based on the validation of below-poverty-line lists (formulated by all community members through participatory rural appraisal and wealth-ranking techniques). Self-targeting will be achieved through promoting technologies, activities and interventions of priority interest to IFAD's target groups. Saturation approaches will be considered to ensure coverage of all target households in a particular geography and to enhance the effectiveness of IFAD interventions. Investment priorities will be selected using community/target group demand-led approaches, and competitive mechanisms will be employed in allocating limited funds among eligible communities, households and individuals. Independently of the targeting mechanism used, efforts will be made to ensure transparency and to secure voluntary, prior and informed consent in all processes.

E. Policy linkages

47. IFAD can assist the policy process through the following functions: (i) sharing results and lessons learned in the implementation of IFAD-supported operations; (ii) exploring the potential for scaling up of successful operations; and (iii) providing feedback on the effectiveness of ongoing central and state government policies and programmes in reaching poor rural people. These activities will require that the lessons learned in IFAD interventions be effectively captured, documented and analysed, before being shared with the relevant line departments and ministries. The process will be funded by IFAD grants and by contributions from other donors and government entities willing to partner and cofinance such activities. IFAD-financed workshops, seminars and study tours will be planned in full consultation with DEA.
48. IFAD intends its role in policy dialogue to be: (i) relevant, that is, focusing on the areas related to the COSOP's objectives; (ii) evidence-based, that is, based on concrete achievements in the field under IFAD-supported operations; and (iii) co-owned. In this regard, the periodic joint review missions (JRMs) will represent the main instrument, with wrap-up meetings at state and central levels for the

dissemination of best practices and as platforms for discussions on policy themes relating to rural poverty reduction. In accordance with current practice, JRMs seek the involvement of selected national expertise, which directly participates in advisory committees established by government and provides an effective linkage with achievements under the IFAD country programme. In addition, IFAD expects to partner with relevant policy advisory institutions.

V. Programme management

A. COSOP monitoring

49. DEA, in partnership with IFAD, will lead the annual review of the COSOP. Implementation will be monitored using several instruments, including: (i) the COSOP Results Management Framework; (ii) portfolio review reports; (iii) project status reports; (iv) JRM reports; (v) grant status reports; (vi) the aggregated Results and Impact Management System (RIMS); and (vii) the country programme issues sheet. With regard to the country portfolio, periodic portfolio implementation reviews are now held regularly, either in Delhi or in one of the project areas, to assess the financial progress of each project and to identify stumbling blocks. IFAD/government JRMs will take place at least annually for each project and will include IFAD country office staff, representatives of central and state government agencies, donor partners and national and international experts. A second independent CPE should be considered by IOE in 2015.

B. COSOP management

50. The COSOP will be managed by the country programme manager (CPM) and the India country office, which will be strengthened as recommended by the CPE. The country office will: (i) ensure regular communication among IFAD, government agencies and relevant partners; (ii) coordinate supervision activities through JRMs and timely follow-up on recommendations, for both loans and grant-funded operations; (iii) provide implementation support related to corporate policies (while regular implementation support will be contracted by the projects as required, and supplemented by IFAD only if necessary); (iv) carry out knowledge management (KM) activities to facilitate sharing of information and lessons learned in IFAD-supported activities; and (v) scout new ideas, opportunities and partnerships, to be shared and discussed with DEA. The Country Programme Management Team (CPMT), consisting of the CPM, the India country office, project directors (PDs) and representatives of the Government, will meet on a regular basis, with the prior approval of DEA, to provide advice and direction to the country programme.

C. Country programme management

51. The performance of the IFAD portfolio will be strengthened mainly through reduced rotation of PDs, reduced staff turnover owing to competitive salaries, improvement in financial management and M&E activities, and timely response on remedial actions agreed by JRMs. Enhanced efficiency and effectiveness of IFAD-supported activities will be achieved through increased lending size, continual building of the managerial capacity of the project management unit and the staffs of implementing partners, better implementation support, and rigorous and innovative M&E processes. Given the current experience of delayed disbursement in ongoing IFAD projects, the COSOP expects to meet the challenge of increased lending size by: (i) adopting a saturation approach; (ii) designing an adequate implementation period of no less than eight years; (iii) including investments in food and energy storage capacity, renewable energy equipment and rural infrastructure; and (iv) allocating an enhanced supervision budget. In addition, it will be imperative to ensure that competent and committed project staff are retained in the project for an adequate length of time.

D. Partnerships

52. IFAD will continue to forge and strengthen partnerships with government agencies, CSOs, farmers' and tribal organizations, women's and youth organizations, international cooperation agencies, the corporate sector and academic and research bodies in its effort to make available the necessary knowledge, competencies, resources and agency to enable poor rural people to overcome poverty.
53. As recommended by the CPE, IFAD will seek an enhanced partnership, through DEA, with the Ministry of Agriculture and MORD. In addition, it will continue its working relationship in the context of its ongoing programmes with the Ministries of Tribal Affairs, of Women and Child Development, of Development of the North Eastern Region, and with the North Eastern Council. Ad hoc partnerships and consultations will also be needed with the Ministries of Environment and Forests, of Panchayati Raj and of New and Renewable Energy. The relationship with state governments will be no less important in the context of ensuring effective support to IFAD-supported investment projects at this level, as the states own and implement IFAD projects. Governmental agencies such as the National Bank for Agriculture and Rural Development and the Small Industries Development Bank of India could also be partners in implementing IFAD's national projects.
54. Among multilateral development agencies, IFAD aims to retain a privileged partnership with the World Bank, seeking synergies in the North Eastern Region, Rajasthan, Madhya Pradesh and Bihar. It will also explore opportunities to work more closely with the Asian Development Bank through a regional partnership framework. Joint programming will continue with WFP in Orissa, Jharkhand and Rajasthan. Among other United Nations agencies, the current collaborations with FAO, UNIDO and UNDP will continue. The India country programme will also continue partnerships with grant recipients, such as the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT), International Livestock Research Institute (ILRI), Bioversity International, Asian Institute of Technology, International Rice Research Institute, Slow Food International, MARAG,¹ International Centre for Integrated Mountain Development (ICIMOD) and the World Agroforestry Centre (ICRAF).
55. The Fund will expand and strengthen its relationships with academic and research institutions – such as the Indian Council for Agricultural Research, NRAA, M S Swaminathan Research Foundation, The Energy & Resources Institute and others in the areas of sustainable rainfed agriculture, agroforestry and renewable energy – to gain access to knowledge, good practice and expertise.
56. IFAD will continue its partnership with national-level NGOs – such as Professional Assistance for Development Action, the Myrada Group, DHAN Foundation, Self Employed Women's Association, BAIF Development Research Foundation and Watershed Organization Trust – not only as implementing partners, but also as a source of innovation and analysis on issues affecting poor rural people. In addition, IFAD's partnership with civil society will expand, within the framework of its Farmers' Forum initiative, by scouting for and building partnerships with relevant farmers' associations and youth movements.
57. Finally, in addition to continuing its partnership with the Sir Ratan Tata Trust in the areas of technical assistance, knowledge-sharing and cofinancing, IFAD intends to further develop alliances with private-sector partners following corporate social responsibility policies, so as to identify effective win/win opportunities to benefit poor rural people and support them in enhancing their income-generating potential.

¹ In Gujarati, *marag* means path.

E. Knowledge management and communication

58. KM and communication are central to IFAD's future efforts in India, as captured by a cross-cutting IFAD objective. The complex nature of the challenges faced by IFAD target groups requires innovation and adaptive management based on continuous learning and knowledge-sharing. The objective is to make appropriate knowledge available at all levels to improve the performance and impact of IFAD projects and grants. Moreover, innovation and learning will be shared widely by using knowledge as a means to build awareness, increase transparency and enable accountability, thus empowering poor rural people to benefit from and take charge of the schemes and efforts intended for them. A particular focus of the KM effort will be to identify, capture, document, analyse, share and encourage the use of the traditional knowledge of poor rural people and tribal communities. The focus will be on creating appropriate learning systems at all levels, while helping protect intellectual property rights, preserve traditional heritage and culture, and integrate these into contemporary knowledge.
59. Initiatives will be undertaken to build the capacity of the India country office and project management staff in order to enable them to test and validate innovations, monitor progress and plan for replication and scaling up of successful innovations. Dissemination and knowledge sharing mechanisms will include building and nurturing networks and communities of practice, and creating opportunities and platforms for discourse and the use of publications, other media and websites to facilitate knowledge sharing. Finally, the India country programme aims to learn and benefit from other KM programmes around the world. However, IFAD will focus not only on bringing knowledge and innovations from its global operations to India, but also on making India's experience available to the rest of the world.

F. PBAS financing framework

60. The present COSOP will cover two performance-based allocation system (PBAS) cycles: 2010-2012 and 2013-2015. Based on current PBAS scores and criteria, the IFAD funding available for the period 2010-2012 is US\$141 million, which is a significant increase over the US\$92 million of the previous PBAS cycle. The table below illustrates the derivation of the allocation for India. In order to reduce transaction costs, the Government has requested IFAD to significantly increase its average loan size. This could mean from two to four loans over a six-year period.
61. The Government and IFAD will select projects proposed by line ministries and state governments based on their alignment with the COSOP, with the understanding that rigorous project design and formulation will be used to confirm the commitment of the implementing state/line ministry and the absorptive capacity of the proposed projects prior to loan negotiation. Among other features, commitment should include, to the extent possible: alignment of the proposed projects with state plans, policies and peoples' needs; early appointment of key project staff to enable their participation during project design; continuity of project directors and managers for reasonable periods; agreement, where required, on competitive salaries for participating project staff and NGOs; completion of the baseline survey during design, completion of the project implementation manual before loan negotiations, and active participation of both state and central government in joint review activities.

PBAS calculation for COSOP year 1

	<i>Indicator</i>	<i>COSOP Yr 1</i>
	Rural sector scores	
A (i)	Policy and legal framework for rural organizations	4.50
A (ii)	Dialogue between government and rural organizations	3.88
B (i)	Access to land	3.63
B (ii)	Access to water for agriculture	3.75
B (iii)	Access to agricultural research and extension services	4.00
C (i)	Enabling conditions for rural financial services development	4.25
C (ii)	Investment climate for rural businesses	4.00
C (iii)	Access to agricultural input and produce markets	3.67
D (i)	Access to education in rural areas	4.25
D (ii)	Representation	4.00
E (i)	Allocation and management of public resources for rural development	4.38
E (ii)	Accountability, transparency and corruption in rural areas	3.75
	Sum of combined scores	48.04
	Average of combined scores	4.00
	PAR rating	3
	CPIA rating	3.81
	Note: as India received the maximum allocation, no country score is calculated. As a result, it is not possible or relevant to provide different PBAS country scenarios based on changes in the rural sector performance scores or PAR ratings.	
	Annual allocation (United States dollars)	47 000 000

G. Risks and risk management

62. The following risks and risk mitigation strategies will need to be managed during the COSOP period: (i) climatic risks will be mitigated through proper management of natural resources, conservation of biodiversity, promotion of LEISA and adoption of other adaptive responses; (ii) the negative impact of macroeconomic shocks will be managed through diversification of agriculture and livelihoods, and supporting convergence with government safety-net programmes; (iii) social unrest will be mitigated through community-led development efforts, accompanied by social mobilization, transparency and accountability; and (iv) the difficulty of attracting and retaining competent and motivated staff to manage projects will be mitigated through provision of competitive salaries and training, and through recruitment on the open market.

COSOP consultation process

Introduction

1. IFAD-supported operations in India were initiated in 1978. Prior to 1999 the country strategy was not a formal document and was reflected in the design of the program and projects supported by IFAD. The first country strategy was developed in 1999, presented to IFAD's Board in December 2001 and gave direction to the program during 2002-2004. The second country strategy was presented to IFAD's Board in December 2005 and covered the program cycle from 2005 to 2009. In early 2009 a country program evaluation was conducted, for the first time in India, since the start of operations in 1978. In anticipation of the country program evaluation's report the consultation process of this, the third country strategy for the period 2010-2015 began. The Department of Economic Affairs (DEA) of the Ministry of Finance of the Government of India and IFAD's nodal partner in India took clear ownership of the COSOP development process from the beginning, gave direction to it and led it with assistance and support from IFAD.

Preparatory Studies

2. A series of background papers were prepared by experts to provide a foundation and inputs for the COSOP, between July 2009 and January 2010. The background papers prepared were:
 - 1) *Poverty and Targeting* by Tara Nair, Gujarat Institute of Development Research
 - 2) *Strategy & Opportunities for Tribal Development in India in Fifth Schedule Areas* by Achyut Das, AGRAGAMEE, Orissa
 - 3) *Tribal Development in India in the Sixth Schedule Areas* by A. K. Nongkynrih, North Eastern Hill University
 - 4) *Creating Value for Rural Produce: Emerging Trends, Challenges and Future Prospects* by Sanjay Gupta, MART, Noida, UP
 - 5) *Fair Trade: Creating Value for Rural Produce – Emerging Trends, Challenges and Future Prospects* by Harish Chotani, Consultant
 - 6) *Assisting Smallholder Farmers to Improve their Livelihoods and Address the Challenges of Climate Change* by Virendra Pal Singh, ICRAF – South Asia, New Delhi
 - 7) *Sustainable Agricultural: A Framework for Sustainable Local Nutritional Security* by David Hogg, Naandi Foundation, Hyderabad and Ajit Mathai, Consultant
 - 8) *Knowledge Management in IFAD's Rural Poverty Alleviation Programme in India* by Pankaj H. Gupta, Consultant
 - 9) *Project Management: Current Analysis and the Way Forward* by C. K. Ramachandran, Consultant

Country Programme Evaluation

3. IFAD's Independent Evaluation Office (IEO) in early 2009 conducted a country program evaluation (CPE), the first of its kind since the start of IFAD operations in India in 1978. At the conclusion of the evaluation's fieldwork a meeting was held in New Delhi with the Government of India and an Aide Memoire was presented, capturing the key elements and recommendations of the evaluation. A draft of the CPE was submitted to the Government of India in October 2009 and discussed at a National Roundtable Workshop organized by IFAD's IEO and the Government of India on 7-8 December 2009 in New Delhi. The purpose of the workshop was to discuss the findings and recommendations of the CPE and brought together representatives of Government of India, partner central government line ministries, state governments with IFAD-supported activities, project staff, IFAD headquarters,

civil society, partner knowledge institutions, the India Country Office of IFAD and the CPE team. The discussions and recommendations of this workshop played an important and seminal role in the preparation of the new COSOP and gave direction to it. Structured around four Issues Paper prepared by the IEO the participants at the workshop discussed 1) the value of IFAD-GOI partnership in supporting smallholder agriculture, 2) priorities for knowledge sharing and promoting innovations, 3) social empowerment and institutional architecture, and 4) economic empowerment. The CPE provides guidance in the preferred areas of engagement, targeting and on factors to enhance the effectiveness and efficiency of the country program during the new COSOP period. A synthesis of the CPE process, its findings and recommendations is presented in Annex IV in the form of an Agreement at Completion Point that constitutes an agreement between IFAD and the Government of India on the way forward.

Consultations with Stakeholders

4. Consultations with stakeholders were conducted in parallel to the evolution of the country program evaluation and the preparation of the background papers and consisted of meetings, workshops and one-on-one consultations with key partners. The Country Program Manager supported by a consultant appointed by IFAD to coordinate, synthesize and develop the document and the India Country Office team used a variety of platforms and occasions to consult with stakeholders and review the draft document as it evolved over almost a one year period starting in September 2009 and ending in September 2010.
5. The India Country Programme Management Team (CPMT), which brings together IFAD staff, the India country office, project staff, consultants and leading development thinkers met in all six times. CPMT members in India met in October 2009, December 2009 and April 2010, in New Delhi and the meetings discussed the COSOP using a series of presentations by CPMT members to structure the discussion. The CPMT member based at IFAD headquarters met in February, March and July 2010. The CPMT meetings discussed needs, approaches, strategies, targets and the COSOP document as it evolved and provided valuable advice and direction.
6. The India country programme has bi-annual (and since July 2010, quarterly) portfolio review meetings led jointly by the DEA and IFAD and brings together project managers, representatives of key participating state government and central government line ministries. The portfolio review meetings held in New Delhi in October 2009, in Bhopal Madhya Pradesh in April 2010 and again in New Delhi in July 2010 and January 2011 also deliberated on the COSOP and gave valuable inputs.
7. The DEA convened a dedicated consultation, involving representatives of participating state and central government partners in New Delhi on July 12, 2010 to discuss a 'zero' draft of the COSOP. The meeting provided comments and detailed guidance on targeting, strategy, ideas for investment projects to be included as an indicative pipeline in the COSOP, and on the way forward. The DEA clarified that while the COSOP included an indicative list, based on poverty analysis, where IFAD supported projects could be considered, the list should be seen as indicative and should not preclude requests from other geographical areas, provided they met the criteria established by DEA. It clearly pointed out that given the situation in the country and the policies of government, IFAD should not consider getting involved in supporting rural finance and microfinance activities except in facilitating financial inclusion and access to such services. It also clarified that the new COSOP should focus on adaptation to climate variability rather than

attempt mitigation of the impacts of climate change. Most importantly, DEA clarified where the government saw IFAD adding real value with its loans and grants. DEA requested state governments and central line ministries to come up with project concepts and ideas to be considered for inclusion in the pipeline, with the understanding that these requests will be routed through the DEA, will have to meet criteria and terms set by DEA and that inclusion in the pipeline is merely indicative and illustrative of the types of projects that may be considered for IFAD support; inclusion in the pipeline did not ensure consideration nor did it preclude other projects from being considered.

8. Regular consultations were held with key central government ministries and agencies such as the Ministry of Rural Development, The Ministry of Agriculture and Cooperation, the Ministry of Tribal Affairs, the Planning Commission of India, and the National Rainfed Area Authority, with key donors and partner aid agencies like the World Bank, the Asian Development Bank, the Food and Agriculture Organization, the World Food Program, the United Nations Development Program, DFID (UK), USAID, and GTZ and with important knowledge centres like ICRAF, ICRISAT, ILRI and the M S Swaminathan Research Foundation.

Pipeline of Projects

9. The DEA set a 25 July 2010 deadline for receipt of project ideas from state governments and line ministries. Two project concepts have been tentatively put forward for IFAD financing, one in Uttarakhand and one in Jharkhand.

Peer Review Comments on Review Draft

10. In line with standard procedure for approval of new COSOPs, an in-house peer review process was conducted in February 2011, prior to an Operational and Strategy Committee Meeting on the COSOP on 3 March 2011. The text of the COSOP was amended to take into account the comments provided.

Wrap-up Meetings for Validation of Draft COSOP

11. A meeting was held with DEA in Delhi on 31 January 2011, where agreement was reached on the how to integrate comments received from DEA on the draft COSOP.
12. A final wrap-up meeting with DEA took place on 10 March 2011, to review the final text prior to submission to the IFAD Executive Board for review. DEA approved the final text at the meeting.

Country economic background

COUNTRY DATA

India

Land area (km2 thousand) 2008 1/	2 973	GNI per capita (USD) 2008 1/	1 040
	1		
Total population (million) 2008 1/	139.96	GDP per capita growth (annual %) 2008 1/	5
Population density (people per km2) 2008 1/	383	Inflation, consumer prices (annual %) 2008 1/	8
Local currency Indian Rupee (INR)		Exchange rate: USD 1 = ***ADD RATE***	
Social Indicators		Economic Indicators	
Population growth (annual %) 2008 1/	1.3	GDP (USD million) 2008 1/	1 159 171
Crude birth rate (per thousand people) 2008 1/	23	GDP growth (annual %) 1/	
Crude death rate (per thousand people) 2008 1/	7	2000	4
Infant mortality rate (per thousand live births) 2008 1/	52	2008	6.1
Life expectancy at birth (years) 2008 1/	64		
		Sectoral distribution of GDP 2008 1/	
Total labour force (million) 2008 1/	449.89	% agriculture	18
Female labour force as % of total 2008 1/	28	% industry	29
		% manufacturing	16
		% services	53
Education		Consumption 2008 1/	
School enrolment, primary (% gross) 2007 1/	113	General government final consumption expenditure (as % of GDP)	12
Adult illiteracy rate (% age 15 and above) 2008 1/	n/a	Household final consumption expenditure, etc. (as % of GDP)	54
		Gross domestic savings (as % of GDP)	34
Nutrition		Balance of Payments (USD million)	
Daily calorie supply per capita	n/a	Merchandise exports 2008 1/	179 073
Malnutrition prevalence, height for age (% of children under 5) 2008 1/	n/a	Merchandise imports 2008 1/	291 598
Malnutrition prevalence, weight for age (% of children under 5) 2008 1/	n/a	Balance of merchandise trade	-112 525
		Current account balances (USD million)	
Health		before official transfers 2008 1/	-87 603
Health expenditure, total (as % of GDP) 2007 1/	4.1	after official transfers 2008 1/	-36 088
Physicians (per thousand people) 1/	n/a	Foreign direct investment, net 2008 1/	22 807
Population using improved water sources (%) 2006 1/	89		
Population using adequate sanitation facilities (%) 2006 1/	28	Government Finance	
Agriculture and Food		Cash surplus/deficit (as % of GDP) 2008 1/	-2
Food imports (% of merchandise imports) 2008 1/	3	Total expense (% of GDP) ^{a/} 2008 1/	16
Fertilizer consumption (hundreds of grams per ha of arable land) 2007 1/	1,422.8	Present value of external debt (as % of GNI) 2008 1/	19
Food production index (1999-01=100) 2007 1/	119	Total debt service (% of GNI) 2008 1/	3
Cereal yield (kg per ha) 2008 1/	2 647		
		Lending interest rate (%) 2008 1/	13
Land Use		Deposit interest rate (%) 2008 1/	n/a
Arable land as % of land area 2007 1/	53		
Forest area as % of total land area 2007 1/	23		
Agricultural irrigated land as % of total agric. land 2007 1/	n/a		

a/ Indicator replaces "Total expenditure" used previously.

1/ World Bank, *World Development Indicators* database CD ROM 2010

COSOP results management framework

Country Alignment	Key Results for COSOP			Institutional/Policy objectives
	Strategic Objectives	Outcome Indicators	Milestone Indicators	
<ul style="list-style-type: none"> National Nutritional Policy (NNP), of the Government of India is under the aegis of Department of Women and Child Development 1993. National Policy for Farmers (NPF) draft was prepared by the National Commission of Farmers (NCF), which was consulted with Central and State Government and approved in 2007. National Rural Livelihood Mission - launched in 2009/10 is the restructured Swarnjayanti Gram Swarozgar Yojana (SGSY) scheme considered now as the key component of the national poverty reduction strategy. PESA (1996): In 1996 the Panchayat Extension to Scheduled Areas Act (PESA) is a legislation for Adivasis/tribals (in Fifth Schedule areas) since the 73rd constitutional amendment established special provisions for tribal peoples in scheduled areas. PESA significantly strengthens the position of tribal people in the democratic process through the self governance of the 'village republic' at Gram Sabha (village assembly) level. This would enable communities to assume control over their livelihoods, conserve and manage natural resources and protect traditional rights. Forest Rights Act of 2006, to provide forest dwellers and tribals access to land ownership as well as forest produce. National Tribal Policy (draft policy) The tribal groups and also their areas have been recognized as one of the most under developed pockets in the country, and hence needing special attention through specialized schemes and programmes. 	<ul style="list-style-type: none"> SO 1: Increased access to agricultural technologies and natural resources. SO-2: Increased access to financial services and value chains. 	<p><u>COSOP goal indicator</u></p> <ul style="list-style-type: none"> 75% target group/persons or double the baseline report increased income and assets. 75 % or 200,000 target group households showing improved food security <p><u>SO1 outcome indicators</u></p> <ul style="list-style-type: none"> 3% growth in employment in agriculture sector in the target areas (with agriculture sector growth at 4%) 100000 (or double the baseline) small farmers report production/yield increase/increased herd size 70,000 farmers & fishers adopt recommended technologies 70,000 farmers and fishers use purchased inputs Community Institutions formed/ strengthened. NRM groups operational/functional % of degraded land rehabilitated Hectares of land improved through soil/water conservation methods <p><u>SO2 outcome indicators</u></p> <ul style="list-style-type: none"> 95% of credit groups operational and functional 2500 marketing groups operational and functional 	<p><u>SO1 milestone indicators</u></p> <ul style="list-style-type: none"> 20,000 people trained in Income Generating Activities, business and entrepreneurship 10000 people receive vocational training 20,000 people trained in crop, livestock and fish production practices and technologies 200,000 people accessing facilitated advisory services 20,000 smallholder farmers report improved long term tenure. Hectares of land provided to target groups 75% of community action plans aligned with local government plans. <p><u>SO2 milestone indicators</u></p> <ul style="list-style-type: none"> People trained in business and entrepreneurship Enterprises accessing facilitated non-financial and financial services People trained in post-production, processing and marketing Number of roads, markets, storage, processing facilities 800,000 women in savings and credit groups formed and strengthened 3000 marketing groups formed and/or strengthened 70,000 people in marketing groups 	<p>Facilitate access and availability of food through the implementation of project components.</p> <p>Embed project design features that would support convergence of government schemes (for example NRLM) and programmes.</p> <p>Support the scaling of innovations and sharing lessons learnt from this experience.</p> <p>Support self-governance of tribal communities through strengthening their traditional/ community institutions through capacity building in accessing local governmental institutions, schemes and services, production technology, access to markets, financial literacy, and provision of knowledge and information for improving their programme implementation capacity.</p> <p>Enable communities to build their institutions and capacities to acquire forest lands title, use forest for their livelihoods, the right to Relief and development, and Forest Management Right under the Forest Rights Act, 2006.</p> <p>Undertake capacity building of institutions in tribal areas to ensure regulatory protection of tribal customary laws and practices, their rights, socio-economic empowerment and to implement provisions under PESA.</p>

Note: The Results Management Framework will be amended during COSOP implementation to include more detailed baseline information as it becomes available.

Previous COSOP results management framework

Summary of the Country Programme Evaluation Overall Assessment

Assessment	Rating
Portfolio performance	5
Non-lending activities	4
COSOP performance	5
Overall IFAD-Government partnership	5

CPE agreement at completion point

A. Background

1. India is the largest borrower from IFAD, both in terms of number of projects financed and resources invested. The Fund has provided loans for 24 agriculture and rural development projects at highly concessional terms since 1979. The total cost of the project portfolio is US\$1.9 billion, including US\$656 million in loans from IFAD and US\$877 million in counterpart funds from the Government. Currently, 9 out of the 24 projects are under implementation. A large majority of loan-funded projects aimed to promote tribal development, women's empowerment and development, and establish sustainable rural financial services. IFAD has also provided grant funding for capacity building, electronic networking among projects to enhance communication and knowledge sharing, agriculture research and other areas. At the same time, India is the largest contributor to IFAD from developing countries, and therefore all this makes for a special relationship between India and IFAD.

2. The Office of Evaluation (IOE) undertook a country programme evaluation (CPE) in India in 2009. This was the first CPE done by IFAD in India since the Fund started its operations in 1978. The main objective of the CPE was to assess the performance and impact of IFAD operations, and to generate building blocks that would serve as inputs for the preparation of the new India country strategic opportunities programme (COSOP), which will be prepared by the Fund's Asia and Pacific Division and the Government of India following the completion of the CPE.

3. This Agreement at Completion Point (ACP) contains a summary of the main findings and recommendations from the CPE. It benefits from the main points emerging from the CPE national roundtable workshop held in New Delhi on 7-8 December 2009. As per the decision of the Executive Board, the ACP will be attached as an Annex to the new India COSOP, which is expected to be presented for Board consideration during 2010.

4. The ACP has been reached between the IFAD Management (represented by the Programme Management Department) and the Government of India (represented by the Department of Economic Affairs, Ministry of Finance), and reflects their understanding of the main findings from the CPE (see Section B below) as well as their commitment to adopt and implement the recommendations contained in section C of the ACP within specified timeframes.

B. Main Evaluation Findings

5. The CPE affirms the value of IFAD's contribution to addressing rural poverty in India. The Fund has particularly contributed to promoting pro-poor innovations, and served as a 'demonstrator' of how to methodically design, implement, supervise, monitor and evaluate pro-poor agriculture and rural development projects. These two characteristics make IFAD different from other donor organizations operating in India, and can serve to generate lessons and good practices that can be replicated and scaled up by Government and other partners to achieve wider developmental impact on rural poverty.

6. The projects funded by IFAD have achieved satisfactory results, especially in terms of livelihoods promotion among tribal people, women's development, and the promotion of rural finance systems. In particular, women are more empowered and have generally a greater voice in decision making and resource allocation of development projects and programmes. Efforts to promote tribal development have been good, for example in terms of promoting greater access to natural resources, including land and non-timber

forest products which are central to their livelihoods. There is evidence that some of the IFAD-funded projects contributed to peace-building and reducing conflict (e.g., Andhra Pradesh and the North East). However, given the vast numbers of tribal people (more than 80 million) in the country and their very low economic and social status, the agenda remains incomplete and more efforts and resources are required to ensure their full integration into the economy, while at the same time preserving their cultural heritage. IFAD-funded operations have contributed significantly to developing new and successful models for the provision of micro-finance to the rural poor, and for linking them and their organizations to commercial banks. There are however areas in which micro-finance activities can be further developed to ensure an even wider impact on poverty, for example, by supporting microfinance institutions to build rural money transfer systems and networks for effectively and efficiently channelling remittances to and within rural areas. The CPE also found evidence of policy impact, for example, in terms of ensuring secure land titles for tribal people and inclusion of NGOs in development activities.

7. In general, the overall IFAD loan-funded project portfolio achievement in India is satisfactory, and better than the results of IFAD-funded projects in all regions - as reported in the 2008 Annual Report on Results and Impact of IFAD Operations. Performance has been particularly good in terms of relevance of operations and in the impact domains of natural resources management and environment, followed by household income and assets, food security and agricultural productivity, institutions and policies, as well as innovations, replication and upscaling. The area of relative weak performance is the efficiency of operations, where there is room for improvement.

8. The CPE found that frequent rotation of project directors is a cause for concern, and a solution needs to be found for better impact. Another issue is the rather wide geographic coverage of the country programme, with numerous relatively small projects dispersed throughout the country in 17 states. Five projects were designed to cover two or three states, which in some cases are not even contiguous. A wide and fragmented programme coverage poses deep challenges to country programme management, for example, in terms of co-ordination, monitoring, supervision, efficiency and sustainability of benefits.

9. Various innovations have been successfully tested on the ground through IFAD-funded projects and programme, several of which have been replicated and upscaled by the Government and other donors. This is a remarkable achievement. In spite of that, however, the CPE did not discern a systematic or strategic approach by IFAD to replication and upscaling, and the Fund's grants programme has not been used to its potential for promoting pro-poor innovations.

10. The evaluation found however insufficient attention until the most recent operations to agriculture, which is extremely important given that around 600 million people in the country derive their livelihoods from agriculture-related activities. Selected crop development and research activities were funded through IFAD's grants but had limited linkages with loan-funded projects. The establishment of market-linkages, engagement with the private sector and involvement of *panchayati raj* institutions has been limited. One recent interesting feature however is the US\$20 million funding raised from the Sir Ratan Tata Trust and other private sector operators in the context of the most recent programme in Maharashtra for, *inter-alia*, bio-fuels development, promotion of organic cotton, and dairy development including milk collection centres.

11. Project monitoring and evaluation systems have mainly focused on input-output measurements, and evaluation capacity especially in the agriculture and rural sector focusing on results and impact is generally insufficient. There is a proposal currently under consideration of the Planning Commission to establish an independent evaluation outfit in India, which would be responsible for undertaking rigorous and useful evaluations of development projects and programmes.

12. The CPE underlines that the convergence of IFAD assistance with government schemes is extremely important, especially at the district level. The absence of convergence has contributed in the past to poor utilization and results, as there has been duplication of efforts between departments (e.g., in terms of capacity building of communities), overlapping development activities, and multiple reporting requirements. The newest programme in Maharashtra however is a good example of efforts by IFAD to ensure convergence with Government's own initiatives.

13. Performance of non-lending activities (knowledge management, policy dialogue and partnership building) has been moderately satisfactory. IFAD has made important contributions in few policy areas, but resources and capacities for analytic work and knowledge management have been few. In recent years, there are some interesting knowledge management initiatives, but these have not spanned throughout the period covered by the CPE. As mentioned above, there have been some important achievements in policy dialogue (e.g., institutionalising the self-help groups as an instrument for poverty reduction in national policies and programme, the provision of land titles to tribal people, the wide spread involvement of NGOs in development initiatives), but these have not been systematic and largely confined within project-related processes. Engagement in agriculture and rural development national policy formulation has been limited, partly due to inadequate resources. Partnership with government in general is very good, as it is with civil society and the NGO community, but partnership with the private sector and other multilateral organizations working in agriculture in India has not been vibrant, even though there are signs of improvement in the recent past. Partnership in the central government is particularly strong with the Ministry of Finance, and somewhat limited with other key agriculture and rural development-related ministries, and other central agencies. Even though project execution is the responsibility of state authorities, central government agencies have an important role, not least because they are responsible for formulation of national policies and acts, establishing nation-wide priorities and targets for poverty reduction. They also finance large centrally sponsored schemes for agriculture and rural development.

14. A number of grants have been provided in support of the country programme, both from IFAD's global/regional and country-specific grant windows. Apart from some global/regional grants (e.g., for ENRAP), the evaluation found little evidence that they have much of an impact on the loan funded activities in the country. Country-specific grants tied within selected projects and programmes more directly support project activities, but their total volume has been very small. This is partly due to the fact that the country-specific window only became available following the approval of the IFAD grants policy in 2003.

15. The evaluation concurs with the recent move to direct supervision and implementation, even though there are resource issues that need consideration, especially given the size of the ongoing portfolio in the country. Similarly, good efforts have been made to establish a country presence in India since 2001, which is growing and involved in a range of activities related to the country strategy and programme management. There are challenges however in the current arrangements and the impact it can truly have especially in terms of implementation support, partnership building, policy dialogue, knowledge management, and donor co-ordination is limited - given the level of delegation of authority as well as the size and complexity of the country programme. According to the CPE, a strengthened country office in India would not only contribute to achieving better results in the country, but it could also possibly play a wider role in the sub-continent in terms of enhancing efficiency and improving performance in selected countries in the region as well. The evaluation also concludes that overall the hosting arrangements by WFP may no longer be the most attractive option moving forward for IFAD country presence, partly due to the forthcoming cost increases for services rendered by WFP as well as the limited space available. The

temporary nature of staff contracts does not provide required job security and incentives for further enhancing performance.

16. Maybe the most important message from the CPE is that the context has changed significantly in India since the beginning of the IFAD-Government partnership in 1979. The emerging middle income status of India will have important implications for IFAD's role and focus in the country in the coming decade and beyond, even though the Fund's lending terms to the country may not change in the next three year (2010-2012) Performance Based Allocation System cycle. Together with the vast amount of national technical expertise and funds available both through centrally sponsored schemes and state financed initiatives, this will pose a major challenge for IFAD in articulating its objectives and priorities moving forward, also in light of the relatively high transaction costs for the government in nurturing and expanding its partnership with IFAD. All in all, the implications are far-reaching, and after 30 years of co-operation, IFAD and the Government are at a cross-road. They will need to carefully and jointly reflect on the alternative options, directions and approaches to pursue, in order to ensure the continued high relevance of their important partnership for the future. But one thing is clear: the transfer of financial resources will not be the main focus of the partnership in the future.

C. Recommendations

17. In light of the above, what role could a relatively small organization such as IFAD play in India, especially taking into account that in the near future the Fund may no longer be able to lend to the country on highly concessional terms? The CPE offers the below broad recommendations that the Government of India and IFAD agree to adopt and implement within specific timeframes.. The recommendations are clustered in two broad categories: strategic and operational issues.

Strategic Issues

18. Recommendation 1:

- a. **Give more priority to smallholder agriculture.** Sustainable smallholder agriculture should be included as a thrust area in the new COSOP, as an engine for promoting pro-poor growth and reducing hunger and rural poverty. Among other issues, this would include an emphasis on promoting the viability and risk-management of farming activities by smallholder farmers, with specific attention to rainfed areas with emphasis also on in-situ water conservation, livestock development, and crop production, including staple cereal and pulse productivity.
- b. **Deadline: COSOP period 2011-2015**
- c. **Responsible Entity: IFAD and GOI**

19. Recommendation 2:

- a. **Targeting and reduced geographic coverage.** In terms of targeting, it is recommended that in future greater emphasis be devoted to smallholder farmers, but also continue to support rural women and tribals. The geographic focus should in principle be narrowed to a smaller group of states, and not expanded beyond the 11 states covered by ongoing operations. Also, two-state projects through one loan and one supervision budget should be avoided in the future. Given IFAD's positive experiences in India and other countries (e.g., the Philippines), opportunities to work in conflict areas could be pursued in consultation with Government. This will however require projects to include in crisis prevention measures (e.g., flexibility in terms of project area coverage), and adequate expertise will need to be mobilised for supervision and implementation support purposes.
- b. **Deadline:** COSOP period, 2011-2015
- c. **Responsible Entity: IFAD and GOI**

20. Recommendation 3:

- a. **Enhance private sector engagement in line with corporate social responsibility principles.** The partnership with the private sector should be enhanced further, to deliver rural finance and extension services to the rural poor, provide input supply and access to agroprocessing infrastructure, facilitate transport of agricultural produce to market points, promote innovations and up-scaling, make information and communication technology more widely available in rural areas, and so on.
- b. **Deadline:** COSOP period, 2011-2015
- c. **Responsible Entity: IFAD and GOI**

21. Recommendation 4:

- a. **Innovation with deeper attention to replication and upscaling.** The main aim of IFAD-funded projects and programme in India in the future should be to promote pro-poor innovations that can be replicated and upscaled by government, other donors, the private sector, and others. It is therefore recommended that the new COSOP include a well-defined innovations agenda, which would outline the areas that merit to be prioritised. Some examples of the agenda include promoting innovations in micro-finance (e.g., to enable crop insurance, transfer of remittances to the poorest), pro-poor drought and pest resistant agriculture technology, and use of information and telecommunications to link the poor to markets. Moreover, the country strategy should make explicit the approach that will be pursued for replication and upscaling, as this is the ultimate aim of IFAD's capability to promote innovative approaches. Opportunities for developing and strengthening partnerships with national institutions, such as the Indian Council for Agricultural Research, but also the private sector including foundations, for the implementation of this recommendation should be actively explored. Similarly, partnership with NGOs and other rural institutions need to be further expanded in order to scout for, develop, pilot test and assess innovations emerging from the grassroots level
- b. **Deadline:** COSOP period, 2011-2015
- c. **Responsible Entity: IFAD and GOI**

22. Recommendation 5:

- a. **Launch a coherent knowledge programme.** The new COSOP should include a distinct and clearly resourced knowledge programme. One of the key aims of the programme would be to fill any knowledge gaps on agriculture and rural development and more generally in rural poverty

reduction in the country. It could be funded by grants, but also supported by individual operations financed through loans. This programme could contribute to a wider PI initiative together with other IFAD regional divisions to systematically exchange knowledge on rural poverty reduction drawing upon the experiences, lessons learned, and good practices from the Fund's operations in other countries and regions, especially in other middle income countries (e.g., Brazil, China, Argentina and Morocco). The programme could include, *inter-alia*, activities to document and share both IFAD's own experience in India, and experiences from IFAD operations in other countries that may be of relevance to the India country programme; and promotion of exchange visits by government officials project staff and members of civil society and NGOs to IFAD-financed projects within and outside India. Another option could be the organization of thematic workshops in India with prominent guest speakers and other resource persons from other countries with international expertise and reputation in agriculture and rural development issues, focusing on those areas that may be constraining rural poverty reduction in the country at any particular juncture.

- b. **Deadline:** COSOP period, 2011-2015
- c. **Responsible Entity: IFAD and GOI**

23. Recommendation 6:

- a. **Seek deeper convergence with government.** A very large amount of resources are allocated by the Central and State governments for agriculture and rural development activities. If this funding is to be efficiently used, there must be greater convergence within government-funded programmes, and between operations and other donor-funded activities and Government-assisted programmes. Among other issues, this will require in-depth analysis during project design of other ongoing or planned development initiatives in the districts to be covered by IFAD-supported projects. The aim would be to ensure complementarities in objectives and activities between IFAD-funded and government-financed agriculture and rural development projects and programmes. One way of ensuring convergence is to link project management units more directly with state and district administrations, so convergence can be facilitated during project execution. Further, IFAD-supported projects should build and strengthen the communities' capacity to access the available schemes of different Government's departments.
- b. **Deadline:** COSOP period, 2011-2015
- c. **Responsible Entity: IFAD and GOI**

24. Recommendation 7:

- a. **Widen partnership with central government.** The Department of Economic Affairs (DEA) in the Ministry of Finance is the nodal entity responsible for external assistance to India including funding provided by IFAD. In coordination with DEA, IFAD needs to engage more proactively with the central Ministries, especially Ministry of Agriculture and Ministry of Rural Development, to leverage their expertise and experience to focus on some of the important areas that help achieve sustainable livelihoods in the agricultural sector. These agencies also play an important role in national policy formulation and legislation, coordination and monitoring and evaluation, as well as in financing large and important centrally sponsored schemes. Among other issues, a wider partnership with key central Ministries can provide an opportunity for the Fund to contribute towards shaping the design of centrally sponsored schemes and national policies and acts, building on IFAD's own priorities and experiences in the country.

Further, IFAD should encourage exposure visits of central government officials to project areas.

- b. **Deadline:** COSOP period, 2011-2015
- c. **Responsible Entity: IFAD and GOI**

25. **Recommendation 8:**

- a. **Ensure ownership and commitment with State Governments.** State Governments need to be involved from the very beginning of project design to ensure that they take full responsibility of the activities and act on the issues that IFAD-supported operations are recurrently facing. In particular, State Government should ensure: (i) smooth flow of funds; (ii) timely provision of counterpart funds; (iii) their direct participation in Joint Review Missions; (iv) timely follow-up on agreed recommendations; (v) ensure competitive and attractive salaries and allowances, including their timely adjustments, so as to recruit and retain highly qualified project staff, including NGO staff; and (vi) and last but not least, continuity of tenure of Project Directors and key-management staff.
- b. **Deadline:** COSOP period, 2011-2015
- c. **Responsible Entity: IFAD and GOI**

26. **Recommendation 9:**

- a. **Increase loan size.** IFAD should consider increasing the average loan size of the operations in the country and undertaking fewer projects in the next COSOP cycle. This would contribute to lowering transaction and administrative costs for both Government and IFAD, while allowing greater attention to implementation support, learning, and impact achievement in general. Such a shift is expected to improve the overall quality of the country programme, and also free up time and resources for greater attention to non-lending activities. Acknowledging the difficulties being occasionally faced in loan disbursements, larger loan size will have implications for targeting and absorptive capacities, and ways will need to be found in future projects to address the corresponding implications. Few examples should be considered: (i) greater investments may be made in rural infrastructure including, *inter alia*, renewable energy technologies, communications and small scale irrigation, which is essential for agriculture and rural development in line with IFAD's targeting policy of 2006; (ii) adoption of a saturation approach in targeting of the poorest families at village and block level; and (iii) ensuring provision for an adequate project implementation period of around 8 years. Given the size of the programme, the country and the number of rural poor, it is recommended that financing larger projects should not result in a commensurate cut in IFAD's administrative budget allocated towards country programme management.
- b. **Deadline:** COSOP period, 2011-2015
- c. **Responsible Entity: IFAD and GOI**

27. **Implementation responsibilities and timeframes.** Both IFAD and the Government of India would be responsible for the implementation of the above-mentioned strategic recommendations. They will be appropriately reflected in the new India COSOP, as well as in all the new projects and programmes funded by IFAD following the adoption of the COSOP.

Operational Issues

28. **Recommendation 10:**

- a. **Strengthen the India country office.** There is a need to further strengthen the IFAD country office in India, including the out posting of the

country programme manager (CPM) to Delhi and appointment of a full-time coordinator. In general, a strengthened country office is required to enhance project supervision and implementation support, improve policy dialogue, strengthen cooperation and harmonization with other donors, and further facilitate follow-up on supervision and mid-term review decisions. This would also contribute towards implementation of the CPE recommendations related to the knowledge programme, as discussed above. The role, priorities and organization of the India country office will need to be reconsidered in developing the new COSOP and implementing the CPE recommendations. This is because the new COSOP is expected to introduce additional priorities and activities, such as a wider focus on smallholder agriculture, a more coherent knowledge programme and systematic engagement in policy dialogue. In this regard, the opportunities, challenges and budgetary implications of out posting the India CPM should be examined in order to bring full decision making and follow-up actions related to IFAD operations closer to the country level. Country office staff should be provided with fixed-term contracts and better mainstreamed into IFAD's overall work force, to provide greater job security and incentives and improve performance. The current hosting arrangements with WFP should be reconsidered, especially in light of the cost escalation in services charged by WFP, and the merits of hiring alternative premises analysed. For example, the possibility of finding premises within the UN complex, World Bank office or other partner institutions would facilitate dialogue and co-operation with other donors. The office infrastructure also needs upgrading, for example, in terms of space and information technology facilities, which are currently constraining the work of the office, inter alia, such as the access to IFAD databases and reports at headquarters. The strengthening of the country office will have important resource implications that would need to be considered to ensure the office's effectiveness and its ability to contribute to the achievement of COSOP objectives.

- b. **Deadline:** COSOP period, 2011-2015
- c. **Responsible Entity: IFAD**

29. **Recommendation 11:**

- a. Recommendation 11: Ensure greater continuity in project directors. Rapid turn over of some Project Directors remains a critical issue in IFAD- funded projects and programme, particularly in the early phases of implementation. This is a systemic concern for IFAD and other multi-lateral development organizations in India. While Central Government and State Government shall endeavour to ensure continuity in project directors to the extent possible, IFAD and the Government could consider alternatives including, inter alia, recruiting from the open market or deputing senior level staff from established civil society organizations."
- b. **Deadline:** COSOP period, 2011-2015
- c. **Responsible Entity: GOI**

30. **Recommendation 12:**

- a. **The need to improve project efficiency.** There is scope for improving the efficiency of IFAD-funded projects and programmes in the country. Some of the measures recommended above are expected to ensuring better efficiency, such as limiting the coverage of projects to one state, and by ensuring deeper convergence between the IFAD and government programmes. However, there are other measures that should be deployed to improve efficiency, including streamlining the flow of funds to limit

implementation delays, strengthen the capacity in the project management unit but also state governments in procurement and other loan administration issues, and ensuring the assignment and continuity of staff to the project with adequate expertise and experience in project management.

- b. **Deadline:** COSOP period, 2011-2015
- c. **Responsible Entity:** **IFAD and GOI**

31. Recommendation 13:

- a. **Resource issues.** Among other issues, greater attention in the future to non-lending activities, implementation support, mobilization of expertise in conflict-resolution, upscaling of innovations, deeper engagement with the central government and the private sector, and the strengthening of the existing country office are likely to have additional recurrent administrative resource implications to IFAD, both in terms of staff time and finances. It is therefore recommended that the management conduct a detailed cost analysis during the formulation of the next COSOP and make the necessary allocations commensurate with the size, focus and coverage of IFAD-supported activities in the country. The additional resources are critical if the CPE recommendations are to be fully implemented, in order to achieve more far-reaching development results on the ground.
- b. **Deadline:** COSOP period, 2011-2015
- c. **Responsible Entity:** **IFAD**

32. Recommendation 14:

- a. **Evaluation capacity development.** In close collaboration with the Asia and the Pacific Division, IOE will explore opportunities for supporting the Planning Commission's efforts to establish an independent evaluation outfit in India. Given its mandate and specialization, IFAD's contribution will be restricted to evaluation capacity development in the agriculture and rural sectors. This will include initiatives to further enhance project-level monitoring and evaluation systems, so that they are also equipped to effectively collect, analyse and report on results and impact in addition to the achievement of physical and financial targets.
- b. **Deadline:** COSOP period, 2011-2015
- c. **Responsible Entity:** **IFAD**

D. Comments by the IFAD Management and the Government of India

33. IFAD Management. With reference to Recommendation 10 and the original proposal to establish a Sub-Regional office, IFAD Management highlights that to date it has no mandate to establish additional country or regional office. This recommendation can only be addressed upon the IFAD Executive Board's decision on the new country presence strategy, scheduled for May 2011.

34. Government of India. The ACP text was discussed with the Joint Secretary and Director of the Department of Economic Affairs (DEA) of the Ministry of Finance in Delhi on 31 January 2011. DEA proposed a revised text for recommendation 11. This new text was accepted and inserted in the ACP.

E. Comments by the Office of Evaluation

35. As per the process for preparing the Agreement at Completion Point, the Office of Evaluation has this opportunity to express its views on any recommendation contained in the India country programme evaluation report that the IFAD management and/or Government of India disagrees with, either fully or partially.

36. As such, the Office of Evaluation has two comments on: (i) recommendation 10 in paragraph 28 above, related to strengthening of the IFAD country office in India; and (ii) the establishment of an IFAD sub-regional office in New Delhi, recommendation contained in the final India CPE report (see paragraph 34 above containing the IFAD Management comments on this point).

37. **IFAD country office in India.** As agreed by the IFAD management and the Government of India, there is need to further strengthen the IFAD country office in India, including the out posting of the country programme manager (CPM) to Delhi. However, the proposed deadline for the implementation of the recommendation is stated as '2011-2015' in this Agreement at Completion Point (see paragraph 28 (b) above).

38. The Office of Evaluation believes it is important to determine an earlier and specific timeframe for the out posting of the India CPM to Delhi. This is important to ensure the permanent physical presence of the CPM in India, which has received historically the largest amount of IFAD assistance, both in terms of number of projects and loan amounts provided. The Government of India has also requested for an early out posting of the India CPM to Delhi for quite some time.

39. **The establishment of a sub-regional office in Delhi.** Based on the analysis in the final India CPE report², the Office of Evaluation recommends that the IFAD Management explore the opportunities for establishing a sub-regional office in Delhi in the near future. As mentioned in the India CPE report, such a sub-regional office would contribute to improving institutional and project efficiency including the overall quality of results on rural poverty in South Asia region. The Office of Evaluation agrees with the IFAD management comment in paragraph 33 above, and the possibility of establishing a sub-regional office in India should therefore be included as an explicit provision within the corporate country presence strategy, to be presented by the Management for approval to the Board in May 2011.

Signed by: _____ **Date:**

Ms Loretta M. Vas
Special Secretary, Department of Economic Affairs
Ministry of Finance, India

and

_____ **Date:**

Mr Kevin Cleaver
Associate Vice-President, Programmes
IFAD

² Which may be downloaded from www.ifad.org/evaluation/public_html/eksyst/doc/country/pi/india/index.htm

INDICATIVE PROJECT PIPELINE DURING COSOP PERIOD

1. Two tentative project concepts have been suggested by DEA to be included in the pipeline for consideration in this COSOP. Other projects to be included in the pipeline under the new COSOP, will need to emerge from state governments and/or line ministries, and must meet the requirements and criteria of DEA, prior to forwarding to IFAD for consideration. The two project concepts most likely to be presented to IFAD's Executive Board before the end of 2012 are as follows:

- A project in the state of Uttarakhand proposes to benefit from the learning and institutional capital of the ongoing IFAD-supported ULIPH project.
- A project in the state of Jharkhand proposes to build on the learning from the ongoing Jharkhand Tribal Development Project

2. To ensure a more effective linkage between grant-funded activities and IFAD's lending program IFAD will only support grant-funded operations in line with the objectives of the COSOP and ICO will be responsible for supervision of all grants.

3. Some activities that could be supported with grants are:

- Strengthening of existing efforts to leverage social capital, best practices and learning of IFAD's tribal development experience and supplement it with that of others, nationally and globally and, in order to facilitate and give direction to tribal development efforts such as those of the Ministry of Tribal Affairs, the Ministry of PRI, the Ministry for the Development of the North Eastern Region and the Ministry of Rural Development's flagship National Rural Livelihoods Mission.
- Strengthening of existing efforts to gather (and, where necessary, facilitate the generation of), validate, synthesize and disseminate knowledge, best practices and learning related to sustainable and climate-resilient small-holder rain-fed agriculture, agro-forestry, livestock rearing and fisheries. IFAD in this regard would consider partnering with the World Agroforestry Centre in India whose new initiative, Evergreen Agriculture: Farming Sustainably under Climate Change, has a similar thrust and with that of the National Rainfed Area Authority's to facilitate demand-driven and proactive knowledge management.
- The establishment of a challenge prize program that periodically invites innovative solutions to some of the challenges faced by rural poor and tribal communities and rewards the winners with funds and mentoring-support for incubation and scaling up.
- Testing, validating and facilitating the mainstreaming of innovative ICT solutions, including, for instance, mobile telephony systems in rural areas that enable interactive voice and text based awareness building, crowd sourcing, market information and extension advisory services and payment and remittance services to give people voice and empower them to hold services and institutions accountable.
- Introduction of and training of project management personnel in the use of ERP (enterprise resource planning) systems in order to increase effectiveness and efficiency which could be undertaken within the purview of an existing IFAD regional grant program called APMAS.

1. INTEGRATED LIVELIHOOD SUPPORT PROJECT – State of Uttarakhand

4. **Project Brief:** The proposed project expects to benefit from the learning and institutional capital of the ongoing IFAD-supported ULIPH project and leverage the social capital of the communities to accelerate the process in the new target areas. The project expects to build a strong foundation through strengthening and enabling the empowerment of communities and service providing institutions. The focus would be to promote sustainable and climate resilient agriculture and livelihoods for nutritional and income security and wellbeing. The project will enable communities and households to access markets, service providing institutions, financial services and their rightful entitlements from other government schemes. Most importantly, the project will attempt to build up the collective and entrepreneurial capacity of the household to enable them leverage at least five times what the project invests in each household to give them a leg- up to overcome their poverty.

5. **Possible Geographic Area of Intervention and Target Group:** The state of Uttarakhand, India; approximately 100,000 households in the poorest blocks of Uttarakhand, on a saturation basis, overlapping the existing target areas of IFAD-supported ULIPH project. The target groups shall be smallholder farmers in marginal rainfed lands, in this case, uplands, with particular focus on women and unemployed youth.

6. **Justification and Rationale:** (i) Upland smallholder agriculture faces severe soil depletion and erosion, water shortages, limited access to services and markets and very limited access to non-farm employment. (ii) The region faces extreme vulnerability to climate variability with probable downstream impacts on the Gangetic plains. (iii) Considerable investments have been made by the IFAD-supported ULIPH project creating valuable social capital and learning, which can be drawn upon. (iv) The possibility of building the capacities of communities and institutions to benefit from and access their entitlements through convergence with central and state programs, for improvement in overall well being. (v) Best practices evolved in the project could be replicated and scaled up in other mountainous states.

7. IFAD's comparative advantage is in building on the strengths of an existing good project in the region, which has developed the skills of building the capacities of people's and service providing institutions, has the ability to bring together and coordinate partners to provide holistic programming, and in utilizing the social capital already built up through community level cross learning.

8. **Key Project Objectives** (i) To strengthen and enable empowerment of institutions of the poor and service providing organisations. (ii) To promote sustainable and climate adaptive livelihoods particularly in agriculture but not limited to it. (iii) To provide and facilitate access to financial services and inputs so as to leverage at least 5 times the project's investment in each household. (iv) To promote holistic development through facilitating convergence with state and central programs.

9. **Ownership, Harmonisation and Alignment:** The project proposal is aligned to the state government's policies and programmes and comes with the support of the highest levels. It is also aligned with the current thinking on poverty reduction of the central government and will benefit from convergence with the flagship poverty reduction program of the GOI, the National Rural Livelihoods Mission. There is a strong possibility of cooperation and a possible partnership with the World Bank and with the GTZ, which are already working on related areas in Uttarakhand, with private and public financial institutions, and with knowledge centres like the National Rainfed Area Authority, World Agroforestry Centre, ICIMOD and others. The Government of Uttarakhand has demonstrated its commitment and ownership in the IFAD-supported ULIPH project and has submitted a draft concept note through DEA, supported by concerned line ministries.

10. Components and Activities: 1. Strengthening and capacity building of community and service providing organisations. 2. Livelihoods enhancement and development through knowledge transfer, demonstration and support for sustainable and resilient agriculture, horticulture, natural resources management, livestock rearing, community driven biodiversity and forest conservation, eco-tourism, non-farm enterprises, collective infrastructure development and favourable market integration. 3. Development of livelihood support systems, including rural financial services and financial inclusion, provision of business development and incubation services; facilitating convergence with national and state programs. 4. Proactive capture and generation of knowledge through monitoring, evaluation and learning to facilitate replication, scaling up and utilization of social capital.

11. Costs and Financing: Preliminary estimates included in the concept proposal received from the Government of Uttarakhand suggest a project cost of Rs. 376 crores or approx \$84 million (@\$1.00=Rs.45.00), which is 60 per cent of the current PBAS funding available to India for 1010-2012 period, of \$141 million. Government contribution can be expected, based on past experience, not only for the project but also through convergence and improved access of a variety of state and central government programmes. Partnerships with World Bank and GTZ may provide further access to funds and benefits.

12. Organisation and Management: The project will be implemented by a registered society, AJEEVIKA, established by the Government of Uttarakhand, dedicated to village development. The dedicated project management unit shall include deputed government staff and specialist staff drawn from the open market through competitive hiring. The project's management shall use the services of resource and facilitating NGOs and participating private sector organizations to implement the project. The project will receive implementation and knowledge management support, as necessary, from the India Country Office of IFAD. The project will be jointly reviewed by the Government of India, the Government of Uttarakhand and IFAD, on a periodic basis.

13. Monitoring and Evaluation Indicators: The impact of the project will be measured and evaluated against the following indicators: changes in income levels, number of livelihoods, nutrition and anaemia status, extent of scheme and linkage convergence achieved and representativeness and robustness of local governance institutions. These indicators are aligned with the Results, Impact and Management System (RIMS) of IFAD.

14. Risks: (i) Changes in mountain agro-meteorology and ecology due to climate variability.

(ii) Delays in funds release from the state to the project

(iii) Not being able to secure the services of competent NGOs and service providers who have and are able to attract and retain competent and motivated personnel

(iv) Difficulty in attracting and retaining competent and motivated government officers to head and manage the project especially in remote areas for the project period.

(v) Appropriation of SHGs/ Federations by other government programs which could overtax and stress their capabilities resulting in sub-optimal performance, social and institutional erosion and even dissolution.

(vi) Changes in policy or delays in the implementation of central and state poverty reduction programmes, reducing the impact of convergence.

15. Timing: The project is expected to run from 2013 to 2020 (8 years).

2. INTEGRATED TRIBAL COMMUNITY DEVELOPMENT PROJECT in the State of Jharkhand

16. **Brief Description:** The proposed project expects to benefit from the learning, experience and social capital of IFAD's tribal development efforts in the state of Jharkhand. The project will be implemented by registered societies or agencies established by the state government dedicated to village development.

17. The project proposes to adopt a saturation approach in covering all eligible families in such blocks (geographical spread) as well as in providing optimum resources (widening and deepening the suite of interventions) needed to enable such households to help themselves out of poverty on a sustained basis. The project will mobilize, strengthen and build the capacity of community and traditional organizations, local government bodies and service providing institutions to help them manage their affairs, protect and conserve the environment and biodiversity and ensure access to rightful entitlements of tribal peoples. It will promote nutritional security and wellbeing through sustainable and climate resilient agriculture practices that promote local, traditional foods. It will also promote income generation and enterprises based on common property resources and NTFP, especially traditional medicinal and cosmetic products.

18. The project hopes to generate learning, come up with best practices and effective delivery mechanisms which other agencies can leverage to take tribal development forward. An important element of the project is building the capacity of people and their institutions to drive development and gain access to what is rightfully theirs. The project intends to reach approximately 80000 households in 6-8 blocks of one state and is expected to require \$70 million over seven years to implement.

19. **Possible Geographic Area of intervention and target group:** The project is conceptualized for implementation in selected tribal or predominantly tribal blocks in Jharkhand. The target groups shall be tribal communities and Primitive Tribal Groups with a focus on small holder farmers, women and unemployed youth.

20. **Justification and Rationale:** (i) The India Country Program of IFAD has acquired considerable experience working in varied tribal areas of India, in which it has learned about strengthening institutions, building institutional relationships, enabling social capital, and has generated knowledge and best practices which can be leveraged to support tribal community development. (ii) One in eleven Indians are tribals and they are amongst the poorest and most marginalized groups in the country, often living in remote areas. (iii) Tribal areas seem to be susceptible to left wing extremist actions. (iv) Tribal communities depend heavily on bio-diversity and nature based resources (CPRs, forests, agriculture, etc) for their livelihood and these resources are extremely vulnerable to exploitation and climate variability. (v) Tribal communities have greatly restricted access to technology, knowledge, services and markets. (vi) The cultural integrity and indigenous knowledge of tribal communities seem to be at particular risk. (vii) Development efforts in tribal areas may not succeed unless they are integrated and holistic, where mainstream efforts like livelihoods are complemented with natural resources management, tenure security and access entitlements guaranteed by policies and laws specifically targeted at tribal communities. (viii) Tribal communities live in scattered, often remote areas that pose a major challenge to delivering development interventions and services.

21. **Key Project Objectives:** (i) To strengthen and build the capacities of traditional community organizations, local government (PESA) bodies and related service providing organizations to better manage their affairs, to ensure tribal communities their rights and access to entitlements and help resolve conflict and build peace. (ii) To ensure that development efforts are community driven with prior informed consent and are sensitive to the culture, identity and indigenous knowledge of tribal communities. (iii) To enable and facilitate sustainable use of natural resources while protecting ecosystems, preserving biodiversity and securing community-vested intellectual property rights to

indigenous knowledge and local biotic resources. (iv) To promote livelihoods in sustainable and climate resilient agriculture, NTFP, farm and off-farm enterprises and skills-based avocations with fair and favourable market access, while being sensitive to tribal landscapes, lifescapes and foodways. (v) To facilitate financial inclusion and access to financial services, so as to leverage at least 5 times the project's investment in each household. (vi) To ensure convergence with and entitlement to existing state and national programs.

22. Ownership, Harmonisation and Alignment: The Project is aligned with the National Tribal Policy (under process) as well as the National Biodiversity Act, National Forest Policy 1988, Protection of Plant Varieties and Farmers Right's Act, Biological Diversity Act of 2002, Forest Rights Act of 2006, and PESA (1996). The learning from the project, the best practices developed and the social capital generated would be of particular use and could be leveraged by other agencies working in tribal areas. The ownership of this project will be with the concerned state government and will be implemented by registered societies or agencies established by the state government, dedicated to tribal development and rural development, cooperating with resource and facilitating NGOs and related knowledge centres.

23. Components and Activities: (i) Strengthening and building up capacities of traditional and community based organisations (CBOs), local governance bodies and service providing agencies. (ii) Mobilising and strengthening community action for natural resources management along watershed lines to enable sustainable livelihood activities at the community and household level. (iii) Facilitating access to entitlements of all relevant Acts specific to biodiversity protection, forest rights and tribal concerns. (iv) Promoting sustainable agriculture, horticulture and livestock practices, especially growing of traditional foods through knowledge transfer, learning from indigenous knowledge, skill development, demonstration, facilitation, resource and infrastructure provisioning for nutritional security and increased productivity. (v) Promoting income generation and farm and off-farm enterprises based on improved and sustainable management of common property resources and non-timber forest products, especially traditional medicinal and cosmetic products, in the context of biodiversity and forest conservation, through knowledge transfer, learning from indigenous knowledge, skill development, demonstration, facilitation, resource and infrastructure provisioning. (v). Providing support systems for livelihoods including facilitation of financial inclusion, access to financial services, business development services, aggregation of production surpluses, access to markets, innovation incubation services and convergence with national and state programs. (vi) Documentation of biodiversity (flora and fauna) and indigenous knowledge and facilitation to secure community vested intellectual property (IP) and commercial rights and, in particular, to learn and share traditional adaptation processes to climate variability.

24. Costs and Financing: Based on the experience gained so far, it is estimated that the project as proposed, would have to spend around Rs. 37,600/ HH to cover capacity building (Rs. 10,000) and inputs and services (Rs. 25,600) (excluding loans leveraged from FIs and convergence entitlements). Since the program is structured around the idea of resource saturating target blocks, a sum of \$70 million would enable the project to cover approx. 80000 HH in 6-8 target blocks and provide a buffer to help the project work in remote and difficult situations (assuming 115 villages/block; 100 eligible HHs/village; 5 persons/HH; \$1.00=Rs.45). The project aspires to enable eligible households to leverage financial resources from financial institutions and convergence entitlements equivalent at least 5 times what the project invests per HH.

25. Organisation and Management: The project will be implemented by the concerned state government in selected tribal blocks through the state government apparatus tasked with tribal, forest and rural development, using the services of NGOs as required and with implementation support from the India Country Office of IFAD.

26. **Monitoring and Evaluation Indicators:** The impact of the project will be measured and evaluated against the following indicators: changes in income levels, number of livelihoods, nutrition and anaemia status, extent of scheme and linkage convergence achieved and representativeness and robustness of local governance institutions. These indicators are aligned with the Results, Impact and Management System (RIMS) of IFAD.

27. **Risks:** (i) Changes in local ecology, agro-meteorology, hydrology and biodiversity due to climate variability and change. (ii) Delays in funds release from the state governments to the project; from the project to partners and service providers and non-financing or inadequate financing of project beneficiaries by FIs. (iii) Social unrest and extremist violence. (iv) Access to market and technology on fair terms is not secured to the desired extent. (v) Availability of competent and committed persons involved in implementing the project, in all sectors (public and civil society), who will stay for the course of the project. (v) Appropriation of SHGs/ Federations by other government programs which could overtax and stress their capabilities resulting in sub-optimal performance, social and institutional erosion and even dissolution. (vi) Macro-economic shocks such as food price inflation, economic uncertainty and downturns.

Timing: The project is expected to run from 2012 to 2017 (7 years).

Key file 1: Rural poverty and agricultural/rural sector issues

Priority Areas	Affected Groups	Major Issues	Actions Needed
Rural Poverty in General	<ul style="list-style-type: none"> -Poor smallholder farming households -Landless labour -Agricultural & seasonally migrant labour -Tribal communities -Women -Youth 	<ul style="list-style-type: none"> -Limited land in fragmented holdings -Limited productive assets and poor technology -Very limited access to markets, technology and -financial services and institutions. -Irregular and unstable income flows -Low productivity, limited use of available technology and unsustainable production practices. -Limited opportunities for livelihoods and employment opportunities -Seasonal migration of households -Seasonal migration in search of livelihoods -High level of geographical dispersion in tribal areas -Limited access to cultivable land and secure tenure particularly among tribals. -Low access to basic infrastructure like roads, water supply, irrigation, electricity, post harvest facilities and technology -Nutritional, food and water insecurity -Poor health especially of women, girls and infants (anemia, malnourishment, infant mortality) -Limited access to quality health care -Poor access to sanitation, hygiene and water facilities -Gender Discrimination -Limited access to quality education and vocational training -Social, economic, political, financial exclusion and discrimination. -Low levels of social and institutional capital -Low ability to secure entitlements and hold accountable public services and functionaries. 	<ul style="list-style-type: none"> -Provisioning of livelihoods, business development and employment enhancing services -Investment in rural infrastructure -Improving incomes and surpluses from agriculture and farm based livelihoods -Promotion of viable and sustainable farm and off farm income generating activities including micro, small and skill based enterprises. -Enabling inclusion and access to fair and favourable markets and value chains -Provisioning of financial, technical, insurance and underwriting services -Promoting solidarity groups of women and their federations, empowering them and facilitating their access to information, markets, institutions and resources. -Access to quality health care that is affordable -Improving access to affordable and quality primary, secondary, higher education and vocational training -Strengthening representative, social and gender inclusive community and traditional organizations for self help, self -governance, sustainable production and marketing, community driven development, securing entitlements and holding the system accountable. -Improving access to land, tenure and entitlements particularly in tribal areas. -Promotion of social security and insurance services. -Promotion of the Right To Information Act (RTI) and encouraging its use.

		-Low access to information and media and e-connectivity.	
Rain-fed Smallholder Agriculture in the context of Climate Variability	<ul style="list-style-type: none"> -Poor smallholder farming households in marginal lowlands & uplands -Tribal Communities dependent on rain-fed agriculture 	<ul style="list-style-type: none"> -Soil degradation and fertility loss - Inadequate productive assets and appropriate tools -Lack of technical knowledge, skills and resources for sustainable agricultural practices. -Poorly managed natural resources affecting water, soil and biodiversity. -Changes in timing of onset and withdrawal of rain as well as erratic precipitation pattern -Unseasonal agrometeorological events that affect survival, growth and productivity of crops and livestock. -Low crop and livestock productivity and output. -Poor access to irrigation facilities -inadequate post harvest infrastructure and favourable access to credit and markets. -Inadequate access to quality planting material and affordable inputs. -Knowledge deficit in regard to sustainable and viable management of smallholder farmsteads. 	<ul style="list-style-type: none"> -Promoting and enabling adoption of SWC measures on a watershed basis. -Promoting biodiversity awareness, conservation and identification of economic and livelihood opportunities. -Access to locale-specific knowledge, best practices regarding sustainable agriculture -Promotion of diversified and mixed farming systems -Access to water for protective irrigation and the skills, knowledge and inputs to optimize output per unit of water used. -Access to quality planting material, agricultural inputs and implements. -Dissemination of knowledge, skills, inputs and resources for IPM,INM and integrated soil moisture management(IMM) -Establishment of infrastructure for storage, sorting, grading, packaging, transportation and communication. -Facilitating favourable access to financial, market and insurance services. -Promotion of the Right To Information Act (RTI) and encouraging its use.
Environmentally Fragile Zones and Degraded Natural Resources	<ul style="list-style-type: none"> -Poor smallholder farming households in marginal lowlands & uplands -Tribal communities dependent on nature based resources 	<ul style="list-style-type: none"> -Degradation and overexploitation of land resources and biodiversity. -Water scarcity, contamination and declining of quality of water. -Excessive withdrawals, over utilization, misuse and wastage of water -Unsustainable agricultural and grazing practices. -Systematic deforestation, encroachment and privatization and non sustainable use of commons. -Critical shortages of firewood, fodder and biomass. 	<ul style="list-style-type: none"> -Regeneration of land and water resources along watershed lines and sustainable management of ecosystems. - Community driven environmental regeneration and management of natural resources. -Establishment of capacitated , representative and resourced community based and local governance institutions to effectively manage common property resources. -Increased investment in social and economic infrastructure and proper implementation of rehabilitation policies. -Incentives like Payment for Environmental Services

	-Poor migrant herders including tribal herders	<ul style="list-style-type: none"> -Increasing risk of desertification. -Declining productivity of soils, forests and pastures -Increasing industrialization and mining operations resulting in environmental degradation, social disruptions and unrest. -Inadequate investment and inefficient implementation of watershed and ecosystem development. -Absence of adequate viable livelihood opportunities. 	<ul style="list-style-type: none"> (PES) mechanism to be devised and implemented. - Participatorily building biodiversity, local resources knowledge registers such as envisaged in recent laws passed (NBA, Farmers Plant genetic Rights, etc) and initiatives (Traditional Knowledge Digital Library (TKDL), IPR documentation protocols, etc) -Capacity building, technology support and Involvement of communities in determining sustainable land use, agricultural, grazing, livelihood practices and CPR access and management regimes. -Promotion of the Right To Information Act (RTI) and encouraging its use.
Marginalized tribal communities	-Tribal Communities and primitive Tribal Groups	<ul style="list-style-type: none"> -Disenfranchisement and loss of control over local resources -Lack of awareness of the risks arising from eco-degradation resulting from unsustainable practices. --Extreme levels of social and political exclusion, poverty, nutritional and water insecurity -Inadequate access to social services (health, education) and to entitlements specifically aimed at tribal communities. -High levels of anemia and under and malnutrition in women and children respectively. -Inadequate land tenure and effective user rights to common property resources, NTFPs, etc -Lack of connectivity and proper infrastructure and service provisioning. -Lack of fair access to markets and systemic exploitation by middle men and functionaries. -Cultural heritage, identity and indigenous knowledge is under threat. -Development and governance mechanisms is effectively under-resourced and often culturally insensitive. -Inadequate implementation of existing 	<ul style="list-style-type: none"> -Study and documentation of traditional adaptive practices and knowledge of biological resources of local communities as well as securing community accruing IPRs. -Implementing the various legislative enactments and entitlements specifically targeting tribal development and welfare. -Promoting transparent, accountable and last mile delivery of governance and developmental services. -Promoting community-based NRM and linking it to household level sustainable livelihoods. -Promoting programs specifically aimed at improving the nutrition status especially of children, girls and women; increasing food and water security; promotion of traditional foods and medicines and access to health, sanitation and education services. -Encouraging inclusive and innovative institutional arrangements that ensure tribals are involved in decisions (prior and informed consent) regarding use/appropriation of natural resources, get fairly compensated and become stakeholders in economic and commercial ventures within . existing within their livelihood and survival space, -Communities are made aware of their entitlements and empowered to secure them; are informed of the challenges confronting them and resourced to accommodate and mitigate them. -Promotion of the Right To Information Act (RTI) and

		<p>laws and entitlements specifically designed for tribals.</p> <ul style="list-style-type: none"> -Economic and industrial development leading to displacement, disenfranchisement and pauperization of tribals. 	<p>encouraging its use.</p>
Gender & demographic issues	<ul style="list-style-type: none"> -Women -Youth 	<ul style="list-style-type: none"> -Increasing numbers of under educated, under-skilled and unemployed youth leading to migration, frustration and social unrest. -Insufficient opportunities for livelihoods and employment. -Inadequate appreciation and compensation for women's work (household and other work) and discrimination (vis-à-vis males) in terms of access to food, health, education, assets and other resources.. -Lack of effective representation of women's interests, needs and aspirations in traditional community organizations and local governance institutions. -Increasingly skewed sex ratio 	<ul style="list-style-type: none"> -Skill building, entrepreneurship promotion and employability enhancing programs should be undertaken on a massive scale for youth. -Promotion of micro and small enterprises supported by business development services, financial services inclusion and favorable access to markets. -Mobilizing women into organized structures, building their awareness, skills and capacities for empowerment, resource accessing, asset acquisition and income generation. -Supporting capacity building and leadership development programs for women representatives in governance and other bodies as mandated by law. -Promotion of the Right To Information Act (RTI) and encouraging its use.

Key file 2: Organizations matrix (strengths, weaknesses, opportunities and threats [SWOT] analysis)

Organizations	Strengths	Weaknesses	Opportunities & Threats	Comments
Dept. of Economic Affairs, MOF, GOI	<ul style="list-style-type: none"> -Has an overall perspective of external resource inflows and their convergence with national priorities. -Effective coordination of multiple programs 	<ul style="list-style-type: none"> -Shortage of personnel for the existing workload. 	<ul style="list-style-type: none"> -Can coordinate synergistic engagements and partnerships between various programs and donors. 	
Ministry of Agriculture & Cooperation, GOI	<ul style="list-style-type: none"> -Programs impact the lives of the majority of Indians and the poor. -Has a vast network of agricultural knowledge centers 	<ul style="list-style-type: none"> -Agriculture is a state subject and it can only play the role of coordination, knowledge dissemination, policy and financing. 	<ul style="list-style-type: none"> -Become a Knowledge Management and Capacity Building Centre for sustainable rainfed and small holder farming systems. -Feed into the Ministry needs from the field so as to strategize agricultural research to address farmer problems in an integrated, multidisciplinary manner. -Weak extension system especially for rainfed systems. 	
Ministry of Rural Development, GOI	<ul style="list-style-type: none"> -Primary funders of rural development programs at the state level through centrally supported schemes -It mandate and involvement touch crucial aspects of governance, poverty reduction and livelihoods. 	<ul style="list-style-type: none"> Rural development is a state subject and it can only play the role of coordination, knowledge dissemination, policy and financing. 	<ul style="list-style-type: none"> -IFAD can partner MORD through knowledge and best practices sharing and dissemination. -Convergence and dovetailing with MORD programs at the ground level. 	
Ministry of Tribal Affairs, GOI	<ul style="list-style-type: none"> -Plays a key role in coordinating tribal affairs in Schedule 5 Areas. 	<ul style="list-style-type: none"> -Shortage of funds and personnel. -Weak linkages with and influence on state tribal plans 	<ul style="list-style-type: none"> -Can play a key role in defining policies and overseeing their implementation especially in conflict affected tribal areas. -IFAD can provide inputs for policy dialogue. -Can become a Knowledge Centre for tribal development 	
Ministry of Development of North Eastern Region, GOI /	<ul style="list-style-type: none"> -Plays a key role in coordinating tribal affairs in Schedule 6 Areas. -Coordinates donor programs. -Because of direct linkage to 	<ul style="list-style-type: none"> -Shortages of personnel -Inadequate capacity of organization to utilize available funds. 	<ul style="list-style-type: none"> -IFAD can strengthen the knowledge base of DONER and contribute to building its capacity. -IFAD can provide inputs for policy dialogue. 	

North Eastern Council (NEC)	state governments through NEC, it can influence and oversee implementation. -NEC is a high level governance and policy making body			
Ministry of Women & Child Development, GOI	-Has the mandate and resources to impact the lives of women and children -Plays an important role in feminizing development programs	-Shortage of personnel and no state level presence -Inadequate funds -Not considered in popular perception as a core Ministry	-IFAD can support it by providing inputs and field generated learnings for purposes of policy formulation. -Can play an important role in ensuring that the National Food Security Mission can achieve its target of reducing hunger and malnutrition especially among women and children.	
Ministry of Panchayati Raj, GOI	-Key agency to promote and implement the Constitutional Amendments dealing with self governance.	-Shortage of personnel and funds - Inadequate machinery at the state levels and therefore is unable to cope with the enormity of the challenge faced. -Slow effective devolution of resources, authority and personnel to PRIs .	-Can play a major role in empowering the poor through local self governance and PRIs -IFAD can provide knowledge and experience based inputs for policy formulation. -In tribal areas, IFAD can support its mandate through building capacities of PRIs and grounding PESA.	
Ministry of Environment & Forests, GOI	-Has a key role to play regarding Climate Change and enforcing environmental laws -Is well resourced in terms of personnel and funds -Has a high level of environment, climate and wildlife related knowledge. -Has a presence across the country	-Enormity of the task -Politically vulnerable because conservation and environmental protection is seen as coming in the way of development and growth. -Mindset, culture and procedures of the Forest Dept. in involving community still need re-orientation.	-Can promote sustainable development -Implementation of several Acts and entitlements for tribals can make a huge difference to well being of tribals.	
State Governments	-Have significant resources and presence across the states. -Have the mandate and infrastructure to implement all developmental programs.	-The relative size of IFAD's projects does not attract sufficient attention which is reflected in not deputing staff who are up to the challenge and for the	-Innovative approaches and best practices of IFAD can be mainstreamed and up-scaled for the benefit of the poor. -IFAD projects can be used to test innovative approaches in on-going state managed projects	

		<p>required tenure or retaining competent deputed personnel.</p> <p>-Structural rigidities and institutional climate do not facilitate and encourage cooperative partnerships with civil and community organizations.</p>	<p>-Convergence opportunities available for generating synergies and additional benefits to the poor.</p>	
Resource NGOs	<p>-Enormous experience and competencies particularly in building capacities in training, implementation and innovation</p> <p>- A few of them have built up competencies in cutting-edge technologies and have a suite of competencies</p>	<p>-Not widely distributed and have limitations in terms of spread.</p> <p>-Financial resources limit their ability to expand and also build on their potential to upscale.</p>	<p>-IFAD can facilitate their mainstreaming in governmental projects and therefore foster building of partnerships.</p> <p>-RNGOs learn new management systems and approaches which also feed into improving their own programs</p> <p>-RNGOs can be network partner and provide resources for facilitating policy dialogue and change.</p>	
NGO Service Providers	<p>-Have close grassroots contacts and the confidence of the target groups.</p> <p>- Maintain close links with govt. depts and other service providers which facilitate convergence.</p> <p>-Are flexible and can adapt as necessary.</p>	<p>-Most experience high turnover of key personnel</p> <p>-Dependence on project funding leads them to often venture into areas where they do not have adequate competencies.</p> <p>-Many do not have professional management systems institutionalized.</p>	<p>-Can acquire new competencies as project is long term.</p> <p>-Project requirements will enable them to progressively institutionalize professional systems of management.</p> <p>-Partnerships between public and civil society agencies can be very synergistic and fruitful.</p> <p>-Project objectives of inclusiveness and accountability can more easily be realized at the grassroots.</p>	
Private Sector Service Providers	<p>-Provide value-enhancing goods and services.</p> <p>-Are market and technology savvy and can provide/ facilitate market linkages as well as access to new technologies and practices.</p> <p>-Can provide services and presence in project area even after project closure.</p>	<p>-will engage only if profits can be realized</p> <p>-Remote and ill connected areas would not be attractive markets.</p>	<p>-Using project resources, they can develop new service areas and markets or deepen existing engagements.</p> <p>-Can also acquire new competencies, skills and technologies.</p> <p>-Target groups benefit from the market linkages as well as access to technologies and services.</p>	

Key file 3: Complementary donor initiative/partnership potential

Agency	Priority Sectors & Areas of Focus	Period of Current Country Strategy	Complementarity/Synergy/Potential
World Bank	<ul style="list-style-type: none"> • Maintaining rapid and inclusive growth thru infrastructure development, skills development and agricultural growth • Making development sustainable • Increasing the effectiveness of service delivery 	2009-2012	<ul style="list-style-type: none"> • Skills development, agricultural growth and livelihoods • Capacity building of rural communities especially tribals • Climate Change Adaptation
ADB	<ul style="list-style-type: none"> • Support for inclusive and environmentally sustainable growth • Catalyzing investments through use of innovative business and financing solutions • Strengthening results orientation and emphasizing knowledge solutions • Climate Change Adaptation 	2009-2012	<ul style="list-style-type: none"> • Climate Change Adaptation
World Food Program	<ul style="list-style-type: none"> • Improve nutrition and quality of life for the most vulnerable and critical times in their lives • Make sustainable improvements in household food security for the poorest especially for women and children and invest funds for development for long term security. • Strengthen channels for locally produced food grains and support local entrepreneurship • Advocate for eco-restoration through participatory methods and development 		<ul style="list-style-type: none"> • Food for Work • Food for Growth • Food for Life
Food & Agriculture Organization	<ul style="list-style-type: none"> • Reduce the risk to food security • Strengthen implementation of national programs and missions in 		<ul style="list-style-type: none"> • Small holder farming for sustainable and climate resilient agriculture • Ground water and irrigation management for small holder

	<ul style="list-style-type: none"> reducing poverty and achieving food and nutrition security. Piloting innovative approaches in agriculture and rural development particularly ground water and irrigation management 		<ul style="list-style-type: none"> farming Development of value chains for small farmers Technical assistance and capacity building to transfer best practices and learn from successes.
UNDP	<ul style="list-style-type: none"> Poverty reduction Democratic governance Crisis prevention and recovery Environment and Energy HIV and development 	2008-2012	<ul style="list-style-type: none"> Collaboration in knowledge management through Solutions Exchange Capacity building of elected representatives of marginal groups, women and Tribals in local government bodies. Access to justice and legal inclusion Livelihoods promotion
USAID	<ul style="list-style-type: none"> Economic Growth Health Disaster Management Energy and Environment Opportunity and Equity 		<ul style="list-style-type: none"> Program linking small and marginal farmers to high value markets, introducing new production and post harvest practices Program to help farmers reduce fuel costs and conserve water using zero tillage Program with National Rural Health Mission on reproductive and child health services reaching out to villages.
GTZ	<ul style="list-style-type: none"> Sustainable economic development Energy Environmental policy Conservation and sustainable use of natural resources 		<ul style="list-style-type: none"> Innovative pro-poor approaches to address risks posed by climate change Social protection of unorganized sector Vocational skill development for livelihoods and employment
UNIFEM	<ul style="list-style-type: none"> Reducing feminized poverty Ending violence against women Reversing the spread of HIV/AIDS among women and girls Achieving gender equality in democratic governance. 		<ul style="list-style-type: none"> Women's capacity building, empowerment and economic development Building up the capacities of elected women representatives in local government

Key file 4: Target group identification, priority issues and potential response

Typology	Poverty Level & Causes	Coping Actions	Priority Needs	Support from Other Initiatives	COSOP Response
Smallholder farming households, landless households, rural wage earners and seasonal migrant labour	<ul style="list-style-type: none"> -Lack of land tenure -Reduced access to natural resources due to degradation -Nutritional insecurity, water scarcity -Inadequate access to health and education. -Inadequate access to entitlements -Poor health particularly in women and children. -Low productivity in agriculture -Lack of access to inputs, fair markets and systematic exploitation by middle men. -Lack of social capital, voice and effective institutional representation. 	<ul style="list-style-type: none"> -Intensification of agriculture where possible -Wage labor -Undertaking small income generating activities -Migration -Remittance dependence -Borrowings and Indebtedness -Discontinuance of schooling for children, reduction in food intake and health expenditure. -Selling /pawning of land, assets and livestock 	<ul style="list-style-type: none"> -Food and Nutrition -Safe potable water, water for irrigation and livestock -Favorable access to inputs and markets -Livelihood and employment opportunities -Access to credit -Access to quality education, skills and health services -Knowledge and skills -Infrastructure, connectivity, electricity and communications. -Insurance and social security nets 	<ul style="list-style-type: none"> -Entitlements from govt. Schemes like MGNREGA, Bharat Nirman, National Old Age Pension Scheme, PDS, SGSY, Agricultural Debt Waiver etc. - Developmental, educational and skill development programs managed by NGOs, charitable and religious organizations, industry and commercial groups and the government. 	<ul style="list-style-type: none"> (i) Strengthen and enable empowerment of institutions of the poor and service providing organizations. (ii) Promote sustainable and climate adaptive livelihoods particularly in agriculture but not limited to it. (iii) Provide and facilitate access to financial services and inputs so as to leverage at least 5 times the project's investment in each household. (iv) Promote holistic development through facilitating convergence with state and central programs.
Tribal Communities and Primitive Tribal Groups	<ul style="list-style-type: none"> -Inadequate land tenure and effective user rights to common property resources, NTFPs, etc -Disenfranchisement and loss of control over local resources - Lack of connectivity and proper infrastructure and service provisioning. -Reduced access to natural resources due to 	<ul style="list-style-type: none"> -Intensification of agriculture where possible -Wage labor -Undertaking small income generating activities -Hunting , gathering and NTFPs -Migration -Remittance dependence 	<ul style="list-style-type: none"> -Food and Nutrition -Safe potable water, water for irrigation and livestock -Favorable access to inputs and markets -Livelihood and employment opportunities -Access to credit -Access to quality education, skills and health services 	<ul style="list-style-type: none"> -Entitlements from govt. Schemes like MGNREGA, Bharat Nirman, National Old Age Pension Scheme, PDS, SGSY, Agricultural Debt Waiver etc. - Developmental, educational and skill development programs managed by NGOs, charitable and religious organizations, industry and commercial groups and the government. 	<ul style="list-style-type: none"> (i) Strengthen and build the capacities of traditional community organizations, local government (PESA) bodies and related service providing organizations to better manage their affairs, to ensure tribal communities their rights and access to entitlements and help resolve conflict and build peace. (ii) Ensure that development

	<p>degradation</p> <ul style="list-style-type: none"> -Nutritional insecurity, water scarcity -Inadequate access to health and education. -Inadequate access to entitlements specifically aimed at tribal communities. -Very limited access to markets, technology and - financial -Poor health particularly in women and children. -Low productivity in agriculture -Lack of access to inputs, fair markets and systematic exploitation by middle men. -Lack of social capital, voice and effective institutional representation. -Cultural heritage, identity and indigenous knowledge is under threat. -Development and governance mechanisms are under-resourced and often culturally insensitive. -Extreme levels of social and political exclusion, poverty, nutritional and water insecurity -Industrial development and mining in tribal lands leading to displacement, disenfranchisement and pauperization. -The most backward groups of people in the country 	<ul style="list-style-type: none"> -Borrowings and Indebtedness -Discontinuance of schooling for children, reduction in food intake and health expenditure. -Selling /pawning of land, assets and livestock -Use of traditional and plant based medicines. -Community safety nets 	<ul style="list-style-type: none"> -Knowledge and skills -Infrastructure, connectivity, electricity and communications. -Insurance and social security nets -Protection of cultural heritage, identity and indigenous knowledge.. -Adequately resourced development and governance mechanisms that are culturally insensitive. -Proper implementation of existing laws and entitlements specifically designed for tribals. -Inclusive institutional arrangements that ensure tribals are involved in decision making (prior and informed consent) regarding use/appropriation of natural resources, get fairly compensated and become stakeholders in economic and commercial ventures in their livelihood and survival space or dependent upon resources therein. -Communities become aware of their entitlements and are empowered to secure them; are informed of the challenges confronting them and resourced to accommodate and 		<p>efforts are community driven with prior informed consent and are sensitive to the culture, identity and indigenous knowledge of tribal communities.</p> <p>(iii) Enable and facilitate sustainable use of natural resources while protecting ecosystems, preserving biodiversity and securing community-vested intellectual property rights to indigenous knowledge and local biotic resources.</p> <p>(iv) Promote livelihoods in sustainable and climate resilient agriculture, NTFP, farm and off-farm enterprises and skills-based avocations with fair and favourable market access, while being sensitive to tribal landscapes, lifescapes and foodways.</p> <p>(v) Facilitate financial inclusion and access to financial services, so as to leverage at least 5 times the project's investment in each household.</p> <p>(vi) Ensure convergence with and entitlement to existing state and</p>
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			mitigate them. -Promotion of the Right To Information Act (RTI) and encouraging its use.		
Rural women and youth	<ul style="list-style-type: none"> -Inadequate education, lack of skills and inadequate employment opportunities. -Inadequate opportunities for remunerative livelihoods and employment. -Reduced access to food, health, education, assets and other resources. -Inadequate compensation for work done and satisfactory working conditions. -Social and sexual discrimination -Lack of social capital, voice and effective institutional representation. 	<ul style="list-style-type: none"> -Wage labor -Undertaking livelihood activities -Migration -Remittance dependence -Borrowings and Indebtedness -Discontinuance of studying, reduction in food intake and health expenditure. 	<ul style="list-style-type: none"> -Food and Nutrition -Safe potable water and water for irrigation and livestock -Access to inputs and markets -Livelihood and employment opportunities -Drudgery Reduction, -Access to credit -Access to quality education, skills and health services -Knowledge and skills -Infrastructure, connectivity, electricity and communications. -Insurance and social security nets 		<ul style="list-style-type: none"> -Mobilizing women into organized structures, building their awareness, skills and capacities for empowerment, resource accessing, asset acquisition, income generation, securing entitlements and holding the system accountable - Supporting capacity building and leadership development programs for women representatives in governance bodies as mandated by law - Promotion of viable and sustainable farm and off farm income generating activities including micro, small and skill based enterprises supported by business development services, financial services inclusion and favorable access to markets. -Providing awareness and skills in home economics, health and child care. -Promotion of the Right To Information Act (RTI) and encouraging its use.